Standard Chartered's CIB Investor Seminar
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(Amended in places to improve accuracy and readability)

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Manus Costello:

Good morning and good afternoon, everyone. My name is Manus Costello, and I am the Global Head of Investor Relations at Standard Chartered. Thank you for joining us today.

For those in the room, I need to make a couple of health and safety announcements. Our venue isn't planning any fire alarm tests today, therefore if you hear any alarm, please evacuate immediately making your way via the two Emergency Exits.

Now onto the agenda for today. Sunil and Roberto will start the event with an overview of our CIB business and the strategy we will deploy to achieve our targets. Mark will then take us through the financial details. We will have a Q&A session followed by a break. After the break, we will hear from our Business Heads, and we will then have our second Q&A session to finish off before lunch.

We will now hear a short opening message from our Group CEO, Bill Winters

Bill Winters:

Good morning and good afternoon, and welcome to our CIB Investor seminar. Thank you for attending what I hope you will find to be an informative event which allows you to understand our business better, where we are now and where we want to be in the future.

We merged our commercial business into our CIB segment in 2018. It now represents the largest part of our group by revenue, profits, and capital allocation. This is a business that has changed materially over the last decade. We have had a relentless focus on improving the balance sheet, both in terms of credit quality, but also Risk-weighted assets (RWA) efficiency. We have increasingly concentrated on larger clients who have cross-border needs, while financial institutions have grown to generate over half of our income.

We have grown our non-interest income, especially that coming from our Global Markets and Global Banking businesses. Of course, it is also a business which is exposed to macro trends in terms of overall levels of economic growth as well as the flows of capital and goods between our footprint markets. As we showed at the time of our Q1 results a couple of weeks ago, we believe the business enters this current period of uncertainty in good shape, with diverse income streams and a very strong balance sheet.

We also believe that current dislocations are likely to generate opportunities for our CIB business to help customers, because ultimately, this is what our CIB business does. It helps large, multinational corporate and financial institutions navigate the complexities of global markets. This focus is what has driven the 8 per cent revenue CAGR over the last five years, and I believe it will help underpin the future targets, which we will lay out for you today.

Thanks again for joining us, and please enjoy the events.

Sunil Kaushal:

Thank you, Bill. Good morning and good afternoon, everyone. My name is Sunil Kaushal, and along with Roberto, I co-head the CIB business. Today, I will lay out the shape of our business and our planned strategy. Roberto will then talk to the specific opportunities that we have been working on, and Mark will take you through the financials.

Our CIB business today operates across the world's most dynamic and exciting regions. Our business model has evolved, and we are now a top tier player in our footprint. In recent years, we have concentrated on disciplined client onboarding and capital allocation. We are focused on deepening our wallet with clients who value our network.

Our deep local knowledge, best-in-class product and structuring capabilities allow us to build strong relationships by connecting clients across our footprint. We have streamlined our organisational structure and created investment capacity in our areas of strategic focus.

Of course, the global outlook at the moment feels somewhat volatile, and we are not going to provide scenario analysis of different possible tariff outcomes. But I can tell you that the strategy we put in front of you today is not dependent on any single scenario. The shape of global flows of capital and goods is likely to change. We can already see our client base preparing for these changes.

For example, I was in India recently, and the electronic sector is getting ready for an uplift in production. We are one of the few international banks today who can help them with the entire spectrum of banking services across project finance, working capital, financing solutions, cross-border payments, and hedging.

Financial institutions around the world are rebalancing their portfolios, and we are facilitating this move. Helping our clients navigate these changes is our specialisation. With this in mind, we are confident in our future.

We lay out today how we believe we can continue to grow, delivering 5 per cent to 7 per cent income growth before the impact of interest rates. We expect to deliver this outcome with positive income-to-cost jaws and income returns on RWAs at financial year 2024 levels or better.

CIB has been on a journey to build a bigger and higher return business through time. Back in 2016, we were very much in restructuring mode, dealing with legacy credit and control issues. Following the merger of our commercial bank into the broader CIB business, we focused on repositioning our product suite and our client offering, as well as optimising the balance sheet.

During our previous financial markets seminar in 2022, Roberto laid out how we would drive non-interest income via a focus on clients, products, and geographies. And since 2022, we have used these solid foundations across CIB to build a platform for income growth, while continuing to improve returns. We have managed our portfolio of products and markets dynamically, taking regular actions across our business to reallocate capital to the highest returning areas.

Last year, we announced that we are going to exit around 3,000 of our total CIB clients whose needs do not play directly to our strengths, and we are making good progress on this rationalisation. We will continue to redeploy RWAs into high returning business lines as a part of our ongoing optimisation activities.

We have also invested to expand the network, including our investments in Saudi Arabia and Egypt, and both of these countries have got off to a strong start. And today, I am delighted to announce that we will be opening a representative office in Morocco. Morocco is the sixth largest economy in Africa, where many of our existing clients have a presence, and the economy is witnessing accelerating GDP growth, supported by a series of infrastructure projects, strong FDI flows and continued implementation of the country's structural reform agenda.

The result of this progress is that the CIB business today has evolved into a top tier corporate investment bank in terms of both market positioning and financial returns. We focus on clients and products where we are differentiated, can deliver superior returns, and have a clear strategy to keep growing our market share.

We are organised into sector-based client coverage teams, split between corporate and financial institutions. We lead with sector content, supported by strategic advisory services in RMB, transition finance, Islamic banking, and capital structuring. This focus and structure have allowed us to achieve scale in the areas in which we choose to compete.

We bank two-thirds for the Fortune 500 companies to meet their increasingly customised and complex needs.

We are the number one arranger of syndicated loans in our footprint markets.

A Top 5 global FICC bank within emerging markets, and the 6th largest bank for U.S. dollar clearing.

We have taken market share over time, and our income CAGR of 8 per cent is ahead of peers and double the underlying growth of global GDP. But we are not done. We see plenty of opportunity to take additional share as we look to the future.

Our business is well balanced in terms of both product split and client mix. Our local expertise is underpinned by an extensive product offering, deep sector knowledge and structuring capabilities.

The Transaction Services business has grown liability balances driven by the quality of service offered by our platform. We operate in multiple markets and tailored payments, working capital and security service solutions to the demands of our clients.

Our Global Markets business helps our corporate and FI clients across our network to access investment opportunities or manage their onshore business and hedge risk.

Our Global Banking business is focused on providing solutions to tap diverse pools of capital by structuring financing solutions and originating bonds and loans and then distributing them. We have intentionally grown the high returning, lower risk FI and multinational segments, which now contribute to approximately 90 per cent of our CIB client income and are better equipped to navigate volatility given their inherent balance sheet strength.

Let's take a look at how all of this comes together in the way we service our clients. Here I am using the example of a typical large corporate client, in this case, a multinational in the consumer product sector. This corporate works with us across 30 different markets. Their priorities are managing cash across diverse markets, many with complex regulations and movement of capital, and the need for timely and consistent data and information which helps them manage currency and repatriation risk.

We are a key banking partner in Africa and South Asia, an area of true differentiation for our network. Many of our international competitors do not have a full presence nor product and system capabilities in these markets, and therefore are unable to service all the needs of such multinational corporates.

Indeed, this client recently awarded us sizable new mandates across six markets in Africa and the Middle East. This network offering allows us to then access a broader wallet with their client, enabling us to be their top FX counterparty now in the U.S.

Let's now look at how we serve international FI clients. This example is a global asset management company with whom we have had a relatively limited engagement back in 2019, based primarily on a trading relationship in markets. Over time, we have been able to grow that relationship by improving our product offering and deepening a relationship with the client across our footprint.

So now, besides markets, we work with them on subscription finance, real estate and infrastructure deals, and provide cash management services in several markets. And we have also established a relationship for them with our colleagues in the WRB business to distribute their investment products to our affluent client base.

All of this has led to an increase in revenues from this client by more than 100 per cent. But there is more we can still do. We are working with this client in the digital asset space to provide custody and trading services. We are aiming to work more closely with them in the private credit space as well.

We believe we can replicate this success across many clients in the FI space, with the investor sector as a particular area of growth.

Alongside the global players, we are now seeing local FIs require more and more services as domestic demand for pensions and life insurance rises within our footprint markets.

Hopefully, these two examples -the multinational consumer products company and the global asset manager - provide you with some insight into why clients regard our franchise as so critical to their own operations.

We believe we can create many such success stories in the future, and Roberto will talk you through the strategic levers we will use to deliver on this promise. Over to you, Roberto.

Roberto Hoornweg:

Thank you, Sunil, and good morning and good afternoon, everyone. My name is Roberto Hoornweg, and I co-head the CIB business with Sunil.

So, we have already spoken about the shape of our business, and our client strategy, and our service offering. I will now focus on the levers that we see as the core sources of growth for our business in the future and our differentiating factors versus our competitors. These levers are at the very heart of our strategy.

First, we have a unique network which is highly valued by our clients.

Second, we remain focused on deepening wallet share with clients in order to drive income and returns.

Third, our digital capabilities and innovative products are improving our ability to serve the varying needs of our clients.

Fourth, we heard about how our financial institutions income has grown strongly and now contributes around half of CIB income. We are capitalising on this further, specifically in the sponsor space, where we see more growth potential.

And fifth, we are continuing to expand our capabilities in sustainable finance, which we believe will help drive growth in the years ahead.

Turning first to our network, as you will have heard Bill speak about in recent quarters, we see our network as diversified, resilient and agile in an uncertain environment. We think it is a unique and strategic advantage for our CIB business.

Our network is steeped in the heritage of the bank and has been built over 170 years. During that time, we built deep and lasting relationships with clients across all of our footprint. We have created products for our clients to meet their evolving needs. We have developed a distinct understanding of the markets we operate in, each with their own characteristics, and we have a set of regulatory licenses, capabilities and relationships, which are all truly unique. In short, we act as a super connector for clients across our dynamic markets.

Our network cannot be easily replicated. It cannot be built from scratch. And whilst I know there is a lot of focus in recent weeks on the implications of tariffs, we have banked in these markets through decades of economic cycles, through periods of volatility, crisis and dynamic growth. We are not complacent about near-term disruption, but we are confident in the many opportunities that we see.

You have seen a version already of our network ribbon chart shown on the right-hand side in recent results presentations. As a reminder, this shows where we originate client business on the left side and the destination within our network on the right side. Every single strand you see on this graph represents one country corridor. So entire regions like Europe or ASEAN are broken down into individual countries.

We have also animated the graph to show how the network has evolved over the last five years. You can see that the network is not only highly diversified, but also dynamic and fluid over time. Consider that over this period, there have been major events, including COVID, reversals in interest rate cycles, and the ongoing reorientation of global supply chains, not to mention some bank failures and a couple of wars.

You can observe how the network has flexed to accommodate the environment as our clients' needs have evolved; be it financing a new factory, setting up new payroll and bank accounts, or hedging rates, FX and commodity risk.

Our network income grew at an 11 per cent CAGR since 2019 or around 9 per cent if you exclude the impact of interest rates.

This has helped drive our CIB income to faster growth than our peer group.

And it has also outpaced key economic and financial indicators, growing faster than global trade, global bond markets, and loan and payment volumes.

Taking a deeper look at our network, we show here the more material inbound and outbound corridors. Financial institution clients are growing rapidly. The global financial centres of the world need access to our markets, and they look for diversification and yield, and our business enables that. This has driven a CAGR of roughly 12 per cent in FIs since 2019, and we expect this to continue to increase as a proportion of overall CIB.

Our corporate franchise is also prime for future growth. We are seeing strong growth in both the Middle East and Africa, and the continuation of supply chains moving into ASEAN. Within the banking product, we have added talent that will drive origination and distribution volumes significantly higher. We have a long history with many of our corporate clients, and we are leveraging that to originate more and then distribute to our FI clients.

And as some competitors have reduced their presence in our markets, we have been able to capitalise and grow market share. In these markets, we are not a domestic player with tiny market share competing with local national champions. Far from it. We are a super connector for the financial flows, services and goods of blue-chip clients, often, as the only bank with last mile capability in a particular market.

The sweet spot for our franchise is finding clients who need to use us in multiple markets and across multiple products. The more products and markets that a client uses, the deeper the wallet, the better the service, and typically, the better the return for shareholders. For example, clients that bank with us in more than 10 markets or products, on average, deliver near 50 times the revenue of clients in fewer than three markets and three products.

So, a key priority for us is to find clients whose footprint - and needs - intersect with our offering.

We have made progress here. Since 2019 you can see that amongst our top 500 clients, we have increased the revenue per client, achieved by bringing more products across more markets to our clients. Our strategy in Europe and Americas is extremely focused on clients with needs in our footprint markets, be it funding, risk management solutions or investment products. But there's still plenty more work to do. We continue to focus resources on these clients to whom we can offer a differentiated, broad and value-added service.

To bring this to life, let me give you a couple of examples of how we have been able to use the network to drive deeper wallet share. The first is for a global corporate client, we executed a just shy of $500 million FX inflow into a South Asian country with currency controls for a North Asian corporate client of ours, which involves selling dollars and buying the local currency. This trade is a perfect example of how we connect our clients to our unique network, and in the process, create value, not only for the clients we serve, but reinforce our own franchise.

By executing this FX inflow in such significant size, we generate a capacity to support other clients with trapped cash in that market. As a result of this trade, we want other business, such as pre-hedging sizeable G10 currency flows.

The second example is in the FI space. We recently acted as sole book runner for a $510 million Sukuk private placement for a GCC sovereign. We were able to use our network to place this privately with Asian investors, achieving a price well inside the public bond curve. Other than attractive pricing, this also achieved diversification for our clients' investor base.

Turning now to technology, we have invested heavily in our platforms in recent years to drive better execution for clients, as well as improving efficacy and operational risk. This progress we have made is across the board. For example, in Transaction Banking, our payments platforms are digitally driven, and our API payment volume has grown rapidly since 2022. Later, Michael will talk more about this bespoke solution and how it benchmarks us very competitively versus peers.

In Global Markets, SC Markets, our flagship proprietary platform, has helped price streaming and risk management, and has improved turnaround times across the client trade cycle. Our latency levels now compete with the best in the market, and the strong synergy between the FX and TB businesses can be deepened further.

In Security Services, in the rapidly evolving digital asset space, we are the first GSIB bank to offer digital asset custody for crypto, enabled by our digital capabilities.

These digital enhancements lead to better client outcomes, and ultimately improve customer satisfaction and help drive engagement overall.

Our fourth priority is to target FI clients who tell us that we can do more with them, and new to bank FI clients are attracted and being onboarded to the platform that we have built. FI clients consistently generate higher returns for CIB, and we are focused on offering solutions for their cross-border needs.

For banks and broker dealers, this is focused on scalable clearing and custody services, instant effect solutions and originate to distribute capabilities.

For investor clients, we provide access to our footprint via origination engines as well as attractive yield enhancement products for insurance companies and pension funds. We now have a large, structured rates business with a focus on long dated term issuance.

For hedge funds, we have invested into algo products, and delivered faster and more efficient execution. And we are investing in our sponsors business, where income has grown at a high double-digit rate from 2019 to 2024, through strategic hires and allocating dedicated resources in key client markets. As a result, we expect FI to become around 60 per cent of the CIB business in the medium term.

Our fifth lever for growth is our market-leading sustainable finance franchise. Since 2019, we have grown this business significantly, outpacing the global renewables investment industry. We remain well on track to achieve our 2025 income target of over a billion dollars, and our sustainable finance mobilisation target of $300 billion by 2030.

Sustainable finance is an area where we have a competitive edge, and we are operating in the core markets where renewables are changing economies the fastest. Marisa, our Chief Sustainability Officer, will share with you her take on our sustainability business later on.

In conclusion, you have heard how we have transformed the business over recent years. If there is one thing that you take away with you today is that this is a very different Standard Chartered and a very different CIB proposition from that of a decade ago.

Our client base is diversified. Our cross-border network is one of the key differentiators with clients, and our network income growth has outpaced overall CIB and market peer numbers over the last five years.

By deepening our wallet share with clients and focusing on geographies and products where we can offer the most value, we will continue to deliver strong income growth and higher returns for our shareholders.

We are now going to look into a bit more detail at the topic of RMB internationalisation, which is a fast-growing area of our business which pulls together various of the strategic levers that I have mentioned earlier.

Let me now introduce Charles Feng on video and afterwards, Mark Bailey, CIB CFO will take the stage. Thank you.

Charles Feng:

Hi, I am Charles Feng. I am based in Hong Kong, and I am responsible for Standard Chartered's macro trading as part of markets business in Greater China and North Asia. I am very happy to talk to you today about RMB internationalisation.

International use of the RMB has seen significant progress over the past 15 years, since the offshore RMB pool was first established in Hong Kong. The Chinese regulators have introduced numerous policy measures, including setting up various connect schemes in order to promote a broader use of the RMB globally.

Today, the RMB has emerged as a Top 4 payment currencies and the second most used currency in the trade finance market globally. Standard Chartered has remained at the forefront in RMB market since 2009 when the internationalisation journey began.

For example, we are the number one foreign bank trading China government bond by volume in 2024. We are the top market maker in Bond Connect and Swap Connect programs, the only foreign bank with the license to trade Chinese government bond futures in mainland China. Of course, none of this has happened by chance. We have long prioritised RMB business as an area of strategic investment.

Standard Chartered' s network allows us to connect to our clients, support key corridor business, and unlock growth opportunities. We are now offering RMB services in 34 markets across our footprint. We have expanded our 24-hour RMB trading coverage outside of Asia to cater to our clients' need to access RMB assets and risk management. We enable global investors to access various RMB instruments, including Chinese government bonds, credit bonds and CGB bond futures, and provide financing to improve their returns.

Apart from our market-leading capabilities, Standard Chartered has also been playing an active thought leadership role by working closely with regulators and industry groups to help shape RMB internationalisation agenda on the policy funds. For example, we chair the RMB Service Committee under Hong Kong Association of Bank.

All of our capabilities have led to a strong growth trajectory for our RMB internationalisation business, with revenue growth at a 14 per cent CAGR since 2018.

The strong performance is most evident in our Global Market business.

Looking ahead, we have every reason to believe that this growth opportunity will continue at pace as the opportunity set in RMB expands further.

Mark Bailey:

Good morning. Sunil and Roberto have laid out the strategy. I will now anchor that strategy in the financials. I will talk to four slides in quick succession, covering income, RWA, risk and costs.

Starting with income, which has been driven by three main elements over the last five years.

Firstly, the non-NII line has seen a strong performance from our Global Markets and Global Banking products. This is the biggest driver of our growth, overall.

Secondly, the NII line has seen volume growth in our cash business and a better mix of assets. This is the second biggest driver of our growth.

And thirdly, our margin has benefited from higher interest rates. These three drivers are critical to our income outlook.

The non-NII line is led by Global Markets and Global Banking.

Global Markets growth is driven by flow income, which comes from regular client orders in FX, rates, commodities and credits. Flow income is not driven by position-taking or from large one-off trades.

We have built a platform that is meeting client demand, and which is adding to the product set every year. Tony will talk more to this in the second part of our presentation.

Global Banking is delivering growth by driving origination volumes higher and then selling down that growth to our FI client base. Our Banking business has right sized its balance sheet and has been growing at double-digit levels in recent times. Henrik will talk to you about this in more depth.

The second driver of our income is growth in volumes and change in client mix. Michael and Margaret will show to you the initiatives we have put in place to drive higher liability volumes and improve client mix in Transaction Services, which encompasses both Transaction Banking and Financing and Security Services.

The third factor is rates. Interest rates have been a tailwind which added 2 percentage points of income CAGR per annum on average over the last five years. But I would highlight that we have delivered 6 per cent income growth ex-rates, and we are now focused on delivering the same sustainable growth in the medium term.

That said, in 2025, we have noted as a group that NII will be challenging to grow due to the expected rate environment. Our Group Interest rate risk in the banking book (IRRBB) disclosures largely relate to the exposures we run in CIB.

Moving on to RWA, we allocate capital to where we can make the maximum return. We have been very effective at creating capacity from within our existing RWA stock to allow for business growth at a higher return. As a result, from 2019 to 2024, on a like-for-like basis, we reduced our RWA usage by 2 per cent, whilst growing income at 8 per cent per year.

How did we do this? Since 2019, we released $25 billion or 16 per cent of RWAs principally by exiting legacy portfolio books and a persistent focus on managing low returning parts of the portfolio. In 2022, a large chunk of the former corporate finance book was sold down by the Global Banking team. These actions enable us to allocate $21 billion of RWA towards new business areas, and particularly our FI business.

That capital remix has lifted income revenue over RWA by roughly 300 basis points. Every dollar of capital in CIB now earns substantially more income than in 2019. On a go-forward basis, we see scope for further optimisation. We still do business with clients that generate below cost of capital returns. Some of those are in our tail account list. Some are new clients that we are investing into.

We have an active and ongoing program focused on managing tail clients and being selective about where we deploy our capital most efficiently. This confidence in RWA management underscores our CIB targets for income growth and maintaining income over RWA levels.

The other area where we have been creating capacity for growth is via our cost base. We know the clients that value our business proposition. We also know the clients that add cost and do not cover the cost of capital. We have made steady progress towards the target we announced at Q3‘24 of exiting 3,000 clients whose needs do not play to our strengths.

Optimising clients and improving our process from front to back is adding operating leverage to the platform. We are ploughing the savings from Fit for Growth back into the business. Our investment is focused on digital and strategic enablement, such as electronic trading and payment automation.

The CIB cost base has grown a 4 per cent CAGR from 2019 to 2024, compared to the 8 per cent income CAGR for CIB. And we will continue to manage income-to-cost jaws be positive over the medium term.

Getting the correct client strategy drives better income, better capital allocation and lower costs. The shift to FI and the multinational corporates has also driven an improvement in our overall credit quality and a reduction in loan loss rates. Our shift has benefited both credit risk and market risk. Our markets revenues have shown an upward trend relative to market risk RWAs, and our daily P&L profile in markets has also improved over time.

Our financial targets are underpinned by a clear strategy and a history of delivery. Today, we are committed to a 5 per cent to 7 per cent CAGR growth in income before we affect the impact of interest rates. We believe this target is realistic in today's macroeconomic environment. Just as important, that growth will come with positive jaws.

The Fit for Growth program gives us the cost traction to deliverable sustainable cost saves. We will target income return on RWA at or above 2024 levels.

The financial targets align to our strategy of driving network income to 70 per cent of our business and FI to 60 per cent over the medium term. Clear client selection and product delivery leads to superior results. The income is capital light, drives returns higher across the rate cycle.

And finally, to put these words into building blocks for the CIB products. In Transaction Services, we will continue to grow our liability base to support asset growth and income growth. The increase in liabilities then leads to cross-sell in banking and markets.

In Global Banking, we have right sized the balance sheet, and we are now focused on growing origination. You see this in our numbers in 2024 and Q1 of 2025, and we expect growth will continue over the medium term.

We expect Global Markets to be the biggest source of growth. This is underpinned by our confidence in being able to continue to grow our flow income as we add more product capabilities across rates, credit and commodities.

Of course, we remain watchful of the external environment, including the impact of interest rates and tariffs.

At the same time, we believe we are well-positioned to capitalise on the emerging opportunities coming from the changing world in the coming years.

Thank you for your time today.

Roberto and Sunil and Manus will now join me on stage to take your questions.

Q&A section

Manus Costello:

Thank you very much, Mark. Just while we are setting up, I will remind you please, we will take Q&A for about half an hour now here in the room and online, and then we will take a break. If you would like to ask a question in the room, please raise your hand and please make sure you give us your name and your institution. And if you want to ask a question online, please post it on the webcast and we will read it out in the room. Thank you very much.

So, who would like to ask the first question? In the front row.

Perlie Mong - Bank of America:

Can I just ask about the Hong Kong Interbank Offered Rate (HIBOR) moves and what it means for, I guess, loan growth, activity levels, but also the NII trajectory? So HIBOR obviously took a step down in recent days, weeks. So, I guess there is a lot of optimism it could help with activity levels.

How big of a benefit do you see that, first of all, and secondly, I guess the biggest beneficiary clearly would be property developers. I don't know how much exposure you specifically have on that. But on the basis that I don't think you took a lot of asset quality hits and provisions on that, is that fair to think that maybe you are a little bit less exposed to the sector than some of your peers? That is number one.

And secondly, in terms of the pass-through, because HIBOR obviously took a step down very rapidly. So, is that passed through to the customers immediately? Is there a time lag? And what happens on the deposit side as well?

Manus Costello:

Thank you, Perlie. I think I will ask for the first part of the question about the NII and the pass-through rates, I will ask Mark to answer, and then perhaps Sunil can answer about the potential for loan growth improvement and the environment in Hong Kong. So, Mark on NII, please.

Mark Bailey:

Sure. Thank you for the question. So, I guess I make three points to start off with. For us, we have a significant liability book, which you are obviously aware of, that is largely dominated by a U.S. dollar liability base. So, dollars dominate that liability portfolio.

The second point I would make is when you look at our group level IRRBB disclosures, you would see that we disclose that for 100 basis point parallel shift down in HIBOR, we would expect to see a $50 million reduction in income on an annual basis. So, I think that just helps put in context our expectations at a group level.

And then I think from a pass-through rate perspective, you have seen us being incredibly disciplined. You saw that in Q4, in terms of the way that we manage the overall portfolio and the overall book. So, we would maintain that discipline. But we have always guided to a range that [Diego] quotes 60 to 75, and we would always expect that to be holding to that range. Manus, would you add to that?

Manus Costello:

Yes, absolutely. That is absolutely in line for CIB. I would also just remind people of some comments we made on WRB, not that we are here to talk about WRB, but just to remind people that we said at the time of Q3 results, that it would take HIBOR to go down below 1.5 before the majority of our mortgage book starts to hit the triggers that we have talked about for switching. So, I think that switching point in WRB is a little bit lower than some estimates I have seen in the market.

We are in that area now, but it could be short-lived. And I will note that the one-month HIBOR was actually up a bit this morning, and that the Hong Kong dollar has started to weaken a little bit as well. So just to give a little bit of extra context because I know the question is broader on NII than just CIB, and I know there's been a fair amount of comment, given the dramatic moves over the course of the last week or so.

Perhaps we can switch to talking about the impact on the business, rather than just the margin. Sunil, how do you think this could impact the outlook for Hong Kong's business?

Sunil Kaushal:

Thank you for the question. First of all, it is very early days. And a peg currency having a differential of this magnitude, we will have to see how it evolves. But having said that, you are right, it will support the CRE sector, which has been under some pressure. With rates coming off, it should help our other part of our business on the mortgages.

But I think where it will probably have the most impact is around refinancing, because a big chunk of our business is also supporting the refinancing. With rates coming off, if they stay there for a while, we should see more refinancing activities. And in the Global Market side, people are looking at kind of locking in the lower rates. So plus-plus, in terms of business for us.

Roberto Hoornweg:

Just to add very briefly, you put everything in the mix, these kind of moves in Charles' business that you heard about before, obviously generate volatility and a lot of activity, so not just in financing, but in the flow businesses. The flow business can benefit from this kind of moves if we execute well on them.

Manus Costello: Super. Thank you very much. In the centre of the room, please.

Jason Napier – UBS:

Two questions. Firstly, on payments and liquidity, the Q1 number was down 11 per cent quarter-on-quarter, and I know there is deposit insurance things happening. There's really good Q4 numbers on corporate deposit betas and so on. And thank you for all the disclosures on the CAGR, ex-rate impact. But of course, clearly, what matters to this room is what happens next in terms of that line, in particular, a big one and a high-quality line for that. If you could talk about the drivers in what remains of this year.

And then, secondly, at a group level, we can tell that, given your cost target for 2026, the costs are going to be up a couple of percentage each year, this year and next. But because we have got the Fit for Growth numbers, we can also tell your underlying expense inflation is 7 per cent a year, which to many observers, suggests either you are investing more than normal, or the business is producing less operating leverage than it should. And so, if you could just talk about what's going on in CIB as far as investment, operating leverage, and how you think about investing for the future, as well as hitting the number for next year.

Manus Costello:

Thank you, Jason. So, on the first question with payments, we will have Michael Spiegel, who runs the Transaction Banking business, coming up later on, and he can certainly speak to that. I will ask Mark to speak specifically to your question about how that could impact on NII. But I would encourage you to ask Michael again to talk about the business overall. And then perhaps on the underlying cost base, Roberto can pick that up, secondly. Mark.

Mark Bailey:

Sure. So, I think I'd start, Jason, by reiterating the point, it clearly is challenging to grow our NII line in 2025. And in my script, I noted that a large part of that interest rate risk in the banking book relates to CIB, and so you naturally see that coming through in our numbers in Q1.

But I think I will probably draw your attention back to although rates do impact our business, and it is 8 per cent, becomes 6 per cent ex-rates through the cycle, we have clearly shown an ability to improve both volumes and change the mix through time. So, it is an important staple of our income stream, and we are working very hard on it.

Roberto Hoornweg:

So from a cost perspective as it relates to CIB, we have the transversal programs such as Fit for Growth that are really about efficacy and improving overall efficiency for the long run. And then Sunil and I have changed the way we look at the CIB investment dollars, and we split it up. There is license to operate, regulatory investment, and then we have, obviously, the businesses we want to invest in, whether it is talent, whether it is new processes, et cetera, electronification, digitisation.

We look at all of that, keeping in mind the operating leverage of the business and our future targets on income, to make sure as heard before in the presentations, that we always achieve the positive jaws. So, we think we are very firmly in that sphere for this year. So, we are not worried about anything from a cost perspective, for the CIB business overall.

Sunil Kaushal:

And I think it is important to link it back to the presentation that we may be talking about client exits. That is part of the initiative to create capacity, because in terms of managing a fair bit of cost attached to it. And the simplification that we undertook last year actually created capacity to invest in revenue-generating roles, which we already started filling up. So, we think we have enough capacity to invest in the right areas to drive growth.

Jason Napier – UBS:

Just to follow up on that cost point too, is there anything unusual about current run rates of investment, or underlying cost inflation this year and next that we should think about as far as the business on an ongoing basis? Because, as you say, the shape of the group has changed, and maybe we don't understand what underlying inflation now looks like.

Manus Costello:

Mark, I will ask you to pick that up, please.

Mark Bailey:

Sure. So, for CIB, we certainly have nothing unusual taking place in terms of our investment spend. We have been hyper disciplined in terms of, I guess, changing the way that we work with clients, and so trying to be more streamlined in the people who talk to clients, being really disciplined about where we employ our tech dollars.

And we are on a journey now where we know where we want to fill the gaps in, where we want to fix things. And this is going to be a journey that will last, we think, for a few more years as we as we take those Fit for Growth (FFG) dollars, and right-size ourselves, and build leverage into the platform. So, you shouldn't be thinking of us having some unusual step ups or step downs. We are executing on the plan that is in front of you today.

Manus Costello:

Thank you, Jason, I think you got the overall shape in terms of both the income guidance and the commitment to positive draws over the medium term, which should help us with that. At the back please.

Kian Abouhossein – J.P. Morgan:

Just looking at Slide 17, where you have a bit of a breakdown of the clients and products sold. Can you talk about concentration in terms of revenues a little bit more rather than products? You mentioned that 90 per cent of CIB revenues are generated from three products and above. Just trying to understand the concentration, how many of the Top 500 clients are generating 20 per cent of your revenues, or whatever you can give me. And also the client exit that you have discussed, what does that mean in terms of capital free-up plus cost free-up, potentially.

And then the second question is on cost. Can you talk about *Information Technology* (IT) cost? How much is investment versus maintenance? And what do you expect to happen in terms of staff hiring on a net basis over the next few years? And leverage exposure, I am quite interested in terms of growth on leverage exposure, i.e., balance sheet usage. Thanks.

Manus Costello:

Thank you, Kian. I think three questions in there. I think, Mark, first of all, I will ask you to speak a little bit to the question on IT cost and balance sheet usage, and perhaps just touch on the client concentration. But I think maybe more expansively, if Sunil, you could talk about our focus on larger clients and how that has impacted the business overall, after Mark has answered. So, Mark, please.

Mark Bailey:

Sure. So, start with your balance sheet query, if you look at our RWAs, we have kept our RWAs flat through the period. You asked specifically I mentioned about leverage, so I think I'd point to the fact that as we have shifted this business and built a rates platform, built commodities platform, and built-up significant credit business, that clearly comes with a degree of high-quality assets that go with it. And so, you have seen us deploying into leverage, and you haven't seen that naturally flow through into RWA. So, I think that squares away your question on balance sheet.

And then when it comes to costs, look, we wouldn't disclose to you the inner allocations of all of our costs. But I think I would repeat my message from before and just reiterate the fact that we are looking to create that operating leverage continually within our platform, and we have work to do in that area in terms of automation, the number of products that we stream and straight-through processing. So, we are very focused on tech spend. We think tech spend is clearly the lifeblood of, particularly, the markets business. And I think Tony will talk more about that when he gets up.

Manus Costello:

Thank you. And just, yes, on the client concentration question, we put the numbers that we put out on the deck. We are not going to go into more disclosure of incremental numbers. But more conceptually and more thematically, perhaps Sunil can talk about the focus on the larger clients.

Sunil Kaushal:

Thank you for the question. I think over the years, we have been very, very disciplined on reducing tall trees from a risk perspective. But when it comes to income, we are very comfortable. We don't have any concentration. In fact, when we look at the wallet sizing of clients, we think there is a long way to go in terms of further penetration, and also up tiering our existing clients, so we categorise Platinum, Gold, Silver. For example, the Silver clients, which will become a feeder into Gold and Platinum. We see lot of opportunities there.

So, concentration in terms of income, absolutely no concern. In fact, we use opportunities to go deeper and increase that wallet much, much further, and that is an area of strategic focus for us. And you must have picked up from Roberto's slides also, we want to increase the number of markets, number of products, but that feeds into returns as well as revenue growth.

Roberto Hoornweg:

Yes. I just really want to emphasise that point, Kian, because if you look at even the slides, we put up with the client examples and the growth in them, we have gone from relatively irrelevant to in the mix. But we have not gone to number one dominating this huge concentration risk from a client perspective.

So, the reason I am extremely bullish about our business is in terms of the targeted client wallet share versus our products, we are nowhere near the point of marginal saturation of where we could be. So, if you think about it also from a cost and operating leverage perspective, with the same store set of products and resources, better execution on that curve gives you massive operating leverage. So, I think our client business is super exciting. We are in very exciting place now that we have reorganised in terms of where we can take it, with a same-store set of resources.

Manus Costello:

I am sorry, I just also meant to ask Mark, if you want to pick up the question about the client exits and any financial impact.

Mark Bailey:

Yes. So, when we look at our book and our clients, we are always trying to optimise for that revenue over return on RWA, and clearly deliver against driving returns higher. We have been very successful at driving our returns up by 300 basis points over the period.

So in any course of this management, where Roberto and Sunil just spoke about driving the platinum higher, you always need to be checking that tail client list to say, okay, well, where are the clients that were not generating a return, they are not covering their cost of capital. And we have now embedded that discipline into our business, and we are well on the way to obviously exiting those clients. But every year, we are always looking and saying, can we push the returns higher? Can we go deeper? What's the tail client list? It is part of our relentless drive to get that return on RWA heading north.

Manus Costello:

And if you go back and look at our disclosures in Q3 where we made that statement, you will see that the impact is actually pretty de minimis of that client cohort, specifically, where we come at that time.

I am going to go to some questions online. A reminder for those watching online, you can post questions on the webcast, and we will ask them in the room. So, David, do we have any online, please?

Gurpreet Sahi – Goldman Sachs:

Firstly, can we check how Global Markets income has fared in Q2 given the elevated EM currency and volatility in recent weeks? And secondly, can we have some colour on how clients are thinking and acting in recent weeks, particularly as EM currencies have moved and the U.S. dollar has depreciated?

Manus Costello:

Super. Thank you, Gupreet. I will ask Roberto to pick up the question on markets in the second quarter, and I will ask Sunil to talk about client behaviour and his interactions with clients in the last few weeks. So, Roberto.

Roberto Hoornweg:

So, I think that the volatility, as long as it is tradable as it has been, with no massive gaps with liquidity, obviously creates activity. And after April 2nd, where the markets had a couple of days of reassessment, we have started seeing volumes come through. So, in general, I would say it is an environment that plays to the strength of a strong cross-border markets business.

Obviously, the tariff news keeps going around in swings and roundabouts. You have seen in the last couple of days, a massive dollar retracement dollar rally, on the back of some other announcements. So that generates activity, and Sunil will now speak more about strategically, how clients are thinking about tariffs. But it is an environment where there is business going on, for sure.

Sunil Kaushal:

So thank you for the question. We reached out to a few hundred clients to get their feedback in terms of what was happening and how they were thinking, most particularly after April 2nd, but even before that.

Just to give you a sense, I would say that the first quarter, and you see our number, the numbers have been strong. That was a period when clients were stocking up. They were stocking up. There was the sense, post swearing in, that tariffs are coming. Then we had the initial news on tariffs on auto and steel and aluminium. So, the stocking took place, and we saw trade volumes go up quite significantly.

April 2nd came as somewhat of shock or surprise, because of the underestimation of the extent of tariffs, and that resulted in a fair bit of, I would say, pausing for the week, 10 days, in terms of transactions. But we more than made up that, in the volatility that took place in the global market side, and the corporates going and covering both ways, depending which part of the world you are in.

So, net-net, it has been good for us. I think what we have seen in the last few days send a sense of relief to clients, and I think we will have to see over the next couple of months, how things pan out, and that there will be pockets where there will be very good opportunities for us, as we saw in the first Trump 1.0 or China Plus One. I think there should be opportunities for us across our footprint, particularly ASEAN and South Asia.

Manus Costello:

Super. Thank you. David, other questions online, please.

James Invine – Redburn Atlantic:

On Slide 17, the one with more products, more markets, more revenue. Presumably those clients consume more capital and more costs. So how do we think about that, and how do we think about relative returns within those different categories?

Manus Costello:

I will ask Mark to talk initially about the specific financials of it. But I think it also picks up on a point that Roberto was making previously about the ability to serve those customers, so I will come to him. So, Mark, do you want to kick us off?

Mark Bailey:

Sure. So, I think that in that bottom left category, that's on the bottom left box that you are referring to on Page 17, the key message is that is a massive opportunity for us. We know that we can go and cross-sell, and go deeper with many of our client base, and we are very focused on driving up the returns and getting that Venn diagram sorted between our network and our clients network, and cross-selling upwards. So, I think the opportunity is there.

Within that box, you will obviously know, and we have told you that there's 3,000 of tail clients, and that relentless focus that we have got on keeping refreshing and reviewing as to where we are getting the returns. Are we serving the client to the best possible level that we can? It is something that is ingrained into our DNA now.

Manus Costello:

Thank you. And Roberto, does it cost us more from a cost and capital perspective, to serve those larger clients?

Roberto Hoornweg:

Okay. We are not shy of deploying capital to clients who we think can benefit from our services and then grow the relationship in a way that increases returns for us. It is a very symbiotic relationship. We do that through a capital allocation forum. We mark that to market over time, and then we course correct where necessary. So, it is not a problem for us to make the investments. And you have seen in the RWA waterfall, how we can make room for them in order to grow our business.

Sunil and I, when we reorganise the CIB business a little bit, it is very clear that we look at clients holistically across every product. So, whether it is the client coverage, RMS that cover the client holistically, or the specific product salespeople that touch them. We have client teams. We do client account reviews to make sure that we are on track.

And so, to me, it is not a real increase in cost. It is really about better penetration, to Sunil's point earlier, and driving execution to add value to the client. So, I am not worried about a cost uplift, and the capital is what we monitor very carefully. And if it turns out we can't really add value to the client, then we course correct over time.

Manus Costello:

Super. Thank you. I will come back to the room now, please. I will take a question here, first of all, the second row.

Andrew Coombs- Citi:

If I could go to Slide 16, the one before 17, you have made this good point about network revenues. Clearly, your Unique Selling Proposition (USP) compelling case. But at the same time, if you back out your non-network revenues, which still account for almost 40 per cent the total, it looks like the growth has been around 3.5 per cent. I assume that is partly to do with the exit of the long tail, but slightly surprised that is not perhaps a little bit higher. So perhaps you could comment on the non-network revenues.

And then, secondly, and this is me being pedantic, so I am sorry, but Slide 28, if I look at the daily Global Markets income, clearly, the overall trajectory is a positive one. But I did notice that you had more loss days in 2024. I assume that is due to a few specific events, but anything you would like to call out there.

Manus Costello:

Okay. Thank you very much. I will ask Mark, I think, to answer the first question about the domestic versus network business. And perhaps Sunil can also touch on it a bit as well about how our domestic business, our non-network business, has evolved. And then I think the markets question one for Roberto. Mark.

Mark Bailey:

Okay. Network, so the key thing for us is we make better returns when we deploy our capital with clients who use our cross-border functionality. So that is clearly our calling card. It is where we make our returns. So typically, you would then look at domestic clients, and you would rightly call out that that is slightly more deemphasised, because for us to compete with the local players is not particularly what we are good at, and therefore our focus is drive the network income.

There is a bit of a segue, there are parts of that domestic income, as we would call it, which we do look to drive. So, if you look in the financial institutions piece, we get a superior return on financial institutions. So, we are always trying to look and think within that domestic piece. If it is an FI client with superior returns, then you see that coming through our numbers.

And if you just look at the depiction of CIB through time, you see FI and the multinationals wallet rising, and then that local corporate middle market wallet sort of shrinking as we try and reshape our business.

Manus Costello:

Sunil, would you add anything to that?

Sunil Kaushal:

Yes. I think Mark has already picked it up saying it is returns. If you look at network clients, they deliver higher returns. So, it is quite deliberate that we are growing that faster than the domestic.

The domestic has elements of restructuring, as you picked up, clients that we are exiting, and also markets that went through stress. So that was deliberate in terms of also reducing our exposure there, which resulted in revenue losses as well. So, these are some markets on the African continent, some in South Asia, which went through a sovereign distress. Yes. So, we deliberately reduced our exposures quite significantly there.

Manus Costello:

Thank you. And then, Roberto, if you can address the risk profile of markets income, please.

Roberto Hoornweg:

Yes. Before I get to that, I just want to emphasise one thing that Mark said, let's say you have a massive financial institution that has one office in the world, and we are selling them a bunch of our network products, giving them access, that doesn't show up in network income because they only exist in one place, even though it is what we would consider network trade. So just the detail that you can have large FIs that are not global, but they are obviously the users across the world, but book everything in one office. Just so you understand that clear distinction.

In terms of the lost days, it is not something that worries us at all. I mean, last year, *X-Value Adjustment* (XVA) is part of the daily markets, Global Markets' P&L. We are growing the business. Our efficiency and efficacy on (Value at Risk) VaR, I think it is still extremely high. So, there are just blips. Sometimes we have accrual versus mark-to-market, and then the repo book mismatches on large trades. Tony can speak about it more in detail later, but it is certainly nothing that we worry about. The business is very linear and very consistent in the way it's grown.

Manus Costello:

Thank you. I think I had a question from this side of the room, please. Yes.

Joe Dickerson – Jefferies:

If I look at Slide 26, it is a very interesting disclosure on the composition of RWA optimisation over the past five years, and I see 15 per cent is coming from securitisation and others. So about, call it, $3.75 billion. Over the next several years, three, five years, would you expect a greater contribution from securitisations?

I notice in the press recently, you were associated with, I think, a one and a half billion dollar SRT program. How should we think about that going forward as a source of RWA efficiency? It is probably the broader question.

Manus Costello:

Super. Thank you. I will encourage you to ask the same question to Henrik from our banking business when he comes up later on. But I will ask Mark to address the question, specifically with regards to the shape of our future RWA optimisation plans.

Mark Bailey:

Sure. So, if you look at that specific point that you are making on the 15 per cent, I think you need to put it in the context of that is the smallest element of our optimisation, and the biggest element of our optimisation is clearly targeting businesses and clients where we can see we have low returns.

The point that we are making of driving up SRTs is got to be linked to the fact that we have a very clear plan to raise origination, and Henrik is going to talk to this in depth and raise distribution at the same time. So, we increase the velocity and the balance sheet. So, a big part of that increase in velocity, or a part of that increase in velocity is having the skills to distribute, and the SRT is one of those areas that we use to distribute our balance sheet.

Looking forward, we will balance continually the needs of origination versus distribution, and it is a lever that we have in our toolkit to use.

Manus Costello:

Thank you. Also in the second row, please.

Amit Goel – Mediobanca:

Just to follow up on the network versus non-network revenue split. I see, obviously, you are targeting about 70 per cent network, 30 per cent domestic, I guess. But is that like the natural kind of share? Like, do you need to have that much non-network revenue to be able to drive the network piece? Or do you think over time you can get to, say, 25/75, et cetera? Thank you.

Manus Costello:

Thank you very much. I think I will ask Sunil to pick that up, please.

Sunil Kaushal:

Listen, this is medium-term target. We keep revisiting these targets. And so, if you look at network currently, it is around mid-60s or so, $7.3 billion out of the total $12 billion, odd. So, we keep revisiting this. But for the medium term, we have set 70/30 as a realistic target, something which we think we can achieve.

As we have said, 60 per cent for FI. So, it is all intertwined. Which are the areas of focus when we talk about refocusing on FIs? And within that, investors, sponsors, we are growing the multinational. What is the outcome like? And then do remember network also has rates impact, so we are working through that. But, yes, it is something which we keep revisiting.

Manus Costello:

Yes, two questions in the room, and then I think we will have to take a break thereafter.

Robin Down – HSBC:

One thing that you have not really touched on is the wealth management business. Do you see opportunities from that growth in the wealth management? I appreciate a lot of it at the moment is deposits and the open architecture, mutual funds. But with growth of structure, products, et cetera, that to me is going to be a revenue driver for you guys, too.

And the second question, I think, in the past, when you have shown the CAGR growth rate in the CIB business, you had attached to it various country expansions and various product expansions as well. And I think that's helped you built market share. Are there any obvious product areas that you think you are missing from your armoury at the moment? I know Bill closed down equities as one of his first things he did when he came in. But given the Hong Kong IPO market is ablaze at the moment, is there any temptation to go back?

Manus Costello:

Thank you. I will ask Roberto, first of all, to talk about the interaction between WRB wealth business and markets, and it is something which Tony will touch on as well later on. And perhaps you can also talk about equities as well, very briefly. And then I will also ask Sunil to talk about what future expansion plans, or how we think about countries and products. Thank you.

Roberto Hoornweg:

Thanks. So, I think part of the FI business is the private bank business, the external for a second, and I think that for us is largely untapped area. So very excited about dedicating resources to cover private banks on the products that you mentioned that we already do.

I think our interaction with WRB has been quite episodic, and Sunil and Judy and I are working on a framework, where we can have a far more integrated approach for family offices, high-net-worth individuals, et cetera, that can cross both, so basically the parts of her client base that could benefit from CIB product. So, if we look at these two things together, I think it is an exciting area of that FI growth that is largely untapped and has a lot of potential for us to grow, for sure.

Look, in terms of product, it is clear over the last decade or so, that being all things to all people is pretty difficult in the finance space, and we have seen many banks changed their product offerings and their geographic footprints, really, to suit their strengths. It is very, very tempting to get sucked into what is trendy at the moment. We analyse products very much, as to do we have a right to compete. Do we have the right to win? What is the medium- and long-term investment needed? What is the client adjacency? It all starts with a client, what our clients can do.

I think that as we look at all these things, nothing is off the table. But we are far more attracted also to looking at things in partnership. So, you can see many specialists on various fields providing services that we could latch on to or partner with, to provide a value-added client proposition, rather than building things that are low margin from scratch, and often then can become a little bit of an albatross.

So, we are obviously not ruling anything out, but we will look at innovative ways to do different things in order to provide the best value for clients and also keep the operating leverage in the business. Thanks.

Sunil Kaushal:

So, I will just add here, one, the partnership. So, the example of that, I touched upon the global asset manager, and then kind of introducing them to our WRB colleagues who distribute their investment products. It is a very strong calling card. The WRB franchise that we have is a very strong calling card for our CIB business.

Of course, your question is about what we can do, and Roberto addressed that. Can we restructure products for our own WRB business, et cetera? But it is also very strong calling card for an area of focus for us, which is the investor and sponsor segment. Yes. So that's a very strong calling card, and we use it extremely well.

The other one on product gaps and areas of growth, or geographies, et cetera, it is all driven by the client. It is all driven by the client. So, I spoke about Morocco. Why Morocco? Why did we get into Saudi or Egypt earlier? Large markets, big banking wallet, and our existing network customers are already there, so it is easier for us to set up, get those customers onboarded, and boom, we start our business from day one. So that is quite important for us.

And we regularly, on an annual basis, we go out to our clients, asking about specifically product gaps or areas where we could do better. And based on their feedback, that drives our investment decisions. So, it is all led by customer needs and customer requirements.

Manus Costello:

Thank you, Sunil. We will just take one last question in the room before the break.

Aman Rakkar – Barclays:

Thanks very much for the presentation. Two questions, please. One on liability growth, I think you articulate a low single-digit loan growth ambition at the group level. So, I wondered how should we think about deposit growth? I mean, it is the primary driver of franchise value from here. And in a high interest rate environment, we don't talk about it enough at a group level. So, I would encourage or invite you to help us think about deposit growth, because it is key to the strategy, I think that you outlaid.

And then the second was on just how much of the $6.3 billion costs in the CIB can be flexed if revenues come in lower. I mean, you are very committed to positive leverage in your business, and that clearly extends to an environment with revenues that might be lower than we are expecting, for whatever reason. So, can you tell us what those levers are, presumably variable compensation, and can you quantify them, please? Thank you.

Manus Costello:

Aman, thank you very much. On your first question about liability growth, I agree, it is a critical point. We are going to discuss it with Michael in the transaction business later. So, if you don't mind, I'd rather just park that now, and we will answer the second question, and I promise we will come to that straight away in the second Q&A session. Mark, can you talk about the potential flexibility in our cost base?

Mark Bailey:

Sure. So, cost discipline is incredibly vital to any business. In any scenario where rates fall off, you need to have that cost lever. And we have worked hard to identify what our cost levers are in terms of client contact, in terms of the processes that underline our business, and we are using those FFG dollars to drive and sustainably take costs out.

But in any situation where there is a crisis and there are challenges which what you are driving to, we would deploy typical levers than any bank has at its disposal, which is your variable compensation is one lever. We are very disciplined in terms of travel and entertainment. We have got quite a strong pipeline in terms of the talent we want to hire. So, we have always got levers that we can use to maintain our cost base.

And I think if you look through the history of CIB, what I point to you is that 4 per cent cost CAGR. So, we have kept our costs under control. We haven't been expansive in the way that we have gone about our business, and we are being disciplined at this time as well, even with the outlook that we have.

Manus Costello:

Super. Thank you, Mark. Thank you very much, everyone, for your questions. I promise I will take more questions online in the second session. We are going to take a 15-minute break now. I would ask those of you in the room in London, please make sure to be back. We will start at 10:35 London Time sharp. Thank you.

Marisa Drew:

Hello. My name is Maris Drew, and I joined the bank as the inaugural Chief Sustainability Officer nearly three years ago. In 2021, the bank set a market-leading and highly ambitious target of $1 billion of sustainable finance income in 2025. And I am proud to say that we have consistently exceeded out annual KPIs towards that goal every single year, delivering $300 million, then $500 million, then $720 million, and last year a stellar $980 million.

This meant that we almost hit our target a year early, and it represented a 36 per cent year-on-year growth rate against some significant headwinds in the sustainable finance market, not many businesses in banking can claim a consistent annual growth of circa 40 per cent. And our sustainable finance revenue mix is increasingly diversified.

We have gone from a strong weighting towards sustainability-linked instruments to a much more diversified portfolio of sustainable loans, bonds, deposits, project finance and trade finance transactions that are generating very accretive returns for CIB.

Furthermore, we are excited to see that the seeds we planted in transition finance expertise in the hard to abate sectors such as battery storage, EVs, carbon capture and the like, are also paying off nicely. This shows that our strategy is working, that sustainable finance is not a business sitting on the fringes of CIB, but rather is increasingly embedded in our BAU and delivering real value. This embedding is a core strategic priority of mine and a key component to our success in being able to leverage our specialist competencies at the centre in my CSO organisation, to drive sustainable finance business across our thousands of coverage bankers, salespeople and support teams.

In CSO, we do this by creating and governing our shelf of over 40 sustainable products and by acting as a partner to the business to facilitate transactions with clients on their sustainability journeys. We are also investing in innovation around the themes that we believe will create high growth, enduring revenue streams for the bank. One of these with great potential is adaptation finance, which is a topic that SCB has put on the map for the private finance sector.

Adapting to climate change is going to be a multi-trillion-dollar business born out of necessity, as science is demonstrating escalating global warming. And as a result, we are seeing significant engagement from our clients on this topic, who are seeking both to navigate climate effects on their business while also investing to create resiliency.

For example, we just closed our first Chinese adaptation transaction for Jinko Solar. Jinko is a manufacturer of heavy storm-resistant solar panels that are being exported to hurricane vulnerable areas, which is a perfect example of adaptation investment and demand in action, financing a new generation of products that are being delivered cross-border.

And so looking forward, we believe that our leadership in sustainable finance creates a differentiated and enduring value proposition for the bank. Clients have reaffirmed their sustainability commitments and are scaling sustainable infrastructure investments in our core markets, such as Singapore, Hong Kong, mainland China, the Middle East and India.

In fact, investment in the energy transition reached a record $2 trillion in 2024 and the predominance of those dollars were invested in our primary footprint markets, and we see this trend continuing at pace. China alone is expected to represent nearly one-third of the tens of trillions of energy transition investment dollars expected globally over the next five years.

By continuing to demonstrate leadership in sustainability, we aim to take market share and solidify our position as the bank of choice for our clients who see the value to be created from embracing sustainability is core to their strategy as it is to ours.

Michael Spiegel:

Hello, I'm Michael Spiegel, head of Transaction Banking. I'm delighted to be here today to share with you the progress we have made with our Transaction Banking business, and what we are focusing on to take our business to the next level.

You have heard Sunil and Roberto speak about the strength of our network, growing our FI client base, and digitisation. I will take this opportunity, to explain how our Transaction Banking franchise, will be one of the key cogs, in driving our ambitions.

I have three key messages for you:

First, the strength of our Transaction Banking franchise, lies in the fact that we are one of the few full-service global transaction banks, in all the markets we operate in. What this means is, that we are providing solutions to our clients across the full spectrum of their needs. We are also a major clearing bank in US Dollar, EUR, GBP, and across a large number of currencies in our footprint.

Second, we have deep knowledge and expertise, in many emerging and fast-growing markets of the world. We combine this, with our product capabilities and network presence, in multiple trade corridors, to enhance our franchise value.

Third, technology, has always played a vital role in Transaction Banking. We have made significant investments in technology, to seamlessly connect businesses across the globe, and enhance our value proposition to our clients.

We will give you an overview.

As I mentioned, we are amongst just a few banks that service clients, across the full set of Transaction Banking requirements, in payments, liquidity management, working capital lending, and Trade Financing.

In payments, we have a sizeable clearing business, and offer a holistic suite of solutions, ranging from traditional domestic payment methods, fast payment schemes, QR-code enabled payments and collections, to cross border payments, on traditional and new rails.

In liquidity management, we offer the full range of pooling, and escrow and virtual account solutions.

In Trade and Working Capital, we offer a complete range of products, including documentary and structured trade, supply chain and working capital financing.

Across both Cash and Trade, we are offering transactional Foreign Exchange in collaboration with Global Markets.

We are very well diversified in terms of our geographic mix, and deeply connected across the Corporate and FI client segments.

Let me now take you through, how we have done over the last 5 years.

Our income has grown at a 9 per cent CAGR during a period of significant interest rate volatility. The growth in our CASA deposits, has been at a 6 per cent CAGR, with the growth rate being higher in the earlier years.

Excluding the interest rate impact, our net interest income has grown at a 4 per cent CAGR since 2019.

Importantly, we outperformed in the growth of operating balances, relative to average liabilities. We increased the ratio of operating balances by 7 percentage points, growing 50 per cent faster than average liabilities, which is a very strong testament to our payment capabilities, because that drives operating balances.

So why do clients choose us? Our clients choose us because:

We understand their businesses, their challenges and opportunities, we have structuring and advisory teams to design and deliver bespoke solutions, oftentimes co-creating with our clients. In many cases, we combine and structure solutions across multiple product capabilities.

Let me give you a few examples:

In Trade, we recently executed a large, syndicated guarantee facility for CHINT, a Chinese renewable energy firm. It required in-depth understanding of CHINT's needs, and the detailed parameters of the required guarantees. As the mandated lead arranger, we brought a number of other banks into the syndicate, for this several hundred-million-dollar facilities.

In Cash, British Petroleum awarded us a sizeable cash mandate, because of our understanding of market nuances across Asia, Africa and the Middle East. This enabled us to support their business needs, not only in these markets but also in Europe.

From a digital delivery perspective, we closely worked with IATA, the international air transport association, and co-created a real time, digital payments platform, that enhanced the experience of IATA's clients, by delivering a consistent solution, regardless of the markets they operate in.

We have transformed our business, through targeted investments in our platforms and solution capabilities, and now have a leading Transaction Banking franchise.

Globally, we are the leading Trade network bank for FIs, and rank number 2 in Documentary trade.

We are the number 2 transaction bank across Asia, in Cash, Trade and for Transaction Banking as a whole.

We managed to outperform the market over the past 5 years, whilst we have been reshaping our Trade business, which led to an inevitable trade-off on top line growth in that business. I will come back to how we have repositioned our Trade business, later.

What are our key priorities? Over the next few slides, I will provide more details of four focus areas: how we leverage our unique network; how we drive sustainable growth with our payments proposition; how we deploy Trade as an anchor product to deepen client relationships for cross-sell; and our world-class payments and digital channels capabilities.

So how do we leverage the network. The nature of Transaction Banking puts the business at the heart of the Bank's cross-border revenue aspiration. Cross border business, as a proportion of Transaction Banking income, has grown from 60 per cent in 2019 to 75 per cent in 2024. This growth is underpinned by: growth of the CASA deposits throughout the network, at a CAGR of 10 per cent, compared to 6 per cent overall; growth of our cross-border exposures in trade, at a CAGR of 7 per cent, compared to a flat overall book.

We are well positioned to support our clients as they strengthen their resilience, through further diversification of their supply chains. Over the past few years, we have seen significant growth in our Intra-Asia, Asia-Africa and Asia-Middle East corridors. This is where we see a lot of the supply chain realignments to continue.

One example of how we support our clients' diversification across our network, is through the services to an increasing number of Regional Treasury centres. While western multinationals have traditionally had regional and international treasury centres, we see an increasing number of Asian multinationals establishing these. We are helping many of them to manage their multi-currency, and multi-jurisdictional cash and payment flows, and their trade finance, working capital and transactional Foreign Exchange requirements.

As Charles mentioned in his video, a good example is leveraging our leading capabilities in Renminbi. remember has emerged as a top currency, in cross-border payments and in trade finance. Our extensive Renminbi coverage across 34 markets, puts us in a strong position to meet the rising demand, as diversification continues to play out.

Sunil has already mentioned that we are the 6th largest US dollar clearing bank.

We have best in class clearing capabilities across US Dollar, EUR, GBP, and a large number of currencies across Asia, Africa and the Middle East. This is particularly relevant to Financial Institutions, who need clearing capabilities in multiple currencies. And we will continue to grow this business.

A few things I would like to highlight:

We were the 1st foreign bank to get the CIPS (China Cross-border Interbank Payment System) license outside of China, which puts us in a good position when it comes to RMB clearing.

We have self-clearing capabilities in 29 currencies, and domestic payment capabilities in 43 markets.

With our PayTech clients, who handle large volumes of payments, we have grown our transaction volumes and deposits, at a very healthy rate. There is still a large wallet potential, which we are addressing through: our cross-border and instant settlement capabilities supporting low value/high volume activity, integrated payment and transactional Foreign Exchange capabilities via APIs, and alternative payment capabilities via digital collection gateways

Our SC Prism FX platform is designed for meeting our clients' transactional Foreign Exchange requirements. This platform is a global, single product offering, with capabilities across over 130 currencies, providing a fit for purpose, frictionless experience for our full set of Corporate, FI, and PayTech clients. The wallet opportunity is sizeable, with the potential to grow at a similar pace over the medium term.

I mentioned trade earlier, how we repositioned it, and let me talk about this now.

Over the past few years, we have been reshaping our Trade business, moving away from focusing on top line growth, to positioning our solutions more strategically with our CIB target clients, to drive multi-product cross-sell.

This means, we have recalibrated our client selection, and exited relationships which have not evolved to multi-product relationships. These are typically smaller local corporates, where we can't bring the full breadth of our global product and network capabilities to bear. As a result of these efforts, our number of Trade-only clients, is down by 96 per cent compared to 2019.

Another natural outcome of this discipline is a much stronger client profile for our trade business. This has led to the share of the investment grade clients, increasing by 11 percentage points to 67 per cent. This has positive implications, both for our risk exposures, manifesting itself in lower loan impairments, and higher cross-sell potential.

We will continue to position our Trade business, targeting the complex needs of our global clients, offering our deep product and market expertise across our network, with the objective of driving multi-product and multi-jurisdictional relationships.

Let me talk a bit about technology platforms. I'd like to share a bit more about our leading payment platform, as technology in processing power is really a key driver in payments.

SCPay, is our future-ready and importantly, ISO native payments platform. It is cloud native, which means it has a microservices-based architecture, and is highly scalable, allowing for faster processing of payments, improved risk management, increased transparency in reporting, and alignment with specific data localisation requirements.

This state-of-the-art platform also enhances our proposition to our PayTech clients, which as I alluded to earlier, have large payment volumes, and this is a fast-growing client segment we are targeting for growth.

Digital channels, how do we actually do when we communicate with our clients, or they communicate with us?

We have made substantial progress across our digital channels, which now compare favourably against many of our competitors. We are rated well ahead of the peer group average on most of the metrics. In fact, we are already very close to best-in-class in some capabilities, such as our Mobile application and Host-to-host connections.

As I said at the beginning, technology is increasingly a key growth enabler in Transaction Banking. We will continue investing, to deliver ongoing enhancements to provide superior capabilities and user experience to our clients.

Looking ahead, our ambitions are to:

Grow our operational deposits, by leveraging our payment capabilities and network strength

Improve our clients experience, through effective and efficient digital interfaces

Be the bank of choice, for cross-border solutions in payments, liquidity, trade & working capital, as well as transactional Foreign Exchange management

I thank you very much for your attention. And with this, I will hand over to Margaret to walk you through our FSS business. Thank you.

Margaret Harwood-Jones:

Thank you, Michael, and good morning, good afternoon to everybody. I am Margaret Harwood-Jones, and I am delighted to be here today to talk to you about our Financing and Security Services business, or FSS for short.

Sunil and Roberto spoke about CIB's unique global network, reinforcing our focus on financial institutional clients, and the digitisation of our service delivery platform. All these elements are at the heart of the FSS proposition.

There are three key messages here that I would like you to take away about our FSS business.

Firstly, FSS is a leading asset servicing provider for post trade activities. We focus on servicing FI clients, and we are a core part of their operating model.

Secondly, we have a large and expanding network presence.

And lastly, we are doubling down on investments to accelerate digitisation and expand our product capabilities, including for digital assets as we seek to grow our client base.

We serve clients across three product sets, custody and clearing, fiduciary and fund services, and prime and financing services.

We offer post trade custody and clearing products and services.

We support our investor and insurance clients in asset servicing, including record keeping, asset valuation and compliance monitoring.

For our bank and broker-dealer clients, we facilitate settlements and safekeeping.

And lastly, we offer intermediation, OTC clearing, and FX PB, and our prime services product suite.

Our unique selling point is our ability to connect clients to our differentiated footprint in and across Africa, Asia, and the Middle East.

We provide clients with custody and clearing services across 40 footprint markets, with connectivity to a further 60 markets from our four regional custody hubs, together with fund and fiduciary services in 21 of those footprint markets.

Our revenue is diverse by market and type. In 2024, about 80 per cent of our revenue was booked in Asia, and 12 per cent booked in Africa and the Middle East. Additionally, fee income contributed around 40 per cent of our revenues.

Now, the investments we have made are paying off with growth across all relevant indicators.

Income has grown to 11 per cent CAGR over the last five years, notwithstanding periods of significant interest rate volatility, with ex-rates growth at 6 per cent CAGR.

Assets under custody have grown by 5 per cent and we have built high quality liability space, with custody deposits up by 10 per cent CAGR.

Reflecting the value that clients place on our network, cross-border income is now around 75 per cent of the total FSS income, which is up 3 per cent since 2019.

So why do clients choose us? Let me now give you a few examples of why clients bank with Standard Chartered.

Our network is our calling card. Our ability to solve clients' problems in some of the most challenging parts of the world increases our relevance to clients and can open the door for a broader relationship conversation.

We are also seeing increasing convergence of traditional and digital assets and have the opportunity to build further competitive differentiation by being a leading provider in the digital assets custody.

This year, we have supported China AMC in launching the first tokenised retail fund in Asia-Pacific. Brevin Howard Digital is also in partnership with us to build out our digital asset solutions across both prime and custody.

We are a super-connector for clients, as our products and services digitally plug into our clients' ecosystems, extending their reach and enhancing their capabilities. Prudential is one of the great examples where we have a long-standing relationship as we provide asset servicing solutions across multiple markets.

These new mandates and growing relationships are built on trust and our ability to deliver effective and innovative solutions across multiple geographies.

There are two key priorities for us.

First, we will focus on the broadening and deepening of the relationships with our FI clients.

Secondly, we want to lead as a digital asset custodian through building out the digital assets ecosystem.

We believe it is a question of when, not if, digital assets are adopted as a mainstream asset class. We have already seen it happening, and we are well-positioned to benefit from the growth potential.

Let me now give you some colour on how we steer our focus on institutional client relationships which-as my colleagues have already told you-are amongst the highest returning for CIB.

Most FSS income is from the FI segment. So growing this business supports the broader CIB ambition to increase the overall income contribution from FI to around 60 per cent in the medium term.

We will drive income from banks and broker-dealers by building out our regional sub-custodian relationships through new market appointments, continuing market advocacy, and leadership in data-driven digital solutions.

We will accelerate income growth in the investors and insurance segment by enhancing our product proposition to deepen wallet share, whilst also growing through new client acquisitions.

Furthermore, we will continue to drive cross-sell into the wider CIB business, with custody-related FX income, which is not reported as a part of the FSS numbers.

The recent introduction of services in Saudi Arabia and Egypt extend our network reach and value proposition across all segments, making us even more relevant to our existing and to new clients.

In addition, we will actively assess opportunities to scale our security services business. An example here is the recent acquisition of RBC's Hong Kong Pension Funds business. We can leverage the opportunities that present when some of our competitors look to scale back their global presence.

Digital assets are clearly here to stay, and we are seeing increasing application of tokenised assets, as well as a growing convergence between traditional and digital assets.

Our aspiration is to be a leader in the digital asset space and a leading digital asset custodian.

We have recently launched crypto and stablecoin custody in the UAE and Luxembourg and are in the process of obtaining digital custody licenses in Hong Kong and in Singapore.

And in Hong Kong, we are the first to support a retail tokenised fund.

We work with market participants and clients from both the buy side and sell side to build a broad digital assets ecosystem, offering services in pure digital or in hybrid form. This encompasses end-to-end ecosystem product solutions from trading and distribution through to financing and custody.

Our leading position to date is also supported by our partnership with our ventures entities such as Zodia Markets, Zodia Custody, and Libeara, to enable the new ecosystem that underpins these innovative solutions.

So to conclude, the ambition for FSS is to build on the differentiated presence in the fastest growing footprint markets, also allowing us to connect clients to over 100 markets globally.

As global investment and capital flows shift, we are well-placed to support clients as they navigate emerging economies and new corridors.

Our FSS product capabilities support the ability of the wider CIB business to deepen relationships and wallet share, with higher returning FI clients.

Our market leading position in digital assets gives us a platform to innovate further, to create partnerships to extend the digital asset ecosystem, including around tokenisation, and promotes our ability to monetise what we think is a scalable business opportunity.

We believe the FSS business is capable of delivering continued growth in assets under custody, and in the process, realising our ambition to be the leading custodian across Africa, Asia and the Middle East.

And we are now going to watch a video by Sharad featuring three of our top clients, who will talk about why they choose to work with Standard Chartered.

Sharad Desai:

Hi. My name is Sharad Desai, and I look after sales and structuring across our Global Markets business. My team and I connect our clients to innovative products and solutions by leveraging our unique network.

The history of Standard Chartered is replete with examples of the strong relationships we have built with some of the largest corporates and financial institutions operating across a broad range of sectors. From conglomerates in the east to large multinational corporates in the west, and to financial sponsors engaged in the fast-growing private credit markets, we have developed a unique ecosystem of partnerships which present growth opportunities to our clients and to ourselves. Our recent joint venture with Apollo is one such example.

Marc Rowan, CEO – Apollo Global Management, Inc:

We are building infrastructure. We are doing energy transition. We are actually adding to our energy supply. We are building next generation manufacturing, data centres, and everything else we are going to need for a modern economy.

Governments are not going to be able to finance this. Most of what we are building long term, complex, backed by highly rated counterparties. This is the ideal business for Standard Chartered and Apollo to attack together.

Sharad Desai:

Our key competitive advantage is our global network. With on-the-ground coverage in more than 50 different markets, and our comprehensive product offering, combining both onshore and offshore capabilities, we are uniquely positioned to help our clients navigate some of the world's most exciting and challenging markets.

Rob McAnally, Vice President and Global Head, Treasury & Corporate Finance- Siemens Energy:

In a world where banks often provide homogeneous services, Standard Chartered stands out for its understanding of Siemens Energy’s role in energy transition and its strong commitment, its expertise of dynamic and fast-growing markets, and its customer-orientated approach of and ease of doing business.

Sharad Desai:

We are also a bank with a very strong culture of innovation. We continually invest in our digital platforms, as well as in disruptive technologies which promise to transform banking and financial services in the future.

We have successfully incubated a number of fintech ventures with cutting-edge financial and digital asset technologies that the bank is now harvesting in servicing our clients. This puts us in a very good position to work with our clients to co-create innovative solutions that help navigate an increasingly complex market environment.

Kelvin Ly, Head of Global Fund Platform - ANT International:

So over years, we have been developing AI-driven cash flow forecast technologies for our own treasuries, moving from the basic machine learning to neural network, and recently to transformer-based technology. So, this is a new area that we are working with Standard Chartered, and actually formulating solution for our customers, which allows us to open the technology together with Standard Chartered, to see how we can offer more inclusive services based on better AI-driven cash flow forecasts.

Sharad Desai:

Connecting our clients with our sector expertise across our global network is how we, at Standard Chartered, differentiate ourselves from our peers. This opens up tremendous opportunities for the future.

Marc Rowan, CEO – Apollo Global Management, Inc:

Standard Chartered is a long-term partner and has substantial business relationships with Apollo. Everything that we have done to date, the success, the mutual trust, the shared experience makes me confident that what we are going to do together in the future is going to be amazing.

Tony Hall:

Hello, everyone, and thank you for joining us today. My name is Tony Hall, and I will be taking you through the Global Markets business, with a particular focus on where we have recently invested and where we see the greatest opportunity in the future.

So, let's get started with three key messages for this session.

First, we are a top tier FICC bank globally, with strong positioning in emerging markets and offering a full suite of products across all asset classes.

Second, our onshore presence in many local markets with high barriers to entry, combined with our leading product capabilities in the offshore markets, enable us to offer differentiated solutions to our clients. These clients may be multinational corporates operating across frontier markets, or global investors looking to deploy capital in markets with restricted access.

And third, our investments in electronic trading are leading to significant growth in our client franchise, as we have broadened our capabilities, which are focused on price streaming, trade execution and post trade automation. To that end, we have also built a number of successful platforms.

Let's now take a closer look at the business.

We have an onshore presence across 37 markets, and we offer a full suite of products across all fixed income, currencies and commodities asset classes. We also partner with our colleagues in wealth and retail banking in distributing our capabilities to their expanding cohorts of high-net-worth and family office clients.

Our approach of being a network bank works in both directions. We bring critical local knowledge to our global clients, and we bring global capital flows into local markets, ensuring that we are a key partner to governments, regulators and estate-owned enterprises.

We have been growing our income at 9 per cent CAGR over the last five years, as we have diversified our client base and broadened our product capabilities. Our growth has also been enabled by strategic investments across technology and in hiring talent.

Over this time, we have diversified our product mix by growing rates and credit at a very fast pace, with both of those products having doubled since 2019.

Rates has grown at an average of 14 per cent per year, where we offer a broad range of emerging market and G10 rates products, including interest rate swaps, cross-currency swaps, structured rates, and financing products.

We have also expanded the credit trading business annually by 12 per cent by enhancing our offering in bonds, loans, securitisation, and structured financing in a material way.

From a client segment lens, we make nearly 64 per cent of our client income from financial institutions, up from just 51 per cent in 2019, as we have intensified our efforts in this underpenetrated segment of the market for Standard Chartered. We have grown our FI segment 14 per cent per annum, in line with the overall CIB growth strategy that Sunil and Roberto spoke to earlier.

Let's take a closer look at the financials.

Global Markets has shown broad-based growth across all products in both flow and episodic income streams.

Of the total Global Markets income, three quarters of it is generated from flow business, which is a stable and recurring stream of income we generate from our clients and is much less dependent on idiosyncratic market events. We grew our flow income at an average of 10 per cent per year over the last five years.

The remaining 25 per cent of our income is generated from episodic deals. This income can be less predictable because it is event-driven and more dependent on specific market opportunities. But given the breadth of our client franchise and the number of locations in which we operate, there's almost always some event going on. This has enabled our episodic income to achieve a mid-single-digit growth rate over the same period.

Our RWA have grown at a slower pace than our income growth, and within that, the market risk RWA component has grown at an even slower pace, which demonstrates our discipline in managing market risk whilst growing our client franchise.

We remain agile in deploying our capital to support client needs in ever-changing market environments such as we see now, and when presented with returns accretive opportunities.

As a result of these two growth rates, our returns on risk-weighted assets have seen an improvement from 2019 levels, as we have continued to manage our capital in a disciplined manner, balancing risk and reward appropriately.

Let's take a look at why customers choose us. There are many reasons that clients want to work with us at Standard Chartered Bank and Global Markets.

Our key competitive advantage is our global network. With on-the-ground presence in many EM markets, we are able to capture cross-border flows and deliver innovative solutions to help our clients navigate some of the most challenging situations. These could be trapped cash solutions for corporate clients, access solutions for investor clients, or cross-currency collateralised financing solutions for FI clients.

In addition, we are able to leverage a very large corporate business to originate risk and then distribute that risk to our FI clients. This is a unique ability that comes from extensive onshore presence across the world.

We are constantly working on new avenues for such distribution. Beyond typical investor clients, we work with multilateral institutions, export credit agencies, and credit funds to distribute risk. We are also developing new formats for such distribution, such as bespoke credit default swaps, derivative risk participation agreements and insurance.

Across all of this, we bring our market-leading Islamic finance capabilities and sustainable investment products to deliver tailored solutions to our clients.

Driven by our footprint and client focus, our business has grown faster than the industry. Coalition competitor analysis shows that our peers have grown at 6 per cent annually from 2019 versus our growth of 9 per cent.

We are firmly positioned as the core market leader in our footprint countries. We have increased our wallet share among both FI and corporate clients. We rank in the Top 5 global emerging markets FICC, and we are Top 3 in Asia-Pacific ex-Japan.

Further, based upon 2024 ranking from the Ministry of Finance in China, we are the number one foreign bank trading Chinese government bonds by volume.

Looking ahead, we are confident we have the right strategic priorities and execution track record to continue to grow our share of wallet.

Let us look at those priorities. So, we have three main priorities over the medium term.

First, we will continue to invest in our digital capabilities.

Second, we will further grow our franchise with financial institutions.

And third, we will continue to provide innovative and bespoke solutions for our customers.

Our first priority, which I believe will be the most impactful to the growth of global markets is our continued investment in the digitisation of our core products.

Our focus on this over the last few years has been to strengthen our pricing, distribution and risk management capabilities. We have grown our digital income at a very fast rate, primarily driven by improvements in FX options and rates platforms. We will extend those capabilities to all of our products, including commodities and credit.

We have also established SC Markets as our flagship single-dealer platform, and we have broadened our client distribution through APIs, which include our scale system for FX payments. The development of these proprietary platforms has helped us to drive superior growth, outpacing multi-dealer platform growth over the last five years. In fact, revenues from SC markets and scale have more than doubled over that time frame.

Our key focus areas are:

Enhancing our pricing engines and algorithmic trading systems to increase our ability to handle much higher volumes.

Improving our straight-through processing rates to enhance operational efficiency.

Investing in SC markets to bring all asset classes to our clients in a single platform.

Our second priority is to further grow our FI franchise.

We have grown our FI income by 14 per cent CAGR in the last five years, whilst up tiering our FI clients significantly at the same time. The number of clients generating more than $5 million in client income per year has more than tripled.

Going forward, it remains a priority to further diversify and deepen our relationship with our top FI clients, both in terms of products and markets we engage with them.

We will leverage our leading credit trading and structured financing capabilities, which are most relevant to our FI clients.

And as mentioned earlier, we aim to grow our market share with private banks and wealth clients by investing in digital capabilities as well as sales coverage.

Our goal is to be the preferred partner for financial institutions.

Our third priority is to harness the strength of our structuring capabilities to deliver innovative client solutions which leverage our global footprint and expertise.

We offer our corporate and FI clients a full range of bespoke financial solutions across both the asset and liability sides of the balance sheet. These include:

Yield enhancement and market access solutions covering a vast set of underlying products and geographies.

Risk management solutions and tailored payoffs to support specific client needs.

Structured financing solutions on a wide range of underlying assets.

We bring developed market products into EM markets to meet evolving client needs, and we use our local market capabilities to offer global clients access to onshore risk exposures.

We have provided here an example of how we delivered such a solution to a global investor client who wanted to increase their exposure to emerging and frontier markets. Not only did we perform exhaustive due diligence with the client in the local markets, we also engaged with onshore monetary authorities on behalf of the client, thanks to our strong local presence. We then leveraged our trading and structuring expertise to design and execute a cost-effective solution in a very meaningful size across several frontier markets, all within our robust risk framework.

Looking ahead, we will continue to expand our structured solutions capabilities as a key enabler to gain market share. These include our differentiated offering in Islamic and sustainable finance.

We will also further enhance our ability to originate risk from our unique footprint markets for distribution to investor clients in Europe and Americas who have a strong demand for diversified exposures. And finally, we see opportunities to further grow our market share with private wealth clients by automating our structured notes issuance.

I would like to close by outlining our medium-term ambitions for the global markets business.

First, we will continue to grow our flow income by further enhancing our digital capabilities.

Second, we will continue to deepen our relationship with financial institution clients by leveraging our product capabilities and our unique network proposition.

And third, we aim to improve our competitive position further to become a Top 3 global FICC bank across emerging markets.

Thank you, and I will now hand over to Henrik to talk about our Global Banking business.

Henrik Raber:

Thank you, Tony. Hello. My name is Henrik Raber and I head the Global Banking business.

The Global Banking business is an integrated franchise which delivers end-to-end financing and advisory solutions across our footprint.

We have invested in our client suite, our product capabilities, which is propelling higher returning income. And we are focused on key growth sectors such as infrastructure, sponsors, and sustainable finance.

Global Banking is a high-returning business which now has a platform for growth, following the realignment of our businesses over recent years.

We provide comprehensive, general and specialised financing solutions across bonds, loans and structure products.

We have eight product verticals covering corporates, financial institution clients across their capital structure.

We have enhanced our capabilities to be aligned with our clients' needs. We have opened up new product loans, such as a loan warehousing business, which have natural synergies with our broader financing businesses.

We have also strengthened our risk management by combining under one umbrella, loan and bond syndicate distribution, trade finance distribution and credit insurance.

We have deep advisory expertise in our chosen areas of specialisation, including advisory capabilities, for example, in Islamic banking and RMB internationalisation.

Our global presence of bankers and deep understanding of our clients and in their markets help us deliver bespoke and innovative solutions. We have made the right investments, and we are expanding beyond our footprint.

Our strategy over the last five years has been to focus on improving the quality of our franchise and our balance sheet.

The successful execution of this strategy has led to a consistent improvement in returns and strong income growth since 2023.

We have reduced our sub-optimal RWA by over 70 per cent since 2019, and we have redeployed our capital into higher-returning businesses.

In the course of this balance sheet restructuring, we have successfully maintained our income levels.

Our discipline and our focus on balance sheet efficiency has helped us grow our RWA income returns by one and a half times from 2019 to 2024.

We have transformed the business to deliver non-NII growth at an 8 per cent CAGR since 2019, in line with CIB strategy to grow fee income.

We also further strengthened our network business. Just under 70 per cent of our network income is within our footprint, Asia, Africa, and the Middle East.

Over 30 per cent of our net income is within Europe and the Americas and from Western clients into our footprint.

Also in line with the CIB strategy, we have further diversified our client segments. We grew financial institution income by a 10 per cent CAGR since 2019. FIs now contribute 46 per cent of the total income, up from 29 per cent in 2019.

In summary, we have become a higher-returning business which is now poised for strong growth.

Why do clients bank with us?

For a variety of reasons but let me highlight three distinctive client value propositions.

Firstly, we are a network bank. We leverage our global corridors to originate in one geography and distribute into another. We effectively facilitate fund flows along the key global corridors.

Secondly, we have a deep understanding of our clients and the markets in which they operate. Our solutions are tailored to their needs based on our local knowledge and global knowledge.

Thirdly, we have a comprehensive product suite and an integrated platform which delivers innovative solutions.

We have also made strategic decisions in our client selection. We are increasingly focused on clients with global wallets that fit our network, as well as high growth sectors.

We move together with our clients as they grow. We adapt to changing needs and global trends. And we are well-positioned in an evolving world.

Allow me to illustrate with one example.

We helped a New York-listed e-commerce client expand into the Taiwanese market.

We supported the client by leading a five-year syndicated loan.

With a strong distribution capability and local network, we successfully introduced new investors in the Taiwanese market.

Through this financing, we strengthened the relationship and penetrated the client's wallet, growing income by 14 times since 2022, and increasing cross-sell by four times.

Our strategies focused on returns rather than chasing market share.

Having said that, we dominate the syndicated loan markets across our footprint, retaining a number one position across challenging market conditions, but increasing our market share by 114 basis points since 2019.

The bond issuance market in our footprint was also challenging in the same period. However, we grew our market share in IG bonds, improving our standings from fourth to third, whilst our peers saw declines.

I would now like to focus on Global Banking's three key priorities, namely:

Accelerate our originate-to-distribute (O2D) strategy.

Capture the growth and infrastructure and sustainable finance.

And grow our financial sponsor segment.

On O2D, our priority is to accelerate strategy, focusing on increasing fees and deepening client wallets. This will further strengthen our network business, facilitating fund flows across key corridors. Our origination volumes improved by 25 per cent in 2024 versus 2023. 74 per cent of the origination in 2024 was investment grade product. 62 per cent of the origination came from Asia, Africa, and the Middle East. The credit quality of our banking book has improved on the back of the originate-to-distribute strategy, being returns-focused and enhanced risk management.

Our distribution strategy continues to focus on mitigating the risk, either by distribution or credit insurance. Our distribution to non-bank investors has almost doubled the past year. Our significant risk transfers, or SRTs, is around 7 per cent across both Global Banking and Transaction Services. We will continue to grow our assets, both through higher origination volumes and increased balance sheet velocity.

Our second priority, infrastructure and sustainable finance is a large and growing market. The capital deployed for global infrastructure finance has grown at 11 per cent CAGR since 2020 to over $2 trillion. This is expected to grow further an 8 per cent CAGR to over $3 trillion by 2029, based on the G20 infrastructure estimates. We are very well-placed to seize this opportunity. We have decades of experience in project finance due to our emerging markets growth history.

We have extensive infrastructure sector experience, multi-dimensional client relationships and local market knowledge. We also have a very well-established export credit agency business due to our network. This allows us to advise, originate, structure, underwrite and distribute transactions. Our new warehouse facility further enables us to originate, to distribute infrastructure transactions, and capture additional cross-sell. This has helped us capture market share and deepen our client relationships.

Our Infrastructure and Development finance business has evolved over the past few years. We have increased advisory by 17 per cent CAGR since 2019. We adopt a one-bank approach, capturing cross-sell, derivative swaps, deal contingent hedges. As a result, the returns and cross-sell have doubled over the last five years.

As Sunil and Roberto mentioned earlier, our Global Banking business is critical to our ambitions in sustainable finance, and we contributed more than half of CIB's Sustainable Finance revenue in 2024. Our returns on sustainable finance deals are 1.3 times higher than normal financing deals.

We recently announced a long-term strategic partnership with Apollo, including a minority stake in Apterra. Apterra is an infrastructure origination platform within the Apollo ecosystem, and focuses on originating, structuring and deploying debt capital to execute infrastructure transactions globally.

A market-leading and innovative partnership that supports and accelerates financing for infrastructure, clean transition and renewable energy globally. It increases the scale of financing, our existing geographical coverage; and mobilises capital to these critical parts of the global economy, leveraging leading origination and distribution capabilities of both firms.

Lastly, Financial Sponsors is a key client segment for us, which has a high wallet growth globally. Assets under management in the sponsor market are expected to grow by 9 per cent CAGR to over $17 trillion by 2029. We have made a deliberate decision to penetrate the sponsor wallet. We have grown our sponsor segment client income at 21 per cent CAGR from 2019 to 2024. We started predominantly from a corporate leverage finance business in Asia in the 2000s.

Today, we have a global business underpinned by sponsor-aligned product offering. This is a very targeted approach covering leverage finance, fund finance, project finance, and commercial real estate. We are penetrating the wallets of our clients that can be served by our platform. Our targeted clients have global wallets with financing needs that fit our network. We are investing a dedicated sponsor team to deepen our relationships with sponsors. This will further increase our fee income.

Looking ahead, we have a strong momentum, and we have a clear path to capture this segment.

Finally, what does Global Banking want to achieve in the coming years?

We aim to increase origination volumes and retain our footprint market leadership.

We aim to grow client wallet share and increase penetration with financial institutions.

We will continue to invest in our existing product capabilities to enable growth, and we will enhance our returns by redeploying sub-optimal assets and increasing O2D velocity.

We are now delivering strong income growth along with high returns, and we have just got it started.

Thank you very much, and we will now move on to the Q&A section.

Q&A section 2

Manus Costello:

Thanks, Henrik. Thanks, team. We will move on to our second Q&A session. Now, the same routine, please do remember to give your name and your institution. I will start with questions in the room. In fact, Aman, I wondered if you wanted to kick off with a question, which I deferred previously. If you could ask the question again, please.

Aman Rakkar – Barclays:

Yes. Thanks so much. I will take the opportunity to ask a couple if that's okay.

Manus Costello:

Sure.

Aman Rakkar- Barclays:

So, the question was around deposit growth, liability growth as key to the CIB's strategy. More broadly, Transaction Banking, clearly a key driver of that. So how would you encourage us to think about deposit growth, liability growth, particularly relative to your low single-digit loan guidance at a group level? Presumably, it is faster than that. So, any colour you can give us is very helpful.

There's a comment on SRTs, I think you mentioned 7 per cent across Global Banking and Transaction Banking. Could I just double-check what you were referring to there? What did you mean by that? Is that 7 per cent of assets that are subject to an SRT at the moment? Thank you very much.

Manus Costello:

Thank you. On the first point on liability growth, I will actually ask both Michael and Margaret to talk about it as the main drivers of liability generation from the group, and then Henrik will come back to pick up the point on SRTs.

Michael Spiegel:

So, I can't comment on the overall funding mix, but I will say that if you look at cash management, one of the values it brings, leaving the revenue equation aside for a moment, but even on the revenue side, of course, that's critical.

From a funding perspective, the most valuable deposits are operating balances. We have grown our operating balances over the past five years, 50 per cent faster than our average liabilities. We have grown our network operating balances faster than our overall liabilities. So how does this come? This comes all on the back of transaction volumes. So, it is a pretty complex equation that we have clearly agreed with the regulators, what constitutes an operating balance. What you need to have is a lot of volumes going through your accounts. The investments that we have made over the past five years into our systems, our structuring capabilities, how we show up in the market, has had a remarkable change in how we win business.

I mean, we have just taken away a very large mandate from one of our key competitors, and we keep growing. So, I would look at it from a continued growth in operating balances from a continued growth of good funding liabilities for the group.

Manus Costello:

Thank you. Over to you, Margaret...

Margaret Harwood-Jones:

I'd probably echo what Michael has said in terms of the principles. So, looking at it from a security services perspective, when you win a custody mandate that comes with securities to having custody, it also comes with custody-related cash. Those things are inextricably linked and sticky.

Again, they have that flavour of being operating balances. The cash that we hold as a custodian, approximately 50 per cent of that is in local currency. And in a number of those markets, recognising that we operate in Africa, Asia, and Middle East, you also have some restricted currency regime. So again, that increases the stickiness of the cash. So, we expect both assets under custody and cash liabilities to grow similarly and almost in a balanced way, going forward.

Manus Costello:

Thank you. Henrik, on the SRT piece of our distribution strategy.

Henrik Raber:

SRT is one of the tools that we use within our distribution strategy. Our core tools are obviously clean sales and using credit insurance or other mechanisms. As I touched upon, our origination volumes are up 25 per cent already this year. So, we are increasingly using a wide range of distribution products that we have.

Our SRT program we use predominantly for limit relief. So, it is 7 per cent, as you said, across Global Banking and Transaction Banking, which is very much in line with our peers. And as we continue to grow our origination, we will be doing more distribution, predominantly through clean sales and other mechanisms. So, it is just one tool that we have, and other banks have, and it has been a market that is expanded a lot recently across the different peers that we have. So, we are in line with that.

And origination volumes is really the focus for us, driving origination, driving that fee income, and then distributing, and as I mentioned, SRT products predominantly used for limit relief.

Manus Costello:

Thank you, Henrik. Next question.

Unidentified audience member:

Thanks. Could you go into the originate-to-distribute in a bit more detail? Are you originating then distributing on an agency basis? Are you holding inventory on your balance sheet or is there some side vehicles like in the old days, it was Whistlejacket, where it was warehoused and then hopefully sold on, but not always.

Henrik Raber:

Well, we can start off with there's no side vehicle like might have happened, I think, about two decades ago. So, we very much are focused on originating from our clients globally and then distributing across the global network that we have, whether that would be into the institutional investor or into the bank market. Obviously, as I mentioned earlier, we have been a leader in the syndicated loan space for many years. So, we have very deep pockets of distribution.

It depends a little bit on the type of transaction. So, some transactions, naturally, bond transaction, will be 100 per cent distributed. In some loan transactions, we will take a hold position in that like other banks do. So, we monitor our percentage, though, that we are competitive in terms of our hold. But fundamentally, we are moving to originate-to-distribute strategy and across a wider range of products than we ever done before.

As the infrastructure market grows, whether it would be in data centres or expansion of AI funding, obviously, that quantum required there is very significant. That is going to require partnership, whether with large institutional investors, other players in the market, and that's predominantly distribution focused. You have also seen that we have had modest to little growth in our RWA, which can clearly indicate with the levels of origination rising so much, we are pushing through a lot more volume to capture the fee income.

Manus Costello:

Super. Thank you. Next question, please, centre of the room.

Robin Down – HSBC:

I am sure we have all got loads of questions on trade finance. I will kick off with a couple. I mean, firstly, just if you could give us a bit of colour on what you are seeing from clients at the moment, and demand, and any kind of background there, I think, would be quite useful.

And second question, probably two kind of sub parts, if I can. Trade finance on a standalone basis isn't particularly profitable. I think you recognise that with the 96 per cent reduction in one product customer category. Could you give us some indications to what other revenues you are driving from trade finance? I think people typically talk about 2 to 1 ratio. Every dollar of trade finance maybe drives $2 elsewhere, any kind of colour on that.

And then just the final sub part, things like dot credits, very labour intensive. How much have you done in terms of digitisation and cutting costs? How much more have you got to do there? Thank you.

Michael Spiegel:

So, let's start with that. I guess, the first question is more tariff related. I would say it is early days. What we have seen clearly is an increased volumes of shipments and already building up in the first quarter. After April 2nd, there were many more shipments hitting the deadline, that the goods have to be on the ships. And now we see a shift, a bit of shipments from other places into the U.S. particularly.

I would say from a relative market competitive positioning, we have to see where it lands at the end. I mean, I met with multiple clients in different geographies. One was in Bangladesh that has a large surplus tax or tariff on it. It depends on how the various countries land relative to other main competitors.

Right now, it looks relatively positive for most, because the main competitors are quite similarly impacted. Of course, the overall volumes will ultimately then depend on the demand. But I would say it is a bit early days. At the same time, I would say there is nothing dramatically new from the China Plus One, China Plus Many, which has already started in 2019.

The shift in supply chain unlike financial or capital goods flows - that takes years. So, if you want to reconfigure your supply chain, you really got to work on this. And this is what companies have been looking into, as I said, since 2019 and it got much accelerated since COVID, also for reliability of shipments.

Now, the returns on trade on a standalone is not stellar, it is also not so bad. So, we are amongst the market leaders. When we look at the returns over risk-weighted assets, we don't disclose the details. But if you have access to Coalition and others, so we are amongst the top there. And we continue refining this as we go into better credits, and as we distribute more. We have a very large distribution engine, and we will continue doing this.

Now, the multiplier, I would say, it has two elements to this. There is a near immediate. This is, I would say, ballpark, rule of thumb, one to one. So, you have trade, which translates into increased transaction in your accounts. It gives you transactional foreign exchange. It gives you some risk management opportunities. So mostly in Tony's business, where we work extremely closely together. So, I would say rule of thumb is one to one.

I would actually say on the downside, it is less immediate. And then there's a longer-term perspective of it, and HSBC has published something two years ago. I would say the franchise multiplier, the franchise value for us has grown from 3.9 to 4.5. Now, this is not a directly correlated number. And you have seen the slide, I think the question was, those clients that bank us in more than 10 markets, right? This is particularly true in trade because it opens up so much more business.

So, we have grown that multiplier franchise by 60 basis points over the past five years. But you can't draw one to one. The one to one, I would say, correlation is roughly $1 in trade generates $1 in other places.

And then there was a third.

Manus Costello:

Before you have the third, I think Henrik just wanted to pitch in on recent impact, and then we will come back to digitisation.

Michael Spiegel: Okay.

Henrik Raber: I think it is also important to consider some of the opportunities that are appearing. So, Sunil mentioned some activities may have paused. But in our core business, we also have a lot of reoccurring income streams. But on top of that, we are seeing new activities appear, which is a great opportunity for the bank.

The bank, as an example, has been present in the UAE for over 65 years. The Middle East has become a real area of activity. Recently, I saw an Asian client make an investment into the education system in the Middle East. In some of the Asian markets where we have seen some of our corporates predominantly financing U.S. dollars, they have started to do more local financing in order to take out some of the volatility on their balance sheet.

And even on the M&A or the event-driven side, there could be some opportunities appearing here. For example, in the commodity sectors, there could be buyers or sellers of assets, and we think that event activity in certain sectors, in certain geographies may actually rise on the back of this. So, we see a lot of new opportunities appearing that we are very well-placed to capture.

Manus Costello:

Michael, just finish on the digitisation.

Michael Spiegel:

All right. So sometimes people ask about AI. AI is nothing new to us, and we have deployed this a lot, particularly in payments and trade. In payments, more on auto repair queues, operations, bots. In trade, a lot of automation has happened already, and we are now focused a lot more on risk management, so fraud protection, for instance.

From a pure operational cost to revenue percentage, we are amongst the lowest in the market. So, we have been highly, highly efficient. There is, of course, always more to do, but that is not going to make the difference for me. What makes the difference is as soon as we can see more automation like a like a straight-through, and that has a lot more to do with regulation, with accepting electronic bills of lading, writing this into local law, that is when it will really kick off. It will come. The question is when, a bit more. We're preparing for this.

And the other piece is really the risk management, the fraud management, where we are investing a substantial amount of money to make sure that we can actually manage this business safe and sound.

Manus Costello:

Super. Thank you very much. Next question.

Kian Abouhossein – JPMorgan:

I just wanted to understand on the transaction bank and the custody business, the importance of what you mentioned, I think, on the custody side, complex markets, and also on Slide 36, you give the income by rest of the world. I just wanted to understand how important that is in terms of basically getting new clients in, i.e., markets that maybe other banks or financial institutions are not operating in. How important is that in terms of earnings generated generally to you? And is that really the edge to gain client access? Just trying to understand that.

And then, secondly, on the trading side, you clearly give us flow with this, so to say, non-flow or larger transaction breakdown. I mean, it is about 25 per cent what you call non-flow, which roughly other banks make 20 per cent or so in prop trading. But you have a lot of other things in there that you put under non-flow. And I am just wondering, are you taking too little risk almost, considering that if I look at other financial institutions in this field, they seem to have much more high-risk profile when I look at that part of the revenue stream.

Manus Costello:

Thank you, Kian. On the first question, I think I will ask Margaret to answer, please, about the importance of the hard-to-access markets and the local network that we have in client acquisition. And then, of course, Tony will pick up on the trading. Margaret.

Margaret Harwood-Jones:

Thank you, Manus. And great question, thank you very much. As I said in my narrative, our business, our calling card in the security services space is very much the network. The highest proportion of our business comes from that cross-border flow.

And when you operate in a world where Africa, Asia and the Middle East are predominantly considered emerging markets, sometimes frontier markets, sometimes even frontier markets, you are working in an environment where there is constant market change. Regulations are still forming. In some geographies, it feels almost with every new week, there is another change, either in the way that you operate in the market or the regulation around the market.

You need to be deeply entrenched, working with the actors in country, understanding that change, and being able to communicate those changes back to your clients. And the vast majority of our clients are not in those local geographies. So that means of investment access requires the local understanding, the ability to translate complexity into easy-to-take steps, to inform and drive that investment flow.

So we are absolutely convinced, and our experience and our client feedback tells us, day in, day out, that is the piece. That is the USP of Standard Chartered. And when we think about the dynamics and the growth opportunity in those markets, we see that opportunity to be fairly significant. So, an increasing propensity of revenue coming from cross-border flow is certainly would be my prediction for the security services business.

Manus Costello:

Thanks, Margaret. Over to you, Tony…

Tony Hall:

Sure. So, on the market side, our absolute focus is on building the client franchise. And I think that as the client franchises grow in different markets, in different products, et cetera, we will see the market-making activity, portfolios, et cetera, grow alongside that. But, really, everything we are focused on is growing the client business, growing the returns of that business, et cetera. Obviously, within that, we try to optimise how we are actually managing the different positions which come out of the books.

As I spoke about earlier, as we grow this business from Top 5 to Top 3 by investing in products, investing in people, new regions, et cetera, we will see an increase in activity in all of the market-making portfolios. But it is not something that I would be targeting specifically. It is really about the growth of that client franchise.

Manus Costello:

Thank you. David, I will go online, please, take a question. And just to remind everybody, if they want to ask a question online, please feel free to post it and David will ask. David.

Kunpeng Ma – China Securities

Have you witnessed evidence that multinational companies are moving their raw material and component supplies across more countries yet?

Manus Costello:

Michael, I think that would be a question for you, following up on your previous.

Michael Spiegel:

Yes. The answer is yes, but yes as in a longer-term development. I wouldn't correlate it directly to tariffs. There are certainly some. But as a general trend we have seen, and that has certainly accelerated since COVID, that companies are trying to diversify and make the supply chain more stable, and de-risk it, have less concentration risk. That absolutely happened.

Manus Costello:

Thank you. Back to the room.

Perlie Mong – Bank of America:

I will just follow up a couple on tariffs and trade situation. With the new announcement from beginning of the week, I guess from here, in your conversation with the clients, where are the remaining concerns? Is transshipment, one of the things that worries people very much, because it seems to be one of the things that that remains in negotiation. And I guess maybe India has been talked of as a particular risk area because they do often play a middleman type role in a lot of the trade relationships. So that's number one.

And secondly, I am trying not to oversimplify a very complex geopolitical situation, but it feels like a lot of where this is coming from is an oversupply in China especially, but maybe the rest of the ASEAN region as well. Where do you think the opportunities are in terms of how that oversupply is going to resolve itself? Evidently, the Chinese government is very keen to increase consumption, et cetera. But in the early stages of how this is developed, what have you seen in terms of how you think this is going to resolve, and how you are helping clients in that process?

Manus Costello:

Thank you. I think on the first question, directly, I will ask Michael to comment. On the second question about the macro points about oversupply in China, Henrik can answer, and I don't know, maybe Sunil or Roberto would want to pitch in. Michael.

Michael Spiegel:

So the remaining or the continuing considerations and concerns are where the absolute levels land, one, and more importantly, where they land relative to other markets. As I said, I was in Bangladesh, if you are, let's say, in the textile industry, it is critically important where your rates land relative to China, Vietnam, Turkey, Morocco, and these companies will monitor this very closely. If you are in different goods, it is different markets. So, the relativity of tariffs is extremely important. That is one.

Then the diversification, as I said, the diversification has already happened. It will continue to happen. I wouldn't necessarily see India as one of the largest transshipment places. There are other countries that have probably benefited more from investments into the markets.

We are very well-positioned whichever way it goes, given our unique footprint in many of the fast-growing markets. Many markets are looking at attracting foreign direct investment, and of course, the investors are looking also at the skill set. Because if you are a corporate, you can't just go wherever you think the tariff is the lowest. You need to go where you have the skilled labour force, where you have the infrastructure. You have energy supplies. You have access to shipments, air freight, et cetera.

There is a multitude of considerations to be had, and that's a longer-term planning, and this is undergoing. Tariffs will play a role, but the long-term considerations are much more complicated and cannot be reduced on tariffs, in my mind.

Manus Costello:

Thank you. Over to you, Henrik, on the opportunities.

Henrik Raber:

So following on, obviously, we bank clients, and we are focused on penetrating that client wallet. And as the clients move around, we follow them.

Now, picking up what Michael said earlier, I think some of these shifts started actually going back to COVID, when people started diversifying their supply chains, their business models, or spreading their capital around. So, we are in a phase where this is going on. The tariffs may have new opportunities around that. I would say, short term, where we have seen the most investor inquiry, whether it would be corporates or financial institutions, has definitely been about India. There's a huge interest in investing in India from sponsor activities, CRE, infrastructure, renewables. That is viewed as a really good growth opportunity.

And even the last few months, there has obviously been an immense focus on the Middle East. The Middle East is a booming market across the main countries, and we see a lot of activity, whether it would be institutional investors, sponsors. Again, the infrastructure expansion that is going on in the Middle East is very significant.

So, for us, following our clients, getting that wallet, and going with them, whether it would be an infrastructure, leverage finance, fund finance, opportunities, we are very optimistic about the longer term future and our ability to capture that.

Manus Costello:

Thank you. Next question.

Andrew Coombs – Citi:

One for Mike and one for Henrik, please. Firstly, on Slide 36 and I am going to ask a question, but just to square the circle on this, with some of the previous guidance. Thank you for the breakdown by market of the Transaction Banking revenue base. You say 13 per cent is the U.S. If I take 13 per cent times $5.8 billion, it's $750 million, give or take.

In the previous guidance, the company provided that $400 million of revenues related to U.S. outbound, less than $100 million to U.S. inbound. So just to square the circle, is there actually a domestic component to that U.S. Transaction Banking base to lift it to $750 million?

And then the second question, financial sponsors, you appreciate you are not the only bank to talk about the potential financial sponsors. You are not the only bank to have a relationship with Apollo. So, I am intrigued to know whether you think you can deepen the existing $3 billion arrangement you have around infra and clean energy with Apollo, or even expand to other financial sponsors on that front. Thank you.

Manus Costello:

Thanks, Andrew.

Michael Spiegel:

Can I start? Okay. So, the previous guidance is independent of what I have shown. What we have spoken about is us being the sixth largest U.S. dollar clearer, that is businesses booked in the US. It is a standalone, very profitable business. That is completely different and independent from, let's say, the flows of goods and services in and out of the US.

Manus Costello:

It is slightly differently formed, Andrew, in terms of the booking location versus the client origination. Thank you. And then sponsors and the future growth, please.

Henrik Raber:

So, for us, FIs and within that sponsors are a significant growth opportunity, and I think we come from a different position compared to some of our competitors. It was highlighted in Sunil and Roberto's presentation that our penetration of that sector historically has been very low. Now, we are going in in a targeted approach with the products that work for us and the risk appetite that works for us.

I think if you also look at the sponsor community, which historically has been viewed more as a private equity investor base, they have broadened quite considerably into actually very large asset managers and also debt managers. And a large part of the debt they are managing is also investment grade. So, we are focused on the pieces that work for us.

The Apollo partnership is off to a very strong start. We feel very happy about that. We are keen on doing more partnerships in the FI space and with other sponsors. And specifically around Apollo, we think there's a big opportunity, as Marc also mentioned in his video, around infrastructure, which ties into the fact that we put a lot of resources into our infrastructure business. We have added people. We have added capacity.

But we come from a background where we have done project finance for over two decades in some of the more challenging markets across the world, whether it'd be Africa, Asia. We have worked on ports, railroads, renewables. We have a lot of knowledge here. And as infrastructure grows, whether it be in the U.S. or Europe, we are well-positioned for what is right for Standard Chartered to capture that wallet.

And again, it goes to the earlier question. It is originate-to-distribute model. There will be pieces that we take on our balance sheet, but fundamentally originating, distributing. And Apterra is an origination vehicle of infrastructure within the broader Apollo ecosystem. That's why it is a very good fit for us.

Manus Costello:

Super. Thank you. So, I was looking and pointing at you.

Jason Napier – UBS:

First question on capital deployment, it may be for Roberto, Sunil, or all four of you. You don't give us the income to risk-weighted assets for the businesses that we have heard from. And certainly, one of the things that investors value about Standard Chartered is you are running a very tight RWA growth envelope.

Global Markets CAGR at 7 per cent RWA growth. So, could you talk a little bit about relative returns on risk-weighted assets and portfolio allocation choices around where you are going to put capital and how that shape changes?

And the second question is the one I asked earlier about Q1 payments and liquidity income ex the deposit insurance was down 9 per cent quarter-on-quarter, and our rates are coming down. I know there are a few days in Q1, but that felt like more than we were certainly expecting to see. What are the drivers of that? How exceptional was that step off, and how do we think about the future? Thanks.

Manus Costello:

Thanks, Jason. I will ask Mark, I think, to answer, first of all, about the relative positioning of returns on risk-weighted assets. Tony may want to pick up a point on market specifically, since he raised it. And then, obviously, I will come to Michael for the liquidity question.

Mark Bailey:

So, the starting point for us is you start with client. And so, we have very deliberately tried to steer a message here, which is we start with our client and then optimise for the client. And therefore, looking at product returns is the wrong way to look at it, and you can very easily manipulate that product return via transfer pricing.

And so, for us, start with the client, optimise so that, each one of them has put on the screen how they have shown an uptick in returns. So, you can see it is not an inconsistent message. You see that the overall return has gone up by 300 basis points, but each one of them has also driven and taken part in that repositioning. It makes total sense when 90 per cent of your business, as Sunil spoke to, is coming from that international FI sector, which offers us an opportunity to sell our network, and clients value that, then you see the returns go higher.

Manus Costello:

Thank you. Do you want to talk, Tony, specifically to markets use of capital?

Tony Hall:

Yes. Sure. I would just say within markets, I would expect that we can continue to grow the revenue at a higher growth rate than the RWAs. I think that as the portfolio becomes more diversified, we get more cross-sell across different business, et cetera. I think that really allows us to be able to get more revenues per unit of RWA.

And apart from that, we obviously all work together within the envelope. But for the overall CIB, we look at different opportunities. There might be opportunities to deploy capital in different businesses. We interact with each other and figure out where's the best place to put the CIB capital to good use.

Manus Costello:

Thank you. And Michael, on the Q1 performance and the outlook in the payments and liquidity loan.

Michael Spiegel:

So, I can't speak to the entire interest income on the banking book, but I can speak to the cash management interest income on the banking book. And I can say that we have met what our forecast was and what our budget was in the first quarter, through continued very tight management of interest rates as well as continued growth of balances.

Now, there is, of course, and I think we gave the guidance on IRRBB, that 100 basis points equals $550 million in headwinds on a bank level. And of course, it is challenging when interest rates continue to fall. And of course, you also picked up on Hong Kong that has sometimes short-term, sometimes near-term challenges. But I can say that we have performed better than anticipated.

Manus Costello:

Okay. Thank you. Next question, yes, now I am pointing and looking at you, Ed.

Ed Firth – KBW:

I suppose this is a broad question, but of interest, just to get the feedback from you as you run your businesses. I mean, if you look at banking over the last 10 years, if you spoke to a banker 10 years ago, the environment that they wanted to optimise returns was stable growth and predictable future, and yet it seems that now what's best for banks is disruption and change and great opportunities for you to sell risk management products, to see spreads widening, et cetera.

And I suppose the question is, is that summary broadly correct in your opinion? And as we look forward, what is the risk? I mean, are we in a position where actually the biggest risk is disruption goes, and that if we go to a stable environment, actually, the income generation is going to be much tougher for your businesses?

Manus Costello:

Thank you. The broader question, I think I will ask Sunil to talk about the longer-term dynamic. Specifically, around volatility, I think maybe Tony could pick it up.

Sunil Kaushal:

Thank you very much. I think the short answer is we need both. We need some volatility to drive Tony's business, but we do need stability to drive investments, to drive long-term growth of our corporates. You will never have corporates investing if there's uncertainty, and we saw that in the brief period in April.

So, some degree of volatility is very welcome, but I wouldn't call it disruption. That creates an uncertainty. And I think we have demonstrated over the last few years that we have gone through, I think, fair bouts of uncertainty, volatility to the market, and have come out really, really well. So, this model that we have, I think, is a pretty strong one. It is a pretty powerful model that we have. Yes, over to you, Tony.

Manus Costello:

Tony, would you add on the volatility?

Tony Hall:

Sure. I was just going to add that I don't think it is a completely new dynamic in terms of, say, markets businesses performing better in times of volatility, perhaps credit and wealth management businesses doing better in times of lower volatility. I completely agree with Sunil that there is an optimal level of volatility. There is like a really crazy volatility that is quite hard for clients and banks to trade as well.

So, I think that that dynamic is always there. What we did see after the financial crisis was rates being pushed to zero. Everything was globally synchronised in terms of growth or recession, et cetera. And so that was a bad market environment for macro, in general. And we saw quite a few number of years of macro client wallet going down, and that is what came back, starting with 2020, in particular, with COVID, a bit more in 2022 in Ukraine.

And you can see that in our numbers as well, where 2021 was a quieter year for macro markets, as people were focused on equities and crypto and other things like that. But I think the overall market dynamic has been there for a long time, and that's why we try to build diversified businesses where some of them will do well in quieter markets, and some will do well in busier markets.

Manus Costello:

Thank you. Okay. With that then, I think I will ask Roberto to step up and close proceedings for the day. Thank you.

Roberto Hoornweg:

Thank you very much, everyone, for your time today and for all your questions. We hope that our seminar has provided useful information on our CIB business and our plans for future growth.

We are competing at the highest level across our markets. Our unique network connects our corporate and FI clients to growth opportunities. We continue to thrive in a changing environment as we help clients navigate the world's most dynamic markets.

As a result, we expect to deliver sustained revenue growth while maintaining tight discipline on cost and capital.

Thank you very much, and I look forward to updating you on our progress in the near future.

Thank you.