

**Standard Chartered PLC**  
**Post Q4'24 results meeting with analysts**

<<Diego De Giorgi, Group Chief Financial Officer, Standard Chartered>>  
<<Peter Burrill, Group Head of Central Finance and Deputy CFO, SC Bank, Standard Chartered>>  
<<Dan Hodge, Group Treasurer, Standard Chartered>>  
<<Manus Costello, Global Head, Investor Relations, Standard Chartered>>  
<<David Lock, Investor Relations, Standard Chartered>>

**Tuesday, 4 March 2025**

*(Amended in places to improve accuracy and readability)*

**David Lock:**

Welcome to our usual post-results sell-side meeting. Peter and Dan are in Chennai, which is why they're on screen, but we'll run it in the same usual way. So let's go straight to questions...who wants to go first.

**James Invine – Redburn:**

Can I ask about wealth? So you saw about \$30 billion move from custody to management. How much revenue have they been generating while they've been under custody? And is there more to go here? So this is obviously outside the \$200 billion net new money target. So how much of an extra boost could we see to assets under management from custody assets moving over?

**Diego De Giorgi:**

So not the first time I am told that this kind of switches happen. A small number of clients moved from asset under custody to assets under management. Under custody, they don't generate that much money, so undoubtedly, upside for revenues in terms of what they will generate over time. I would say downside in the near term for return on assets under management in the sense that these things move across from assets under custody. So in the short term, they take time to put all of that money to work outside of the targets of net new money. Do we expect more of this to come? Who knows but I would say this kind of size, probably not, certainly a pretty uncommon event, but as I said, this happened before.

**Manus Costello:**

It's also gone the other way before. It's not about our accounting – it's about whether the client relationship changes from being one under custody to being actively managed.

**David Lock:**

And the targets we gave for wealth back at the seminar in December are excluding this [custody change to AUM], and they are over the next five years, so they don't include the 2024 performance.

**Aman Rakkar – Barclays:**

Yes. I mean, so just to follow on wealth – based on just the pure averaging effect of the AUM for next year – even if you didn't add additional AUM, you can easily get to like 20 per cent growth again in 2025. So my question is how to model that wealth income? You've got the ambition around growth rate for the business, but it looks like it could easily be 20 per cent just purely on averaging. Any views you can give on that would be great.

Then the second question is on net interest income. I'm actually just probably going to repeat the question I asked on the call. It's like everyone I speak to just cannot reconcile the net interest income for 2025. So you're talking about

a challenge to grow year-on-year 2025, given the momentum that you're coming in before exit is well in excess of that. You're saying something about deposit betas coming off, but I just don't really understand because your beta experience in Q4 is probably better than what you're guiding to. So unless you're telling us that there's some reverse catch-up I don't understand. You know, even if I just take your disclosed sensitivity from here assuming same passthroughs, it just doesn't apply an upside to interest income, so help us why is it a concern? I think it feels conservative.

**Diego De Giorgi:**

First of all, I wanted to say it when you ask the same question on the call that I'm not trying to frustrate you, quite the opposite, and I did say there is an element of conservatism, but I'll take the second question whilst Manus takes the first.

**Manus Costello:**

First, modelling of wealth income. Following on the question James just asked, I wouldn't pick up the margin on wealth products that you've seen during Q3 and Q4 and assume that all gets applied to the assets moved from custody, as there is a long process for that to come through. So you have to assume some dilution - you can't just take average AUM and apply the current RoA. Those assets will take a while to generate meaningful amounts of revenue - otherwise mathematically you'd end up with a massive bump in revenues, and that is not the right way to think about it.

That said, even if you strip that out, there was build up through the year, which is a positive into this year. And we have said that it's been a strong start of the year, and you'll have observed activity across our markets has been quite strong as well. Caveat that it's early in the year and our comparatives get tougher later in the year. So yes we want to convey enthusiasm, but I don't think your opening maths of taking the CAGR and holding margin flat quite works.

**Diego De Giorgi:**

I'll do NII by pointing a few things. I hold up my conservatism. I said I am conservatively optimistic, so I'll reiterate. I would point out that in the last 48 hours, one-year USD rates, which is what I watch closely as it is most important for our duration of balance sheet, was down around 50 basis points in 2 days. The world changes every day, so who am I to think that I have true clarity of where interest rates are going to be. Now, on the other hand, I always say, and I stand by it, that I only focus on forwards not what I think about rates. This interest rate environment is not particularly conducive; it's a part of life and the last 48 hours reinforce my view that it's going to be tough.

On the passthrough rates, you are absolutely right. We said very clearly in CIB, we are above the range that we indicated before. We think we can go back inside the range, not so much for a reverse catch-up effect, but because every cut and every movement of interest rates becomes more difficult. In general, and in some areas of our very widespread different interest rates, different currencies, etc. we keep zero bounds.

So the combined effect that we have in front of us, and that we see, makes it clear that if we do keep the same discipline, we don't get the same kind of effect that we have on the first one. Then I would add the NII impact of the exits of the management actions we announced. But the environment is far from particularly conducive right now; and we start from a higher point than where we were thinking before. So the conservative optimist in me says even if we don't grow, we don't grow it from a point that was higher than the point that we indicated three months ago.

**Manus Costello:**

I'm just going to say, on the point about reverse catch-up, there is a bit of an element of the beta being much lower than we expected. If rates were to remain unchanged, some of those deposits might be competed away and we might need to reprice those deposits. In the same way that when we said rates were higher for longer, we saw some ongoing beta despite the fact that rates weren't changing. The same thing can happen; so there could be some catch-up.

If you look at the NII between Q3 and Q4 NII excluding the deposit insurance, it's up \$100 million quarter on quarter. If you were to take Q3 as the jumping-off point, then our guidance would look much more like what you might expect. The issue is if you take Q4. So the debate really is how much of that extra \$100 million which was driven by our positive experience from deposit betas we'll be able to retain during the course of this year. We decided that this was an unusual period and would be better off being cautious about that going forward. But maybe think about Q3 as a jumping-off point, and it'll make a bit more sense to be modelling.

**Diego De Giorgi:**

And there is really nothing again, Aman, that we see that we are not talking to you about where we are in some way uncomfortable or anything. There isn't any element, other than the inherent conservatism of these positions, and the 50bps move in forwards in the last two days.

**Robin Down – HSBC:**

A couple of questions: one is just following up from that. You talked about a zero bound on interest rates. But outside of Hong Kong where another 50 basis points with a 50% beta will see you in zero bound, are there any other markets that is that close? I don't know if anyone has had the time to go through every one of your markets and look at where the deposit pricing is, and the reason why I asked that obviously is if it is Hong Kong you're worried about, is that not more a 2026 issue than 2025 if we're only going to get two U.S. rate cuts coming through this year?

And the second question – you've talked about that strong start to 2025. Obviously, that's against a backdrop where the Chinese New Year is earlier. You're reporting to us presumably based on mid-February numbers. Does that mean you've had a really good start for 2025? When we think about our financial markets, are you actually up year-on-year? And that wealth management activity, we've seen some of the indicators in the market?

**Diego De Giorgi:**

I'll take the second and I'll just give back to Manus and to the team in Chennai for the other one. I think I actually said it, it was particularly strong before Chinese New Year, and then it moderated after Chinese New Year. So you're right, it was particularly solid before Chinese New Year.

**Manus Costello:**

If we've guided to overall less than 5 per cent revenue growth for the year, approaching that, and we've got a 'strong' start to the year, I think it would be natural for you to model that, but in the second half the comps gets a little tougher.

**Robin Down – HSBC:**

But if your Net interest income is static or maybe not growing, then obviously you do need a lot of help from the fee income side, which means unless wealth management is brilliant, then financial markets needs to be up YoY?

**Manus Costello:**

Mathematically for the year that's a fair observation and we are saying the year started strongly.

On the other question, you're right, it's not in the U.S. dollar typically. In some of our local currency markets, there are some markets where deposit pricing is regulated. You're right to point out zero bound issues in Hong Kong, but there are some other markets, like in India, for example, where collecting deposits can be quite hard, and there are regulations around what you can pay. So it may not be just a zero-bound issue, but it may be an inability to pass the betas through. And as you can see, one of the things which we disclosed in Q4, which people were asking for, was that split on our interest rate sensitivity to give you a detail of our currency-weighted currencies. Outside of that top 10, you get into other markets like Pakistan, which do have an impact. So there are regulated deposit markets which give us negative convexity.

**Guy Stebbings - Exane BNP Paribas:**

So building on that last point – thanks for the rates sensitivity disclosure, it seems to get better and better every quarter. It's a success and that's really fantastic for us. One thing that stood out was that China, India, Korea, if you sum it up, is large than U.S. dollar and Hong Kong dollar fractionally. Is that actually reflecting what you'd expect to see, or there's any peculiarities in that exposure? And has that changed at all over time, as we look back on past experience?

The second question was just around costs, in the context of a top line that's probably doing better than you originally envisaged, whether that's NII, or wealth. It certainly feels like you're doing better, and that's reflected with the upgrade of the revenue CAGR. Does that change your view at all on costs and the ability to invest in the business even more than you previously thought 12 months ago?

**Diego De Giorgi:**

So I'll ask Dan to comment on the interest rates, and then I'll take your question on costs.

**Peter Burrill:**

Can you repeat the question on the interest rates? I think it was about the overall level of sensitivity by currency.

**Diego De Giorgi:**

The point was twofold. One, if you take Rupee, Renminbi and Won together, they're just more than dollar and Hong Kong dollar. So is that representative of what we would expect. Is it a one-off? What is the volatility, let's say, of this composition over time?

**Dan Hodge:**

Okay, thanks. So you're referring to the interest rate sensitivity. That is what we'd expect. We have hedged a lot of the dollar sensitivity because it's been easier to find the swap capacity in those currencies, we're slightly less hedged in terms of total structural balances in some of the other currencies you mentioned. And that does come through in some of the more detailed rate sensitivity disclosure you'll see in the annual report, but also in Pillar 3.

The underlying drivers of the rate sensitivity don't change that much over time. It's really the extent to which they are hedged that changes, and we are continuing to build hedges across all of those currencies. So we're not stopping at \$64 billion, we are trying to put on more to get to \$75 billion, and we're looking to increase the portion of total hedges in the non-USD currencies that you mentioned there.

**Diego De Giorgi:**

On cost, no particular change. It's obvious that the more our engines of profitability do well, the more we have the ability to invest. And it's very clear to us in terms of capital allocation hierarchy investing in the business and achieving and hopefully exceeding our targets of return on tangible equity is the first driver, while still returning plenty of capital to shareholders. And I think people were positively surprised by the one and a half billion buyback that we announced 10 days ago. Within that, I will tell you that there is no doubt we are committed to positive jaws, and there is no doubt that we are committed to the \$12.3 billion cost cap. So no real change there. But, yes, to the extent we make more money, we can invest a little bit more.

Bear in mind, one question I'm getting a lot on the road, particularly in the United States from the growth-oriented investors, is we love your wealth management – it's a great business. You are investing one and a half billion dollars instead of \$750 million – more please. And the answer is, yes, but by all means, more at the margin. But bear in mind that finding an attractive 50 per cent more relationship managers than we have today over five years, putting them in, training them, getting them through the J-curve, equipping them and the wealth centres (we've just announced the opening of our sixth wealth centre in Hong Kong a couple of days ago, and it was reported in the press today, and we are opening others. I'm going to Chennai tomorrow to see the one that we have opened out there for the non-resident Indians.) All of these things, yes we love them, would take time to build and outfit them etc. So the answer is, to the extent we can, we lean into those businesses that do particularly well. When we size our ambition in terms of investment, there is an element of constraints around how quickly we can.

**Sheel Shah – J.P. Morgan**

Just on that, how are you thinking about the bid up for talent in the RM space, and any sort of conduct or compliance risk associated with that in terms of incentivisation, bringing AUM and growing AUM in that region?

**Diego De Giorgi:**

On the second part, we are at zero tolerance. To define it, if there was less than zero tolerance, we would have less than zero tolerance. The house had enough problems 10 years ago with compliance and stuff like that, so there is no doubt that this is very high up on our mind. And this is part of the speed at which you can deploy these kind of initiatives because you also want to make sure that you watch the development of your people appropriately.

In terms of the bid for talent, I would split the two type of people that we attract. Remember always that a lot of the people that we get as relationship managers of the affluent side, we hire them, I'm not saying exactly out of university, although some we hire also out of university, but we hire them, train them, we put them through our system. So the pool is very large, and you want to choose the best and the brightest and spend time training them.

The competition might be a little bit more intense when you think about the relationship managers for the private bank. But as you know, the private bank is useful to us and important, but not in comparison to the importance of the affluent wealth management. So I would say less of a concern.

It is true, and it remains true that the attrition rates in relationship managers are relatively elevated in Asia, even at the affluent level, where it is an inconvenience because it means we need to hire more and put them through the J-curve. But it's hardly a problem because one of the three key characteristics of the affluent wealth management clients is that they are very loyal; they don't walk out with their relationship manager. The relationship manager is the steward of the relationship as opposed to the owner of the relationship as it sometimes happens with the private bank.

**David Lock:**

The other thing I would add is that it's an attractive proposition for them to come and work for us because of the open architecture platform that we have in wealth, which actually means they can support a range of products, but also the training they get. Some of the things that we referenced during the affluent seminar around some of the training that we've done with INSEAD - that's worth remembering as well.

**Manus Costello:**

We also said we're going to grow number of RMs by 50 per cent over five years. Mathematically, that is 10 per cent a year, so it's a reasonable growth, but it's not like we're talking about hiring thousands or tens of thousands of people. And we have been asked about accelerating but exactly what you said, there's a very important element of control and training which we need to embed, so I don't think 10 per cent a year is a hugely aggressive target.

**David Lock:**

So we'll go to Ed, and then we'll go to the three hands raised online.

**Edward Firth – Keefe, Bruyette & Woods:**

I have two questions. The first one on Ventures, I think you said breakeven in a couple of years or nearly break even. How should we see that? Is that an acceleration of the revenue growth, or is that a cutting on investment spend? If we look at the current trajectory, it doesn't get there. So there must be a change. I'm just trying to think how that changes.

And the other one is restructuring charges. Bill described it as perpetual restructuring. I don't know why it's really now excluded from adjusted. But can you give a sense what is a perpetual restructuring charge? Is it like \$400-500 million a year? That's the average for the last 10 years. Is that what we should assume as an ongoing rate?

**Diego De Giorgi:**

So first of all on Ventures, we get into two things. Let me just reiterate. We've guided to the fact that Mox and Trust would become breakeven in 2026 and we've guided that we're going to consolidate losses of below \$200 million from the Ventures segment between 2025 and 2026, with an emphasis on 2025. So the drivers here are different in the two components, the Mox and Trust digital banks versus the broader portfolio ventures.

Mox and Trust is indeed what you said, it's the growth of revenues. These are the most mature of our ventures, so much so that although we put them in Ventures, I do consider them for practical purposes, part of our Wealth & Retail in terms of how we operate, and we think they're independent. They have independent partners, but we think of them in that sense.

Mox would be even further ahead on plan if it wasn't for the fact that, which you know well that at the beginning of last year when we started the lending product at Mox, we clearly hit on to some constituencies that we probably shouldn't have tapped, and therefore we had to reign it back to stop the impairments and restart. The lending machine restarted in Q4, so that will lead to more, and we have implemented the wealth management product at Mox and that is fine.

In Trust, the thing that will propel the revenues (aside from the fact that we will continue adding products like we are doing at Mox) is the fact that Trust has a different composition of the client base. Mox is exactly as you would expect a digital bank – skews younger, more mass to mass affluent etc. At Trust, because of the nature of the Singapore banking market and the big desire of many people in Singapore to carry a large number of credit cards and have a large number of banking relationships, skews higher than that. And therefore, by definition, it leads to better revenue growth because you're tapping into a more affluent demographic. So that is on Mox and Trust.

On the Ventures consolidation of losses, there is definitely a matter of the acceleration. I mean these are business models that are maturing. Bill refers to them as having exited their infancy and enter their adolescence at our last call. Like those of you who like me have kids at university hope at some point they get off the payroll. The objective is to get the ventures off the payroll, both in terms of the cost we consolidate, but very importantly, remember that some of these ventures are deeply adjacent to the bank and cooperate with the bank to develop things with the bank. A good example are our digital asset ventures in Zodia Markets and Zodia Custody in particular, with the importance of the growth of the digital asset class custody offerings is a very important one. Some are a little bit less adjacent and for some of those, there will be exits. So there we behave as the owner of a portfolio of attractive assets.

On the restructuring charge, I'll start, and then maybe Peter will want to add something to it. On the restructuring charge, I don't think of it as a permanent restructuring, but I do think that a bank as complicated as Standard Chartered will always have something that comes out. By the way, a lot of your clients and our investors that I see all of the time clearly tell me this, so I fully get it. I would also point out that others put everything above the line, then they call out notable exceptions to what they put up above the line, and as a consequence, it's the equivalent of putting it below the line, in my humble opinion, in terms of the signalling effect.

But I wouldn't think of \$300-400 million as the right number. In my mind, it's \$100-200 million that almost invariably whether it's one day it's going to be Egypt, the other day it's going to be Ghana, another day it's going to be a reclassification that we are going to have to show. And in particular, maybe Peter wants to add a little bit on the couple that we can clearly see coming in 2025.

**Peter Burrill:**

Thanks, Diego. Not too much to add to what you said. I wouldn't bake in a run rate. There's severance that's not necessarily Fit for Growth. There's some of that every year where you could debate where you put that. But to Diego's point, we're very clear, and people can make adjustments as necessary. We've been ongoing a bit, and I think Diego referred to this in the call as well, some of the property portfolio as we were downsizing space post-COVID, some of that is still ongoing. And when we incur dual costs of rentals as we're shifting our physical footprint, either in property or data centres, some of that goes there. So those are the things we have line of sight right now, but nothing of the magnitude of Fit for Growth or any of these other massive one-off initiatives. But we'll continue to be transparent in how we disclose those, and you can take them for how you'd like.

**Diego De Giorgi:**

The other small component, Ed, of what I'd expect in 2025 is if we continue to proceed at pace with some of the exits we indicated in Q3, there might be some that come from there; small numbers, tens of millions of dollars.

**David Lock:**

We've got three questions online, so we'll go to those, and then we'll jump into the room. So Kunpeng, you're first.

**Kunpeng Ma – China Securities:**

Thank you for taking my question. Good morning, Diego and guys in London, and good afternoon for those online. This is Kunpeng of China Securities; I have two questions. The first is actually a follow-up question on interest rates. I remember from last year's meeting Diego made a confirmation that 3 per cent US neutral interest rate is a very good sweet spot for banks to operate. But you know that the outlook for US rate cuts changed quite a lot since that. So maybe instead of putting a specific number as a sweet spot for banks to operate, Diego, could you please comment or give guidance on the potential sweet range of neutral interest rate for banks to operate.



The second is on business strategy, especially on your CIB business transaction banking because there will be a lot of turbulences on the global markets and U.S. tariffs everywhere, maybe much more to come. So I think the business strategy of Standard Chartered transaction bank and CIB business must change accordingly to avoid those potential risks. So if you could give us some colour or outline of the changes you've made since last year on the CIB business, and especially transaction banking business to make it more suitable for the situations right now or going forward, and that will be much appreciated. Thank you so much.

**Diego De Giorgi:**

Thank you Kunpeng. On the first one, I'm not sure that there is any particular magic, although I don't think that changes in terms of the 3 per cent. I always thought of 3-4 per cent as a range. I mean, higher is better than lower, as long as higher is not a spike that goes up there because there is a scare. That is the way that I think about it. If you ask me today, I still continue to think that 3 per cent is a perfectly fine environment for a bank like us and others to operate. The point that I would make particularly is that what is an enemy of the good for banks is a nice balance between the level of rates i.e. margins and volumes, is that volatility of rates is not a friend. It's not a friend in either direction, because it just postpones investment decisions. It postpones corporate and financial institutions, CFOs and treasurers from pulling the trigger on meaningful projects. So, that I don't think has changed.

In terms of strategy and nimbleness in transaction banking and others, our favourite, and we will struggle hard to create another favourite when we come to the CIB seminar, slides with the ribbons on pages 20 and 21 of the Q4 presentation, I think are the answer to this question, to your second question Kunpeng. I'm not sure that we have done consciously something fundamentally different in terms of strategy for our business, because our business has always been very well diversified and highly resilient because of this diversification, but also because of the diversification in terms of products that we can offer our clients. And highly profitable in terms of network income because our network income drives higher return or risk-weighted assets than our domestic business.

So if anything, if you want to think of something different that we are doing in the near term, you could say that we are cutting 3,000 clients that are tail clients of our distribution, which tend to skew more single product and more domestic. And we also disclosed to you in Q3 what the impact of that is in terms of risk-weighted assets and revenues, and you know that it's relatively de minimis. So what we are doing is we are really freeing up the time of our relationship managers and the time to invest in the right relationships, more than optimise risk-weighted assets, which is an activity that as you well know, we do every day and that we do pretty well because we are managing to grow our top line even at times where we are not growing our balance sheet in the same way. So we deploy balance sheet towards the highest return on risk-weighted assets opportunities, and we increasingly do more and more originate to distribute, and so you see some of the benefits that you will have seen in net interest income.

**Manus Costello:**

The only thing I would add to that is there are conversations that RMs are having with the clients, the corporate clients, in particular, at a local level. And those conversations, I'm sure will be intensified as different developments happen across the next few weeks and months. But it doesn't mean that we suddenly think we need to change the nature of the network. If anything, Bill's very clear statement at the end of the conference call about this being our time was a statement about how well the network is placed to help those clients absorb that shock, but it's a much more micro conversation.

**David Lock:**

We'll take another question online which is Jason.



**Jason Napier – UBS:**

Thank you. First question is around underlying cost inflation. The disclosures around Fit for Growth are very clear. If you're going to have 85 per cent of the savings from Fit for Growth in next year's P&L, it means that the underlying inflation rate in opex base is about 7 per cent. And Diego, you've said in the past that normal for the bank is 3-4 per cent. So it seems there's something else going on in the volume of investment spend that perhaps is going through the P&L in the next couple of years. Could you talk to numbers on that if, indeed, investments are the answer? And secondly, why it is that we should expect you to invest less beyond 2026 in the business, or in other words, why we shouldn't have 4-6 per cent expense growth in the later years in the forecast?

And second question, perhaps one for Dan. Congratulations on radically reducing rate sensitivity over the last 12 months, down nearly 40 per cent on a hedge that is nearly 40 per cent bigger. One of your peers is already showing higher rate sensitivity as rates go down. I would expect more of that, but you are looking to grow the hedge by about 20 per cent in the year to come. I just wonder whether you could talk about the extent to which you can hold the line on how the P&L will react to further rate cuts as the hedge gets bigger and as rate starts to fall. Thank you.

**Diego De Giorgi:**

I think I will put that to the Chennai team to answer. Dan do you want to go first?

**Dan Hodge:**

Thanks very much Jason. Yes, it's pleasing to see that come down. It's partly structural hedge and it's also because we put on more fair value positions, which we don't include in the hedge notional because they're not always held to maturity, and they tend to be shorter duration. But they've also contributed to this. That said, we're not expecting to take off a lot of those shorter-dated securities because we do like the fact that it does give us some extra protection.

You're right that you would tend to see a convexity of NII sensitivity through the cycle. And by that, I mean the PTRs you would expect to fall as rates fall. So you would have to basically, all other things being equal, put on more hedges in order to contain the level of net NII sensitivity where it is today. And that is exactly what we're aiming to do by building not just the structural hedges, but also try and originate more fixed received duration assets in the business, which we then don't hedge back to floating. So we do try and do that.

The other driver of volatility is deposit levels, and that's something that we did call out in the slide, something to be aware of, because deposits are reasonably volatile day to day. So it could be if there's a particularly high deposit print at the end of a quarter, if there is an average passthrough of greater than 50 percent [on that additional increase] but it is all going into cash, [that marginal liability passthrough] is less than the 100 per cent on the asset side. So you will get a net increase in that 12-month sensitivity from deposit moves as well, but that's not really a fundamental structural difference.

The one last thing I'd say on smoothing is we're very much led with the 12-months annual earnings at risk. But we don't just look at it as a 12-month smoothing. Clearly, if you're going to do something structural, it has to be over a number of years instead. And that's something that's not as obvious from disclosures, but you get a sense of it from the weighted average maturity of the hedges that stand at three years. It's longer for equity than it is for deposits. We're also looking at the duration of the hedges and seeing whether or not we should be terming those out a little bit as well, particularly in some of the more emerging market currencies.

**Peter Burrill:**

Flipping over to the question on costs and investments, you mentioned the 3-4 per cent which is kind of the normal cost inflation; I think that's about right. On the investments, particularly, though, that is purely discretionary, and

we have ramped up our investment spend quite a bit over the last couple of years which you commented on, as we want to lean into growth areas in the future. That being said, at the size of our organization, there's a capacity aspect to the investment spend as well, which is the capacity to deliver that level of change in an organisation. I don't think I would continue to expect increases on the level that you saw in the last few years going forward, as we gear up to deliver at that capacity, but not expanded significantly going forward. So I don't think you'll get that same level of investment ramp-up. I hope that's clear, but happy to follow up if it's not.

**Jason Napier – UBS:**

Thank you.

**David Lock:**

So next on the line is from Andy.

**Andrew Coombs – Citigroup:**

Good morning. If I could just have a couple of follow-ups. Firstly, coming back to the first question on assets under custody shift to assets under management in wealth. Can you give us an idea of what the revenue contribution is on those assets? Is there a step change in the revenue contribution, given that they've shifted from custody assets to assets under management? And the reason I ask is you obviously always have a degree of seasonality in Q4 and when I look at the revenue margin, it's quite hard to separate how much is seasonality versus just how much is this reclassification of the asset. So that would be incredibly helpful.

The second question, I just want to come back on Mox and Trust. Higher for longer rates, I'd imagine is actually very beneficial for those two businesses, given how low the LDR is. So my question is a broader one, but in the event (currently it looks unlikely) if rates were to go lower at some point in the future, can those businesses still be profitable in that environment?

**Diego De Giorgi:**

On the AUM Andy and speaking under the control of Manus who might have a deeper set of data, but I don't think that there were many revenues in Q4 linked to that.

**Manus Costello:**

That happened quite late in Q4 so I wouldn't assume that there's anything in Q4 from that. Similarly, as I said in my answer to the initial question from James, be cautious about assuming that there's big margin on those assets going forward. It will take a while for us to really turn those into same kind of assets as the rest of the book. You shouldn't assume that there was anything funny in Q4 in revenues as a result of those assets.

**Andrew Coombs – Citigroup:**

And essentially, it's 40 billion, roughly, of assets, because I think it's the majority of the increase, right?

**Manus Costello:**

We haven't disclosed it. You can do the walk, and you can make an assumption on FX if you wanted to and market if you wanted to as well, but we haven't disclosed it.

**Diego De Giorgi:**

On Mox and Trust, I think that while directionally you're right in terms of characterising the nature of those businesses, I would point back to the fact that we are continuing to add products to those businesses. So the loan to deposit ratio might be low today, but it will increase as we continue to ramp up the lending business, and we are ramping it up. I receive a weekly paper and a more detailed monthly paper, and all the evidence is that at this

time, we're getting the cohorts right - we're not getting into any sort of issue there for now. So the lending is going to ramp up, and the wealth management that has been added is going to ramp up.

And it's going to be interesting to see, particularly for Mox, whether the demographics that we address with Mox in the wealth management product behaves in a different way than the demographic and the social demographic that we normally address in our affluent wealth management. What do I mean with that? We always say that the strength of the markets, particularly the China equity market and the Hong Kong equity market, is not a direct particular driver of our revenues in wealth management. It's not like we have tons of brokerage clients that punt around. So it might be slightly different with Mox. There is an element of younger people. Maybe the gamification of the app, etc leads to higher volumes. So it's one of those interesting experiments that one gets to learn from having these businesses in which we have invested money, but that produce returns that sometimes are less quantifiable, but not less useful to us in terms of adjusting our business model.

**David Lock:**

Okay. We'll go back to the room.

**Amit Goel - Mediobanca**

Maybe a follow-up just on trade. I appreciate you've commented in the past that even with tariffs and clients having to re-org, that that provides some opportunity. But I just want to understand a bit more holistically because it does seem to be intensifying and pressures are increasing. How do you think about it in terms of, some clients need more help, but to what extent could this be problematic or damaging for some of the client base and/or the implications for broader growth and revenue potential? Just to think about what moving parts are, your ability to mitigate versus what could be the things that you're looking out for in terms of tariffs and actions when managing business.

**Diego De Giorgi:**

You started with the word "trade," but then you moved to a broader thing. By the way, the answer fundamentally applies to trade as it applies to the rest of the things, with the additional advantage that trade is a product that benefits from lower interest rates generally speaking because it's lending. It's the short-dated lending product that is a harbinger of cross-selling – that is the way that we consider trade. Trade is a little bit of a standalone product, but it's fundamentally the gate point of entry to cross-sell our Global Banking and Markets and our hedging.

In terms of the resilience to this, so far so good in the sense that it's the effect of this diversification of corridors or lack of concentration of corridors. Remember only seven individual market corridors generate above \$100 million revenues, and some of them are not affected by tariffs because they are corridors that are between players that are very unlikely or definitely impossible to put tariffs on. So far, so very good. And the fragmentation continues to play to our advantage.

Complexity is our friend, particularly in that 75 per cent of our revenues in Global Markets come from Flow. I'm sure you watch, like me, all of the indicators of volatility of a little bit of everything; and it's interesting the volatility after spiking and after a bout of activity, and you see in some of the comments of our American competitors (the investment banks for example), that volatility has somewhat abated. That might be true for things like our episodic Global Markets income. But 75 per cent of our Markets activity is Flow, which is fundamentally hedging, and there even though volatility goes down, the uncertainty is definitely going up, and therefore the need for the hedging is very visible. You see it also in some of the indicators of cross-border activity that showed the front-running of some of these measures which might be a short-dated fillip. But if you believe that this thing continues to move relatively fast, you will see activity move around in order to be one step ahead, or if they have fallen behind to catch up.

So the answer is we will see. I think that Bill says it very rightly, which is, of course there are bad states of the world for Standard Chartered and they are bad states of the world for the world overall. If we go back to 1932 and everyone imposes tariffs on everyone, and world GDP declines to 1 per cent per annum, yes, of course, it's bad. But I suspect we're looking at a worse problem at that point.

#### **Alastair Warr – Autonomous**

A couple of follow-ups please if I may. First, just on the trade point. This is flows corridors from your point of view; given you're touching on the clients, could you do a version of that with end markets particularly about the inter-regional trade like how much is intra-Asia consumption and how would the corridor narrow if there's market tightening? Just on that, do you see yourself as governed by the unreliable entity list?

And on the compliance side, we've had not just rapid account opening from Hong Kong but acceleration as well. Do you feel you're at the point in the chain where you need to police \$50,000 a year that the Chinese authorities when they talk to you - do you take it on trust that it's a remittance from a Chinese bank that that work is being done?

#### **Manus Costello:**

If I understand the question correctly, I think you're arguing that to the extent that tariffs suppress economic activity the intra-Asia corridors will themselves start to depress; which I think ends up in the same response Diego gave to the previous question, which is, yes, it would be bad for us if Asia goes into recession because there are massive tariffs, we're not going to pretend that's good for us.

What we've been arguing about the network is we're not individually exposed to any corridors which create problems. And the network itself provides a lot of shock absorbers for our clients and for us to be able to help manage through the situation. But, of course, we're not recession-proof. Most likely to be felt in slow revenues I'd say, rather than major asset quality problems, but we wouldn't deny that. We've said in the charts that about a third of our network income is intra-Asia if you're worried about intra-Asia trade.

#### **Diego De Giorgi:**

As I was listening to your question, I was thinking for myself of what we worry about and what we plan for, in terms of secondary level effects, which is some of the intra-Asia trade is seen as prodromic to trade outside of Asia. It's partially manufactured goods or components, or raw materials that move inside in order to then move outside. And the answer to that is if there was more weakness outside, I think it would just find new markets. We have seen it very clearly with some of the renewable flows for some of those products, that when there has been less demand in, let's say, the fully developed markets of Europe and America, those flows had found other avenues in the more developed markets inside it. So I think that is also compensating effect from that point of view.

On the other two, first of all, as I said, the zero tolerance is an understatement. So we look into everything. But I think that your third question raises an interesting element that is worth talking about. I can't remember how detailed we have been in the presentation in December, but when you look at the sources of our net new money, 40 per cent of our net new money comes from domestic, 25 per cent comes from international/Global Indians etc, and let's say 30 per cent comes from the Global Chinese. One thing that is really important to understand is that the vast majority of this Global Chinese money doesn't come from inside China. It sits outside of China to begin with, that is produced outside of China because it is entrepreneurs are having their business outside, it is employees of those business being outside, it is wealthy individuals being outside.

So while of course we comply, and of course the rules and regulation about the values connect flows are important and are very stringent in terms of amounts, a lot of those flows exist outside by virtue of the opening up of China

to the outside world, which the avenues of where it opens towards might change, but the fact that China continues to open outside, if anything, you'll see in some of the data from inside China accelerate.

**Alastair Warr – Autonomous**

And on the unreliable entity list?

**Manus Costello:**

Really there isn't anything to say on that. Too early to say. It's not really something that's been associated with us. Obviously we tread very carefully and comply with the regulatory authorities.

**David Lock:**

We'll take one more question online

**Jeremy Hou – CICC**

Hi, good morning. So just a question on loan loss rate, actually on CIB loan loss rate in particular. Your portfolio has been substantially different compared to 2015, with more big corporates and more financial institutions. So to what extent do you expect that loan loss rate for CIB to normalize?

And just a simple follow-up because the Diego mentioned that you're about to ramp up the lending products in digital banks in the coming years. So how do you see that impact credit cost for Ventures? Thank you.

**Diego De Giorgi:**

I'll ask Peter to answer on loan loss rate, and how we think, other than the fact that maybe we'll not have forever net releases in CIB. But I'll let Peter give you more colour.

**Peter Burrill:**

Yes. We give guidance on the total loan loss range, not CIB and WRB specifically. But that being said, in WRB, the more we focus on the affluent and the less that we do in the credit card and personal loan space means that you shouldn't see an intensified loan loss rate there. If anything, we've been dealing with the higher interest rate environment over the last few quarters. So in WRB we're getting to a point of, I don't know if I want to call it peak, but I don't think I would expect it to increase much.

On the CIB side, to Diego's point we have a net release, that is not a new run rate. Likewise though as you said, I don't expect us to get back to where we were in 2015. So the reason we've kept our guidance where it is, which is a through-the-cycle guidance, is we do expect some level of CIB impairments to come back. Not that we have line of sight on any particular industry or clients that we're concerned about, but net recoveries are not likely to recur. So we do think they'll come back to something more normal. That is not however where 2015 was. We don't have guidance on CIB loan loss specifically, but I've given you the components to think about that. Hopefully that helps.

**Diego De Giorgi:**

Somewhere, which as David always points me to, on page 44, you also have a part of the answer of why we're not going to go back to 2015. Because compared to 2015, the percentage of investment grade in our books has doubled, and the level of concentration has plummeted. So it's just a different bank. We handle credit in a very different way from the way that the bank was handled before Bill arrived.

On your question on Mox, yes, in an environment where rates don't go down as much as one expects, and one increases lending to those type of cohorts, would you see at the margin, more impairments; it's a relatively natural relationship. I would say that these are pretty small numbers in the grand scheme of if you think about the 30-35

basis points loan loss guidance. Not that we are aiming to have them, I'm just saying that it would be entirely natural if you expand that type of constituency, that you get a little bit more of the loan impairments, but not the kind of thing that moves the needle at the Group level.

**David Lock:**

I think there's time for one last question

**Edward Firth – Keefe, Bruyette & Woods:**

Just a broader question for you Diego, in terms of what worries you at the moment. I say that in the context that if we look at PMI data, GDP data, it's deteriorating everywhere. We've got a breakdown of a global consensus that's kept us going for probably 60-70, years now in terms of how to manage economies etc. And yet, bank investors are now less worried than they've ever been about anything, and it feels that that's an odd counterbalance. So I'm just wondering what worries you managing a bank like Standard Chartered, and what should worry us as investors looking at Standard Chartered in the current context.

**Diego De Giorgi:**

So I promise you that I'm not answering purely to turn into a cheerleader. But, of course, what you said all worries us, right. And it worries us both in terms of first level of impact, specifically our revenue base. It also worries us and we spend a lot of time thinking about in terms of second level of impact, which is when these flows shift, even though we maybe capture them perfectly well because of the diversified and resilient network, the fact that one of these tendons atrophies [referring to slide 20 of the Q4'24 presentation deck] might lead to loan losses, for example, and credit impairments in a place where it has atrophied. So we do ask ourselves the question, and we work on it constantly and we stress test it constantly.

I do have to say though that we look at this as a great source of opportunity for a bank that has the kind of network. All those who have covered us for a long time have seen this was the source of all costs for Standard Chartered. Because you have a cost, an expensive network, why do you maintain it? Why don't you just do Hong Kong and Singapore? I mean, this work validates the existence of this network. And so, while I fully acknowledge the broader systemic implications of this, and as a citizen of the world and a European, I don't particularly rejoice in looking at it. But as the CFO of Standard Chartered, I see that a lot of these discombobulations create issues for our clients that we almost exist to solve.

So the first order implications are pretty obvious. One of these corridors gets shut down; okay, then you have to believe that we are diversified and resilient. We do believe very strongly, and we see it in the little anecdotal data. Remember that the ribbons chart [slide 20 of Q4'24 presentation deck] is not an invention of the three of us over here that think it's beautiful and colourful, it's the output of an MIS that we by type of clients and by type of geography. We run it and we ask ourselves when we look at it on a single client basis, what happens if this client is hit along these lines? How can we help them or how can we front-run this problem in helping them? And sometimes, how do we handle it when the problem becomes larger? So I do worry about everything that you say, particularly the second level implications because they are the less obvious to be seen, but I also look at it with trepidation but excitement for what we can do for clients.

**David Lock:**

On that, I think we will close. Thank you all for joining. Thank you, Diego and everybody.