



# Retail Banking

Investor seminar

30 May 2018

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# Seminar summary

## Webcast session

### Introduction

**Bill Winters**

Group Chief Executive

### Retail Banking

**Ben Hung**

CEO, Retail Banking and  
Wealth Management

### Focus on:

- Digital
- Wealth Management

**Aalishaan Zaidi**

Global Head, Digital Banking

**Didier von Daeniken**

Global Head, Private and Wealth Management

- Greater China & North Asia

**Samir Subberwal**

Regional Head, Retail Banking, GCNA

- ASEAN & South Asia

**Sebastian Arcuri**

Regional Head, Retail Banking, ASA

- Africa & Middle East

**Jaydeep Gupta**

Regional Head, Retail Banking, AME

- Products and Segments

**Fernando Morillo**

Global Head, Retail Products and Segments

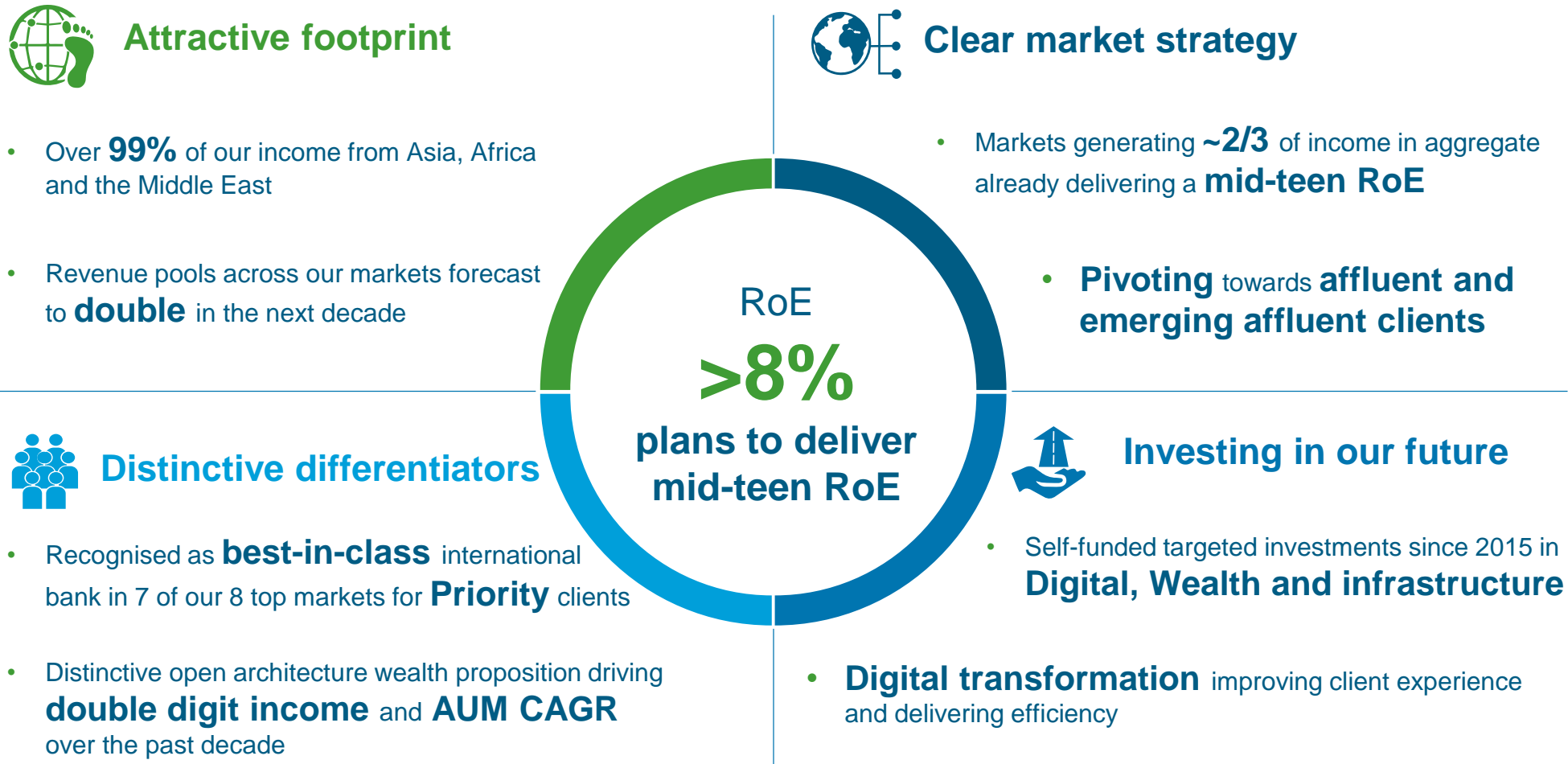
# Introduction

## Bill Winters

# Retail Banking

## Ben Hung

# Retail Banking investment case



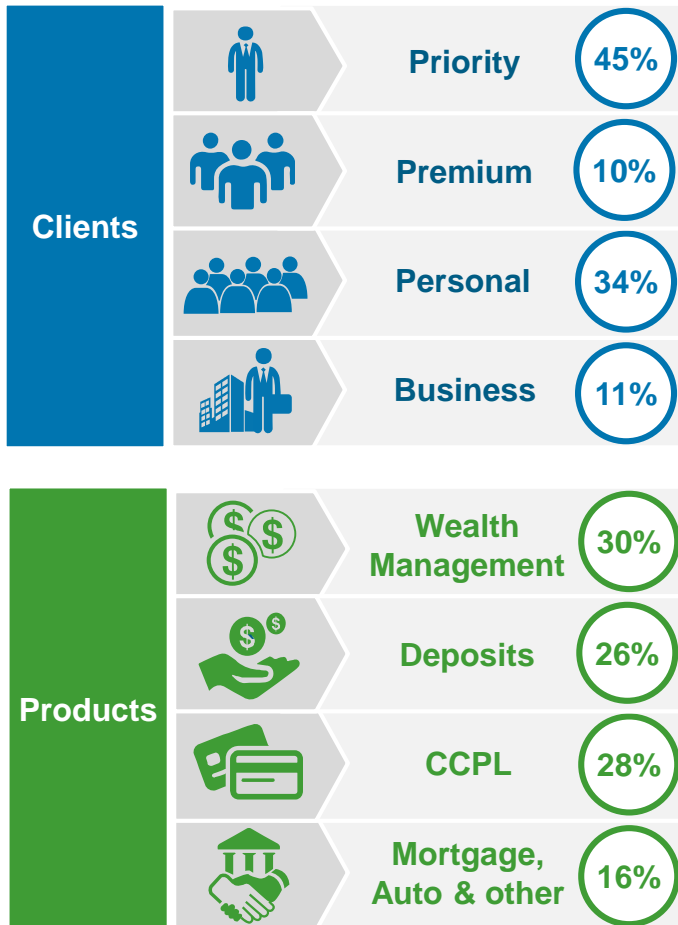
# What you will hear today

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- Shape of our business today
- Progress on our strategic priorities
- Confidence in sustainably improving our returns
- Our focus in Digital and Wealth Management
- Future shape of our business and how to measure progress

# We serve 4 client groups with 4 product areas across 30 markets

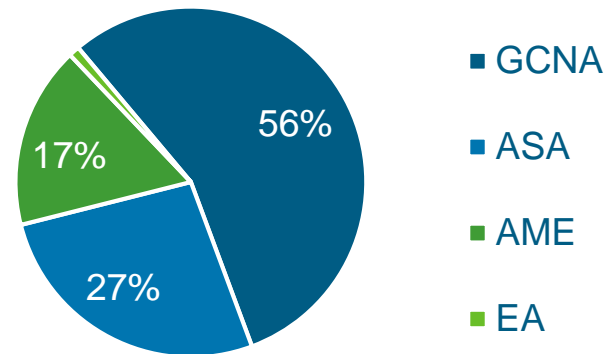
## Our clients and products



## Our business

- >9m clients: ~2m in Priority, Premium and Business
- Less than 1,000 branches and around 30,000 staff
- Increasingly predictable, high returning earnings
- Significant net liquidity provider for the Group

## Operating income by region



# We have distinctive propositions in Priority and Wealth

## Why clients choose Standard Chartered

- Trusted international bank, aspirational brand
- Strong Priority CVPs and cross-border capabilities
- Unbiased open architecture Wealth platform
- Relationship management based approach
- Compelling digital, product and payments capabilities



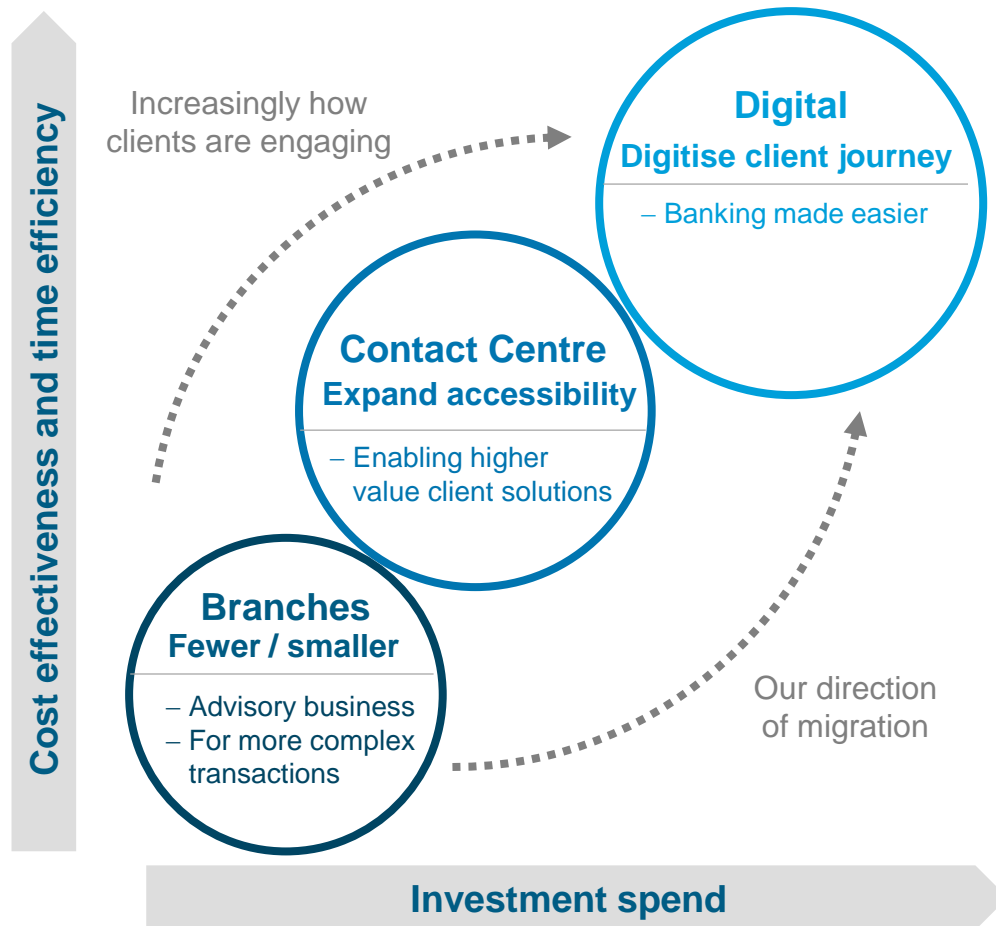
## Net promoter score for Priority clients<sup>1</sup>

Market	Best-in-class international bank	YoY change in NPS
Hong Kong	Standard Chartered	▲ 16
Singapore	Global peer	▲ 11
Taiwan	Standard Chartered	▲ 8
Korea	Standard Chartered	▼ 3
China	Standard Chartered	▲ 9
India	Standard Chartered	▲ 6
Malaysia	Standard Chartered	▲ 9
UAE	Standard Chartered	▼ 1



# We are increasingly serving our clients digitally

## Adapting to our clients' changing behaviours...



## ...early stage but encouraging results

2014 versus 2017

**+28%**

# of digitally active clients

**+2x**

# of sales digitally sourced

**+19%**

# of Contact Centre sales transactions

**-22%**

# of Contact Centre call volumes

**-20%**

Reduction in branch square footage

**-59%**

Reduction in # of branch transactions

# We have progressed well on our priorities... more to do

## 2015 strategic priorities

Focus on affluent and emerging affluent clients

Deliver on cost efficiencies

Reset risk tolerances

Invest in digital to improve customer service/efficiency

Turn around performance in challenged markets

## Progress

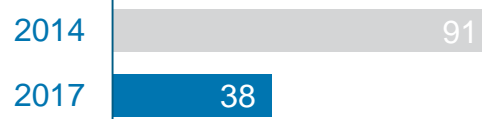
### Priority client income share (%)



### Branches (#)



### Cost of risk<sup>1</sup> (bps)



### Digitally active clients (%)



### Loss before tax in China & Korea (\$m)



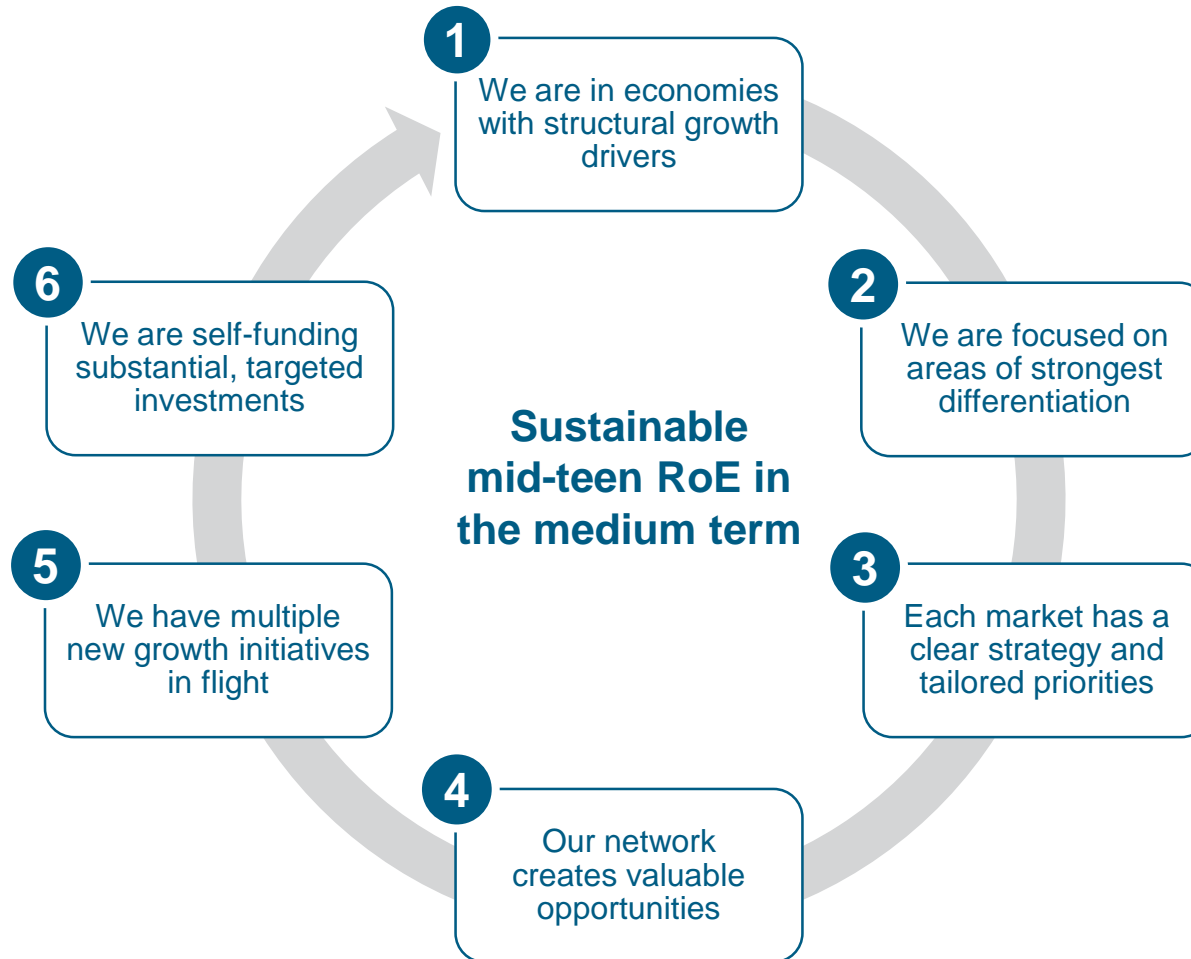
## Further action

- Continue to drive growth in Priority
- Leverage digital to drive efficiencies
- Resume targeted growth in CCPL
- Continued focus on conduct and control
- Improve customer experience and sales through digital channels
- Turn China and Korea profitable
- Improve returns in India, Indonesia, Malaysia and UAE

# We have repositioned for sustainable profitable growth

\$bn	2014	2015	2016	2017	Q1 18	
<b>Income</b>	<b>5.7</b>	<b>5.1</b>	<b>4.7</b>	<b>4.8</b>	<b>1.3</b>	• Driving higher quality income
Expenses	(3.9)	(3.5)	(3.4)	(3.6)		• Created capacity to invest
Impairment	(0.9)	(0.7)	(0.5)	(0.4)		• Significantly de-risked portfolio
<b>Underlying profit before tax</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>&gt;0.3</b>	• Maintained profitability on lower RWA
RWA	56	48	42	44		• Reduced low-value CCPL
<b>Underlying RoRWA</b>	<b>1.5%</b>	<b>1.8%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>&gt;2.5%</b>	• Higher, more sustainable return

# We are confident we can sustainably improve RoE



# 1 We are in economies with structural growth drivers



## Rise of urban middle class<sup>1</sup>

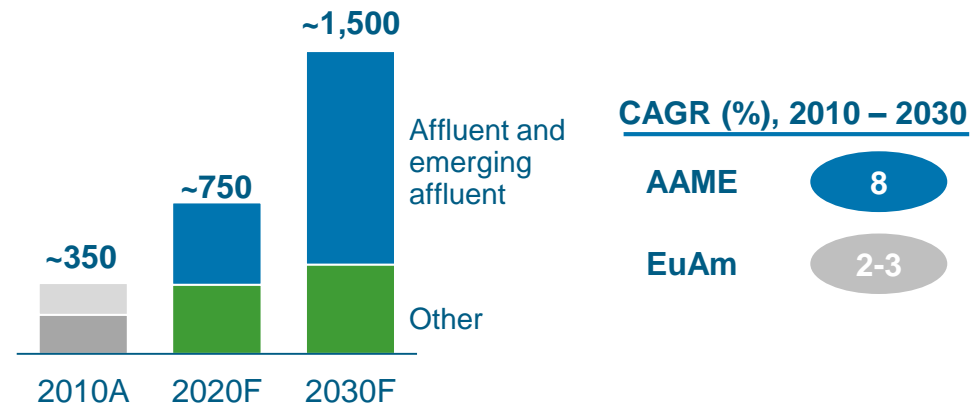
- By 2030, over **2bn** will join the middle class in AAME
- Estimated **~\$750bn** of new Retail Banking wallet



## Growth of emerging affluent<sup>2</sup>

- Our footprint markets **outpace** the developed economy on affluent growth
- AAME expected to be the **largest source of wealth creation** in next 5-10 years

## AAME Retail Banking revenue pools<sup>3</sup> (\$bn)



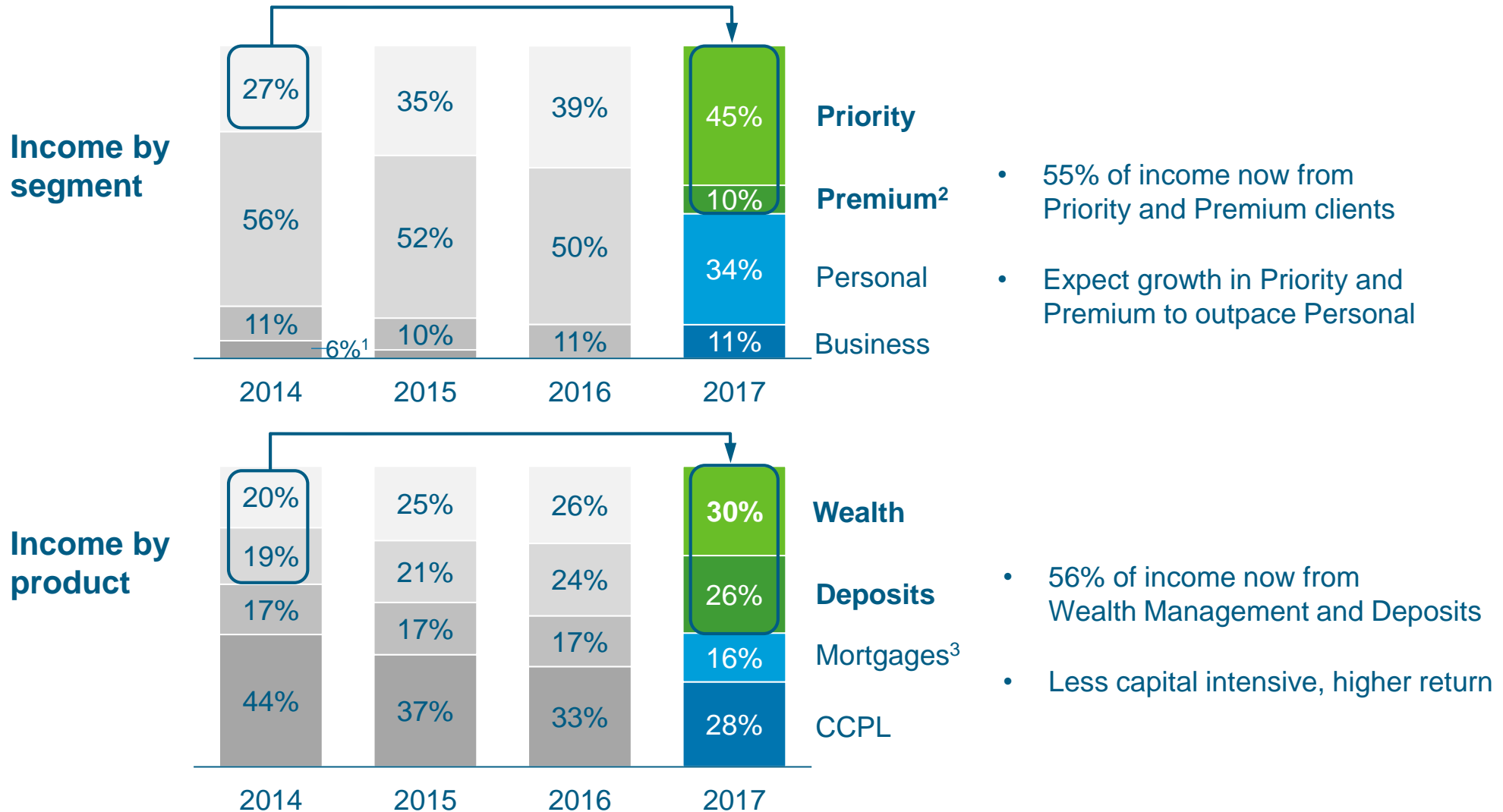
## Life insurance premium growth<sup>4</sup>

Growth (%)	2016	2017
Emerging Asia and Middle East	19	17
World	2	3

## 2 We are focused on areas of strongest differentiation (1/2)

Segment (Definition) <sup>1</sup>	Income per client	Income mix by product			Our approach
		Wealth / Deposits	Mortgages <sup>2</sup>	CCPL	
<b>Priority</b> (>\$100k)	<b>&gt;10x</b>	~80%	~15%	~5%	<ul style="list-style-type: none"> <li>Invest to build differentiated propositions</li> <li>Focused on Wealth, Deposit and Mortgage</li> <li>Deepen and continue to win market share</li> </ul>
<b>Premium</b> (>\$10k)	<b>&gt;3x</b>	~30%	~50%	~20%	<ul style="list-style-type: none"> <li>Launching Premium in top markets</li> <li>Digital convenience with 'expert on demand'</li> <li>Leverage employee banking and alliances</li> </ul>
<b>Personal</b> (<\$10k)	<b>1x</b>	~30%	~10%	~60%	<ul style="list-style-type: none"> <li>Targeted growth in markets with scale</li> <li>Leverage EB to build affluent pipeline</li> <li>Relentless focus on efficiency via digital</li> </ul>
<b>Business</b> (Companies)	<b>&gt;8x</b>	~50%	~30%	~20%	<ul style="list-style-type: none"> <li>Expand supply chain ecosystem</li> <li>Build sales force capabilities</li> <li>Automate to build scale</li> </ul>

## 2 We are focused on areas of strongest differentiation (2/2)

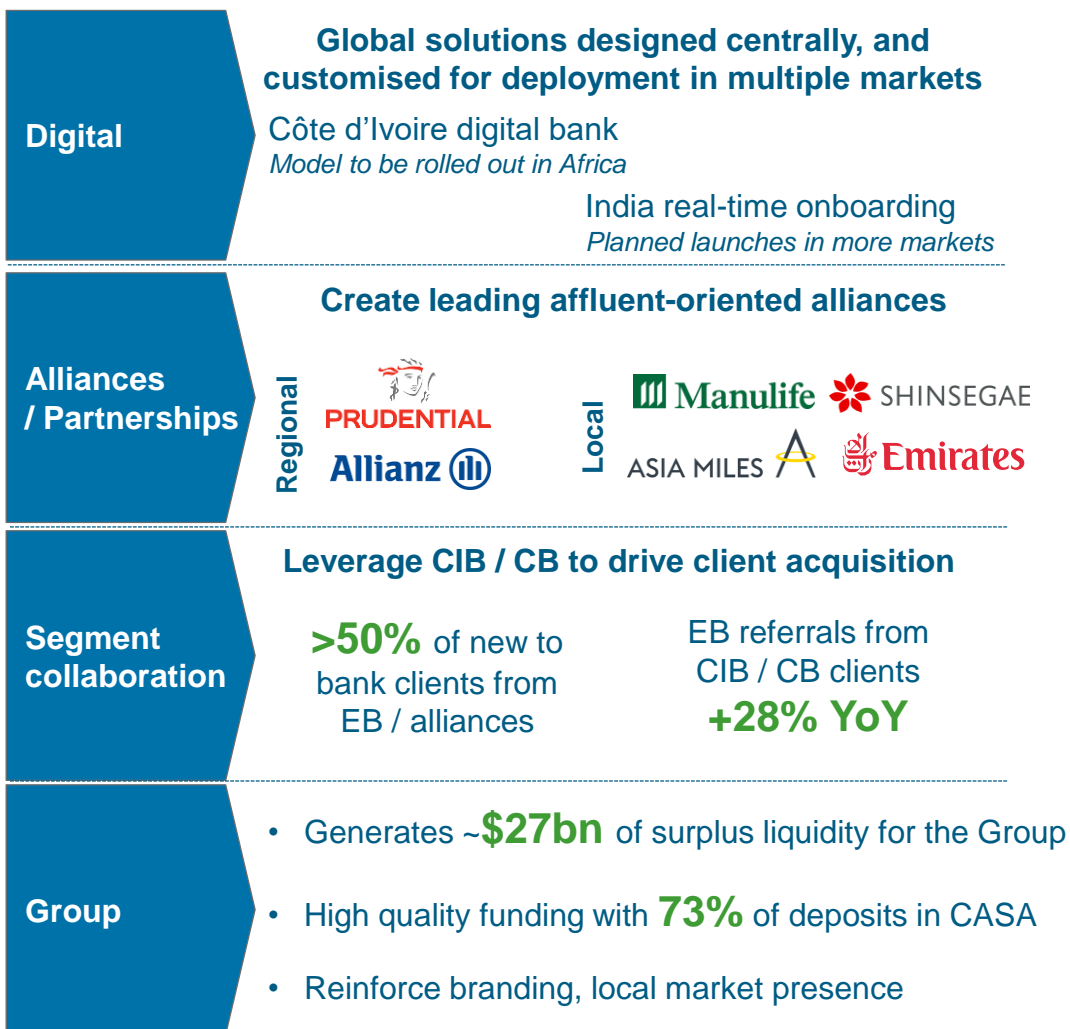


### 3 Each market has a clear strategy and tailored priorities

Retail Banking >8% RoE	Focus	Markets	Income% <sup>1</sup>	WM% <sup>2</sup>	Relative RoE%	Shift in our approach
	Invest to gain share	Financial hubs Hong Kong, Singapore	42	66	Highest	<ul style="list-style-type: none"> <li>Invest to further build market share</li> <li>Further deepen Priority, Premium and Wealth</li> <li>Capture cross-border wealth corridors</li> </ul>
	Grow and deepen	Universal markets Bangladesh, Bahrain, Botswana, Ghana, Kenya, Nigeria, Pakistan, Taiwan, Uganda, Zambia, Zimbabwe	21	63	High	<ul style="list-style-type: none"> <li>Enhance business model to protect returns</li> <li>Leverage scale to attract quality deposits</li> <li>Focus on core cities</li> </ul>
	Turnaround	Large markets China, Korea, India, Indonesia, Malaysia, UAE	34	38	Low	<ul style="list-style-type: none"> <li>Accelerate pivot to Priority and Wealth</li> <li>Drive efficiency to fund investment</li> <li>Focus on clients' international needs</li> </ul>
	Network	Emerging markets other markets (e.g. Côte d'Ivoire)	3	55	Low	<ul style="list-style-type: none"> <li>Potential to test digital disruptive platforms</li> <li>Enhance network value</li> </ul>



## 4 Our network creates valuable opportunities



### Servicing international clients' needs and wealth flows



# We have multiple new growth initiatives and have reinforced our approach to conduct and controls

## Investing in differentiated client propositions and products

### Priority

- Targeted propositions for HNWI, Expats, Entrepreneurs and Silvers (aged 55+)
- Personalised investment ideas, click to RM

### Premium

- Rolling out suite of digital Wealth and Deposits capabilities
- Deploying Premium Executive on demand

### Personal

- New digital platforms in sales and servicing
- New generation of digital products: Real-time onboarding, DigiLoans, Rewards API

### Business

- Banking the ecosystems of CIB clients, eCommerce platforms
- Automate client onboarding and origination

## Protecting our clients by improving risk, conduct and controls



### Enhanced risk management

- Refreshed risk decision framework
- Real-time onboarding
- Digital customer due-diligence
- Enhanced sales models



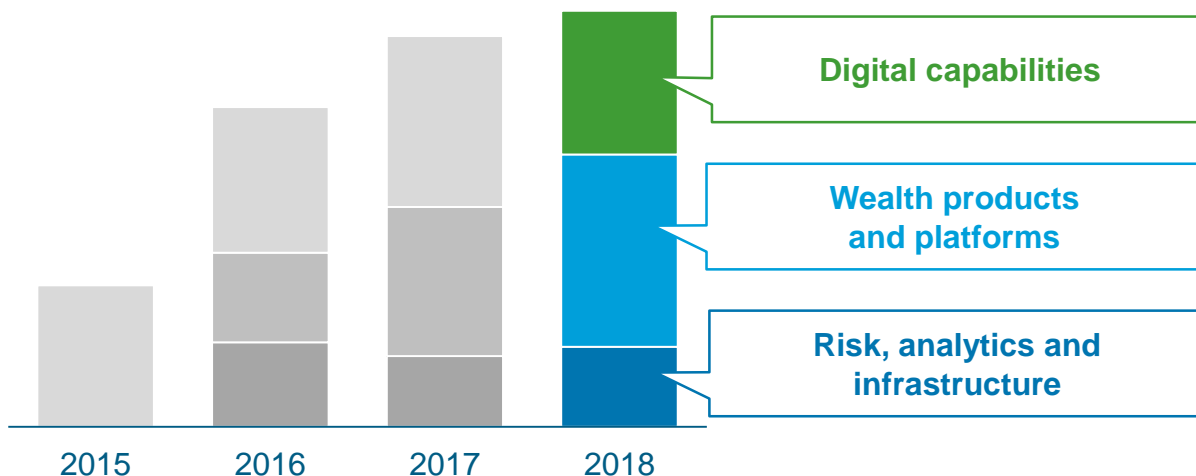
### Embedding good conduct into all we do

- Robust controls and governance
- Incentives aligned to reward right behaviours
- Focus on proactive risk identification
- Ensure critical information highlighted to clients

## 6 We are self-funding substantial, targeted investments

- Investing at pace and scale since 2015
- Targeted at E2E Digital, Wealth and infrastructure
- Improving our income potential and efficiency
- Expect to sustain current investment levels

Cash investments (2015 – 2018)



Seamless  
omni-channel  
experience



Banking  
made easier



Trusted  
Wealth advisor





# Focus: Digital

Aalishaan Zaidi  
Global Head, Digital Banking

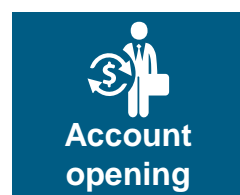
# Going digital with a “human” touch

## Journeys

## Yesterday

## Today and the Future

## Measuring Impact



Paper based

Traditional channels led

Manual decisioning

Specialist only

Automated real-time

Self-serve

Straight through

Mobile led

Accelerating by partnering

Corporate Partnership and Alliances

Fintech and start-up

Big tech Companies

2014

Today

Digital NPS

n.m.

53

Digitally active clients (%)

33%

45%

Account opening time<sup>1</sup>

5 days

15 mins

Service request via self-serve<sup>1</sup>

~1%

~50%

# Catering to our differentiated market positions



**CDD**

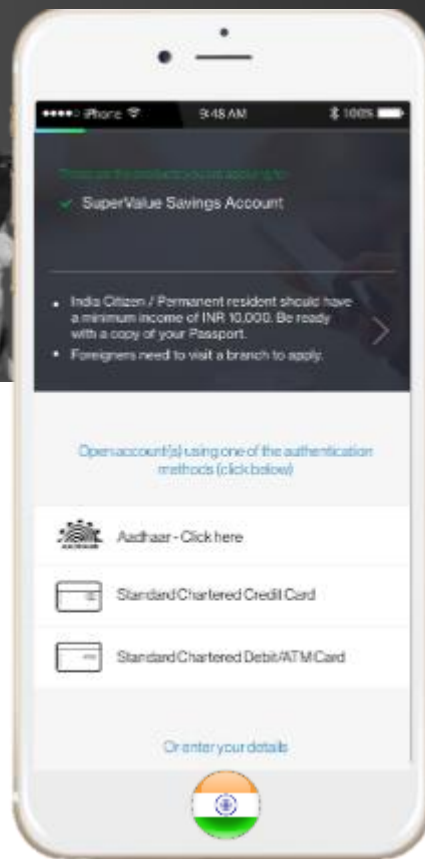
*Automated with direct link to national ID*

**15 minutes**

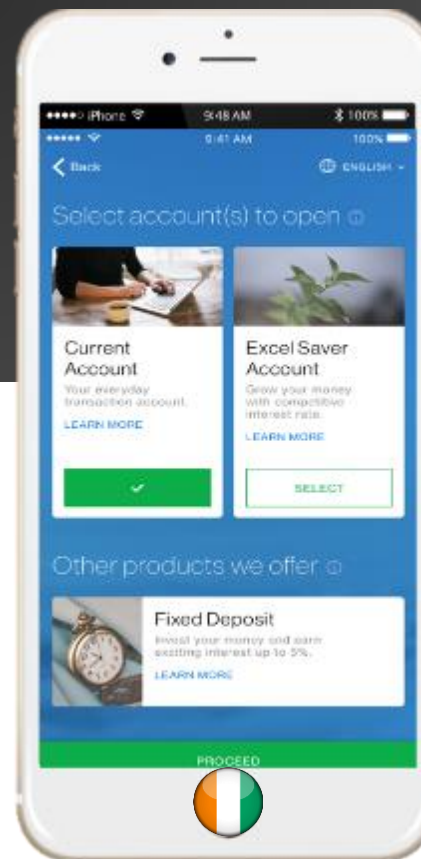
*Instant account opening*

**~90%**

*Reduction in cost per transaction*



Real Time Onboarding



CDI

**1<sup>st</sup>**

*Digital only bank in Côte d'Ivoire*

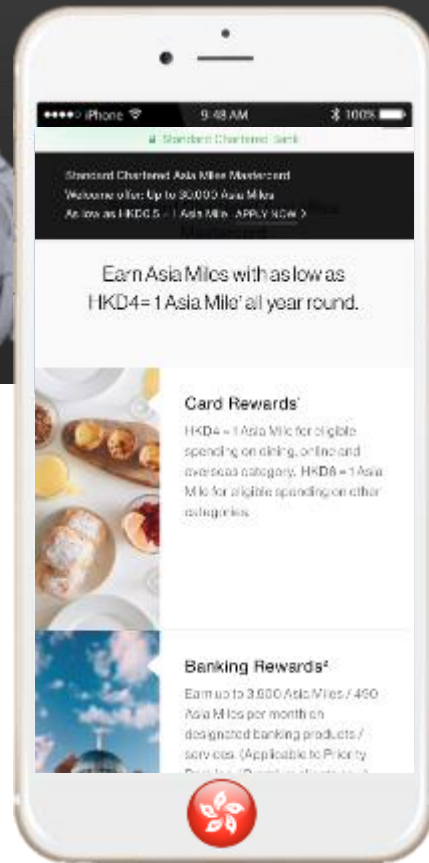
**> 70**

*Popular banking services digitised*

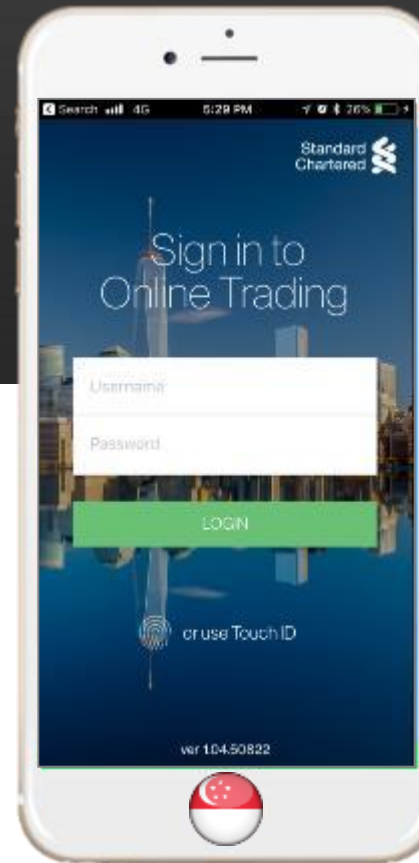
**< 1<sup>yr</sup>**

*Rapid development and deployment*

# Catering to our differentiated market positions



Asia Miles



Online Equity Trading



**50%**

*Increase in  
online  
acquisition*

**2.4x**

*Uplift in digital  
sales since  
2015*

**2x**

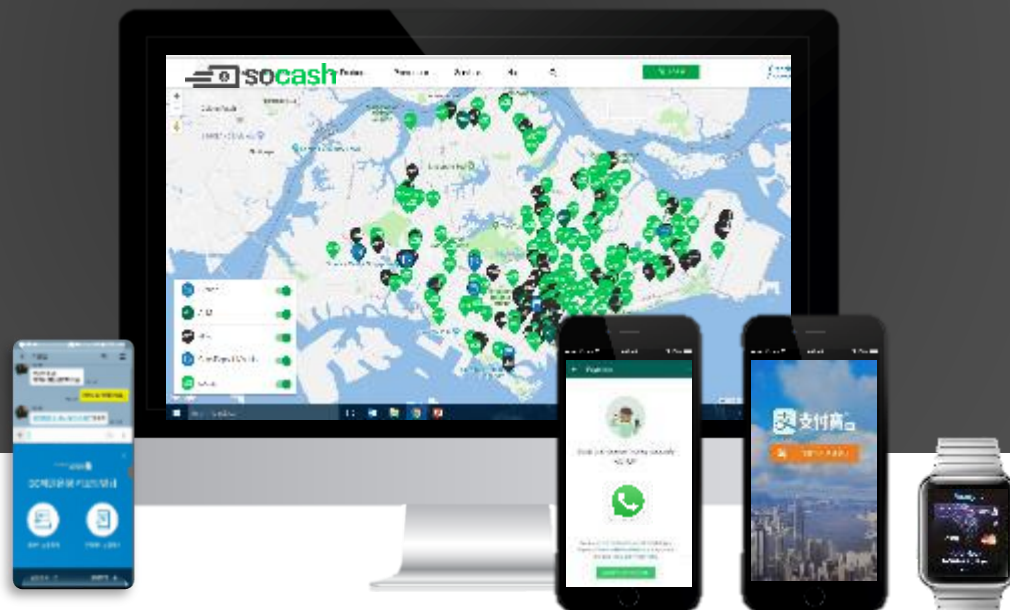
*Increase in  
monthly income*

**23%**

*Increase in  
monthly new  
accounts*



# Accelerating by partnering with FinTech and BigTech players



**FinTech**  
We select

**BigTech**  
We connect

**PayKey**

*Keyboard banking in  
Korea – access to  
banking from any app*

**Digital  
Payments**

*Live in  
7 markets*



**SoCash**

*Access to cash  
at 400 retail locations  
in Singapore*

**Social  
Channels**

*Connected in  
2 markets*







# Focus: Wealth Management

Didier von Daeniken  
Global Head, Private and Wealth Management

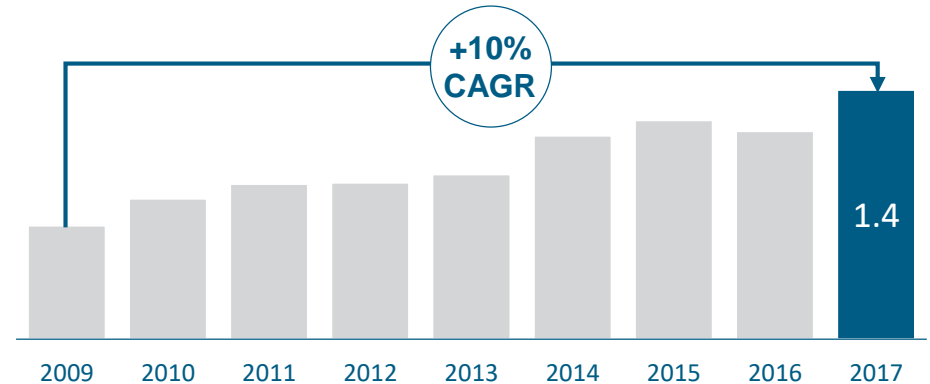
# Diversified and resilient with a track record of growth

## Our Wealth Management proposition

- Differentiated wealth advisory capabilities
- Open architecture from investment strategy through to product selection
- Strong strategic partnerships with insurers and asset managers
- Distribution presence in the fastest growing markets for wealth management

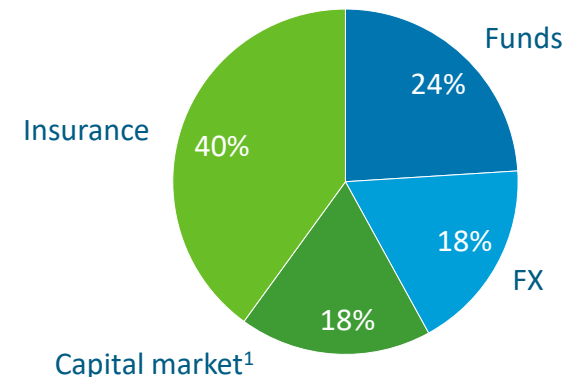
## Track record of growth over last decade

Retail Banking Wealth Management income (\$bn)



## Diversified and resilient income mix

2017 income mix (%)

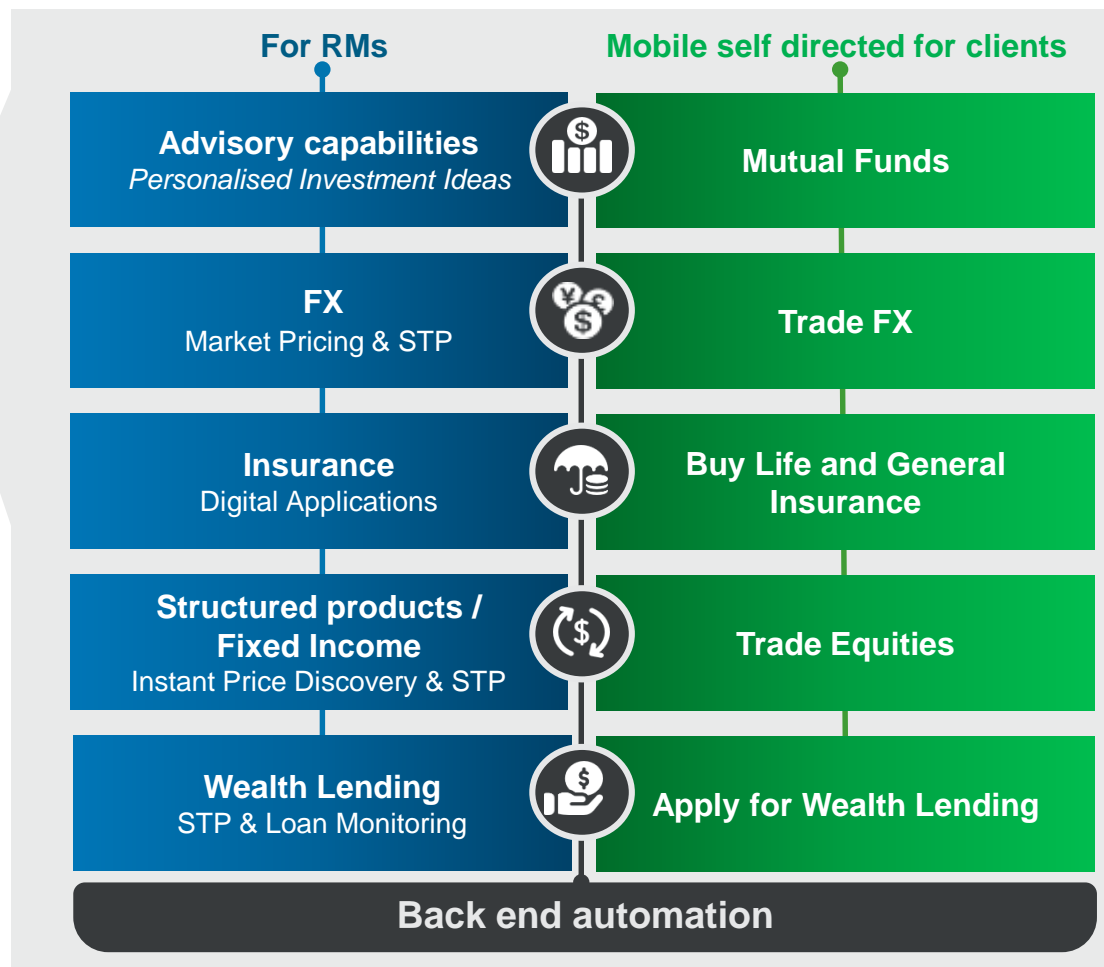


# A clear set of strategic priorities with execution well underway

## Strategic priorities

- 1 Differentiate with advisory
- 2 Build a “human plus digital” wealth distribution model
- 3 Deliver client-centric solutions
- 4 Drive market recognition as a global wealth manager
- 5 Continue to deliver conduct and compliance agenda

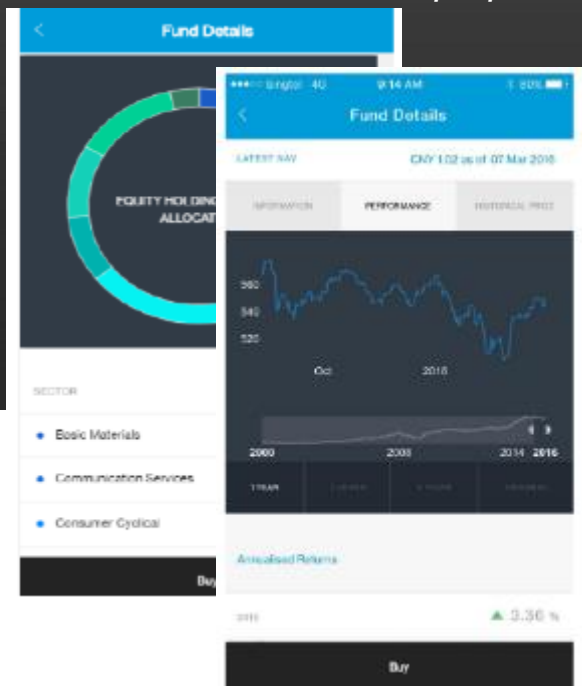
## Differentiating with a comprehensive end-to-end digital investing experience



# Early success with digital wealth capabilities launched

## Mobile mutual funds

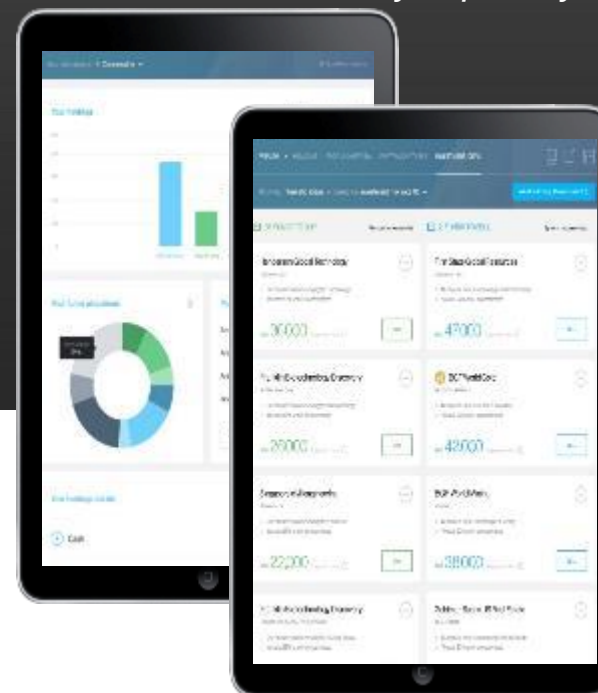
*Differentiated offshore funds proposition*



- ✓ Live in China – more markets in pipeline
- ✓ 62%+ increase in volume
- ✓ 75%+ on mobile channel

## Personalised Investment Ideas

*A first-in-Asia advisory capability*



- ✓ Live in Singapore – more markets in pipeline
- ✓ 44% of fund transactions via platform
- ✓ 8000+ client portfolio reviews via platform

# Retail Banking

## Ben Hung

# Summary – what you can expect from us

## Medium-term objectives

## How to measure progress

1

Focus on areas of **strongest differentiation**

- Continue pivot to:
  - Priority and Premium
  - Wealth Management and Deposits

2

Engage clients more **digitally**

- Further increase in digital adoption

3

Generate more high quality **liquidity** for the Group

- Increase surplus liquidity

4

Invest, while delivering positive **operating leverage**

- Mid-to-high single-digit income CAGR
- Controlling cost to support the Group's cost target...
- ... while continuing to invest

**Sustainable mid-teen RoE in the medium term**

# GCNA Retail Banking

Samir Subberwal

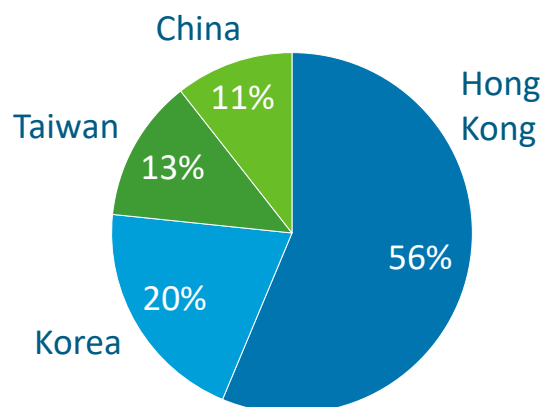
Regional Head of Retail Banking, GCNA

# Greater China & North Asia Retail Banking

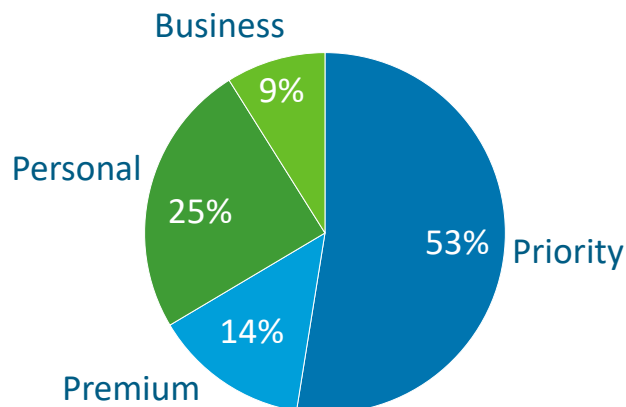
Overview: Core contributor with attractive returns and diversified portfolio

\$m	FY17	YoY	Strong position in Hong Kong
Operating income	\$2.7bn	10%	Optimising a highly profitable business in Taiwan
Profit before tax	\$0.7bn	26%	Turning Korea and China profitable
Customer loans	\$68bn	9%	Continue to sharpen customer value proposition
Customer deposits	\$89bn	12%	Well positioned to capture mainland wealth flows

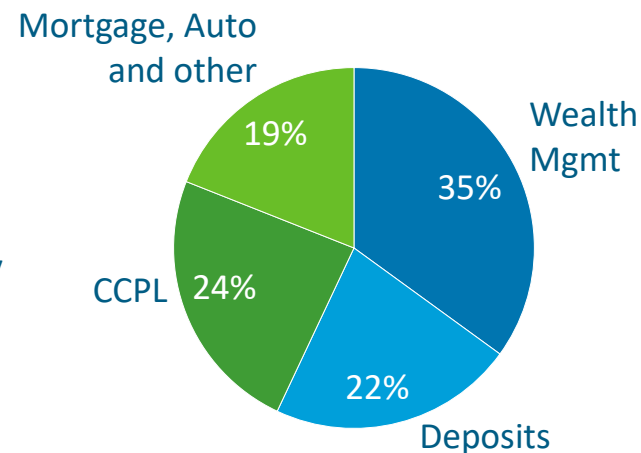
Income by markets



Income by segment



Income by product





# Greater China & North Asia Retail Banking

## Key messages

### Challenges

- Competitive landscape dominated by large local players investing
- Increasing regulatory compliance costs
- Potential disruption from FinTechs and Platform players

### Progress

- Three years into transformation with encouraging progress
- Significantly grew share of income from Priority clients to 53% (2015: 41%)
- Continued investment in digital to improve client experience
- Progressing well against multi-year Wealth product and platform capability build
- Alliances and EB through CIB/CB ecosystem showing early success

### Priorities

- Drive return on investments through top line and efficiencies
- Continue to improve income quality: targeted clients, products and risk profile
- Continue to sharpen CVP centred around customer needs and lifestyle
- Further strengthen brand, simplify our product and service offering

# Hong Kong: Accelerating growth

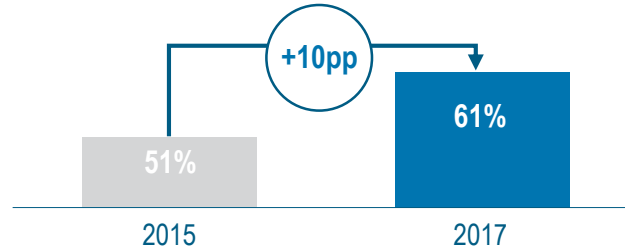
## Strong position with room to grow further

### Hong Kong Income of \$1.5bn (+11% YoY)

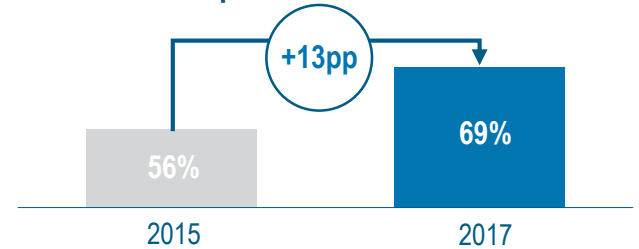
Focus on  
Affluent and  
Emerging  
Affluent



Priority as % of total income



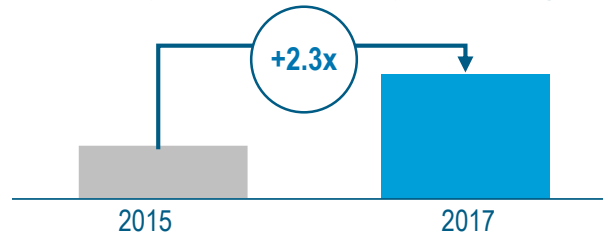
Wealth and Deposit income as % of total



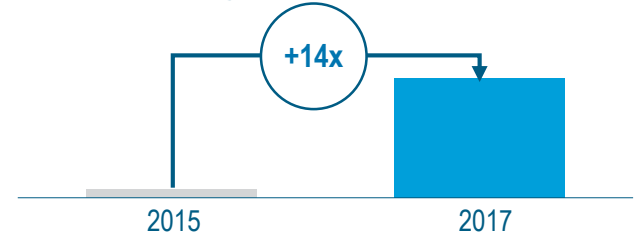
Leveraging  
alliances and  
Employee  
Banking



# of Priority NTB from Employee Banking



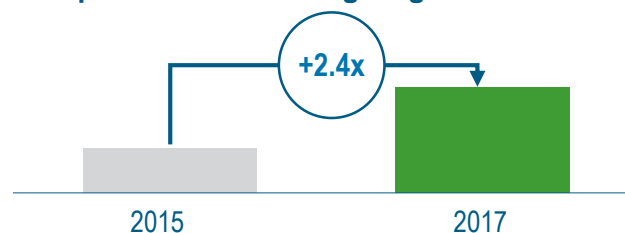
# of NTB through alliances



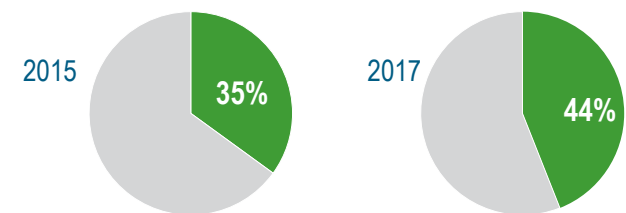
Build  
best-in-class  
digital  
capabilities



# of products sold through digital channels



% of digitally active clients



# Taiwan, Korea and China

## Transformation in Taiwan, Turning Korea and China profitable

### Income

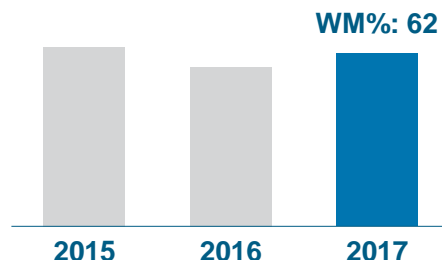
### Challenges

### Strategic priorities

#### Taiwan

Income: \$343m  
(+8% YoY)

Relative ROE: High



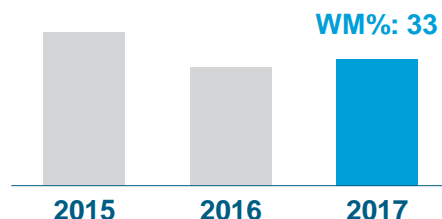
- Universal bank outside Taipei
- Moderate scale in Taipei
- Legacy branch network concentrated in two cities

- ✓ Focus on 5 core cities
- ✓ EB / Alliances to build scale in affluent segment in Taipei
- ✓ Build WM product / platform

#### Korea

Income: \$546m  
(+7% YoY)

Relative ROE: Low



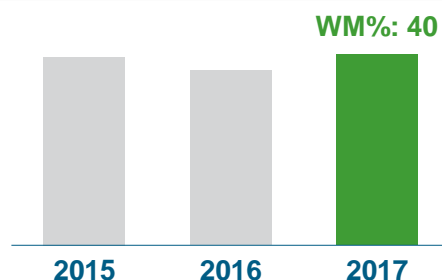
- Underpenetrated client base
- Predominantly in Personal
- Reliant on lending
- High cost to income ratio

- ✓ Focus in SKI<sup>1</sup> area
- ✓ Scale up EB and alliances to build scale in affluent segment
- ✓ Build Priority brand and WM product / platform

#### China

Income: \$284m  
(+9% YoY)

Relative ROE: Low



- Low market share
- Reliant on lending
- Low productivity

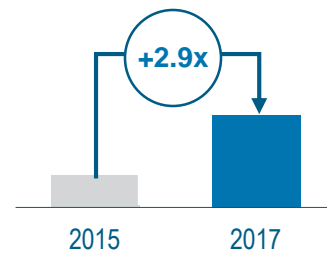
- ✓ Focus on core growth cities
- ✓ Drive EB and alliances
- ✓ Improve productivity
- ✓ Build WM product / platform

# GCNA Retail Banking

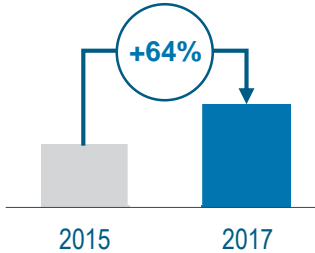
Further strengthening our Wealth proposition in the region

**Build Wealth product and platform capabilities**

Wealth lending in HK

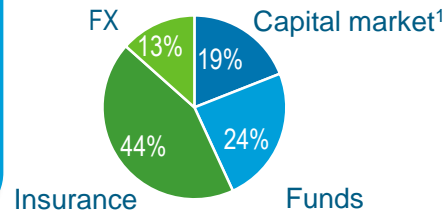


FX income in GCNA



**Deliver best-in-class advisory services**

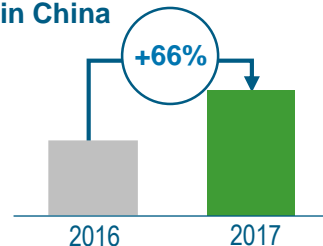
GCNA Wealth income: Diversified and resilient



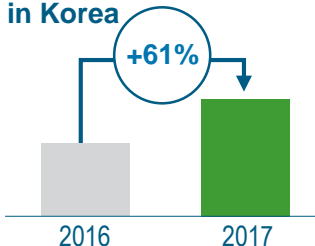
2017 income: \$948m  
(2015 income: \$823m)

**Continue to simplify and digitise offerings**

Mutual fund income in China



Wealth income in Korea



## Strategic priorities

- Personalised Investment Ideas
- Build “Human + Digital” advisory model
- Mobile mutual funds
- FX Order Watch
- Mobile bancassurance
- Structured products and bonds platform



# ASA Retail Banking

Sebastian Arcuri

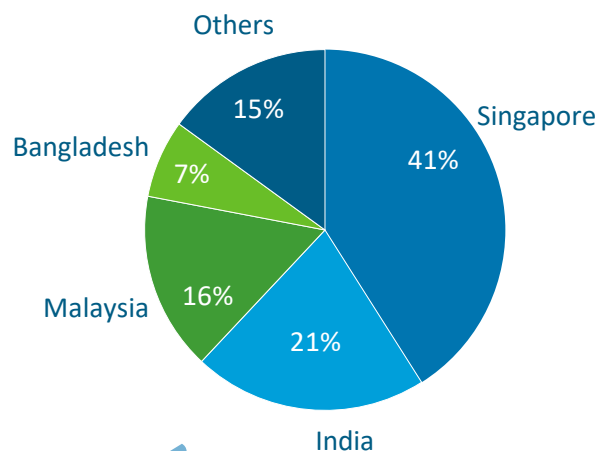
Regional Head of Retail Banking, ASA

# ASEAN & South Asia Retail Banking

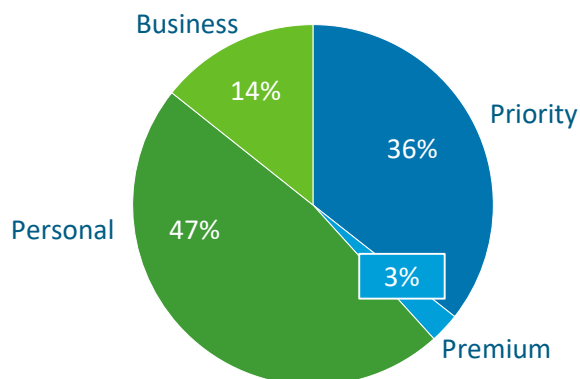
## Overview: Transformation to sustainably improve return trajectory

\$bn	FY17	YoY <sup>1</sup>	Decisively addressing challenges
Operating income	\$1.3bn	4%	Strong position in Singapore
Profit before tax	\$0.1bn	(30)%	Investing in India, focusing on improving returns
Customer loans	\$28bn	13%	Leading in digital investment and adoption
Customer deposits	\$31bn	10%	Strong start to 2018

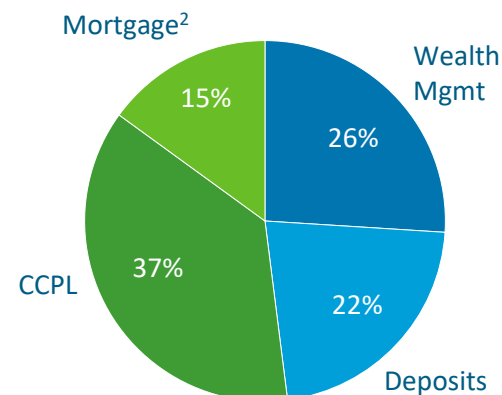
### Income by markets



### Income by segment



### Income by product



# ASEAN & South Asia Retail Banking

## Key messages

### Challenges

- Margin compression due to interest rate reduction and regulatory changes
- Legacy portfolio with over reliance on mass and high intensity RWA products
- Dependency on non-automated processes, resulting in high operational cost

### Progress

- Two years into transformation with encouraging progress
  - Divested subscale businesses (Thailand, Philippines)
  - Invested in high growth / opportunity markets (Singapore, India, Bangladesh)
- Improved revenue mix from Priority and Wealth (+14pp and +11pp from 2014)
- Significantly invested in digital to improve client experience
- Wealth capability build well underway, Wealth AUM +34% YoY

### Priorities

- Drive return on investments through both income and cost lines
- Accelerate pivot to Affluent and Emerging Affluent client segments
- Continue to improve income quality: targeted geographies, clients, product mix
- Capture international flow business in Singapore and India

# Singapore

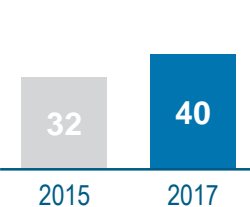
## Leading the region with clear propositions

Singapore reported 2017 income of \$539m (+7% YoY)

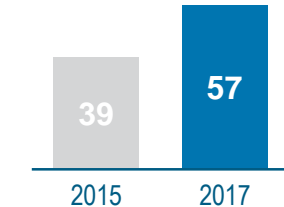
Focusing on  
Affluent and  
Emerging  
Affluent



Priority income  
as % of total



Wealth and Deposit  
income as % of total



Capturing  
ASEAN wealth  
corridor into  
Singapore



International Banking Center ("IBC")

▲ 59%

Growth in IBC  
income since  
2015

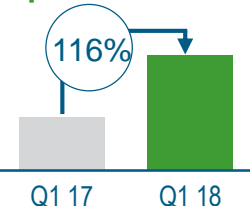
▲ 40%

Growth in no. of  
IBC new-to-bank  
clients since 2015

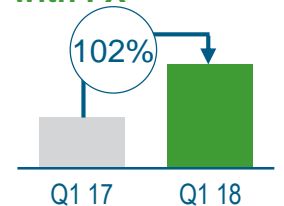
Building  
best-in-class  
digital and  
payments  
capabilities



Mobile wallets  
spend



Online remittances  
with FX



### Enhancing our propositions in Priority and Wealth



#### MyWay Programme

- Targets 55+ year olds
- ~20% of SG population
- ~50% of SG WM AuM

- First to launch **Personalised Investment Ideas**
- Differentiated propositions in:
  - Core retail product portfolio
  - Cross border services, focusing on inbound SG
- Propositions delivering 30% AuM YoY growth



# India, Malaysia and Indonesia

## Turning around performance by pivoting to Affluent

### Income

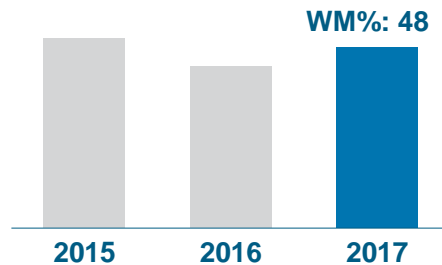
### Challenges

### Strategic priorities

#### India

Income: \$269m  
(+12% YoY)

Relative ROE: Low



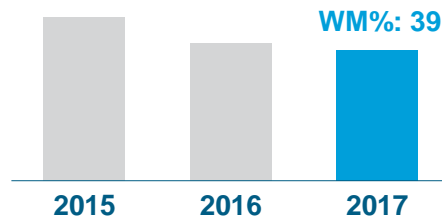
- NIM compression, demonetisation
- Legacy skewed to mass / CCPL
- Highly manual processes
- Investment phase

- ✓ Focus on Priority, Business Banking, Wealth and deposits
- ✓ Leverage EB for NTB clients
- ✓ Invest in E2E digitization (RTOB)
- ✓ Increase digital active customers

#### Malaysia

Income: \$206m  
(-6% YoY)

Relative ROE: Low



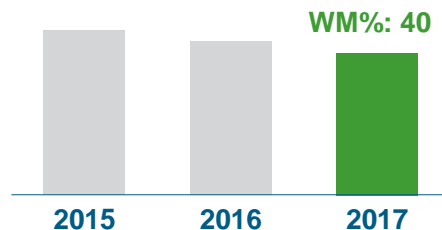
- Regulatory changes affecting volumes and fees
- Reliant on Personal / unsecured
- Elevated loss rates
- De-risked portfolio

- ✓ Attract and retain Priority, Premium and Business clients
- ✓ Invest in E2E digitization (RTOB)
- ✓ Leverage EB for NTB

#### Indonesia

Income: \$106m  
(-7% YoY)

Relative ROE: Low



- Reliant on Personal / unsecured
- Sub-optimal geographic coverage
- Elevated loss rates
- De-risking (in final phase)

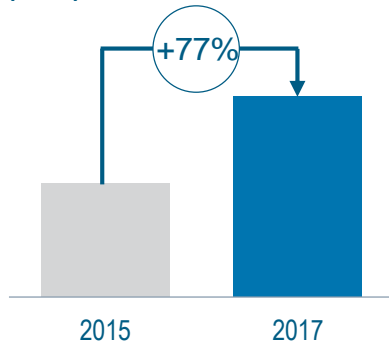
- ✓ Reposition towards Affluent and Emerging Affluent segments.
- ✓ Focus on core cities
- ✓ Expand WM advisory capabilities
- ✓ Deploy Digital Wealth platform

# ASEAN & South Asia Retail Banking

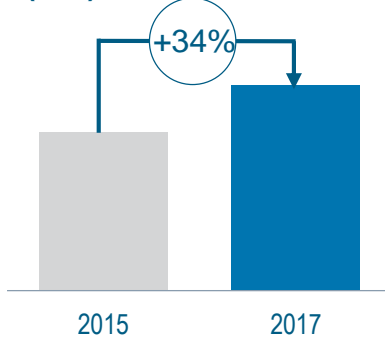
## Encouraging leading indicators, good start to 2018

### Accelerating pivot to Priority and Wealth

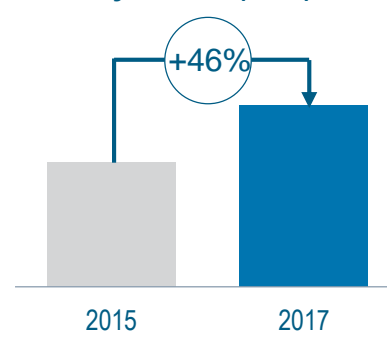
NTB Priority clients ('000)



Wealth AUM (\$bn)

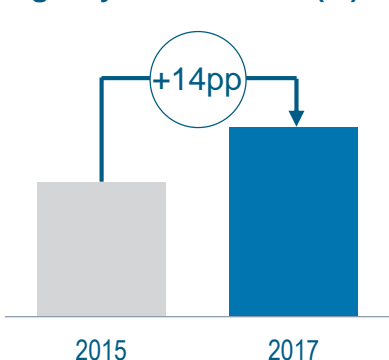


New to wealth Priority clients ('000)

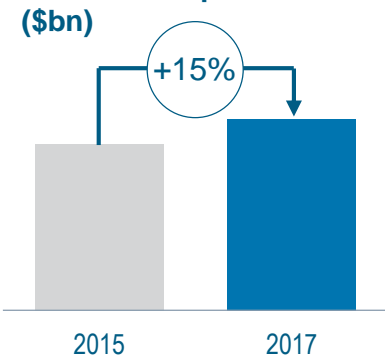


### Improving client engagement, especially in digital

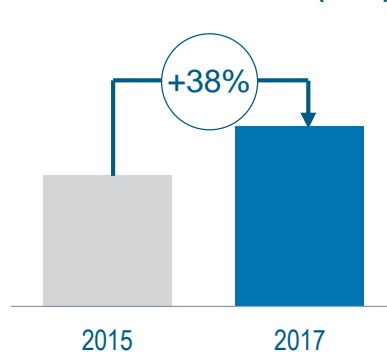
Digitally active clients (%)



Credit card spend (\$bn)



CASA new accounts ('000)



### ASA's Focus

Emerging Affluent / Affluent

Relationship-based products (Wealth Management)

Efficiency improvement through Digital

International wealth corridor

# AME Retail Banking

Jaydeep Gupta

Regional Head of Retail Banking, AME

# Africa & Middle East Retail Banking

Overview: Secured foundations, digitising and pivoting to affluent

\$bn	FY17	YoY
Operating income	\$0.8bn	1%
Profit before tax	\$0.1bn	(1)%
Customer loans	\$6.2bn	5%
Customer deposits	\$8.9bn	4%

Multiple markets with significant local presence

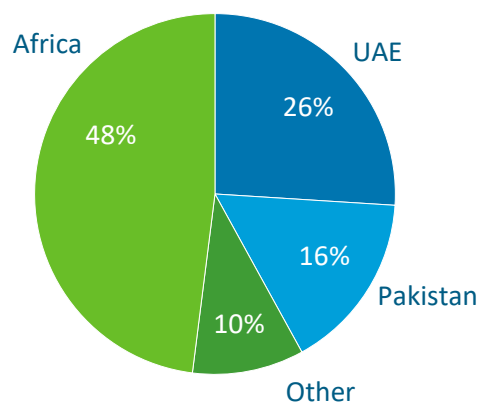
Significant actions taken to secure the foundations

Return UAE to sustainable profitability

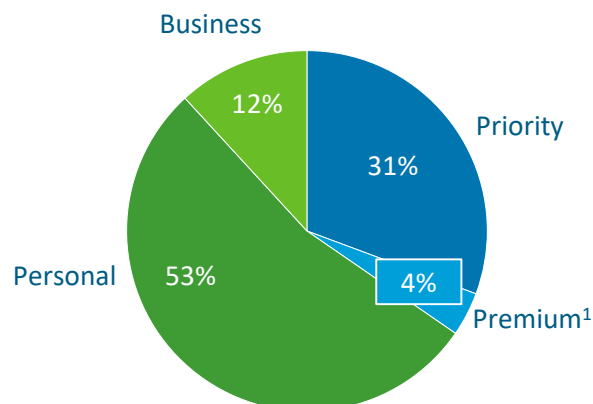
Grow and deepen market share in chosen segments

Pioneering digital banking across our markets

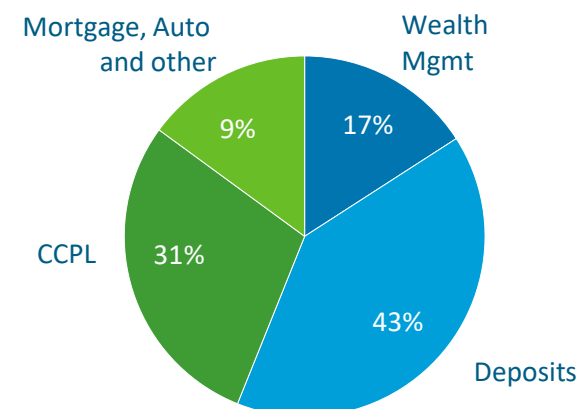
Income by markets



Income by segment



Income by product



# Africa & Middle East Retail Banking

## Key messages

### Challenges

- Significant actions had to be taken to secure the foundation
- Margin compression due to interest rate reduction and regulatory changes
- Legacy portfolio with over reliance on unsecured loans

### Progress

- Two years into transformation and making steady progress
- Increased Priority income mix to 31% in 2017 (2015: 29%)
- Expanded range and market coverage of retail and wealth products
- Extensively deployed analytics capabilities to drive productivity
- Launched digital bank

### Priorities

- Drive sustainably higher returns with a key focus on the Middle East
- Scale up and accelerate growth in Wealth Management
- Strengthen customer value propositions for affluent and mass
- Deploy digital bank across our markets to reduce cost of acquisition

# Universal markets: Pakistan, Kenya and Nigeria

## Enhancing business model to protect returns

### Income

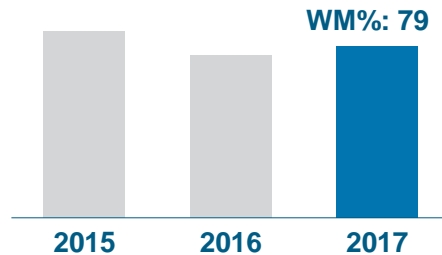
### Challenges

### Strategic priorities

#### Pakistan

Income: \$128m  
(+6% YoY)

Relative ROE: High



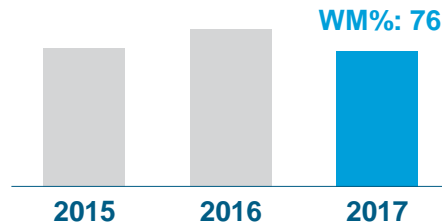
- Regulatory rate impact in 2016
- Over reliance on Personal clients
- Low AD ratio, High CIR
- Large, dispersed legacy network

- ✓ Increase wealth contribution
- ✓ Develop asset opportunities
- ✓ Drive employee banking
- ✓ Maximise Emirates co-brand
- ✓ Re-calibrate network

#### Kenya

Income: \$107m  
(-14% YoY)

Relative ROE: High



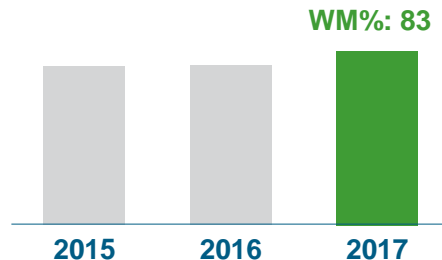
- Significant impact from interest rate cap in 2017
- Low wealth product penetration in Personal segment

- ✓ Focus on Wealth, launch Premium
- ✓ Develop secured assets and trade opportunities
- ✓ Transform through digital bank
- ✓ Launch alliances to drive NTB

#### Nigeria

Income: \$52m  
(+9% YoY)

Relative ROE: High



- Currency depreciation in 2016
- Regulatory changes in capital requirements
- Low AD ratio, High CIR

- ✓ Increase wealth contribution
- ✓ Develop asset opportunities
- ✓ Accelerate NTB growth
- ✓ Transform through digital bank

# Middle East: UAE, Bahrain

## De-risked portfolio and reshaped business

### Income

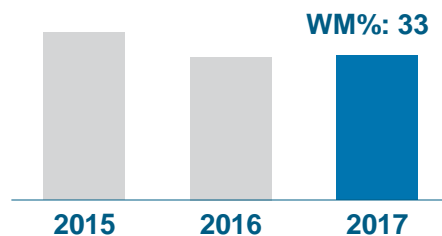
### Challenges

### Strategic priorities

#### UAE

Income: \$215m  
(+1% YoY)

Relative ROE: Low



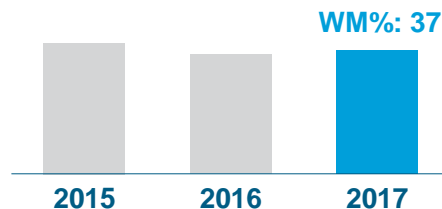
- De-risked portfolio
- Exited SME segment
- Wealth slowdown due to macro
- Margin pressure on mortgage
- High AD ratio

- ✓ Continue to accelerate Wealth
- ✓ Develop sustainable funding base
- ✓ Focus on Priority and Premium
- ✓ Leverage strong digital penetration in the UAE

#### Bahrain

Income: \$65m  
(+3% YoY)

Relative ROE: Medium



- De-risked portfolio
- Exited SME segment
- Wealth slowdown due to macro
- Margin pressure on unsecured

- ✓ Drive cross border opportunities across GCC
- ✓ Leverage best-in-class alliance with Gulf Air to drive cards proposition
- ✓ Launch structured notes and new insurance partnerships

# Reshaping Retail Participation Model

## First fully digital retail bank in Côte d'Ivoire



### Building relationships through technology

- Major milestone reinforcing commitment to AME
- Unique disruptive solution designed entirely on client inputs
- Digitised over 70 of the most popular banking services
- Account opening anytime, anywhere in less than 15 minutes
- Planned launches across AME with enhanced capabilities

**1st**

Digital only bank in  
Côte d'Ivoire

**70+**

Popular banking  
services digitised

**<1 year**

Development and  
deployment





# Products and Segments

Fernando Morillo

Global Head, Retail Products and Segments

## 2 We are focused on areas of strongest differentiation (1/2)

Segment (Definition) <sup>1</sup>	Income per client	Income mix by product			Our approach
		Wealth / Deposits	Mortgages <sup>2</sup>	CCPL	
<b>Priority</b> (>\$100k)	>10x	~80%	~15%	~5%	<ul style="list-style-type: none"> <li>Invest to build differentiated propositions</li> <li>Focused on Wealth, Deposit and Mortgage</li> <li>Deepen and continue to win market share</li> </ul>
<b>Premium</b> (>\$10k)	>3x	~30%	~50%	~20%	<ul style="list-style-type: none"> <li>Launching Premium in top markets</li> <li>Digital convenience with 'expert on demand'</li> <li>Leverage employee banking and alliances</li> </ul>
<b>Personal</b> (<\$10k)	1x	~30%	~10%	~60%	<ul style="list-style-type: none"> <li>Targeted growth in markets with scale</li> <li>Leverage EB to build affluent pipeline</li> <li>Relentless focus on efficiency via digital</li> </ul>
<b>Business</b> (Companies)	>8x	~50%	~30%	~20%	<ul style="list-style-type: none"> <li>Expand supply chain ecosystem</li> <li>Build sales force capabilities</li> <li>Automate to build scale</li> </ul>

# Priority Banking: A leading affluent bank in our markets

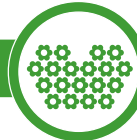
## Key facts

- Presence in 25 markets and 5 Global Banking centres
- ~2,400 Relationship Managers
- ~1 million clients
- Key liquidity provider for the Group



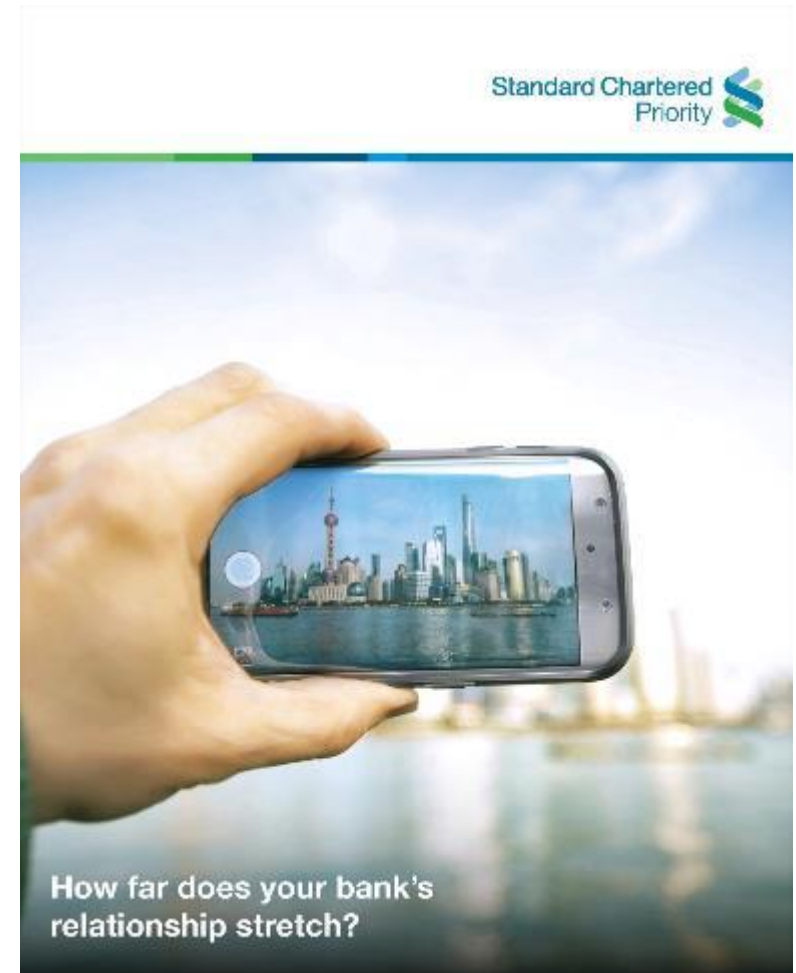
## Differentiators

- International franchise and Wealth capabilities
- Consistent customer value proposition
- Independent advice, open architecture
- “Best in class International” NPS in 7 markets



## Key initiatives

- Accelerate client acquisition with targeted CVPs (HNWI, Entrepreneurs, Silvers, Expats)
- Improved client engagement models: PII, click to RM
- Accelerate deposit growth



# Premium Banking: Delivering for emerging affluent clients

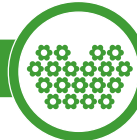
## Key facts

- Emerging affluent focus: Millennials, young professionals and couples and young parents
- Typically younger demographic: <40 years of age
- ~1 million clients, ~10% of Retail income
- Highly digital clients



## Differentiators

- Access to Premium Executives seamlessly via chat / call on digital banking platform
- Strong reward offering
- Digital savings and investment products



## Key initiatives

- Rolling out in top markets
- Further develop CVP, rollout suite of digital WM and deposits
- Deploy Premium Executive on demand across top markets



# Personal Banking: Growing from more secure foundations

## Key facts

- >7 million active clients
- ~35% of Retail income, CCPL main income source
- ~5m credit cards in issue, ~1/2 of new clients from cards
- Strong Risk Decision Framework in place



## Differentiators

- “Best Consumer Digital Bank”: Global Finance
- High quality credit card offering:
  - Best Co-Brand (Asia Miles HK)
  - Best Cashback (Unlimited SG, Titanium UAE)
  - Most Innovative (JustOne Platinum MY)



## Key initiatives

- New digital platforms in sales and servicing
- New generation of digital products: Real-time onboarding, instant issuance / virtual cards, DigiLoans, Rewards API





# Business Banking: Building on our clients' ecosystems



## Key facts

- Aimed at <\$15m sales turnover businesses
- ~10% of Retail income with good momentum
- Typically small market shares, headroom to grow
- Liability led business
  - A/D ratio of ~50%, CASA > 60% of deposits
- ~65% secured financing and low impairments
- Strong connectivity with Retail and CIB
  - Owners with Priority profiled
  - Part of wider CIB ecosystem



## Differentiators

- International brand and sustained presence
- Efficient risk decisioning
- Attractive combination of retail distribution and corporate product capabilities



## Key initiatives

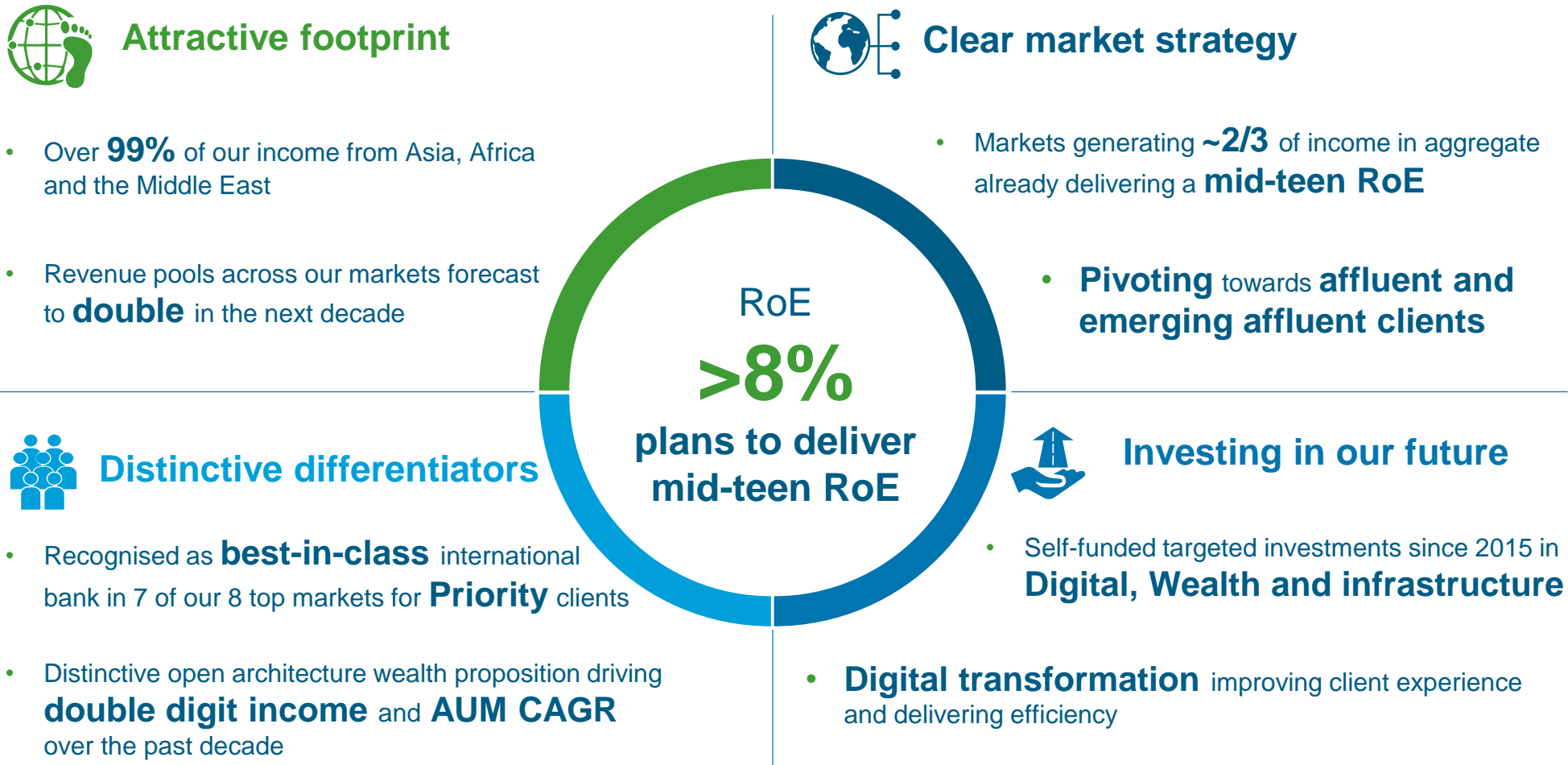
- Automate client onboarding and loan origination
- Bank supply-chain ecosystems of CIB clients
- Build sales force capabilities for larger clients



# Retail Banking

Ben Hung

# Retail Banking investment case





# Q&A

# Glossary

Acronym / term	Explanation
<b>AAME</b>	Asia, Africa and the Middle East
<b>AD ratio</b>	Asset-to-deposit ratio
<b>AME</b>	Africa & Middle East
<b>API</b>	Application programming interface
<b>ASA</b>	ASEAN & South Asia
<b>AUM</b>	Assets under management
<b>C&amp;OI</b>	Central and other items
<b>CAGR</b>	Compound annual growth rate
<b>CASA</b>	Current and savings account
<b>CCPL</b>	Credit Cards, Personal Loans and other unsecured lending
<b>CB</b>	Commercial Banking
<b>CDD</b>	Customer due diligence
<b>CDI</b>	Côte d'Ivoire
<b>CIB</b>	Corporate & Institutional Banking
<b>CIR</b>	Cost to income ratio
<b>CVP</b>	Customer value proposition
<b>E2E</b>	End-to-end

Acronym / term	Explanation
<b>EA</b>	Europe & Americas
<b>EB</b>	Employee Banking
<b>EuAm</b>	Europe and Americas
<b>FX</b>	Foreign exchange
<b>GCNA</b>	Greater China & North Asia
<b>GCC</b>	Gulf Cooperation Council
<b>HNWI</b>	High net worth individual
<b>NPS</b>	Net promoter score
<b>NTB</b>	New-to-bank
<b>PP</b>	Percentage points
<b>PvB</b>	Private Banking
<b>RB</b>	Retail Banking
<b>RM</b>	Relationship Manager
<b>ROE</b>	Return on equity
<b>RoRWA</b>	Profit before tax as a percentage of RWA
<b>RWA</b>	Risk-weighted assets
<b>STP</b>	Straight-through-processing
<b>WM / Wealth</b>	Wealth Management
<b>YoY</b>	Year-on-year

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