



# Investor Seminar

## Financial Markets

23 May 2019

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# Important notice concerning forward-looking statements

## Important Notice

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# Agenda



## Webcast session

### Introduction



**Simon Cooper**

CEO, Corporate,  
Commercial & Institutional Banking

### Financial Markets



**Roberto Hoornweg**

Global Head, Financial Markets

### Focus on:

### Client coverage



**Thomas Kikis**

Global Head, Corporate Sales

### Product/ Geography



**Henrik Raber**

Global Head, Credit Markets

### Digital



**Geoff Kot**

Global Head, Foreign Exchange



# Introduction

## Simon Cooper

# Financial Markets overview



## Improving return profile

- Q1'19 Income **up 14%** YoY<sup>1</sup>
- RWA **reduced by 40%** since 2015
- ROTe **+380bps** 2015 to 2018



## Distinctive offering

- **One-stop-shop** for Trade and FX
- **Leading provider** of RMB and China access solutions
- Recognised as **Best-in-class** for Emerging Markets FX<sup>2</sup>
- **Attractive footprint:** Trading desks in **40** markets, with a sales presence in **50** markets

RoTE<sup>3</sup>

**~10%**

**...with significant upside**



## Profitable growth actions

- Re-orient sales to **deepen target client relationships**
- Strengthen **credit** and **key corridor** offerings
- Increase investment in **data analytics** and **process re-engineering**

# Key messages

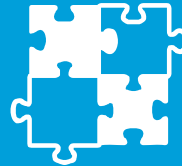
# 1

**FM is now a sustainably higher returning business**



# 2

**... is an integral part of the Group's network proposition**



# 3

**... and is executing a clear plan to deliver profitable growth**





# Financial Markets

## Roberto Hoornweg

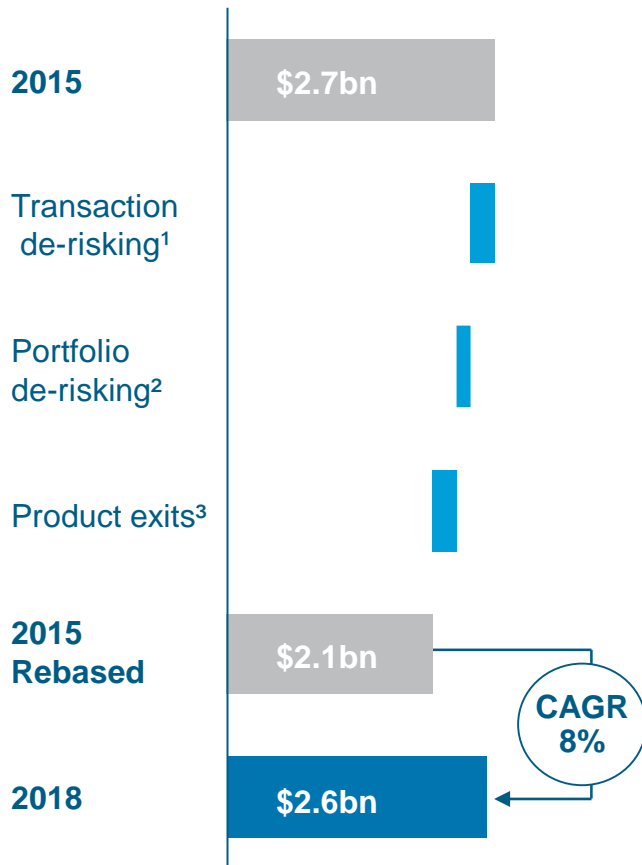
# The FM business has been fundamentally restructured since 2015

1 Higher returns

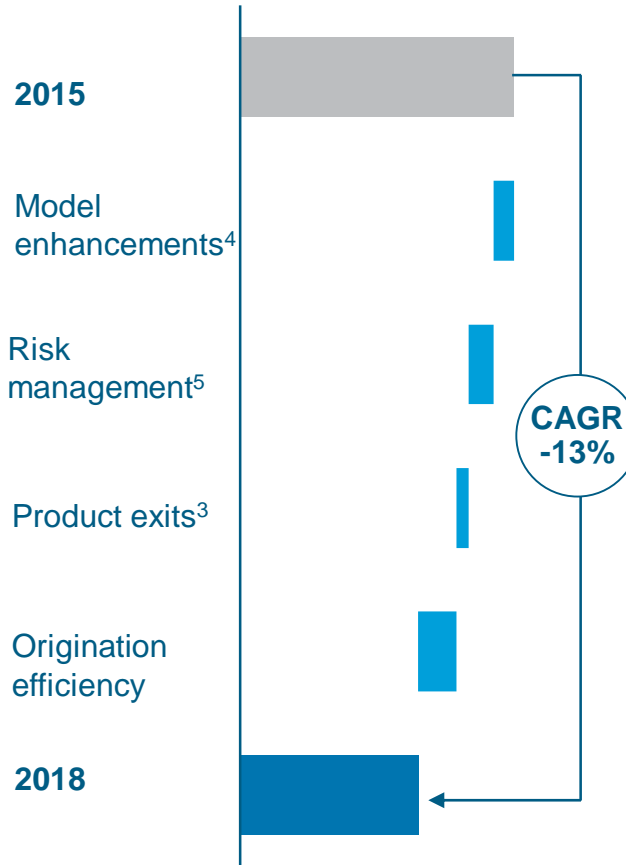
2 Network driver

3 Profitable growth

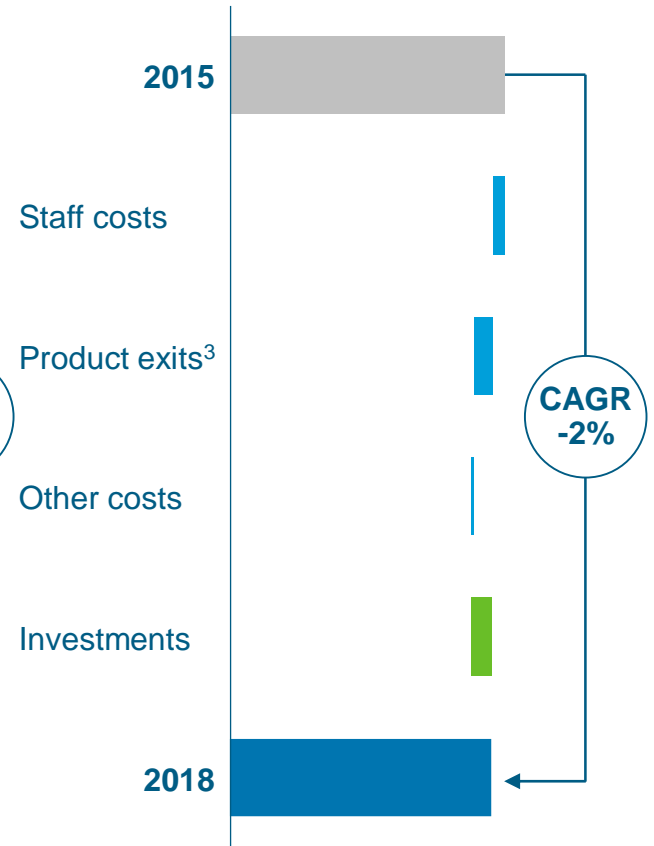
## Income rose 8% ex de-risking



## ... RWA reduced by 40%



## ... and cost efficiencies funded increased investment



1. Transaction de-risking includes the impact from implementation of XVA and return hurdles
2. Portfolio de-risking includes discontinuation of financing business in commodities and structured rates
3. Product exits include Equities and certain pegged currency options
4. Model enhancement includes risk-weighted asset (RWA) release from transaction de-risking
5. Risk management includes RWA release from portfolio de-risking



# We are systematically deepening our relationships with clients

1 Higher returns

2 Network driver

3 Profitable growth

## Selected “Next” priority clients<sup>1</sup>

		FY'15	FY'18	Delta
Depth of relationship	Number of FM products	3 products	4 products	
	Number of markets	6 markets	8 markets	
Quality of income	Average income per client	\$1m	\$2m	2.3x
	Network income <sup>2</sup> (%)	62	70	
	Average credit RWA per client	\$16m	\$11m	0.7x
	RoRWA <sup>3</sup> (%)	5	18	3.6x

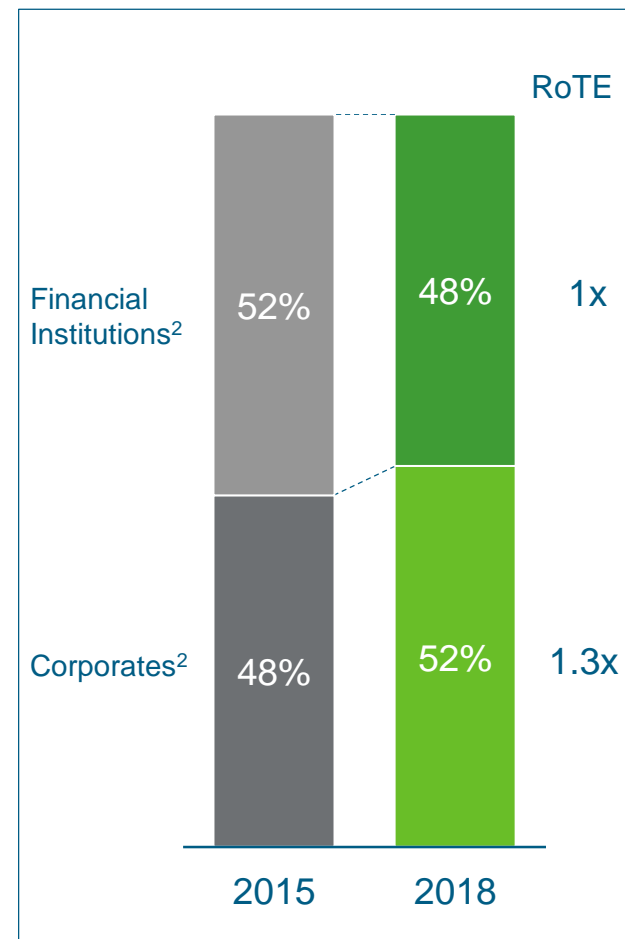
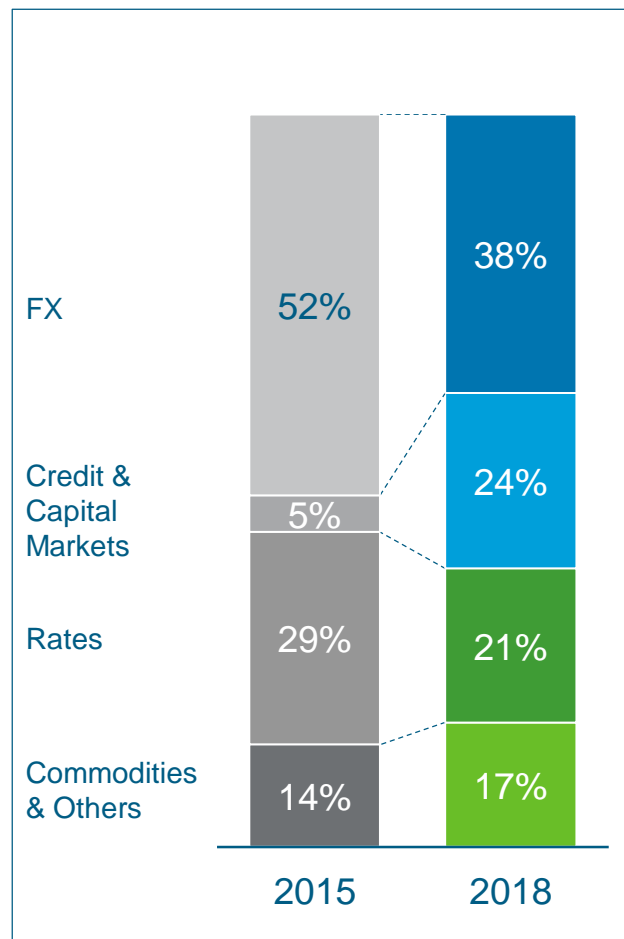
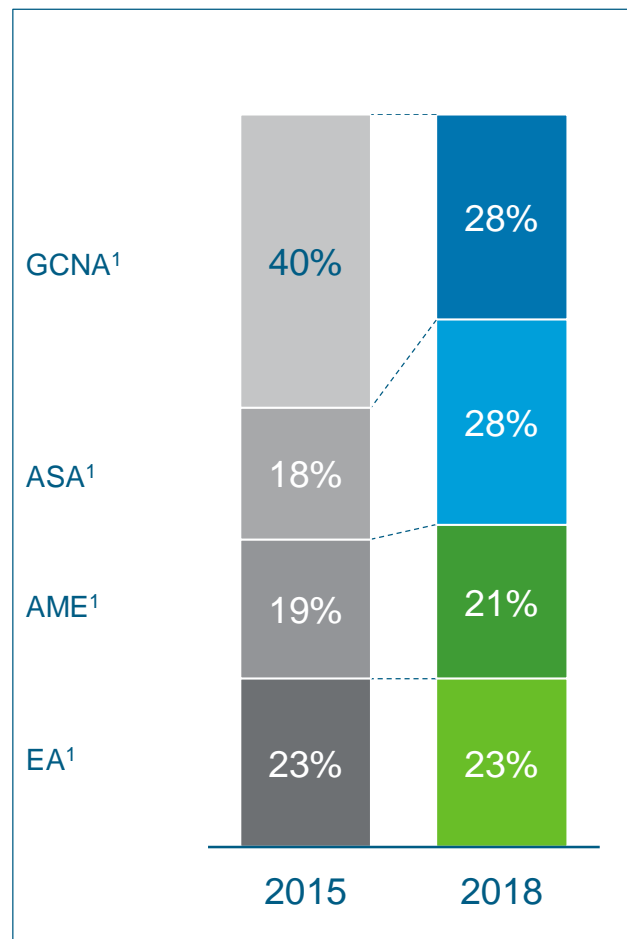
# We have a more balanced and diversified business

1 Higher returns

2 Network driver

3 Profitable growth

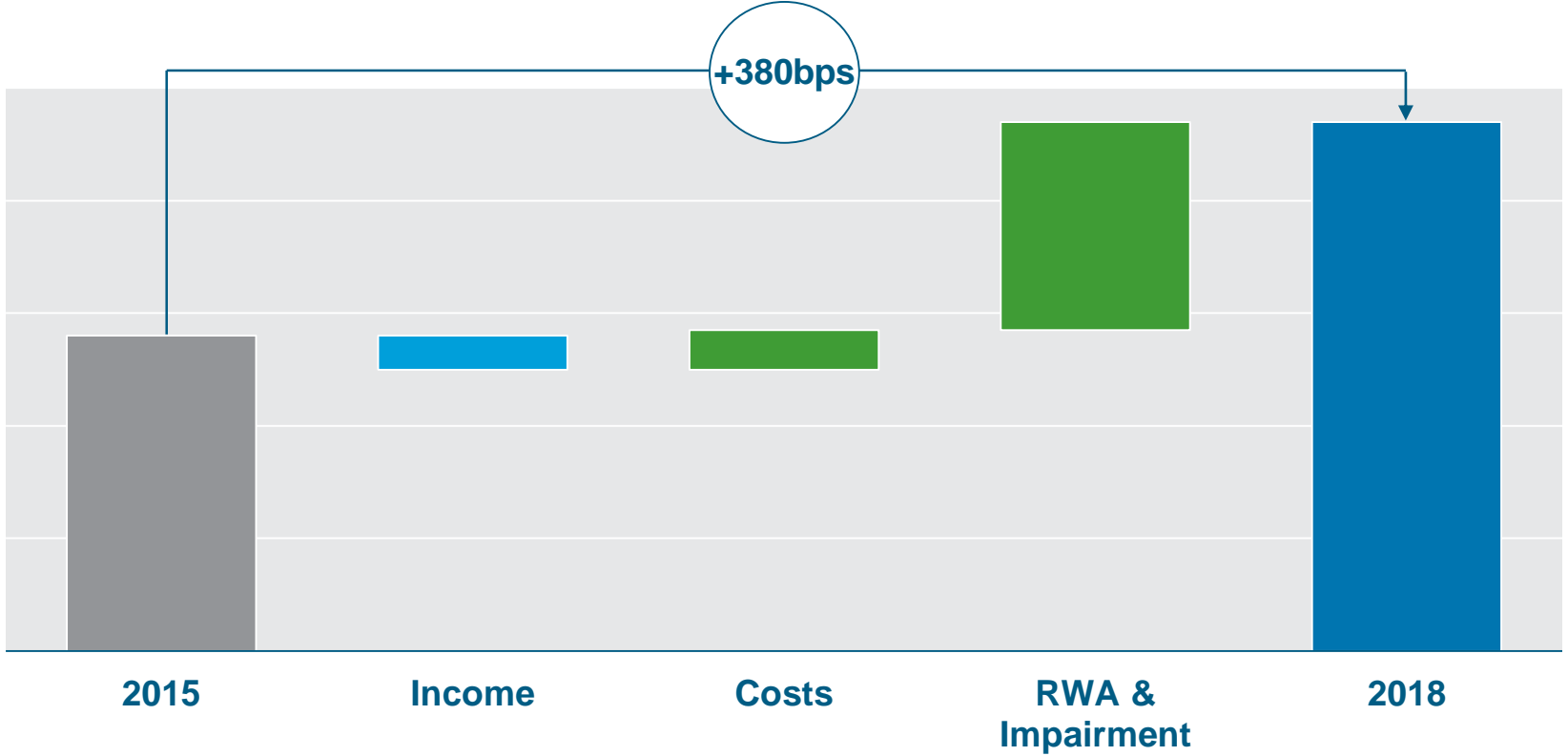
From a GCNA / FX dominated business ... to one that is diversified by region, product and client type



# As a result of these actions ... our returns have improved significantly

- 1 Higher returns
- 2 Network driver
- 3 Profitable growth

FM is now generating a RoTE around the Group's 2021 target of 10% ... with significant upside potential



# We offer our clients a differentiated AAME proposition ...

1 Higher returns

2 Network driver

3 Profitable growth



Emerging Markets FX<sup>2</sup>

#1

Bond Connect<sup>3</sup>

#1

AAME ex-Japan G3 bond issuance<sup>4</sup>

#2

FICC market share in Asia<sup>5</sup>

8%

1. Asia, Africa and the Middle East
2. Euromoney Foreign Exchange 2018 Survey
3. Bond Connect Company Limited market report (Apr 2019)
4. Dealogic 2018 volumes from all issuances originating from Asia, Africa and Middle East: G3 currencies only.
5. Based upon Coalition Analytics Report (2018): Standard Chartered FICC % market share in Asia ex-Japan, Australia and New Zealand
6. Awarded by The Asset Treasury, Trade, Supply Chain and Risk Management Awards

... which is reflected in our recent relative income trajectory

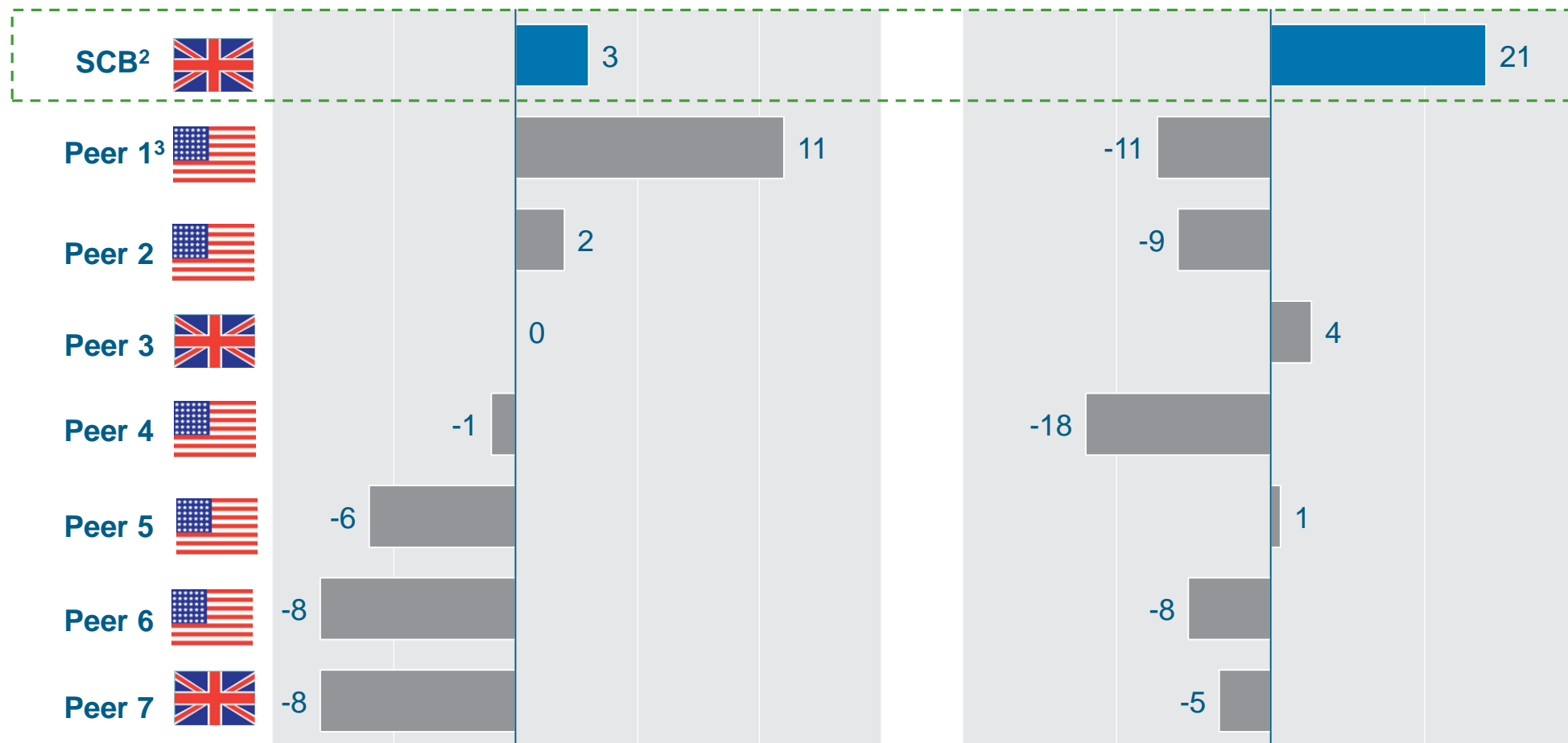
1 Higher returns

2 Network driver

3 Profitable growth

FY 2018 FICC<sup>1</sup> Income YoY

Q1 2019 FICC<sup>1</sup> Income YoY



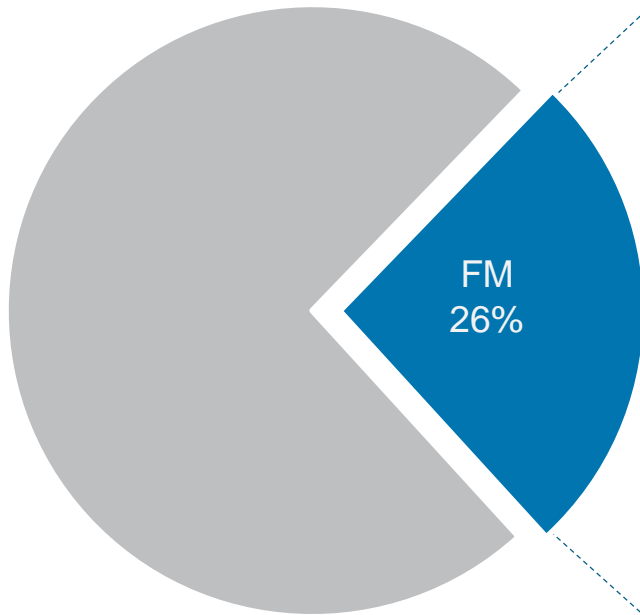
# Our network contribution is large and generates premium returns

1 Higher returns

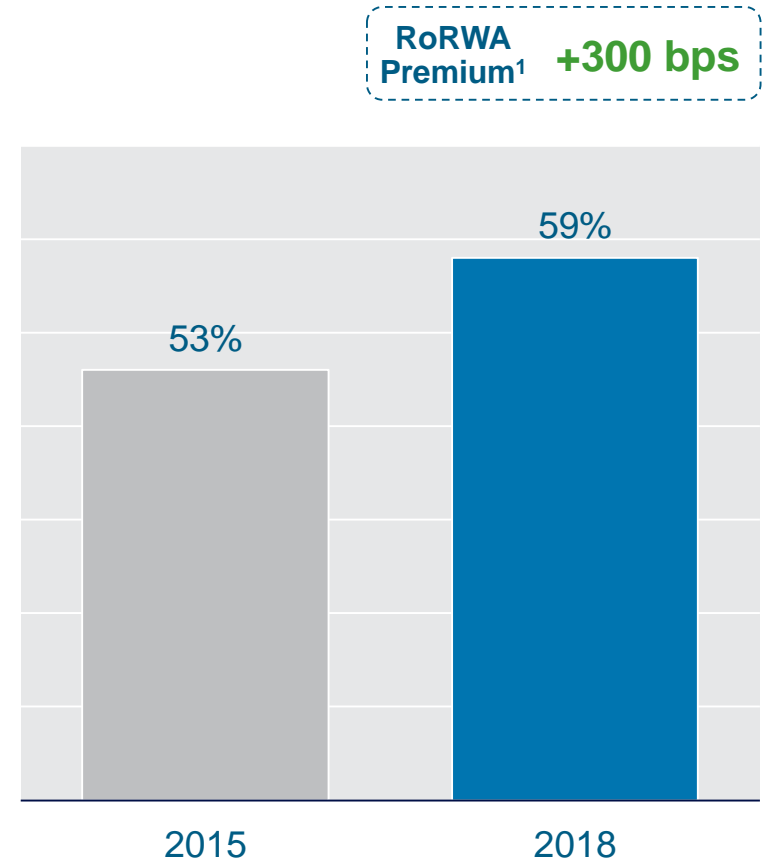
2 Network driver

3 Profitable growth

### FM contribution to total network income



### FM network income / total FM income



1. RoRWA premium is the difference between network income RoRWA and domestic income RoRWA. RoRWA is calculated as client income over credit RWA

# The headwinds we are facing are offset by healthy macroeconomic trends in our footprint

1 Higher returns

2 Network driver

3 Profitable growth

## Potential tailwinds

GDP growth

- 4%<sup>1</sup> GDP growth forecast in our markets (2018-21 CAGR)

Global trade growth

- 45%<sup>1</sup> of Global Trade growth 2018-2023 expected to be in AAME

China opening

- 22% increase in China trade volume<sup>2</sup> anticipated by 2023

## Potential headwinds

FICC revenue pool

- Global FICC revenue pool<sup>3</sup> is down as margins compressed

# We are executing a clear plan to deliver sustainable and profitable growth

1 Higher returns

2 Network driver

3 Profitable growth

Relative contribution to  
2019-21 RoTE growth



Re-orient sales to **deepen target client relationships**

\$\$



Strengthen **credit** and **key corridor** offerings

\$\$\$



Increase investment in **data analytics** and **process re-engineering**

\$\$



# ✓ We are re-orienting sales to **deepen target client relationships**

1 Higher returns

2 Network driver

3 Profitable growth

## Client penetration



## Product adjacency



## Network maximisation



Relative RoTE  
2019-21 delta  
potential

\$\$

\$\$

\$\$\$

### Selected levers

- Re-orient sales to penetrate priority clients<sup>1</sup>
- Up-tier salesforce in the West, to broaden, deepen and better serve OECD client base

- Accelerate the move towards cross-product sales and solutions
- Enhance eCommerce platform to provide a unified interface between trade, payments and FX

- Strengthen coverage along key corridors and in emerging treasury centers
- Use 'Emerging Market FX' as first point of call

# ✓ We are strengthening our **credit** and **key corridor** offerings

1 Higher returns

2 Network driver

3 Profitable growth

## Credit solution



## China opening



## Africa opportunity



**Relative RoTE  
2019-21 delta  
potential**

\$\$\$

\$\$

\$\$

## Selected levers

- Utilise leading Global Credit platform to accelerate origination and distribution of EM assets
- Leverage increasing appetite for EM assets such as trade finance

- Maintain leadership in China market access
- Offer increasingly sophisticated Belt & Road market solutions to clients

- Ambition to double Africa client revenues over 5 years
- Offer access to African bonds and loans

# ✓ We are increasing investment in **data analytics** and **process re-engineering**

1 Higher returns

2 Network driver

3 Profitable growth

## Data analytics



## Platforms



## Process re-engineering



**Relative RoTE  
2019-21 delta  
potential**

\$\$

\$\$

\$

### Selected levers

- Cluster clients by behaviour to predict demand
- Enhance algorithmic execution and pricing

- Multi-year investment program to enhance e-platform
- Partner with Transaction Banking to automate FX pricing and settlement

- Rapid process digitisation to improve client experience at each touch point
- Partner with external fintech companies where necessary

# Concluding remarks

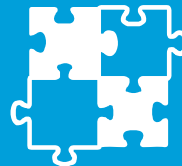
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FM is now a sustainably higher returning business



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Expected FM contribution over 2019 – 2021 period

**Income > CIB average**

**Costs < Inflation**

**RoTE > Group target**





Investor Seminar

# Speaker biographies

# Speaker biographies



**Simon Cooper**  
CEO,  
Corporate, Commercial  
& Institutional Banking

Simon Cooper is Chief Executive Officer, Corporate, Commercial & Institutional Banking.

He joined Standard Chartered Bank in April 2016 as CEO of the Corporate & Institutional Banking segment. This global business is the largest segment in Standard Chartered, focusing on the bank's biggest corporate and financial institution clients, offering a range of advice, products and services across corporate finance, financial markets and transaction banking in more than 50 countries. In March 2018, he was asked to lead Standard Chartered's Commercial Banking segment, which serves around 40,000 clients in over 25 countries.

Simon has extensive experience in our client businesses and across our key markets in Asia, Africa and the Middle East. He joined the bank from HSBC where he held a number of senior roles, including Group Managing Director and Chief Executive of Global Commercial Banking, CEO of HSBC Middle East and North Africa, CEO Korea and Head of Corporate and Investment Banking, Singapore.

Simon is a member of the Group's Management Team and is based in Singapore.

He serves on the Advisory Board of Singapore Management University, Lee Kong Chian School of Business.

Simon graduated from the University of Cambridge with an MA in Law and is an alumnus of Columbia Business School.



**Roberto Hoornweg**  
Group Head,  
Financial Markets

Roberto Hoornweg joined Standard Chartered as Global Head, Financial Markets in January 2017. The business serves to provide Standard Chartered's clients with markets-related services including Foreign Exchange, Rates, Credit, Commodities and Capital Markets.

He is a member of the Corporate, Commercial & Institutional Banking Management Team and is based in Singapore.

Roberto joined Standard Chartered from Brevan Howard Asset Management where he was a partner leading the Brevan Howard Liquid Portfolio Strategies funds business. Before that, he spent three years at UBS Investment Bank in London leading the global Securities Distribution business and then co-heading the global Fixed Income, Currencies and Commodities division. Roberto's financial markets experience was honed during his 17-year career at Morgan Stanley where he held various senior roles in fixed income derivatives, led the global Emerging Markets Fixed Income & FX business, and was latterly Head of Global Interest Rates, Credit and Currencies.

Roberto graduated from the Massachusetts Institute of Technology with a Bachelor of Science with a major in Economics. He is a dual citizen of Italy and the Netherlands, a Singapore Permanent Resident and is married with two children.

# Speaker biographies



**Thomas Kikis**  
Global Head,  
Corporate Sales

Thomas Kikis is Global Head, Corporate Sales, responsible for dealing with and advising corporations on their financial market exposure and liquidity management.

He is a member of the Financial Markets Management Team and is based in New York.

Thomas joined Standard Chartered in 1998 as an International Graduate. In his career at Standard Chartered, Thomas has worked in Hong Kong, New York, and Singapore. He started his career covering US multinational clients in New York for nine years. Thomas subsequently spent three years in Hong Kong and four years in Singapore dealing financial markets products with the Bank's Asian based Blue Chips, Public Sector entities, and Multinational Corporations; with particular focus on private side transactions. Thomas returned to New York in 2014 to run US Corporate Sales.

Thomas holds an MBA from NYU Stern, a master's degree in Politics and Policy from the London School of Economics, and a bachelor's degree in Economics and Political Science from New York University.



**Henrik Raber**  
Global Head,  
Credit Markets

Henrik Raber assumed his role in Standard Chartered as Global Head, Credit Markets in July 2018. The business serves to provide Standard Chartered's clients with credit markets-related products across both primary and secondary markets.

He is a member of the Financial Markets Management Team and is based in Singapore.

Henrik joined Standard Chartered from UBS in 2009 as Regional Head of Capital Markets for Europe, Africa and Americas, and took on the role of Global Head of Debt Capital Markets in March 2010. In August 2014, he was appointed as Global Head of Capital Markets, overseeing the Debt Capital Markets and Loan Syndications business. In April 2017, Henrik was appointed an additional role as Co-Head, Capital Structuring and Distribution Group.

Henrik graduated from Georgetown University with a Bachelor of Arts in Economics. He is a Swedish national.



**Geoff Kot**  
Global Head,  
Foreign Exchange

Geoff Kot was appointed Global Head of Foreign Exchange in December 2018. He joined Standard Chartered in October 2014 as Head of FX for Greater China based in Hong Kong and assumed responsibility for the Asia FX as well as Electronic FX Trading business prior to his latest appointment.

He is a member of the Financial Markets Management Team and is based in Singapore.

Geoff joined Standard Chartered from Barclays Capital Singapore where he led Asia FX globally.

Geoff graduated from the University of Oxford with a BA in Economics and Management.