

## Our strategy – what we have achieved since 2015

# Update on our progress

Since our last strategy review in 2015, we have focused on securing a strong foundation, building a lean and focused business, and investing and innovating to capture growth opportunities across our footprint.

### Secure the foundations

#### Why we have focused on this

To ensure that we have a strong capital position, with a balanced client and product portfolio, as well as a sustainable approach to risk

#### Progress in 2018

##### CET1 ratio

14.2%

(2015: 12.6%)

##### Loan loss rate

21bps

(2015: 178bps)



### Get lean and focused

#### Why we have focused on this

To shift towards sustainable and profitable growth in returns-accretive businesses and improve productivity within our risk appetite

#### Progress in 2018

##### Risk-weighted assets

\$258bn

(2015: \$303bn)

##### Cost savings since 2015

\$3.2bn

(Target: \$2.9bn)



### Invest and innovate

#### Why we have focused on this

To deliver better client experience and drive growth and cross-bank collaboration

#### Progress in 2018

##### Cash investment

\$1.6bn

(2015: \$0.9bn)

##### Retail Banking digital adoption

49.4%

(2015: 35.8%)



## Our strategy – the next three years

# Taking Standard Chartered to the next level

The strategic objectives we committed to in 2015 have stabilised the Group. We have learned a lot about where we are differentiated, what our clients want from us, and what we need to do to become a simpler, faster and better bank with sustainable growth and returns.

While we have made significant progress against the objectives we set out in 2015, we know that we are capable of much more. We remain focused on delivering our strategy by improving our service, delivering a differentiated proposition to our clients and stakeholders, and becoming a future-ready bank. Building on our purpose of driving commerce and prosperity through our unique diversity, we will have a particular focus on the following areas for the next three years to improve our growth and financial returns.

### OUR STRATEGIC PRIORITIES

“Our refreshed strategic priorities build on our purpose and earlier areas of focus, but mark a sharp change in the way we operate as we go from turnaround to transformation.”

**Bill Winters** Group Chief Executive



➤ [Read more on pages 18 and 19](#)

### HOW WE MEASURE PROGRESS

#### Financial KPIs

- ➔ Operating income
- ➔ Operating profit
- ➔ Profit before tax
- ➔ Return on tangible equity
- ➔ Common Equity Tier 1 ratio

➤ [Read more on pages 5 and 31](#)

#### Non-financial KPIs

- ➔ Digital adoption rate among Retail Banking clients
- ➔ Proportion of low returning client risk-weighted assets in Corporate & Institutional Banking
- ➔ Proportion of Sustainability Aspirations met or on track

➤ [Read more on pages 21, 22 and 47](#)

# Our strategic priorities

## Purpose and People

### Understand our responsibilities

We will increasingly collaborate with clients and suppliers to improve social and environmental standards. We continue to partner with regulators and other stakeholders to fight financial crime, and aim to make our risk and control approach a competitive advantage for us.

### Lead sustainable financing across emerging markets

We are maintaining our focus on supporting sustainable economic growth, expanding renewables financing and investing in sustainable infrastructure where it matters most. We will continue to facilitate the movement of capital to drive positive social and economic impact in our markets.

### Support the communities where we live and work

We promote economic inclusion in our markets through community programmes aimed at tackling inequality. We provide disadvantaged young people with opportunities to learn new skills, get job ready and start their own business. We will continue to support the visually impaired through our community programmes.

### Maximise return from investment in our people

We want to deliver a client centric environment with an inclusive culture that capitalises on the experience and unique diversity of our people. We are building a future ready workforce, embedding digital, agile and people leadership skills. We aim to amplify the impact of our people by deploying them in markets that fit their capabilities and career aspirations.

## Deliver our network

### Leverage our unique footprint

Our unique network is a long-term source of growth and sustainably higher returns. We will continue to deepen relationships with our clients to fully realise the revenue potential of our network.

We are sharpening our client focus to drive growth momentum and improve returns. We will place a particular focus on multinational corporates operating extensively in Asia, Africa and the Middle East. We will also increase our focus on investors and financial institutions that are seeking emerging market solutions.

### Build on our strength in China

We will continue connecting our clients both within and beyond China, with the aim of doubling our China-related income contribution as we benefit from China's opening. We will increasingly capture growth opportunities arising from capital market opening, RMB internationalisation, Belt & Road corporate clients, offshore Mainland Chinese wealth and the Greater Bay Area.

### Grow with Africa

We will continue to grow with our clients in Africa, focusing on capturing inbound flows of financial institutions, multinational corporations and Belt & Road clients. In a number of our markets, we will look to combine the coverage of Corporate & Institutional Banking and Commercial Banking. By rolling out our cost-efficient digital bank, developed in Côte d'Ivoire, we aim to double our Retail Banking clients in Africa in the medium term.

[See more on pages 21-29](#)

## Grow our affluent business

### Meet the wealth needs of the affluent and emerging affluent

By continuously enhancing our offering for affluent and emerging affluent clients in markets where we have a Retail Banking presence, we aspire to be increasingly relevant for our clients and drive growth in these segments. To that end, we are investing in digitally-delivered wealth propositions that excite our clients.

### Enhance client experience with data and technology

We will increase our investment in data and analytics capabilities to generate a unique understanding of our clients and their needs, and in turn improve our offerings, deliver a personalised experience and increase client engagement.

### Scale the non-affluent segment in a targeted manner

The rise of the middle class is an important growth opportunity for our Retail Banking business across our footprint. To profitably capture this opportunity, we will implement new business models, harness technology and work with non-bank partners to acquire and serve non-affluent clients with our target profile in a cost-efficient manner.

[Read more on pages 22-24](#)

## Optimise low-returning markets

### Refine our market participation

To accelerate improvements in our financial returns, we will refine the size and focus of our business in each market based on our local position and network advantages.

### Improve returns in markets where we are an international bank with trusted local capabilities

In markets where we can utilise our local and international capabilities, we will aim to improve returns through our sharpened participation in Corporate & Institutional Banking and selectively in Commercial Banking and/or Retail Banking.

In particular, we will focus on optimising the performance of four high potential markets, namely India, Indonesia, Korea and the UAE, with targeted action plans and strong execution discipline.

### Accelerate growth in our largest and most profitable markets

In markets where we are a top local universal bank and have attractive returns, we will participate in all of our business segments and invest to grow our market share.

### Focus on Corporate & Institutional Banking in other markets

In markets where our capabilities are geared towards international business, we will reinforce our primary focus on originating and facilitating cross-border business. In line with this approach, our Corporate & Institutional Banking presence will continue to be expanded with a focus on serving multinational clients.

## Improve productivity

### Continue investing in productivity

Our investment in digitisation will continue to support productivity improvements and enhance client experience, building on the progress we have made in 2018. For example, we refreshed our client digital platform with unified trade and foreign exchange capabilities in Corporate & Institutional Banking. In Retail Banking we launched real-time client onboarding on digital channels and refreshed wealth and foreign exchange platforms with full mobile access.

### Organise around customer journeys

We are shaping our organisation around the journeys of our clients, to better align our processes and way of working with the needs of our clients and partners. This will enable us to drive operational improvements to scale revenue growth through improved client acquisition, conversion and retention while also delivering enhanced efficiency. This will be guided by our principles of positioning ourselves as a digital solutions partner, focusing on end-to-end digital client experience, transparent and real time service delivery, and effective and efficient decision making.

### Unlock capital and liquidity efficiency

Subject to relevant regulatory approvals, we are establishing a Hong Kong hub entity structure to further enhance capital and liquidity utilisation across the Group.

## Transform and disrupt with digital

### Transform our Retail Banking business with digital

We have made significant progress in digitising our Retail Banking business. For example, we have rolled out a full-service, cost-efficient digital bank in Côte d'Ivoire, and we have applied for a virtual bank licence in Hong Kong. Going forward, we aim to adapt and replicate these capabilities as appropriate across our footprint to enhance client experience, improve efficiency, gain market share, disrupt and build a future-proof retail bank.

### Consolidate strong position with corporate clients

We have been leading disruptive innovations in corporate banking. In 2018 we launched cross-border remittance services with Ant Financial, and started the first blockchain-based smart guarantees service in the trade finance industry.

We will continue to invest in cutting edge digital tools and new corporate banking models, with a particular focus on blockchain and distributed ledger technology, platforms and ecosystems, as well as artificial intelligence and machine learning.

> See case study on page 25