

2 April 2025

STANDARD CHARTERED PLC

RE-PRESENTATION OF FINANCIAL INFORMATION

As previously announced at FY'24 results on 21 February 2025, Standard Chartered PLC (the Group) is making changes to financial disclosures and has today published a re-presentation of underlying figures for the Group, business segments and key geographies. To aid comparisons with prior periods at its results for the first quarter of 2025 to be published on 2 May 2025, a data pack with revised financial information has been made available today and can be found at the Group's website ([Investor relations | Standard Chartered](#)).

Note the re-presentation provided today has not resulted in any changes to the reported financial performance of the Group. Furthermore, all guidance given at FY'24 results remains unchanged.

This re-presentation reflects three components:

1. Changes to the allocation of Central & Others (C&O) items

As part of a change to financial reporting metrics within the bank, effective from 1 Jan 2025, the Group has allocated some of the centrally held treasury economics, corporate centre costs and tax charges to the underlying business segments and geographies driving those items. These changes have been made in order to drive better decision making, resource allocation and return outcomes across the Group; provide a more accurate view of the returns generated by business segments; and reduce the drag on return on tangible equity from C&O.

These re-allocations primarily reflect:

- **Treasury income:** treasury outcomes which segments can directly benefit, influence and optimise are now allocated to the segments. These include income on equity, MREL funding costs and the economics of structural hedging (which match rate insensitive liabilities in the business). Note, there remain residual Treasury funding costs in the C&O segment, but these are expected to moderate over time as historical legacy equity structural hedges roll off
- **Corporate centre costs:** a greater proportion of Group function costs have been allocated out from the centre into the segments
- **Treasury Risk Weighted Assets (RWAs):** RWAs relating to the liquidity pool have been allocated out to the appropriate segments. The underlying asset and liability balances remain within Treasury
- **Additional Tier 1 (AT1) costs:** AT1 costs have been allocated out to segments
- **Bank levy:** the Bank levy has been allocated to segments driven by share of UK liabilities (primarily Corporate & Investment Banking (CIB))
- **Tax:** previously the group used a blended tax rate across segments with any difference to the Group's tax charge booked in C&O. Segmental tax charges have now been calculated by applying country tax rates to segmental country profits. This will enable the business segments better visibility on how to influence the Group's tax charge including additional focus on reducing non-deductible costs

2. Simplification of product income hierarchy reported for the segments

Previously the Group reported a product matrix across all four segments. As part of the re-presentation, the product hierarchy has been simplified, including the following changes:

- Each Group product is aligned to a single business segment except for 'Treasury & Other income'
- Ventures income has been reallocated into two products: 'Digital Banks' and 'SCV'
- Previously 'Mortgage income' and 'Deposit income' in Wealth & Retail Banking (WRB) were reported as two separate income lines. These have now been combined into a single product line 'Mortgage & deposit income'
- 'Treasury income' and 'Other income' have been combined into a single income line, 'Treasury & Other income' at the Group product level
- For the CIB and WRB segments, an allocation of this "Treasury & Other income" has been included in segmental reporting, reflecting the net effect of the treasury income allocations referenced above
- The data pack now also includes additional information including tangible equity over time, attributable profit by reporting segment, WRB Affluent income, CIB Network income, and split of Flow and Episodic income in Global Markets (all of which have previously been presented in the quarterly results presentation)

3. Changes in geographic reporting

Previously the Group operated a model where income was reported in the market where the client relationship manager or trader was based. Under the new approach income is allocated based on established transfer pricing principles, which compensates each location for the services performed including origination, structuring, booking and risk management.

The Group has also discontinued a management charge paid by markets to Group. This charge was intended to offset income earned against local equity to allow a fairer comparison between markets with different capital structures and rates.

Previously, the Group downstreamed MREL (minimum requirement for own funds and eligible liabilities) raised at the holding company level into its subsidiaries based on local requirements. The consequent level of MREL was not proportional to Group RWA consumption across markets, which is the main driver of MREL issuance volume and its associated servicing cost. Under the new approach the Group allocates the cost of MREL across its markets to match the usage of Group RWA across its geographic footprint.

Following the re-presentation, costs from the Group's head office and operational hubs are now recorded in the market in which they are incurred.

4. Removal of accounting asymmetry from underlying net interest income (NII)

The Group, in line with other multinational banking groups, uses foreign exchange (FX) swaps to manage foreign currency deployment and funding in its entities. How these FX swaps are reported in the underlying income statement has now changed:

- Under the previous reporting framework, the funding costs arising from mismatches in the currency mix of business assets and liabilities had a negative impact reported in NII, whereas the income on the swaps that hedged these mismatches was reported in non-NII
- Going forward, both the funding costs and the swaps income will be reported in non-NII. This change will eliminate the volatility from movements in FX swaps in Group NII
- This change aligns the Group's underlying NII definition with other multinational banking groups

Note that from a reporting perspective:

- This change has the effect of increasing underlying NII by \$650 million in FY'24 and \$700 million in FY'23, whilst reducing underlying non-NII by the same amount. There is no impact to underlying total income
- For the avoidance of doubt, guidance on NII for 2025 remains unchanged on this new basis ("challenging to grow in FY'25 compared with FY'24")

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