

Standard Chartered PLC

Key updates communicated during Q1 2025

2 April 2025

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Standard Chartered PLC (the Group) publishes a summary of key updates that were communicated during the first quarter of 2025.

Updates communicated during Q1 2025:

Net Interest Income (NII)

- At the Q4'24 results, Diego De Giorgi said that NII may be challenging to grow in 2025 vs. 2024, albeit from a higher 2024 base than previously expected. This was driven by 1) a particularly strong Q4 which benefited from assertive management of pass-through rates which are expected to reduce in 2025; 2) lower rates in 2025; 3) a headwind of c.1% to NII in 2025 from Mass Retail strategic actions. At the MS conference, Diego De Giorgi noted that the Group has continued to manage pass-through rates assertively, but with rates declining that is unlikely to continue through the year. He reiterated that the Group expects it will be challenging to grow NII this year.
- **Structural Hedge:** At the Q4'24 results, Diego De Giorgi said the Group expects the structural hedge balance (ex-fixed rate mortgages) to grow to \$75bn by the end of 2025.

Non net interest income (Non NII)

- For **Wealth & Retail Banking (WRB)**; at the Q4'24 results Diego De Giorgi said that 2025 had started well for Wealth Solutions. At the post Q4'24 results meeting with analysts he said that Wealth Solutions had been particularly strong before Chinese New Year (which was early and relatively long this year) and then moderated. At the MS conference, he noted that Q1'25 has been very much of a continuation of the trends in Q4'24.
- **Return on assets under management (RoAUM) for Wealth Solutions:** As discussed by Diego De Giorgi and Manus Costello at the post-results analyst meeting, the increase in AUM in Q4'24 from changes to mandates for certain custody accounts means that the RoAUM margin is likely to reduce in the near term, as these accounts are lower yielding and will take a while to generate meaningful amounts of revenue. Note the mandate changes (and any future changes) are not part of the guidance of \$200bn of NNM over 2025-29.
- For **Corporate & Investment Banking (CIB)**: at Q4'24 results Diego De Giorgi said that 2025 had started strongly in Global Markets and Global Banking. At the MS conference, he said that the Global Markets business has “continued to do well”, that “flows in markets are good”, though there had been signs in the last few weeks of clients “moving a little bit more towards the sidelines”. He said that the Global Banking pipeline had continued to develop well in Q1, but that the Group had started to see different tactical and strategic steps by clients (e.g. prepositioning, bringing forward of certain investments, decreasing exposures to certain areas).

Operating expenses

- At the Q4'24 results, the Group gave re-calibrated guidance for 2026 costs (including the UK bank levy and deposit insurance reclassification) of below \$12.3bn (constant currency).

Other income statement items

- **Tax:** At the post Q3'24 results meeting with analysts, Peter Burrill said that the Group expects the tax rate to fall to the high 20s %pts over the next 2-3 years.
- **Fit for Growth (FFG) costs:** At the Q4'24 results, Diego De Giorgi said that the Group expected to incur ~50% of the \$1.5bn CTA charge for Fit for Growth in 2025, with the remaining ~39% in 2026. He also reiterated that FFG is largely a cash expense.

- **Other restructuring costs:** at the Q4'24 results meeting Diego De Giorgi said that there is expected to be c.\$100-200m of additional restructuring costs (ex FFG) in 2025 driven by two main areas: double occupancy costs on certain property/infrastructure and exit markets.
- **AT1 and preference share costs:** At the post Q3'24 results meeting with analysts, David Lock said that based on the securities in issue at that date, the cost is expected to be \$235m in Q1 and Q3, and \$15m in Q2 and Q4; representing around \$500m in total for the whole year.

Balance Sheet Loans and advances (L&A)

- **RWA growth:** At the Q4'24 results, the Group continued to guide to low single-digit percentage growth in RWA, and Q1 will see the usual annual recalibration of operational RWAs.
- **Buyback progress:** At the Q4'24 results the Group announced a \$1.5bn buyback, which commenced on 25/2/2025. As a reminder, the full \$1.5bn is deduced from CET1 and Tangible Equity at this date; the share-count reduces subsequently as the buyback is executed. At close of 31/3/25, an aggregate \$412.8m of the \$1.5bn buyback announced at Q4'24 results had been executed, representing an aggregate 28.0m shares.

Q1 2025 events and full materials:

- | | | |
|-------------|--|--|
| – 21/2/2025 | Q4'24 results call | slides replay transcript |
| – 4/3/2025 | Post Q4'24 results meeting with analysts | transcript |
| – 19/3/2025 | Diego De Giorgi fireside chat at MS European conference | transcript replay |
| – 2/4/2025 | Re-presentation of financial information | RNS slides |

Day-count:

- | | |
|----------------|---------|
| – Q1'25 | 90 days |
| – Q4'24 | 92 days |
| – Q3'24 | 92 days |
| – Q2'24 | 91 days |
| – Q1'24 | 91 days |

Upcoming 2025 events:

Further details, including how to register for events can be found [here](#) in due course:

- **2/5/2025** Q1'25 results (virtual)
- **8/5/2025** Annual General Meeting
- **15/5/2025** CIB Investor Seminar (in person in London and virtual)
- **31/7/2025** Q2'25 results (virtual)
- **30/10/2025** Q3'25 results (virtual)

Current published guidance:

As a reminder, Group published guidance at constant currency (as at Q4'24 results) was:

- Income to increase 5-7% CAGR from 2023 to 2026, currently tracking towards upper end of the range (excluding deposit insurance reclassification)
- Income growth in 2025 expected to be below the 5-7% range, excluding two notable items relating to Ghana hyperinflation and revaluation of FX position in Egypt
- Net interest income for 2025 expected to be challenging to grow YoY
- Positive income-to-cost jaws each year (2024-2026), excluding the two notable items
- Expenses (including bank levy and deposit insurance reclassification) to be below \$12.3bn in 2026, with expense saves of ~\$1.5bn and cost-to-achieve of no more than \$1.5bn from the Fit for Growth programme
- Continue to expect loan-loss rate to normalise towards historical through-the-cycle 30-35bps range
- Low single-digit percentage growth in underlying loans and advances to customers and RWA (2025-2026). Basel 3.1 day-1 impact expected to be close to neutral
- Continue to operate dynamically within the full 13-14% CET1 ratio target range
- Plan to return at least \$8bn to shareholders (2024-2026)
- Continue to increase full year dividend per share over time
- RoTE approaching 13% in 2026 and to progress thereafter

Additional guidance:

- **Affluent:** At the Q3'24 results, the Group announced a doubling of existing investment plans to \$1.5bn over 2025-2029 for the Affluent business. At the Affluent investor seminar on 3/12/2024 ([link](#)), the Group said that it expected Wealth Solutions income to grow at double-digit CAGR (from 2024 to 2029); and is targeting \$200bn of Net New Money from 2025 to 2029; and Affluent income to reach 75% of WRB by 2029.
- **Reshape of Mass Retail:** To fund this incremental investment, the Group has said it is exploring the opportunity to sell all or part of a small number of businesses in Mass Retail where the strategic rationale is not sufficiently compelling, in particular reviewing single product lending relationships and portfolios.
 - These actions, expected to take effect over the next 18-24 months, are expected to impact NII by ~1% in 2025
 - Two announcements have been made so far, relating to an unsecured personal loan portfolio in India, and the potential sale of WRB businesses in Botswana, Uganda and Zambia ([link](#))
- **CIB:** At the Q3'24 results, the Group announced the plan to reduce the number of CIB clients by ~3k, in order to focus resources on our top tier clients. In the medium term, Financial Institution clients are expected to be ~60% of CIB income, and network income expected to be ~70% of CIB income.
- **Ventures:** At the Q3'24 results, the Group published updated guidance that Mox and Trust are now expected to be profitable in 2026; and the underlying loss before tax in the Ventures segment is expected to be below \$0.2bn cumulative across 2025-2026, with the majority of these losses to be incurred in 2025.

For questions and further information, please contact:

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Important Notice

Forward-looking statements

This document may contain ‘forward-looking statements’ that are based upon current expectations or beliefs, as well as statements formulated with assumptions about future events. These forward-looking statements can be identified by the fact they do not relate only to historical or current facts. Forward-looking statements often use words such as ‘may’, ‘could’, ‘will’, ‘expect’, ‘intend’, ‘estimate’, ‘anticipate’, ‘believe’, ‘plan’, ‘seek’, ‘aim’, ‘continue’ or other words of similar meaning.

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Readers should not place reliance on, and are cautioned about relying on, any forward-looking statements.

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