Standard Chartered PLC

Key updates communicated during Q2 2025

3 July 2025

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

Updates communicated during Q2 2025:

Net Interest Income (NII)

- **Outlook for 2025:** Guidance that NII will be "challenging to grow" in 2025 compared with 2024 ($11,096m) was reiterated at Q1'25 results, at the CIB Seminar in May, and at the GS conference in June. This is driven by: 1) the rate outlook for 2025 vs. 2024, 2) continued reduction in deposit passthrough rates (PTRs) during 2025 following elevated levels at Q4'24, and 3) ~1% headwind to NII from previously announced WRB transformation actions.
- **HIBOR**: at the GS Conference Diego De Giorgi noted the IRRBB disclosure at 2024 (when 1M HIBOR was >400bps) for the first 100bps impact was $50m; he highlighted negative convexity effects as HIBOR falls further (which may impact IRRBB sensitivity); that to a certain extent this exacerbates the 2025 headwind, but it is not a particularly big negative in the context of total NII. As at Q4'24 HKD was 13% of interest rate sensitivity for the top 10 currencies (slide 29).
- **Product level:** as noted at the CIB Seminar, the majority of the impact of lower rates (as shown in IRRBB) relates to CIB. In 2024 ~52% of CIB income was NII, of which ~81% was in Transaction Services (slide 21).
- **Structural Hedge**: at the GS Conference, Diego reiterated that the structural hedge continues to be increased towards $75bn, helped by swap rates remaining relatively more elevated in many of the currencies where the bank can access hedges.

Non net interest income (Non NII)

- **Wealth & Retail Banking (WRB)**: at the GS Conference in June Diego said that affluent clients in the Wealth business "have continued to be active. They've clearly skewed a little bit more defensively in the early part of this quarter…and the flows have continued strongly during the past two months"
- **Corporate & Investment Banking (CIB)**: at the GS Conference in June Diego said that Global Markets (primarily a flow business) is "doing very, very well". He said that the Global Banking business is "doing well", that it had not particularly seen a slowdown in pipeline so far, but that a slowdown in the future was possible given the pull-forward of some client decisions.
- **Ventures:** on 30/06/2025 Standard Chartered announced the sale of its incubated venture, Solv India, to Jumbotail. As a result of this announcement a gain of approximately $0.2bn will be reported in Q2'25 results, in the underlying non-net interest income line.

Operating expenses

- **Targets**: At the GS conference Diego reiterated the 2026 cost target of <$12.3bn and positive jaws each year. As disclosed at Q1'25 results, and based on FX rates at April 2025, there was immaterial impact from FX on this target.
- **Seasonality**: A reminder that there is typically a QoQ increase in costs in Q2 each year due to annual staff pay adjustments which are effective in April.

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 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. At the GS conference, he noted the focus within the bank on spending strategically, “so the phasing of the spend is far from linear”.
- **Other restructuring costs**: at the Q4’24 results meeting Diego 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.

Balance Sheet Loans and advances (L&A)

- **RWA growth**: At the Q1’25 results, the Group continued to guide to low single-digit percentage growth in RWA.
- **Market RWAs**: at the Q1’25 conference call, Diego said that he expected market RWAs to reduce in Q2’25 vs. Q1’25.
- **AT1 call**: on 20/6/25 a $1bn AT1 was called (link), which will be redeemed on 26/7/25. Note that as it has been called it will be excluded from regulatory ratios for Q2’25 results, but still included in IFRS accounts.
- **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 in Q1’25; the share-count reduces subsequently as the buyback is executed. At close of 30/6/25, an aggregate $1,210m of the buyback had been executed since February, representing an aggregate 82.2m shares. Over the course of Q2’25 an aggregate of $780m of shares were repurchased; representing an aggregate 54.2m shares.

Q2 2025 events and full materials:

– 2/4/2025	**Re-presentation of financial information**	RNS ¦ slides
– 2/5/2025	**Q1’25 results call**	slides ¦ replay ¦ transcript
– 15/5/2025	**CIB Investor Seminar**	slides ¦ replay ¦ transcript
– 12/6/2025	**Diego De Giorgi fireside chat at GS European conference**	transcript ¦ replay

Day-count:

- **Q2’25** 91 days
- **Q1’25** 90 days
- **Q4’24** 92 days
- **Q3’24** 92 days
- **Q2’24** 91 days

Upcoming 2025 events:

Further details, including how to register for events can be found here in due course:

- **31/7/2025** Q2’25 results
- **17/9/2025** Bill Winters fireside chat at Bank of America Conference
- **30/10/2025** Q3’25 results
- **24/2/2025** Q4’25 results

Current published guidance:

As a reminder, Group published guidance at constant currency (as at Q1'25 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 segment 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 affect 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 CIB investor seminar on 15/5/2025 (link), the Group announced medium term targets of: 5-7% income growth CAGR at constant currency, excluding rates impact; positive income-to-cost jaws, income returns on RWA to build from 2024 levels; network income to be ~70% of CIB income; Financial Institution income to be ~60% 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:

- Manus Costello, Global Head of Investor Relations: +44 (0) 20 7885 0017
- David Lock, Head of Sell-Side, Investor Relations: +44 (0) 20 7885 0023

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