
Standard Chartered PLC

Pillar 3 Disclosures

31 March 2021



*Incorporated in England with registered number 966425
Principal Office: 1 Basinghall Avenue, London, EC2V 5DD, England*

CONTENTS

1. Purpose and basis of preparation.....	1
2. Frequency.....	1
3. Verification.....	1
4. Key prudential metrics.....	2
Table 1: Key Metrics for the Group (KM1)	2
Table 2: Key metrics – TLAC requirements (at resolution group level) (KM2)	3
5. Capital and leverage	4
Table 3: Capital base.....	4
Table 4: UK and CRR leverage ratio	5
Table 5: Overview of RWA (OV1).....	6
Table 6: Movement analysis for RWA.....	7
Table 7: RWA flow statements of credit risk exposures under IRB (CR8)	7
Table 8: RWA flow statements of CCR exposures under the IMM (CCR7).....	8
Table 9: RWA flow statements of market risk exposures under an IMA (MR2-B).....	8
6. Forward looking statements.....	9

1 PURPOSE AND BASIS OF PREPARATION

The Pillar 3 disclosures comprise information on the underlying drivers of risk-weighted assets (RWA), capital, leverage and liquidity ratios as at 31 March 2021 in accordance with the European Union's (EU) Capital Requirements Regulation (CRR) and the Prudential Regulation Authority's (PRA) Rulebook.

The disclosures have been prepared in line with the disclosure templates introduced by the European Banking Authority's (EBA) guidelines on disclosure requirements (EBA/GL/2016/11) published in December 2016.

This report presents the quarterly Pillar 3 disclosures of Standard Chartered PLC ('the Group') as at 31 March 2021 and should be read in conjunction with the Group's 1Q 2021 Results Statement: Balance sheet, capital and leverage.

The information presented in this Pillar 3 report is not required to be, and has not been, subjected to external audit.

2 FREQUENCY

In accordance with Group policy the Pillar 3 Disclosures are made quarterly as at 31 March, 30 June, 30 September and 31 December in line with the EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013, and the Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2014/14 and EBA/GL/2016/11). Disclosures are published on the Standard Chartered PLC website aligning with the publication date of the Group's Interim, Half Year and Annual Report and Accounts.

3 VERIFICATION

Whilst the 31 March 2021 Pillar 3 Disclosures are not required to be externally audited, the document has been verified internally in accordance with the Group's policies on disclosure and its financial reporting and governance processes. Controls comparable to those for the Group's 1Q 2021 Results Statement have been applied to confirm compliance with PRA regulations.

4 KEY PRUDENTIAL METRICS

Table 1: Key metrics for the Group (KM1)

	31.03.2021 \$million	31.12.2020 \$million	30.09.2020 \$million	30.06.2020 \$million	31.03.2020 \$million
Available capital amounts					
Common Equity Tier 1 (CET1)	38,711	38,779	38,449	37,625	36,467
Common Equity Tier 1 (CET1) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	38,417	38,385	38,061	37,260	36,171
Tier 1	45,004	44,391	44,060	43,237	41,087
Tier 1 as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	44,710	43,997	43,672	42,872	40,791
Total capital	58,531	57,048	57,051	56,468	53,458
Total capital as IFRS 9 or analogous ECLs transitional arrangements had not been applied	58,237	56,654	56,663	56,103	53,162
Risk-weighted asset amounts					
Total risk-weighted assets (RWA)	276,670	268,834	266,664	262,552	272,653
Total risk-weighted assets if IFRS 9 or analogous ECLs transitional arrangements had not been applied	276,806	269,007	266,838	262,659	272,760
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio	14.0%	14.4%	14.4%	14.3%	13.4%
Common Equity Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.9%	14.3%	14.3%	14.2%	13.3%
Tier 1 ratio	16.3%	16.5%	16.5%	16.5%	15.1%
Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.2%	16.4%	16.4%	16.3%	15.0%
Total capital ratio	21.2%	21.2%	21.4%	21.5%	19.6%
Total capital ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	21.0%	21.1%	21.2%	21.4%	19.5%
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement	0.14%	0.14%	0.15%	0.14%	0.15%
Bank G-SIB and/or D-SIB additional requirements	1.00%	1.00%	1.00%	1.00%	1.00%
Total of bank CET1 specific buffer requirements	3.64%	3.64%	3.65%	3.64%	3.65%
CET1 available after meeting the bank's minimum capital requirements	7.72%	8.09%	8.05%	7.96%	6.54%
Total capital requirement ¹	9.91%	9.96%	10.00%	10.01%	10.04%
UK leverage ratio					
Total UK leverage ratio exposure measure	865,644	834,765	819,300	806,596	823,495
UK leverage ratio	5.1%	5.2%	5.2%	5.2%	4.9%
UK leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.1%	5.1%	5.2%	5.2%	4.8%
Liquidity Coverage Ratio					
Total HQLA	168,626	162,019	155,965	152,828	150,302
Total net cash outflow	115,284	111,378	108,095	107,697	107,446
LCR ratio ²	146.4%	145.5%	144.3%	142.0%	140.0%

¹ Includes a Pillar 2A CET1 requirement of around 1.8 per cent being 56 per cent of the total Pillar 2A requirement. The Group's current Pillar 2A requirement has been set as a nominal value, at Q1'21 this represented is 3.1 per cent of RWA. This requirement will vary over time with RWA

² LCR ratio represents a rolling 12 month average LCR. The spot LCR as at 31 March 2021 was 150.0%

Standard Chartered applies the transitional arrangements to accounting provisions recognised after 1 January 2018 under IFRS 9, as permitted by Regulation (EU) 2017/2395 and amended by Regulation (EU) 2020/873 of the European Parliament and of the Council in response to the COVID-19 pandemic.

Under this approach, the balance of expected credit loss (ECL) provisions in excess of the regulatory defined expected loss (EL) and additional ECL on standardised portfolios, net of related tax, are phased into the CET1 capital base over five years. For the balance incurred up to 31 December 2019, the proportion phased in at each reporting period is 2020, 30 per cent; 2021, 50 per cent; and 2022, 75 per cent. From 2023 onwards there is no transitional relief. For any increase in the balance after 1 January 2020 there is full relief in 2020 and 2021, followed by a proportionate phase in at each reporting period of 2022, 25 per cent; 2023, 50 per cent; and 2024, 75 per cent. From 2025 onwards there is no transitional relief.

The application of the transitional relief results in a negligible effect on the CET1 ratio as the capital impact of ECL on the standardised portfolio, net of tax, has been largely offset. As there is no capital impact from additional provisions on advanced IRB portfolios, the related deferred tax asset continues to be recognised in full in CET1.

Table 2 shows information about the Group's total loss-absorbing capacity (TLAC) available, and TLAC requirements, applied at the resolution group level under a Single Point of Entry.

Table 2: Key metrics - TLAC requirements (KM2)

	31.03.21	31.12.20	30.09.20	30.06.20	31.03.20
	\$million	\$million	\$million	\$million	\$million
Resolution group					
Total loss-absorbing capacity (TLAC) available	86,604	83,040	81,079	80,472	77,585
Fully loaded ECL accounting model TLAC available	86,310	82,646	80,714	80,107	77,289
Total RWA at the level of the resolution group	276,670	268,834	266,664	262,552	272,653
TLAC as a percentage of RWA	31.3%	30.9%	30.4%	30.6%	28.5%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	31.3%	30.7%	30.3%	30.5%	28.3%
Leverage ratio exposure measure at the level of the resolution group	865,644	834,765	819,300	806,596	823,495
TLAC as a percentage of leverage exposure measure	10.0%	9.9%	9.9%	10.0%	9.4%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Leverage exposure measure	10.0%	9.9%	9.9%	10.0%	9.4%
Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	Yes	Yes	Yes	Yes	Yes
Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if no cap was applied (%)	N/A	N/A	N/A	N/A	N/A

5 CAPITAL AND LEVERAGE

Table 3: Capital Base

	31.03.21	31.12.20
CET1	14.0%	14.4%
Tier 1 capital	16.3%	16.5%
Total capital	21.2%	21.2%
	\$million	\$million
CET1 instruments and reserves		
Capital instruments and the related share premium accounts	5,545	5,564
of which: share premium accounts	3,989	3,989
Retained earnings ¹	26,062	25,723
Accumulated other comprehensive income (and other reserves)	12,175	12,688
Non-controlling interests (amount allowed in consolidated CET1)	193	180
Independently reviewed interim and year-end profits/(losses)	1,091	718
Foreseeable dividends	(573)	(481)
CET1 capital before regulatory adjustments	44,493	44,392
CET1 regulatory adjustments		
Additional value adjustments (prudential valuation adjustments)	(641)	(490)
Intangible assets (net of related tax liability)	(4,041)	(4,274)
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	(146)	(138)
Fair value reserves related to net losses on cash flow hedges	7	52
Deduction of amounts resulting from the calculation of excess expected loss	(819)	(701)
Net gains on liabilities at fair value resulting from changes in own credit risk	59	52
Defined-benefit pension fund assets	(54)	(40)
Fair value gains arising from the institution's own credit risk related to derivative liabilities	(48)	(48)
Exposure amounts which could qualify for risk weighting of 1,250%	(99)	(26)
of which: securitisation positions	(25)	(18)
of which: free deliveries	(74)	(8)
Total regulatory adjustments to CET1	(5,782)	(5,613)
CET1 capital	38,711	38,779
Additional Tier 1 capital (AT1) instruments	6,313	5,632
AT1 regulatory adjustments	(20)	(20)
Tier 1 capital	45,004	44,391
Tier 2 capital instruments	13,557	12,687
Tier 2 regulatory adjustments	(30)	(30)
Tier 2 capital	13,527	12,657
Total capital	58,531	57,048
Total risk-weighted assets	276,670	268,834

¹ Retained earnings under CRD IV include the effect of regulatory consolidation adjustments

UK Leverage Ratio

UK banks are currently subject to a minimum leverage ratio of 3.25 per cent. In addition, a supplementary leverage ratio buffer is applicable, set at 35 per cent of the corresponding G-SII capital buffer and the countercyclical capital buffer. These buffers are applied to individual banks.

Following the FPC's recommendation to the PRA to exclude qualifying claims on central bank exposures from the leverage exposure measure in the UK leverage ratio framework, and the corresponding waiver granted by the PRA, the Group has been reporting the leverage ratio on a UK basis (excluding qualifying claims on central banks exposures) from March 2017.

Table 4 below presents both the Group's UK, and CRR leverage ratios.

Table 4: UK and CRR leverage ratio

	31.03.2021	31.12.2020
	\$million	\$million
Tier 1 capital (end point)	44,447	43,277
UK leverage exposure	865,644	834,765
UK leverage ratio	5.1%	5.2%
CRR leverage exposure	931,027	895,069
CRR leverage ratio	4.8%	4.8%
UK leverage exposure quarterly average	864,008	837,147
UK leverage ratio quarterly average	5.1%	5.2%
Countercyclical leverage ratio buffer	0.1%	0.0%
G-SII additional leverage ratio buffer	0.4%	0.4%
Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in

Table 5 below presents the RWA and the regulatory capital requirements calculated at 8 per cent of RWA for each risk type and approach.

Table 5: Overview of RWA (OV1)

	31.03.21		31.12.20	
	Risk-weighted assets	Regulatory capital requirement ¹	Risk-weighted assets	Regulatory capital requirement ¹
	\$million	\$million	\$million	\$million
Credit risk (excluding counterparty credit risk)²	194,589	15,567	189,258	15,141
Of which advanced IRB approach	159,975	12,798	156,191	12,495
Of which standardised approach	34,614	2,769	33,067	2,645
Counterparty credit risk³	19,534	1,564	18,986	1,519
Of which mark to market method	3,697	296	3,731	298
Of which internal model method (IMM)	9,906	793	10,335	827
Of which securities financing transactions	2,995	240	2,257	181
Of which risk exposure amount for contributions to the default fund of a CCP	198	16	228	18
Of which CVA	2,738	219	2,435	195
Settlement risk	2	-	1	-
Securitisation exposures in the banking book	5,185	415	4,803	384
Of which internal ratings-based approach	2,251	180	1,998	160
Of which external ratings-based approach	2,927	234	2,805	224
Of which standardised approach	7	1	-	-
Market risk	22,765	1,821	21,593	1,727
Of which internal model approaches	13,648	1,092	13,608	1,089
Of which standardised approach	9,117	729	7,985	639
Large exposures	-	-	-	-
Operational risk⁴	27,116	2,169	26,800	2,144
Of which standardised approach	27,116	2,169	26,800	2,144
Amounts below the thresholds for deduction (subject to 250% risk weight)	7,479	598	7,393	591
Floor Adjustment	-	-	-	-
Total	276,670	22,134	268,834	21,507

1 The regulatory capital requirement is calculated as 8 per cent of the risk-weighted assets, and represents the minimum total capital ratio in accordance with CRR Article 92(1)

2 Credit risk (excluding counterparty credit risk) includes non-credit obligation assets

3 Counterparty credit risk includes assets which are assessed under IRB and Standardised approaches

4 To calculate operational risk standardised risk-weighted assets, a regulatory defined beta co-efficient is applied to average gross income for the previous three years, across each of the eight business lines prescribed in the CRR

RWA increased by \$7.8 billion, or 2.9 per cent from 31 December 2020 to \$276.7 billion. This was driven by an increase in credit risk RWA of \$5.8 billion and increases in market risk and counterparty credit risk of, \$1.2 billion and \$0.5 billion respectively.

Further details on RWA movements by risk type, and for credit risk IRB (excluding counterparty credit risk) and market risk IMA exposures can be found in tables 6, 7, 8 and 9 respectively.

Table 6: Movement analysis for RWA

	Credit risk IRB ²	Credit risk SA	Credit risk Total	Counterparty Credit risk	Total Credit & Counterparty Credit risk	Operational risk	Market risk	Total
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
As at 1 January 2021	160,994	40,461	201,455	18,986	220,441	26,800	21,593	268,834
Asset size	5,789	1,620	7,409	608	8,017	-	-	8,017
Asset quality	422	-	422	145	567	-	-	567
Model updates	-	-	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-	-	-
Foreign exchange movements	(1,395)	(211)	(1,606)	(205)	(1,811)	-	-	(1,811)
Other, including non-credit risk movements ¹	(657)	232	(425)	-	(425)	316	1,172	1,063
As at 31 March 2021	165,153	42,102	207,255	19,534	226,789	27,116	22,765	276,670

1 RWA efficiencies are disclosed against 'Other, including non-credit risk movements'

2 See Table 5: Overview of RWA (OV1). To note that 'Securitisation', 'Settlement risk' and 'Amounts below the threshold for deduction (subject to 250% risk-weight)' are included in credit risk

Table 7: RWA flow statements of credit risk exposures under IRB (CR8)

	Risk-weighted assets ¹	Regulatory capital requirement ¹
	\$million	\$million
As at 1 January 2021	160,994	12,880
Asset size	5,789	463
Asset quality	422	34
Model updates	-	-
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	(1,395)	(112)
Other ²	(657)	(53)
As at 31 March 2021³	165,153	13,212

1 Includes securitisation and non-credit obligation assets, but excludes counterparty credit risk

2 RWA efficiencies are disclosed against 'Other'

3 See Table 5: Overview of RWA (OV1). Comprises advanced IRB credit risk \$159,975 million and securitisation of \$5,178 million

Table 8: RWA flow statements of CCR exposures under the IMM (CCR7)

	Risk-weighted assets \$million	Regulatory capital requirement \$million
As at 1 January 2021	10,335	827
Asset size	(376)	(30)
Asset quality	137	11
Model updates	-	-
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	(190)	(15)
Other ¹	-	-
As at 31 March 2021	9,906	793

1 RWA efficiencies are disclosed against 'Other'

Table 9: RWA flow of market risk exposures under an IMA approach (MR2-B)

	VaR \$million	SVaR \$million	IRC \$million	CRM \$million	Other ¹ \$million	Total RWA \$million	Total capital requirement \$million
At 1 January 2021	3,058	4,838	-	-	5,712	13,608	1,089
Regulatory adjustment	-	-	-	-	-	-	-
RWAs post adjustment at 1 January 2021	3,058	4,838	-	-	5,712	13,608	1,089
Movement in risk levels	-	-	-	-	-	-	-
Model updates/changes	-	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-	-
Foreign exchange movements	-	-	-	-	-	-	-
Other	(561)	425	-	-	176	40	3
At 31 March 2021	2,497	5,263	-	-	5,888	13,648	1,092
Regulatory adjustment	-	-	-	-	-	-	-
RWAs post adjustment at 31 March 2021	2,497	5,263	-	-	5,888	13,648	1,092

1. Other IMA capital add-ons for market risks not fully captured in either VaR or SVaR

This document may contain 'forward-looking statements' that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that 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', 'continue' or other words of similar meaning. By their very nature, such 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. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to) changes in global, political, economic, business, competitive, market and regulatory forces or conditions, future exchange and interest rates, changes in tax rates, future business combinations or dispositions and other factors specific to the Group. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement.

Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.