Standard Chartered PLC
Pillar 3 Disclosures
31 March 2018

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CONTENTS

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 2018 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 2018 and should be read in conjunction with the Group's Q1 2018 Interim Management 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 2018 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 Q1 2018 Interim Management Statement have been applied to confirm compliance with PRA regulations.

4 CAPITAL AND LEVERAGE

Table 1: Key metrics for the Group (KM1)

	31.03.2018 $million	31.12.2017 $million
Available capital amounts		
Common Equity Tier 1 (CET1)	**38,813**	38,162
Common Equity Tier 1 (CET1) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**38,411**	N/A
Tier 1	**45,522**	44,861
Tier 1 as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**45,120**	N/A
Total capital	**59,817**	58,758
Total capital as IFRS 9 or analogous ECLs transitional arrangements had not been applied	**59,415**	N/A
Risk-weighted asset amounts		
Total risk-weighted assets (RWA)	**280,205**	279,748
Total risk-weighted assets if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**280,350**	N/A
Risk-based capital ratios as a percentage of RWA		
Common Equity Tier 1 ratio	**13.9%**	13.6%
Common Equity Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**13.7%**	N/A
Tier 1 ratio	**16.2%**	16.0%
Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**16.1%**	N/A
Total capital ratio	**21.3%**	21.0%
Total capital ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**21.2%**	N/A
Additional CET1 buffer requirements as a percentage of RWA		
Capital conservation buffer requirement (2.5% from 2019)	**1.90%**	1.25%
Countercyclical buffer requirement	**0.2%**	0.2%
Bank G-SIB and/or D-SIB additional requirements	**0.8%**	0.5%
Total of bank CET1 specific buffer requirements	**2.9%**	1.9%
CET1 available after meeting the bank's minimum capital requirements	**7.7%**	7.5%
UK leverage ratio		
Total UK leverage ratio exposure measure	**742,013**	717,344
UK leverage ratio	**5.9%**	6.0%
UK leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	**5.8%**	N/A
Liquidity Coverage Ratio		
Total HQLA	**143,252**	144,280
Total net cash outflow	**96,571**	97,438
LCR ratio	**148.4%**	148.2%

Standard Chartered has decided to apply the transitional arrangements as permitted by Regulation (EU) 2017/2395 of the European Parliament and of the Council, including paragraph 4 of that regulation that introduces the transitional arrangement to accounting provisions recognised after 1 January 2018 under IFRS 9.

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.

The proportion phased in for the balance at each reporting period is: 2018, 5 per cent; 2019, 15 per cent; 2020, 30 per cent; 2021, 50 per cent; and 2022, 75 per cent. From 2023 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: Capital Base

	31.03.18	31.12.17
CET1	**13.9%**	13.6%
Tier 1 capital	**16.2%**	16.0%
Total capital	**21.3%**	21.0%

	31.03.18 $million	31.12.17 $million
CET1 instruments and reserves		
Capital instruments and the related share premium accounts	**5,606**	5,603
of which: share premium accounts	***3,958***	*3,957*
Retained earnings	**25,930**	25,316
Accumulated other comprehensive income (and other reserves)	**12,983**	12,766
Non-controlling interests (amount allowed in consolidated CET1)	**821**	850
Independently reviewed interim and year-end profits/(losses)	**781**	1,227
Foreseeable dividends net of scrip	**(683)**	(399)
CET1 capital before regulatory adjustments	**45,438**	45,363
CET1 regulatory adjustments		
Additional value adjustments (prudential valuation adjustments)	**(553)**	(574)
Intangible assets (net of related tax liability)	**(5,091)**	(5,112)
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	**(128)**	(125)
Fair value reserves related to net losses on cash flow hedges	**(6)**	45
Deduction of amounts resulting from the calculation of excess expected loss	**(433)**	(1,142)
Net gains on liabilities at fair value resulting from changes in own credit risk	**(147)**	(53)
Defined-benefit pension fund assets	**(47)**	(40)
Fair value gains arising from the institution's own credit risk related to derivative liabilities	**(81)**	(59)
Exposure amounts which could qualify for risk weighting of 1,250%	**(139)**	(141)
of which: securitisation positions	***(121)***	*(125)*
of which: free deliveries	***(18)***	*(16)*
Total regulatory adjustments to CET1	**(6,625)**	(7,201)
CET1 capital	**38,813**	38,162
Additional Tier 1 capital (AT1) instruments	**6,729**	6,719
AT1 regulatory adjustments	**(20)**	(20)
Tier 1 capital	**45,522**	44,861
Tier 2 capital instruments	**14,325**	13,927
Tier 2 regulatory adjustments	**(30)**	(30)
Tier 2 capital	**14,295**	13,897
Total capital	**59,817**	58,758
Total risk-weighted assets	**280,205**	279,748

UK Leverage Ratio

During 2017, the PRA adopted the Bank of England's Financial Policy Committee (FPC) proposed changes to the UK leverage ratio framework. UK banks are now subject to a minimum leverage ratio of 3.25 per cent, an increase of 0.25 per cent from the previous 3.0 per cent minimum. 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, as those buffers are applicable to individual banks and are phased in.

The FPC also made a recommendation to the PRA to exclude qualifying claims on central bank exposures from the leverage exposure measure in the UK leverage ratio framework and to compensate for the resulting reduction in capital required by increasing the minimum leverage requirement from 3.0 per cent to 3.25 per cent.

Following the 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 and does not expect any material impact arising from the proposed increase in minimum requirements.

Table 3 below presents both the Group's UK, and CRR leverage ratios.

Table 3: UK and CRR leverage ratio

	31.03.2018 $million	31.12.2017 $million
Tier 1 capital (end point)	43,754	43,103
UK leverage exposure	742,013	717,344
UK leverage ratio	5.9%	6.0%
CRR leverage exposure	787,091	759,518
CRR leverage ratio	5.6%	5.7%
UK leverage exposure quarterly average	734,743	723,508
UK leverage ratio quarterly average	5.9%	6.0%
Countercyclical leverage ratio buffer	0.1%	0.1%
G-SII additional leverage ratio buffer	0.3%	0.2%
Choice on transitional arrangements for the definition of the capital measure	Fully phased-in	Fully phased-in

The UK Leverage ratio decreased by 10 basis points in Q1 2018 mainly due to an increase in loans and advances and investment securities partially offset by an increase in Tier 1 capital.

Table 4 below presents the RWA and the regulatory capital requirements calculated at 8 per cent of RWA for each risk type and approach.

Table 4: Overview of RWA (OV1)

	31.03.18		31.12.17	
	Risk-weighted assets $million	Regulatory capital requirement[1] $million	Risk-weighted assets $million	Regulatory capital requirement[1] $million
Credit risk (excluding counterparty credit risk)[2]	203,245	16,260	200,702	16,056
Of which advanced IRB approach	157,127	12,570	156,602	12,528
Of which standardised approach	46,117	3,689	44,100	3,528
Counterparty credit risk[3]	15,161	1,213	15,517	1,241
Of which mark to market method	11,121	890	11,952	956
Of which risk exposure amount for contributions to the default fund of a CCP	95	8	81	6
Of which CVA	450	36	503	40
Settlement risk	23	2	18	1
Securitisation exposures in the banking book	2,326	186	2,687	215
Of which IRB ratings-based approach	1,844	148	2,205	176
Of which IRB supervisory formula approach	482	39	482	39
Of which standardised approach	-	-	-	-
Market risk	24,154	1,932	23,040	1,843
Of which internal model approaches	14,266	1,141	12,776	1,022
Of which standardised approach	9,888	791	10,264	821
Large exposures	-	-	-	-
Operational risk[4]	28,050	2,244	30,478	2,438
Of which standardised approach	28,050	2,244	30,478	2,438
Amounts below the thresholds for deduction (subject to 250% risk weight)	7,247	580	7,306	584
Floor Adjustment	-	-	-	-
Total	280,205	22,416	279,748	22,380

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

Total RWA increased by $0.5 billion in the quarter to approximately $280 billion. This was mainly driven by credit risk with increases in asset size across Lending and Financial Markets and Treasury Markets. These increases were partially offset by IRB model updates (see table 5), which are largely in relation to loss given default (LGD) model changes.

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 5, 6 and 7 respectively.

Table 5: 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 2018	159,289	51,424	210,713	15,517	226,230	30,478	23,040	279,748
Asset size	2,036	2,629	4,665	149	4,814	-	-	4,814
Asset quality	(535)	-	(535)	13	(522)	-	-	(522)
Model updates	(1,959)	(94)	(2,053)	(470)	(2,523)	-	(1,138)	(3,661)
Methodology and policy	-	-	-	-	-	-	-	-
Acquisitions and disposals	-	(626)	(626)	-	(626)	-	-	(626)
Foreign exchange movements	622	54	676	92	768	-	-	768
Other, including non-credit risk movements[1]	-	-	-	(140)	(140)	(2,428)	2,252	(316)
As at 31 March 2018	159,453	53,387	212,840	15,161	228,001	28,050	24,154	280,205

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

	Risk-weighted assets[1]	Regulatory capital requirement[1]
	$million	$million
As at 1 January 2018	159,289	12,743
Asset size	2,036	163
Asset quality	(535)	(43)
Model updates	(1,959)	(157)
Methodology and policy	-	-
Disposals	-	-
Foreign exchange movements	622	50
As at 31 March 2018[2]	159,453	12,756

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

2 See Table 5: Overview of RWA (OV1). Comprises advanced IRB credit risk $157,127 million and securitisation of $2,326 million

Table 7: RWA flow of market risk exposures under an IMA approach (MR2-B)

	VaR	SVaR	IRC	CRM	Other[1]	Total RWA	Total capital requirement
	$million	$million	$million	$million	$million	$million	$million
At 1 January 2018	1,978	8,083	-	-	2,715	12,776	1,022
Regulatory adjustment	-	-	-	-	-	-	-
RWAs post adjustment at 1 January 2018	1,978	8,083	-	-	2,715	12,776	1,022
Movement in risk levels	(80)	749	-	-	821	1,490	119
Model updates/changes	-	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-	-
Foreign exchange movements	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
At 31 March 2018	1,898	8,832	-	-	3,536	14,266	1,141
Regulatory adjustment							
RWAs post adjustment at 31 March 2018	1,898	8,832	-	-	3,536	14,266	1,141

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

5 FORWARD LOOKING STATEMENTS

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.

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