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# Standard Chartered PLC

## Pillar 3 Disclosures

30 September 2020

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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 30 September 2020 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 30 September 2020 and should be read in conjunction with the Group's 3Q 2020 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 30 September 2020 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 3Q 2020 Results Statement have been applied to confirm compliance with PRA regulations.

## 4 KEY PRUDENTIAL METRICS

Table 1: Key metrics for the Group (KM1)

	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019
	\$million	\$million	\$million	\$million	\$million
<b>Available capital amounts</b>					
Common Equity Tier 1 (CET1)	<b>38,449</b>	37,625	36,467	36,513	36,386
Common Equity Tier 1 (CET1) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>38,061</b>	37,260	36,171	36,154	36,027
Tier 1	<b>44,060</b>	43,237	41,087	43,677	43,539
Tier 1 as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>43,672</b>	42,872	40,791	43,318	43,180
Total capital	<b>57,051</b>	56,468	53,458	55,965	54,940
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>56,663</b>	56,103	53,162	55,606	54,581
<b>Risk-weighted asset amounts</b>					
Total risk-weighted assets (RWA)	<b>266,664</b>	262,552	272,653	264,090	268,668
Total risk-weighted assets if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>266,838</b>	262,659	272,760	264,220	268,798
<b>Risk-based capital ratios as a percentage of RWA</b>					
Common Equity Tier 1 ratio	<b>14.4%</b>	14.3%	13.4%	13.8%	13.5%
Common Equity Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>14.3%</b>	14.2%	13.3%	13.7%	13.4%
Tier 1 ratio	<b>16.5%</b>	16.5%	15.1%	16.5%	16.2%
Tier 1 ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>16.4%</b>	16.3%	15.0%	16.4%	16.1%
Total capital ratio	<b>21.4%</b>	21.5%	19.6%	21.2%	20.4%
Total capital ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>21.2%</b>	21.4%	19.5%	21.1%	20.3%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
Capital conservation buffer requirement	<b>2.50%</b>	2.50%	2.50%	2.50%	2.50%
Countercyclical buffer requirement	<b>0.15%</b>	0.14%	0.15%	0.35%	0.41%
Bank G-SIB and/or D-SIB additional requirements	<b>1.00%</b>	1.00%	1.00%	1.00%	1.00%
Total of bank CET1 specific buffer requirements	<b>3.65%</b>	3.64%	3.65%	3.85%	3.91%
CET1 available after meeting the bank's minimum capital requirements	<b>8.05%</b>	7.96%	6.54%	7.44%	7.15%
Total capital requirement <sup>1</sup>	<b>10.00%</b>	10.01%	10.04%	10.24%	10.00%
<b>UK leverage ratio</b>					
Total UK leverage ratio exposure measure	<b>819,300</b>	806,596	823,495	801,252	814,810
UK leverage ratio	<b>5.2%</b>	5.2%	4.9%	5.2%	5.1%
UK leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	<b>5.2%</b>	5.2%	4.8%	5.2%	5.1%
<b>Liquidity Coverage Ratio</b>					
Total HQLA	<b>155,965</b>	152,828	150,302	151,901	150,927
Total net cash outflow	<b>108,095</b>	107,697	107,446	107,632	102,518
LCR ratio <sup>2</sup>	<b>144.3%</b>	142.0%	140.0%	141.3%	147.5%

<sup>1</sup> 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 Q3'20 2020 this represented is 3.3 per cent of RWA. This requirement will vary over time with RWA. Potential future offset to Pillar 2A requirements from changes to the countercyclical buffer in PS15/20 are not considered here

<sup>2</sup> LCR ratio represents a rolling 12 month average LCR. The spot LCR as at 30 September 2020 was 142.3%

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)**

	30.09.20	30.06.20	31.03.20	31.12.19	30.09.19
	\$million	\$million	\$million	\$million	\$million
<b>Resolution group</b>					
Total loss-absorbing capacity (TLAC) available	<b>81,079</b>	80,472	77,585	75,649	74,359
Fully loaded ECL accounting model TLAC available	<b>80,714</b>	80,107	77,289	75,290	74,000
Total RWA at the level of the resolution group	<b>266,664</b>	262,552	272,653	264,090	268,668
TLAC as a percentage of RWA	<b>30.4%</b>	30.7%	28.5%	28.6%	27.7%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	<b>30.3%</b>	30.5%	28.3%	28.5%	27.5%
Leverage ratio exposure measure at the level of the resolution group	<b>819,300</b>	806,596	823,495	801,252	814,810
TLAC as a percentage of leverage exposure measure	<b>9.9%</b>	10.0%	9.4%	9.4%	9.1%
Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Leverage exposure measure	<b>9.9%</b>	10.0%	9.4%	9.4%	9.1%
Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	<b>Yes</b>	Yes	Yes	Yes	Yes
Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	<b>No</b>	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 (%)	<b>N/A</b>	N/A	N/A	N/A	N/A

## 5 CAPITAL AND LEVERAGE

Table 3: Capital Base

	30.09.20	30.06.20	31.12.19
<b>CET1</b>	<b>14.4%</b>	14.3%	13.8%
<b>Tier 1 capital</b>	<b>16.5%</b>	16.5%	16.5%
<b>Total capital</b>	<b>21.4%</b>	21.5%	21.2%

	30.09.20	30.06.20	31.12.19
	\$million	\$million	\$million
<b>CET1 instruments and reserves</b>			
Capital instruments and the related share premium accounts	5,564	5,564	5,584
of which: share premium accounts	3,989	3,989	3,989
Retained earnings <sup>1</sup>	25,748	25,798	24,044
Accumulated other comprehensive income (and other reserves)	12,037	11,431	11,685
Non-controlling interests (amount allowed in consolidated CET1)	170	170	723
Independently reviewed interim and year-end profits/(losses)	1,203	1,050	2,301
Foreseeable dividends	(228)	(163)	(871)
<b>CET1 capital before regulatory adjustments</b>	<b>44,494</b>	43,850	43,466
<b>CET1 regulatory adjustments</b>			
Additional value adjustments (prudential valuation adjustments)	(508)	(527)	(615)
Intangible assets (net of related tax liability)	(4,821)	(4,938)	(5,318)
Deferred tax assets that rely on future profitability (excludes those arising from temporary differences)	(76)	(129)	(129)
Fair value reserves related to net losses on cash flow hedges	71	121	59
Deduction of amounts resulting from the calculation of excess expected loss	(553)	(572)	(822)
Net gains on liabilities at fair value resulting from changes in own credit risk	(15)	(15)	(2)
Defined-benefit pension fund assets	(6)	(7)	(26)
Fair value gains arising from the institution's own credit risk related to derivative liabilities	(110)	(128)	(38)
Exposure amounts which could qualify for risk weighting of 1,250%	(27)	(30)	(62)
of which: securitisation positions	(11)	(24)	(57)
of which: free deliveries	(16)	(6)	(5)
<b>Total regulatory adjustments to CET1</b>	<b>(6,045)</b>	(6,225)	(6,953)
<b>CET1 capital</b>	<b>38,449</b>	37,625	36,513
<b>Additional Tier 1 capital (AT1) instruments</b>	<b>5,631</b>	5,632	7,184
<b>AT1 regulatory adjustments</b>	<b>(20)</b>	(20)	(20)
<b>Tier 1 capital</b>	<b>44,060</b>	43,237	43,677
<b>Tier 2 capital instruments</b>	<b>13,021</b>	13,261	12,318
<b>Tier 2 regulatory adjustments</b>	<b>(30)</b>	(30)	(30)
<b>Tier 2 capital</b>	<b>12,991</b>	13,231	12,288
<b>Total capital</b>	<b>57,051</b>	56,468	55,965
<b>Total risk-weighted assets</b>	<b>266,664</b>	262,552	264,090

<sup>1</sup> Retained earnings under CRD IV include the effect of regulatory consolidation adjustments and IFRS9 capital relief (transitional) of \$388 million, including dynamic relief of \$92 million

## 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**

	30.09.2020	30.06.2020	31.12.2019
	\$million	\$million	\$million
Tier 1 capital (end point)	<b>42,942</b>	42,123	42,006
UK leverage exposure	<b>819,300</b>	806,596	801,252
UK leverage ratio	<b>5.2%</b>	5.2%	5.2%
CRR leverage exposure	<b>871,066</b>	853,861	843,395
CRR leverage ratio	<b>4.9%</b>	4.9%	5.0%
UK leverage exposure quarterly average	<b>820,387</b>	810,591	816,244
UK leverage ratio quarterly average	<b>5.2%</b>	5.0%	5.1%
Countercyclical leverage ratio buffer	<b>0.1%</b>	0.0%	0.1%
G-SII additional leverage ratio buffer	<b>0.4%</b>	0.4%	0.4%
Choice on transitional arrangements for the definition of the capital measure	<b>Fully phased-in</b>	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)**

	30.09.20		30.06.20		31.12.19	
	Risk-weighted assets	Regulatory capital requirement <sup>1</sup>	Risk-weighted assets	Regulatory capital requirement <sup>1</sup>	Risk-weighted assets	Regulatory capital requirement <sup>1</sup>
	\$million	\$million	\$million	\$million	\$million	\$million
<b>Credit risk (excluding counterparty credit risk)<sup>2</sup></b>	<b>187,069</b>	<b>14,966</b>	181,569	14,526	188,759	15,101
Of which advanced IRB approach	154,651	12,372	149,555	11,964	147,365	11,789
Of which standardised approach	32,418	2,593	32,014	2,561	41,394	3,312
<b>Counterparty credit risk<sup>3</sup></b>	<b>18,752</b>	<b>1,456</b>	19,633	1,571	15,405	1,232
Of which mark to market method	4,369	350	4,510	361	3,075	246
Of which internal model method (IMM)	9,721	778	10,428	834	8,032	643
Of which securities financing transactions	2,371	144	1,914	144	2,018	144
Of which risk exposure amount for contributions to the default fund of a CCP	222	18	189	15	167	13
Of which CVA	2,069	166	2,593	207	2,113	169
<b>Settlement risk</b>	<b>2</b>	-	-	-	1	-
<b>Securitisation exposures in the banking book</b>	<b>4,537</b>	<b>363</b>	5,113	409	3,992	319
Of which IRB ratings-based approach	1,739	139	1,801	144	2,727	218
Of which IRB supervisory formula approach	2,798	224	3,312	265	1,265	101
Of which standardised approach	-	-	-	-	-	-
<b>Market risk</b>	<b>22,144</b>	<b>1,772</b>	22,616	1,809	20,806	1,664
Of which internal model approaches	13,881	1,110	13,567	1,085	11,364	909
Of which standardised approach	8,263	661	9,049	724	9,442	755
Large exposures	-	-	-	-	-	-
<b>Operational risk<sup>4</sup></b>	<b>26,800</b>	<b>2,144</b>	26,800	2,144	27,620	2,210
Of which standardised approach	26,800	2,144	26,800	2,144	27,620	2,210
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>7,360</b>	<b>589</b>	6,821	546	7,507	601
<b>Floor Adjustment</b>	-	-	-	-	-	-
<b>Total</b>	<b>266,664</b>	<b>21,333</b>	262,552	21,004	264,090	21,127

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 \$2.6 billion, or 1.0 per cent from 31 December 2019 to \$266.7 billion. This was driven by an increase in counterparty credit risk RWA of \$3.3 billion, a \$1.3 billion increase in market risk RWA and an increase of \$0.5 billion in securitization RWA. Offset by decreases in credit risk RWA and operational risk RWA of \$1.7 billion and \$0.8 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 <sup>2</sup>	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
<b>As at 1 January 2020</b>	151,357	48,902	200,259	15,405	215,664	27,620	20,806	264,090
Asset size	(1,216)	(1,443)	(2,659)	3,401	742	-	-	742
Asset quality	5,940	-	5,940	1,025	6,965	-	-	6,965
Model updates	298	-	298	-	298	-	-	298
Methodology and policy	667	-	667	-	667	-	(1,400)	(733)
Acquisitions and disposals	-	(7,859)	(7,859)	-	(7,859)	(1,003)	(159)	(9,021)
Foreign exchange movements	(2,605)	(765)	(3,370)	(198)	(3,568)	-	-	(3,568)
Other, including non-credit risk movements <sup>1</sup>	227	-	227	-	227	183	3,369	3,779
<b>As at 30 June 2020</b>	<b>154,668</b>	<b>38,835</b>	<b>193,503</b>	<b>19,633</b>	<b>213,136</b>	<b>26,800</b>	<b>22,616</b>	<b>262,552</b>
Asset size	(1,511)	465	(1,046)	(1,363)	(2,409)	-	-	(2,409)
Asset quality	4,896	-	4,896	319	5,215	-	-	5,215
Model updates	(57)	-	(57)	-	(57)	-	-	(57)
Methodology and policy	-	-	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-	-	-
Foreign exchange movements	1,720	320	2,040	163	2,203	-	-	2,203
Other, including non-credit risk movements <sup>1</sup>	(528)	160	(368)	-	(368)	-	(472)	(840)
<b>As at 30 September 2020</b>	<b>159,188</b>	<b>39,780</b>	<b>198,968</b>	<b>18,752</b>	<b>217,720</b>	<b>26,800</b>	<b>22,144</b>	<b>266,664</b>

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 <sup>1</sup>	Regulatory capital requirement <sup>1</sup>
	\$million	\$million
<b>As at 1 January 2020</b>	151,357	12,109
Asset size	(1,216)	(97)
Asset quality	5,940	475
Model updates	298	24
Methodology and policy	667	53
Acquisitions and disposals	-	-
Foreign exchange movements	(2,605)	(208)
Other <sup>2</sup>	227	18
<b>As at 30 June 2020</b>	<b>154,668</b>	<b>12,373</b>
Asset size	(1,511)	(121)
Asset quality	4,896	392
Model updates	(57)	(5)
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	1,720	138
Other <sup>2</sup>	(528)	(42)
<b>As at 30 September 2020<sup>3</sup></b>	<b>159,188</b>	<b>12,735</b>

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 \$154,651 million and securitisation of \$4,537 million



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

	Risk-weighted assets \$million	Regulatory capital requirement \$million
<b>As at 1 January 2020</b>	8,032	643
Asset size	1,806	145
Asset quality	725	58
Model updates	-	-
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	(135)	(11)
Other <sup>1</sup>	-	-
<b>As at 30 June 2020</b>	<b>10,428</b>	<b>834</b>
Asset size	(728)	(58)
Asset quality	(104)	(8)
Model updates	-	-
Methodology and policy	-	-
Acquisitions and disposals	-	-
Foreign exchange movements	125	10
Other <sup>1</sup>	-	-
<b>As at 30 September 2020</b>	<b>9,721</b>	<b>778</b>

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 <sup>1</sup> \$million	Total RWA \$million	Total capital requirement \$million
<b>At 1 January 2020</b>	1,786	6,226	-	-	3,352	11,364	909
Regulatory adjustment	-	-	-	-	-	-	-
<b>RWAs post adjustment at 1 January 2020</b>	1,786	6,226	-	-	3,352	11,364	909
Movement in risk levels	-	-	-	-	-	-	-
Model updates/changes	-	-	-	-	-	-	-
Methodology and policy	600	(600)	-	-	(1,400)	(1,400)	(112)
Acquisitions and disposals	-	-	-	-	-	-	-
Foreign exchange movements	-	-	-	-	-	-	-
Other	1,965	468	-	-	1,171	3,603	288
<b>At 30 June 2020</b>	4,351	6,094	-	-	3,123	13,567	1,085
Regulatory adjustment	-	-	-	-	-	-	-
<b>RWAs post adjustment at 30 June 2020</b>	4,351	6,094	-	-	3,123	13,567	1,085
Movement in risk levels	-	-	-	-	-	-	-
Model updates/changes	-	-	-	-	-	-	-
Methodology and policy	(700)	(700)	-	-	1,400	-	-
Acquisitions and disposals	-	-	-	-	-	-	-
Foreign exchange movements	-	-	-	-	-	-	-
Other	691	(865)	-	-	487	314	25
<b>At 30 September 2020</b>	4,342	4,529	-	-	5,010	13,881	1,110
Regulatory adjustment	-	-	-	-	-	-	-
<b>RWAs post adjustment at 30 September 2020</b>	4,342	4,529	-	-	5,010	13,881	1,110

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

## 6 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.

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