CREDIT OPINION
26 May 2025

Update

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RATINGS

Standard Chartered PLC

Domicile	United Kingdom
Long Term CRR	Not Assigned
Long Term Debt	A3
Type	Senior Unsecured - Fgn Curr
Outlook	Positive
Long Term Deposit	Not Assigned

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Standard Chartered PLC

Update to credit analysis

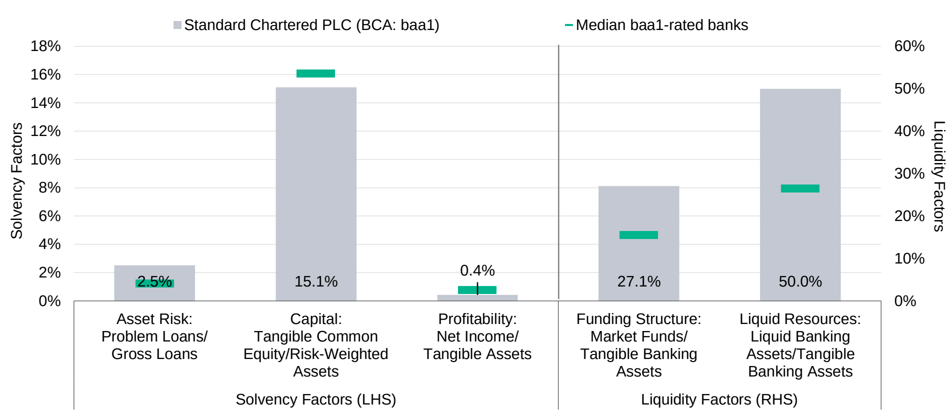
Summary

Standard Chartered PLC's (SCPLC) A3 senior unsecured ratings are based on the group's baa1 Baseline Credit Assessment (BCA), and one notch of uplift related to our Advanced Loss Given Failure (LGF) analysis, because the senior unsecured debt class benefits from the volume of junior debt instruments and volume of senior unsecured debt, which reduce the expected loss for senior unsecured creditors.

As a bank with significant financial markets and trade operations, SCPLC will face profitability and/or asset quality challenges if global trade and markets deteriorate significantly amid the evolving trade policy in the United States of America (US, Aa1 stable). However, the group's well diversified business, including in Wealth and Retail Banking (WRB) will mitigate some of these risks.

SCPLC's baa1 BCA reflects the group's good profitability and asset quality, robust capitalization and strong liquidity. The baa1 BCA also incorporates SCPLC's elevated exposure to market risks given the group's focus on growing its Global Markets (GM) business, most of which is recurring flow income, including that linked to transaction banking. While we expect the group's asset quality to remain stable over 2025-2026, our expectation is subject to uncertainty amid the evolving US trade policy and its impact on the rest of the world. Similarly, the group's profitability will likely face headwinds in case of significant deterioration in global trade and financial markets.

Exhibit 1
Rating scorecard - key financial ratios



For the problem loan and profitability ratios, we present the weaker of the average of the latest three year-end ratios and the latest reported figure. For the capital ratio, we use the latest reported figure. For the funding structure and liquid asset ratios, we present the latest year-end figures. This is consistent with the starting point ratios in the scorecard.
Source: Moody's Ratings

Credit strengths

- Strong capitalization
- Robust liquidity and deposit funding
- Good profitability, driven by recurring income growth from key business segments and the group's cost optimization program

Credit challenges

- Ongoing trade and markets volatility could lead to challenges in asset quality and profitability
- Elevated exposure to market risk

Outlook

The positive outlook on SCPLC's ratings reflects the bank's improving profitability and our expectation that asset quality, capitalization and liquidity will remain stable.

Factors that could lead to an upgrade

We will upgrade SCPLC's long-term ratings if its BCA is upgraded. SCPLC's BCA would be upgraded if the group's Return on Tangible Assets (ROTA) exceeds 0.7% on a sustainable basis, with earnings quality being a key driver, while its other key credit metrics remain at stable levels.

Factors that could lead to a downgrade

We would return the outlook to stable from positive if ROTA improvements fail to materialize or if earnings quality deteriorates, for example indicated by a greater share of episodic income from GM.

The BCA could be downgraded if the group's problem loans exceed 4%, Tangible Common equity (TCE)/Risk weighted assets (RWA) ratio decreases to below 13% and ROTA declines to below 0.3%. A substantial growth in the Global Markets business may eventually lead to a degree of opacity and complexity that would be negative for the group's creditworthiness.

Moreover, the volume and subordination of junior and senior debt instruments as a percentage of the group's Tangible Banking Assets (TBA) is above 10%, a level at which the senior unsecured debt ratings receive a one-notch uplift from the BCA, as part of our Advanced LGF analysis. If this ratio falls below 10% on a sustained basis, it will lead to a downgrade of the senior debt ratings by one notch.

Key indicators

Exhibit 2
Standard Chartered PLC (Consolidated Financials) [1]

	12-24[2]	12-23[2]	12-22[2]	12-21[2]	12-20[2]	CAGR/Avg.[3]
Total Assets (USD Billion)	757.0	758.2	748.1	763.7	712.8	1.5[4]
Tangible Common Equity (USD Billion)	37.3	36.9	37.3	38.7	38.8	(0.9)[4]
Problem Loans / Gross Loans (%)	2.2	2.6	2.7	2.7	3.2	2.7[5]
Tangible Common Equity / Risk Weighted Assets (%)	15.1	15.1	15.3	14.3	14.4	14.8[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	14.7	17.2	18.3	18.2	20.3	17.7[5]
Net Interest Margin (%)	0.8	1.0	1.0	0.9	1.0	0.9[5]
PPI / Average RWA (%)	2.8	2.3	1.9	1.2	1.5	2.0[6]
Net Income / Tangible Assets (%)	0.5	0.4	0.4	0.3	0.1	0.3[5]
Cost / Income Ratio (%)	64.7	67.0	68.5	76.6	72.0	69.8[5]
Market Funds / Tangible Banking Assets (%)	27.1	26.3	25.8	25.0	24.7	25.8[5]
Liquid Banking Assets / Tangible Banking Assets (%)	50.0	49.7	44.5	48.6	48.9	48.3[5]
Gross Loans / Due to Customers (%)	59.5	59.3	63.2	62.5	65.0	61.9[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the “high-trigger” Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Ratings and company filings

Profile

Standard Chartered PLC (SCPLC) is the listed entity and the holding company of Standard Chartered Group, with its two main operating subsidiaries being Standard Chartered Bank (SCB, A1/A1 positive, baa2[1]) and Standard Chartered Bank (Hong Kong) Limited (SCBHK, A1 negative, a3). The group has operations in 53 markets.

In 2022, the group introduced a new client segment, Ventures, alongside its existing three segments — corporate and investment banking (CIB); wealth and retail banking (WRB); and central and other items. The Ventures segment consolidated SC Ventures, its related entities and the group's two majority-owned digital banks in Hong Kong SAR, China (Aa3 negative), and in Singapore (Aaa stable).

In 2019, the group changed its organizational structure by transferring SCBHK to SCPLC from SCB, in order to facilitate the intragroup flow of liquidity. Furthermore, the group's Greater China and North Asia (GCNA) operations, namely in China (A1 negative), Korea (Aa2 stable) and Taiwan, China (Aa3 stable), were transferred to SCBHK from SCB. Meanwhile in 2021, the group's Malaysia (A3 stable), Thailand (Baa1 negative) and Vietnam (Ba2 stable) operations were merged into the Singapore entity, Standard Chartered Bank (Singapore) Limited (SCBSL, A1 stable, a3).

CIB is the largest revenue driver, accounting for 82% of the group's total underlying profit before tax in 2024 (underlying profit as adjusted by SCPLC).

Exhibit 3
Breakdown of underlying profit before tax by business segment

	2022	2023	2024
Corporate & Investment Banking	3,990	5,436	5,581
Wealth & Retail Banking	1,593	2,487	2,463
Ventures	-363	-408	-390
Central & other items	-575	-1,837	-843
Total operating income	4,645	5,678	6,811

Note: Data presented in USD millions. Ventures' increasing strategic importance has led to its establishment as a separate operating segment from 1 January 2022.
Source: Bank

Detailed credit considerations

CIB and WRB will support profitability, while net interest income growth will be challenging

We assign a baa3 Profitability score as we expect that the group's profitability will improve moderately over 2025-2026. We expect a ROTA of 0.7% by 2026, an increase from 0.5% in 2024. However, our expectation is subject to uncertainty because of evolving US trade policies.

Structurally, a growing share of SCPLC's net revenue[2] is derived from trading income and gains on financial instruments. For 2024, such income made up 50% of net revenue based on our calculation, up from 25% five years ago. On an adjusted basis which includes trading book funding costs, GM income was about 20% of group income for 2024. Despite the positive multiyear trend, such income is volatile and dependent on market, economic and trade conditions.

Improved ROTA in 2024 was driven by higher net interest income (NII), largely attributed by the roll-off of short-term hedges and improvement in mix. Additionally, NII benefitted from a one-off adjustment where $147 million deposit insurance costs were reclassified from NII into operating expenses. Meanwhile, strong double digit growth in non-NII from higher Wealth Solutions (part of WRB) income and GM income also contributed to the stronger performance. Income generated by the Wealth Solutions sub-segment grew 28% year-on-year in 2024, and contributed to 13% of total operating income. GM income grew 13% year-on-year and accounted for 18% of total operating income.

By business lines, CIB's total income grew by 5% in 2024, driven by a 13% year-on-year growth in both GM and Global Banking. Meanwhile, WRB income grew 10% over the same period, underpinned by higher deposits income from volume growth and continued strong momentum in Wealth Solutions income, in particular in the Investment Products segment, which more than offset the lower mortgage income.

SCPLC's underlying NIM, as adjusted by the Group to exclude its trading book funding costs (interest expenses) which are reallocated to non-interest expenses, increased to 1.94% in 2024 from 1.67% a year ago. Our own calculation saw NIM decrease to 0.82% in 2024 from 1.04% in 2023, amid higher funding costs of the securities book. We have a negative NIM outlook for 2025 and 2026 amid lower US and regional interest rates.

A risk to SCPLC's NII lies in further interest rate cuts in the group's main functional currencies. In response, SCPLC has put on $64 billion of structural hedge between 2022 and 2024 and is looking to increase it to $75 billion in 2025, to smoothen the downside risk to its NII. As of end December 2024, the group's underlying NII (as adjusted by the group) will decline by 14% (2023: -21%) for every 200 bps decrease in USD and HKD rates and similar moves in other rates according to the Interest Rate Risk in the Banking Book (IRRBB) disclosures. The group considers that simultaneous changes in different interest rates are unlikely and the IRRBB disclosures assumes a static balance sheet.

While GM income is a significant income growth driver and exposes the group's income to moderate volatility, the vast majority of GM income is better quality flow income, which includes flows linked to transaction banking. Also, product diversification in the GM and Wealth Solutions segments has helped to offset income volatility. Income generated by the GM segment, which includes macro trading and credit trading increased 13% year-on-year in 2024. At the same time, GM income contributed to 18% of total underlying operating income in 2024. Additionally, within the GM segment, the more volatile episodic income increased 18% year-on-year due to higher rates income and higher level of volatility, while flow income increased 12% over the same period thanks to growth in FX volumes and credit trading. The better quality and more granular flow income continue to account for majority of GM income, at 75% in 2024. We expect the share of flow and episodic income to remain largely unchanged over the next 12-18 months.

The group's underlying cost-to-income ratio decreased to 59.4% in 2024 from 63.4% in the year-earlier period because of robust top-line growth. SCPLC continues to improve its operational leverage through its Fit for Growth program, through which it targets to save around $1.5 billion of expenses over the next 3 years, and achieve total expenses of below $12.3 billion in 2026[3].

Similar to some other global banks, SCPLC is exposed to litigation risk. One ongoing civil legal case referred to in SCPLC's financial statements is in the UK and includes allegations that SCPLC failed to disclose alleged US sanctions breaches over and above those that were the subject of public resolutions with US authorities in 2012 and 2019. The trial of the UK case is scheduled to commence in late 2026. SCPLC denies liability. While we can't predict the outcome of this case, legal proceedings will likely take many years.

Asset quality will remain stable, but risk have increased

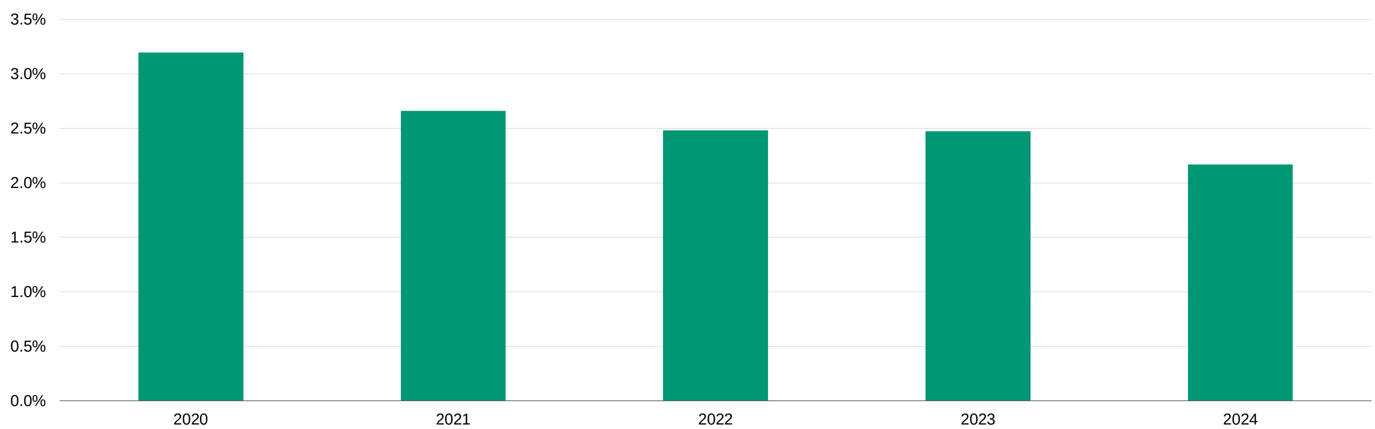
We assign an adjusted a3 Asset Risk score to SCPLC to reflect its stable and good asset quality. SCPLC has enhanced the quality of its corporate loan book, with only a modest incidence of new NPLs since 2021. Structural improvements in the loan book include a higher share of loans to investment-grade corporates, a decrease in the exposure to vulnerable and cyclical industries, and low concentration in terms of large exposures.

We expect SCPLC's NPL ratio to remain stable at around 2.5% of gross loans over the next 12-18 months, however the risks have increased amid the significant trade tensions. In terms of first-order impact, SCPLC is exposed to corporate sectors that could be affected by higher US tariffs, such as manufacturing, transportation, mining, consumer durables and trading. While such loans made up 19% of gross loans as of end 2024, we estimate that only a modest part is at risk of impairment, because exposures are diversified geographically by trade flows. According to the group, only 1% of CIB income is derived from US-China trade. The bigger credit risk for SCPLC, as well as other banks globally, is a downside scenario of US/European Union (EU) stagflation or recession, and meaningful China slowdown.

Apart from corporate exposures, downside risk to asset quality stems from the group's moderate exposure to vulnerable sovereigns (including Bangladesh (B2 negative), Pakistan (Caa2 positive), Nigeria (Caa1 positive) and Sri Lanka (Caa1 stable). Credit exposures in these countries stood at around $11 billion (data excludes Nigeria) at year-end 2024.

The group's loan quality has improved steadily over the past 3 years, with its NPL ratio decreasing to 2.2% as of 31 December 2024 from 3.2% as of year-end 2020 (see Exhibit 4), driven by upgrades, repayments and write-offs, which more than offset new inflows. On top of problem loans ($6.2 billion), the group had another $1.2 billion of other stage 3 assets such as exposures to banks (including central banks), governments, and off-balance sheet exposures as of end December 2024.

Exhibit 4
Asset quality has continued to improve since 2021
Problem loans % Gross loans



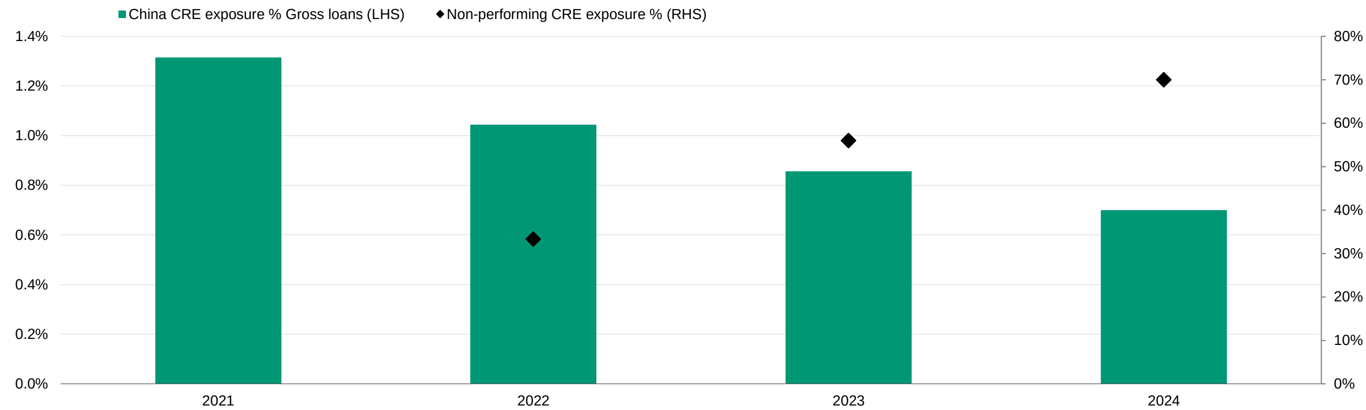
Source: Bank

For the CRE book, despite challenging conditions in China and Hong Kong, we don't expect material additional stress for SCPLC's CRE book. This is because the exposure to China CRE (including booked in Hong Kong) was small at 0.7% of gross loans as of 31 December 2024, or $2 billion. The stressed exposures related to China CRE have been largely recognized and provisioned in our view: the exposure already had a high NPL ratio of 70% (see Exhibit 5), with strong NPL coverage of 87% (stage 3 reserves % stage 3 loans) as of the same date. In addition, SCPLC has been running down its China CRE exposures since 2021 (see Exhibit 5).

The non-China CRE exposure stood at around $11 billion or 3.9% of gross loans, and is well diversified globally. At the same time, the exposure to the US CRE sector remained low at around $2 billion (0.7% of gross loans) as of 30 June 2024.

Exhibit 5

SCPLC has reduced its China CRE portfolio by around 52% since year-end 2021



Note: Non-performing CRE exposure is measured by Stage 3 (Credit Grade 13-14) CRE exposure as a percentage of total CRE exposure.
Source: Bank

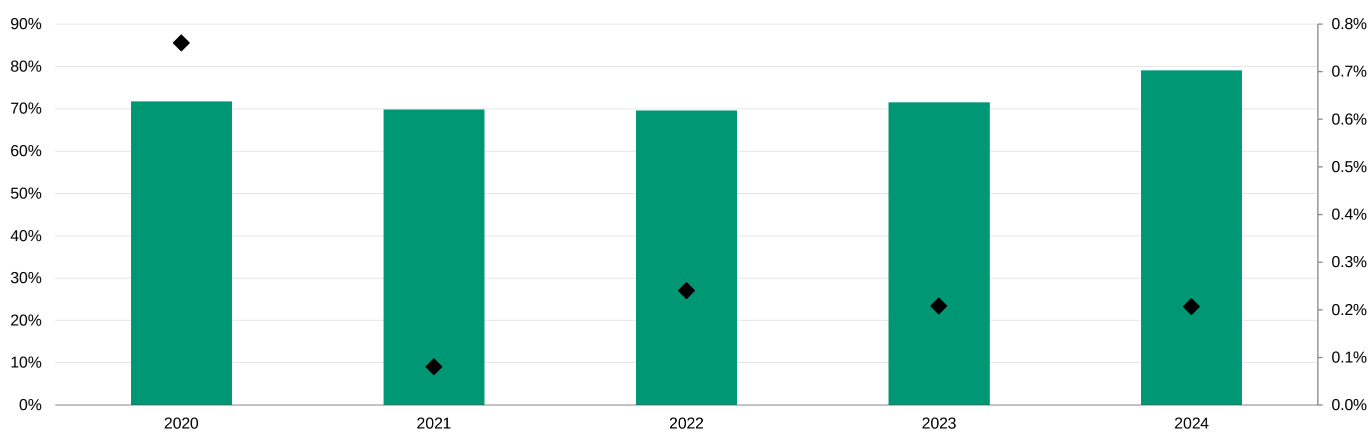
Apart from credit risk, the group is exposed to market risk amid its expanding network business and financial institutions segment, as part of CIB. We expect SCPLC to maintain elevated exposures to market risk, which is mainly related to derivative transactions in line with the group's focus on growing cross-border network business and the financial institutions segment. That said, the group's GM business is largely in derivatives including foreign currency and interest rate hedging, and credit trading. These activities are less volatile compared to other investment banking activities such as equity capital markets, and mergers and acquisitions (M&A). SCPLC does not have an equities business, and its M&A business is very small.

The loan loss coverage ratio (total credit reserves/problem loans) remained adequate at 79% at the end of December 2024. SCPLC's coverage ratio has been largely stable since 2021 (see Exhibit 6). Credit costs, measured by loan loss provisions as a percentage of gross loans, stood at a low 0.2% for 2024, unchanged from the previous year. Credit costs in 2024 were mostly driven by the WRB portfolio. Meanwhile, CIB recorded a net release, supported by recoveries during the year which offset the additional $58 billion in overlays relating to Hong Kong CRE exposures. SCPLC expects credit costs to normalize at a through-the-cycle range of around 30-35 basis points in 2025-2026.

Exhibit 6

Loan loss coverage is adequate

Loan-loss reserve % Problem loans (LHS), and Loan loss provisions % Gross loans (RHS)



Source: Moody's Ratings, Bank

On an underlying basis, loan book grew 4% year-on-year in 2024, mainly attributed to strong growth in Global Banking and GM segments, while WRB loan growth remained subdued given the decline in mortgages. The group expects a modest recovery in loan growth, with a low single-digit percentage growth in loans to customers (in constant currency terms, and excluding treasury and markets securities based lending) in 2025.

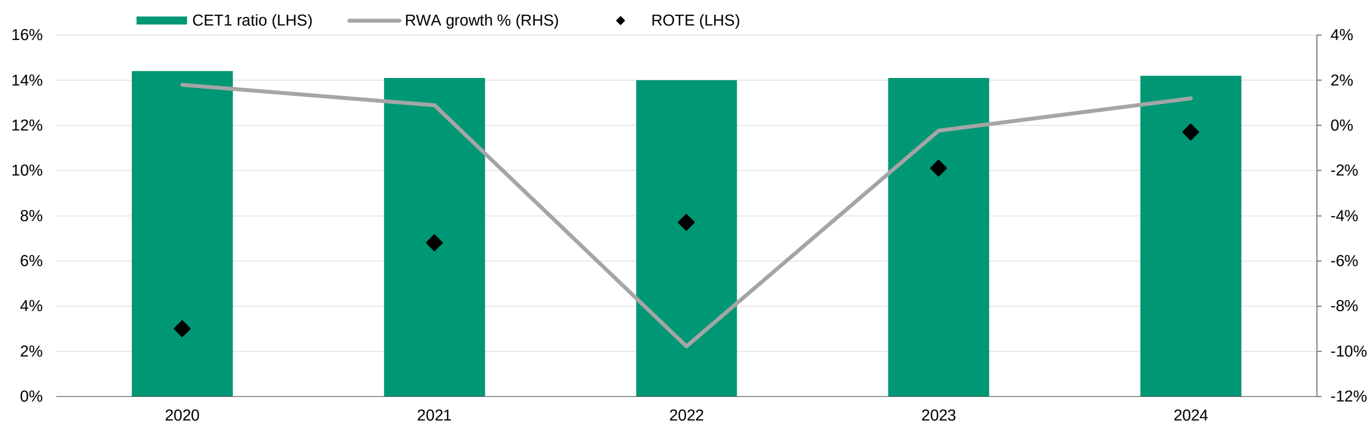
The quality of SCPLC's non-loan assets is good, and these accounted for 66% of total assets at the end of December 2024, a ratio that is largely unchanged from the previous year. These assets consisted mainly of cash and balances with central banks, dues from other financial institutions and securities investments. The group's securities investments portfolio consists mostly of Treasury bills and government debt securities, of which 97% were in the 'Strong' category (BB+ and above rating) as of 31 December 2024.

Capitalization will remain a key credit strength

We assign an a2 Capital score to SCPLC to reflect our expectation that its core capital ratio will remain strong in 2025-26, with tangible common equity (TCE)/risk-weighted assets (RWA) to remain solid at around 14.5%. Meanwhile, the group expects to operate within a robust common equity tier 1 (CET1) ratio in the 13%-14% range.

The group plans to distribute at least $8 billion to shareholders over 2024-2026 through dividends and buybacks. This includes the $2.5 billion share buyback announced in 2024 which has been completed and another $1.5 billion share buyback announced in February 2025. Post-share buyback, the Group's CET1 ratio will decline to 13.6% from 14.2% as of end December 2024 (see Exhibit 7). Still, the CET1 ratio is at the higher end of its target operating range.

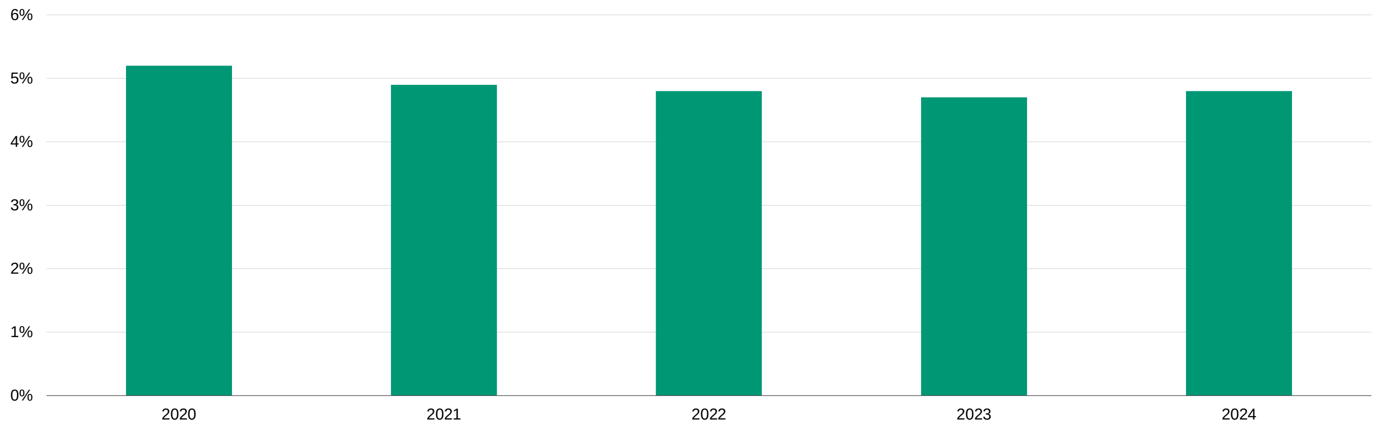
Exhibit 7
SCPLC will maintain a stable CET1 ratio



Source: Bank

The group's leverage has been stable in the last 3 years, with the leverage ratio at 4.8% as of end December 2024 (see Exhibit 8), above the regulatory minimum of 3.7%. We expect the leverage ratio to remain stable at the current levels over the next 12-18 months.

Exhibit 8
Leverage ratio has been stable in the last 3 years, and remains above the regulatory minimum
Leverage ratio %



Source: Bank

In line with the UK and global regulations on recovery and resolution of global systemically important banks, SCPLC is the issuer of external Total Loss Absorption Capacity (TLAC) instruments such as Additional Tier 1 (AT1), Tier-2 capital and junior senior debt. These instruments are downstreamed to its five material subsidiaries, namely at SCB, SCBHK, SCBSL, Standard Chartered Bank Korea Limited (SCBK, A2 positive, baa1) and Standard Chartered Bank (China) Limited (SCBC). As of end December 2024, SCPLC had excess TLAC (difference between issued instruments, and downstreamed instruments) of around $12 billion that is available to support the recapitalization of the whole group.

SCPLC is fully compliant with UK's minimum requirement for own funds and eligible liabilities (MREL). Its actual MREL position was 34.2% of RWAs as of 31 December 2024, higher than the minimum requirement of 27.6% (inclusive of G-SIB and countercyclical buffers).

SCPLC's double leverage ratio[4] remained low as of 31 December 2024. SCPLC also uses senior debt to fund some capital instruments (Tier 2 and AT1) at subsidiaries, and the related liquidity risk is very low because the maturities of related transactions are fully matched.

Strong liquidity and deposit funding

We assign a baa1 Funding Structure score and an a2 Liquid Resources score to SCPLC, based on its strong liquidity and deposit funding, as well as funding diversification.

The strength of SCPLC's international network has attracted cross-border trade and enhanced the loyalty of its target customers. This focus on trade finance, coupled with significant GM operations, has led to a 59% share of the group's assets maturing within one year, of which around 70% are maturing within three months, as of 31 December 2024. This flexibility enhances the group's already-strong liquidity, with liquid banking assets accounting for 50% of tangible banking assets as of the same date.

The group holds large amount of liquid assets in the form of investment-grade Treasury bills and debt investment securities. While liquid banking assets at the group level include a lower share of cash and central bank balances (strongest form of liquidity) compared to other universal banks globally, the group's key Asian operating subsidiaries - including Singapore and Hong Kong - maintain strong cash balances relative to local peers.

SCPLC's liquidity coverage ratio (LCR) remains robust at 150% as of 31 December 2024. We expect SCPLC's funding and liquidity buffers to remain strong over the next 12-18 months.

SCPLC's funding position is strong. Customer deposits[5] remains the group's primary source of funding, accounting for 58% of its total reported liabilities as of end December 2024. The group's reported gross advances/deposits was 53.3% as of the same date. Sticky and low-cost current and savings account (CASA) deposits accounted for 53% of total deposits as of 31 December 2024. SCPLC expects its CASA ratio to remain broadly stable in 2025. The group does not report significant single-party concentrations in deposits. At the same time, the group's weighted average deposit outflows as a share of total deposits was modestly higher compared to Moody's-rated universal banks, which could be attributed to a lower level of deposit insurance in its footprint markets.

The group's market funds made up around 27% ($203 billion) of tangible banking assets as of end December 2024. Market funding includes substantial repurchase agreements (repo) and other secured borrowings for a total of about $46 billion, which are mainly secured by repledged collateral from reverse repo and secured lending transactions. This leads to low encumbrance of own assets for SCPLC.

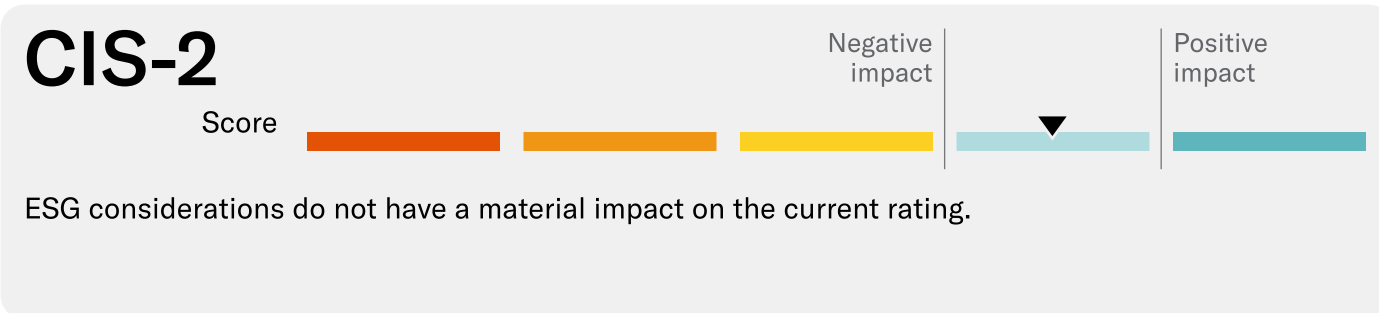
Macro Profile of Strong is in line with loan distribution

SCPLC's Macro Profile of Strong is based on the group's geographic loan distribution. There is a significant difference between the geographic spread of the group's assets and that of its RWA. A significant proportion of the assets held in geographies, such as the UK and the Americas, are high-quality liquid assets that have low risk weights, which results in a difference in asset and RWA distribution. RWA distribution is a better proxy for risk distribution and is broadly mirrored in SCPLC's loan distribution.

ESG considerations

Standard Chartered PLC's ESG credit impact score is CIS-2

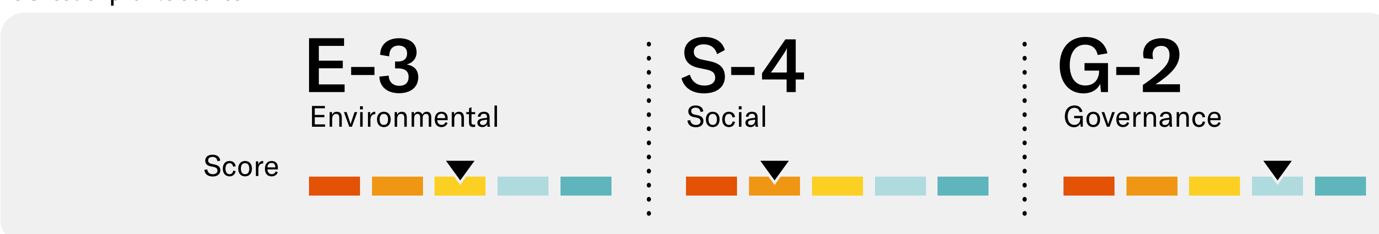
Exhibit 9
ESG credit impact score



Source: Moody's Ratings

Standard Chartered PLC's (SCPLC) **CIS-2** indicates that ESG considerations are not material to the ratings. The score also reflects the complex organizational structure and risks inherent to increased financial market activities; these factors are captured in our governance assessment. These risks are counterbalanced by the group's strong governance and risk management. Environmental and social factors have a limited impact on the group's credit profile to date.

Exhibit 10
ESG issuer profile scores



Source: Moody's Ratings

Environmental

SCPLC faces moderate exposure to environmental risks, primarily because of its portfolio exposure to carbon transition risk as a diversified, universal banking group, consistent with its global peers. In addition, it is facing mounting business risks and stakeholder pressure to meet more demanding carbon transition targets. In response, SCPLC has a comprehensive risk management and climate risk reporting frameworks and transitioning its lending and investment portfolios to net zero targets. SCPLC faces low physical climate risks as the group's exposures are geographically highly diversified.

Social

SCPLC faces high industrywide social risks related to regulatory and litigation risk requiring the group to meet high compliance standards, and the group has developed robust social policies and initiatives as part of its environmental and social risk management framework. The group also faces moderate social risks related to societal trends, pressures from digitalization and current and potential competition from technological firms. However, SCPLC will benefit from wealth management opportunities given favorable demographic trends in Asia. High cyber and personal data risks are mitigated by SCPLC's strong information technology and cybersecurity framework.

Governance

SCPLC faces low governance risk. SCPLC has taken significant measures, including large investments in systems, to improve internal controls. There are also potential strategic risks related to the inherently complex legal structure and global business of the firm. Our view on financial strategy and risk management captures the increased exposure to market risk as part of the group's strategic pivot to financial markets.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Loss Given Failure (LGF) analysis

SCPLC is subject to the EU's directive on bank recovery and resolution, which we consider an operational resolution regime.

We assume a residual tangible common equity of 3% and post-failure losses of 8% of tangible banking assets, a 25% runoff in junior wholesale deposits and a 5% runoff in preferred deposits. Our de jure waterfall scenario (75% probability) assumes that deposits will rank pari passu with senior unsecured debt, while our alternative de facto scenario (25% probability) assumes that deposits will be preferred to senior unsecured debt.

The balance sheet at failure, which forms the basis for our Advanced LGF analysis, includes the combined balance sheet of SCPLC and key subsidiaries — SCB, SCBHK, SCBSL, SCBK and SCBC. It also includes Standard Chartered Bank AG (SCB AG, A1 positive, baa2) because the latter is a highly integrated entity of SCB.

SCPLC's instrument ratings are based on the group's latest liability structure and forecast as of year-end 2026, and are notched off the group's BCA.

The volume of junior debt instruments that could be bailed in during resolution to the benefit of senior creditors (subordination), and the large volume of senior unsecured debt (volume) coupled with subordination, reduce the expected loss for senior unsecured creditors and lead to a one-notch uplift to this rating above the BCA.

At the same time, the volume and subordination offered to senior unsecured debt, as a percentage of tangible banking assets, is just above 10%, at which level the senior unsecured debt rating gets a one-notch uplift from its BCA. If this ratio falls below 10% on a sustained basis because of asset growth exceeding the increase in these liabilities, it will lead to a downgrade of the senior unsecured debt rating by one notch.

SCPLC's Baa2 subordinated debt rating reflects our Advanced LGF analysis, which indicates a moderate loss given failure. There is no additional notching.

SCPLC's Ba1(hyb) rating for its Additional Tier 1 (AT1) capital securities is positioned three notches below its BCA. This reflects the high loss given failure for its AT1 securities and the securities' coupon skip mechanism and write-down features, which lower the rating by an additional two notches.

Government support considerations

SCPLC's ratings are based solely on its BCA and our LGF analysis. These ratings do not include any uplift for external support.

The policy direction in the UK suggests that the Government of the United Kingdom (Aa3 stable) is unlikely to provide extraordinary support to banks in times of need. Moreover, apart from its headquarters in the UK, the group does not operate a significant retail business in the country, thereby making it even less likely that the UK government would extend support to the group.

Although SCPLC operates in other jurisdictions with more supportive regulatory approaches, we expect any support from foreign governments to be provided to the ring-fenced subsidiaries. Consequently, although we include government support in the ratings of a number of SCPLC's subsidiaries, such support is not taken into account in ratings of the UK-incorporated SCPLC and its UK operating bank SCB.

Methodology and scorecard

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in Rating Committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 11

Rating Factors

Macro Factors							
Weighted Macro Profile	**Strong**	**100%**					

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.5%	a3	↔	a3	Quality of assets	Market risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - fully loaded)	15.1%	a1	↔	a2	Expected trend	
Profitability						
Net Income / Tangible Assets	0.4%	ba1	↑	baa3	Expected trend	
Combined Solvency Score		a3		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	27.1%	baa3	↔	baa1	Market funding quality	Expected trend
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	50.0%	a1	↔	a2	Quality of liquid assets	
Combined Liquidity Score		baa1		a3		
Financial Profile		a3		a3		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				Aa3		
BCA Scorecard-indicated Outcome - Range				a2 - baa1		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet is not applicable.

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Senior unsecured holding company debt	-	-	-	-	-	-	-	1	0	a3
Dated subordinated holding company debt	-	-	-	-	-	-	-	-1	0	baa2
Holding company non-cumulative preference shares	-	-	-	-	-	-	-	-1	-2	ba1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Senior unsecured holding company debt	1	0	a3	0	A3	A3
Dated subordinated holding company debt	-1	0	baa2	0	Baa2	Baa2
Holding company non-cumulative preference shares	-1	-2	ba1	0	Ba1 (hyb)	Ba1 (hyb)

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 12

Category	Moody's Rating
STANDARD CHARTERED PLC	
Outlook	Positive
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Senior Unsecured	A3
Subordinate	Baa2
Pref. Stock Non-cumulative	Ba1 (hyb)
STANDARD CHARTERED BANK	
Outlook	Positive
Counterparty Risk Rating	A1/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
Senior Unsecured	A1
Subordinate	Baa1
Other Short Term	(P)P-1
STANDARD CHARTERED BANK (SINGAPORE) LIMITED	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Issuer Rating	A1
Commercial Paper	P-1

Source: Moody's Ratings

Endnotes

1 The bank ratings shown in this report are the bank's deposit rating, senior unsecured debt rating (where available) and BCA.

2 Net revenue includes net interest income (NII) and net non-NII.

3 SCPLC revised its operating expenses guidance to below $12.3 billion from $12.0 billion because of the $0.2 billion impact from deposit insurance reclassification and $0.1 billion owing to UK bank levy.

4 Calculated as investments in subsidiaries, divided by ordinary shares and reserves of the holding company

5 Deposits exclude repurchase agreements and other similar secured borrowing.

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