FitchRatings

10 JUN 2025

Fitch Affirms Standard Chartered PLC at 'A'; Outlook Stable

Fitch Ratings - London - 10 Jun 2025: Fitch Ratings has affirmed Standard Chartered PLC's (SC) and Standard Chartered Bank's (SCB) Long-Term Issuer Default Ratings (IDR) at 'A' and 'A+', respectively. The Outlooks are Stable. Fitch has also affirmed SC's and SCB's Viability Ratings (VR) at 'a'.

Fitch has also affirmed the Long-Term IDR of SCB's Germany-based subsidiary, Standard Chartered Bank AG (SCB AG), at 'A+' with a Stable Outlook. A full list of rating actions is below.

Key Rating Drivers

Internationally Diverse Franchise: SC's ratings reflect a strong franchise across key markets and a diversified business model by income and geography. The VR also balances conservative risk controls against the bank's exposure to some higher-risk markets, strong capital and funding and liquidity, and adequate profitability and asset quality.

Ratings Reflect Consolidated Group: SC is managed as a group and is highly integrated with its main banks. SC's VR is equalised with that of its main operating company, SCB, reflecting SC's role in the group and moderate common equity double leverage (end-2024: 111%). SCB's Long-Term IDR is one notch above its VR as we believe its senior creditors are protected by the minimum requirement for own funds and eligible liabilities (MREL) raised and down-streamed by SC.

Diversification Provides Resilience: SC's wide international network, spanning Asia, Africa, Europe and the US, underpins its strong corporate and investment banking franchise. SC's wide trade finance franchise exposes it to trade tensions, but its business and geographical diversification mitigate risks, and trade income accounted for only 6% of 1Q25 income. SC's improved income generation in its wealth solutions business provides an additional buffer against the fallout from the higher-tariff environment.

Conservative Risk Controls: SC's risk profile balances its conservative risk controls against exposure to higher-risk markets, which are inherent in its international footprint and segments. Risks from weaker macroeconomic conditions are mitigated by a tightening of underwriting standards over the past decade, while appetite for new lending to vulnerable sectors is low.

Macroeconomic Risks to Asset Quality: SC's asset quality has remained resilient, with the impaired loan ratio falling in recent years (end-1Q25: 2.1%; end-2021: 2.6%). However, we forecast the impaired loan ratio to increase to just above 2.5% by end-2026, reflecting weaker macroeconomic conditions and uncertainty. We also expect loan impairment charges (1Q25: 31bp, annualised) to increase towards the top end of SC's 30bp-35bp through-the-cycle range in 2025. Asset quality is supported by risk exposure reductions, provisioning against vulnerable portfolios, and large non-loan assets that are of sound quality, largely comprising high-quality liquid assets.

Revenue Diversification: We expect SC's operating profit to remain stronger than its recent historical average at above 2% of risk-weighted assets (RWA) in 2025-2026 (1Q25: 3.4%), due to structurally higher interest rates, contained credit losses and growth in non-net interest income-generating businesses.

Adequate Capitalisation: We expect SC's common equity Tier 1 (CET1) ratio (end-1Q25: 13.8%) to remain within its 13%-14% target range, supported by strong profit generation and muted asset growth, and despite high shareholder returns. Stronger profitability should help offset RWA inflation from credit migration. We believe SC has flexibility in managing its capital ratios given its short-term asset base and diversified business model.

Robust Funding and Liquidity: SC's funding and liquidity profile is a rating strength given its strong deposit franchise in key markets, low loans/deposits ratio (end-1Q25: 59%), large liquidity buffers, and strong demonstrated access to wholesale funding markets. Customer deposits (69% of funding) are diversified, with a high share of low-cost current and savings account deposits. SC's strategic focus on affluent customers has also been supporting growth in deposits and wealth products. SC's liquidity coverage ratio (end-1Q25: 147%) is strong.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/ Downgrade

We would likely downgrade the VRs of SC and SCB if risks to the group's business profile increase, improved profitability is not sustained, and asset quality deteriorates materially. This may be manifested in a four-year average operating profit materially below 2% of RWA on a sustained basis, and the impaired loans ratio deteriorating materially beyond an assumed four-year average of about 3%.

A material loosening of risk appetite that increases risks to asset quality and capital, plus a material weakening in the CET1 ratio to around 13% or below, particularly without improvements in our assessment of asset quality and earnings and profitability, would also lead to a downgrade.

SCB's IDR would be downgraded to the level of the bank's VR, and the same level as SC's IDR, if we no longer believe that creditors would be protected in a resolution by internal MREL. Fitch could downgrade SC's IDRs and VR by one notch if double leverage increases over 120% and if holding company liquidity, which mitigates the risk of cash flow mismatches, materially declines.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of the IDRs and VRs is unlikely in the medium term unless there is sustained material improvements in a combination of key rating factors, including a considerable improvement in SC's operating environment assessment.

A record of improved asset quality (with impaired loans falling below 2% of loans and non-loan exposures remaining sound) and strong profitability (with operating profit sustained above 2.5% of RWAs) could lead to upward ratings pressure. An upgrade would be unlikely unless the CET1 ratio increases to close to 14%, or higher, and funding and liquidity remain strong.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

Senior debt ratings are aligned with their respective issuers' IDRs.

Subordinated Tier 2 debt is rated two notches below its respective issuers' VRs. This is Fitch's baseline notching for loss severity for this type of debt due to the agency's expectations of poor recoveries.

SC's additional Tier 1 (AT1) instruments and preference shares are rated four notches below its VR, as we expect the group to maintain a buffer over regulatory capital requirements of at least 100bp of RWAs.

No Government Support: SC's and SCB's Government Support Ratings (GSR) of 'no support' reflect Fitch's view that senior creditors cannot rely on extraordinary support from the UK authorities if the banks become non-viable, given legislation and regulations that require senior creditors to participate in losses in a failure.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

Senior debt ratings are primarily sensitive to their respective issuers' IDRs.

The AT1 and Tier 2 subordinated notes are primarily sensitive to changes in their respective issuers' VRs. The AT1 notes' ratings are also sensitive to Fitch's assessment of their non-performance risk relative to the risk captured in the VR. They could be downgraded to five or more notches below the VRs of SC and SCB if we assess non-performance risk to have increased, for example, due to a shift in capital requirements, lower capital targets, or heightened likelihood that the buffer over maximum distributable amount thresholds will decrease below 100bp.

We could upgrade subordinated Tier 2 debt if the group's total Tier 2 and AT1 debt (or qualifying junior debt buffer) increase to over 10% of RWA on a sustained basis, leading to better recovery prospects. However, we do not expect this due to the funding structure between SC and its main operating subsidiaries.

An upgrade of the banks' GSRs from 'no support' would be contingent on a positive change in the sovereign's propensity to support the banks, which we see as highly improbable.

SUBSIDIARIES & AFFILIATES: KEY RATING DRIVERS

Standard Chartered Bank AG

Core Subsidiary: SCB AG's 'A+' support-driven Long-Term IDR, and its 'a+' Shareholder Support Rating

(SSR), are based on Fitch's view of a very high probability of support by the bank's parent, SCB, and its ultimate parent, SC. This is primarily based on SCB AG's core role as the group's European hub, offering banking services to EU-headquartered clients and the EU operations of non-European Economic Area corporate and institutional clients following Brexit. The SSR also reflects SCB AG's high integration with the parent, its modest size relative to the group and reputational incentives for supporting the German subsidiary. SCB AG's Short-Term IDR is at the same level as SCB's.

Debt Buffers: We believe SC's resolution plan is likely to result in SCB AG's external senior creditors being protected by internal MREL buffers and avoiding default if the group fails. We have therefore equalised SCB AG's Long-Term IDR with SCB's. This incorporates a one-notch uplift from its own VR due to resolution buffers and its role as a material legal entity in the group's resolution planning. This also reflects SCB AG's deep integration within its parent's balance sheet and business model, and the EU's similar resolution regime to the UK's, which leads us to believe that authorities would co-operate in resolution.

Highly Integrated Subsidiary: We do not assign SCB AG a VR as its franchise, strategy and operations are closely intertwined with those of SCB, and we do not believe the subsidiary would have a meaningful standalone franchise without its parent's ownership.

DCR Equalised with Long-Term IDR: The Derivative Counterparty Rating (DCR) is equalised with the Long-Term IDR because we do not expect any incremental probability-of-default benefit for derivative counterparties over and above the strong support benefit already factored into the IDR.

SUBSIDIARIES AND AFFILIATES: RATING SENSITIVITIES

SCB AG's IDRs, SSR and DCR are primarily sensitive to unfavourable changes in our assumptions around SCB's ability and propensity to provide timely support. A downgrade of SCB's IDRs would result in a downgrade of SCB AG's IDRs, SSR and DCR. SCB AG's ratings would also be downgraded if the bank's importance for the group diminishes, which we do not expect.

SCB AG's Long-Term IDR would be downgraded by one notch to the level of SCB's VR if Fitch believes that the bank's external senior creditors would not benefit from the group's resolution funds.

Positive rating action on SCB's IDRs would lead to a corresponding rating action on SCB AG's IDRs, SSR and DCR.

VR ADJUSTMENTS

The operating environment score of 'a' is below the category-implied 'aa' due to the following adjustment: international operations (negative).

The asset quality score of 'a-' is above the category-implied 'bbb' due to the following adjustment: non-loan exposures (positive).

The earnings and profitability score of 'a-' is above the category-implied 'bbb' due to the following adjustment: historical and future metrics (positive).

The capitalisation and leverage score of 'a' is above the category-implied 'bbb' due to the following adjustment: capital flexibility and ordinary support (positive).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

SCB AG's ratings are linked to SCB's Long-Term IDRs.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Fitch Ratings Analysts

Huseyin Sevinc
Senior Director
Primary Rating Analyst
+44 20 3530 1027
Fitch Ratings Ltd 30 North Colonnade, Canary Wharf London E14 5GN

Tania Gold
Senior Director
Secondary Rating Analyst
+65 6796 7224

Alan Adkins
Managing Director
Committee Chairperson
+44 20 3530 1702

Media Contacts

Matthew Pearson
London
+44 20 3530 2682
matthew.pearson@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
Standard Chartered Bank	LT IDR	A+	Affirmed		A+
	ST IDR	F1	Affirmed		F1
	Viability	a	Affirmed		a
	Government Support	ns	Affirmed		ns
• senior unsecured	LT	A+	Affirmed		A+
• subordinated	LT	BBB+	Affirmed		BBB+
• senior unsecured	ST	F1	Affirmed		F1
Standard Chartered Bank AG	LT IDR	A+	Affirmed		A+
	ST IDR	F1	Affirmed		F1
	DCR	A+(dcr)	Affirmed		A+(dcr)
	Shareholder Support	a+	Affirmed		a+
Standard Chartered PLC	LT IDR	A	Affirmed		A

ENTITY/DEBT	RATING			RECOVERY	PRIOR
	ST IDR	F1	Affirmed		F1
	Viability	a	Affirmed		a
	Government Support	ns	Affirmed		ns
• subordinated	LT	BBB-	Affirmed		BBB-
• preferred	LT	BBB-	Affirmed		BBB-
• senior unsecured	LT	A	Affirmed		A
• subordinated	LT	BBB+	Affirmed		BBB+
• senior unsecured	ST	F1	Affirmed		F1

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	⬘
NEGATIVE	⊖	⬙
EVOLVING	◈	◆
STABLE	▣	

Applicable Criteria

Bank Rating Criteria (pub.21 Mar 2025) (including rating assumption sensitivity)

Additional Disclosures

Solicitation Status

Endorsement Status

Standard Chartered Bank	UK Issued, EU Endorsed
Standard Chartered Bank AG	UK Issued, EU Endorsed
Standard Chartered PLC	UK Issued, EU Endorsed

DISCLAIMER & DISCLOSURES

issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch’s website.

The information in this report is provided “as is” without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the “NRSRO”). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the “non-NRSROs”) and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Endorsement policy

Fitch’s international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch’s approach to endorsement in the EU and the UK can be found on Fitch’s Regulatory Affairs page on Fitch’s website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.