Standard Chartered (STAN LN)

FUNDAMENTAL VIEW [1]

As of 23 May 2025

- Standard Chartered has been making good progress in the past few years, improving its asset quality and profitability and dealing with legacy litigation issues. Capital, funding and liquidity look solid.
- However, tensions between China and the West, including reciprocal trade tariffs between the US and China, and global economic headwinds continue to cloud the near term outlook.
- Its unusual business mix - headquartered and regulated in the UK but operating primarily in Asia, Africa and the Middle East - means it is well diversified but sensitive to geopolitical developments and emerging market volatility.

RISKS & CATALYSTS

As of 23 May 2025

- Anti-government protests in Hong Kong, a slowing economy in China and a weak commercial real estate sector, and a US/China trade war have threatened the growth and stability of some of Standard Chartered's key markets.
- A number of Standard Chartered's markets have underperformed in the past and have therefore been seen as turnaround stories, including India, Korea, Indonesia and the UAE.
- The group has had to improve its AML and sanctions controls. In April 2019, it paid a $947 mn fine to US authorities over breaches of US sanctions and a £102 mn fine to the UK FCA for AML weaknesses.

CREDIT QUALITY SCORE (CQS) [2]

As of 08 Aug 2025

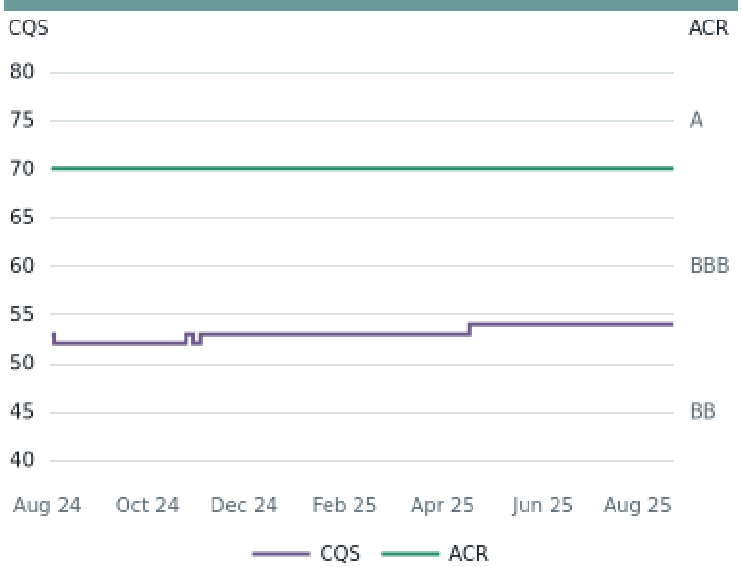
CURRENT CQS

54

CQS OUTLOOK [3]

NEGATIVE | **STABLE** | POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) [4] VS CQS



KEY METRICS

As of 23 May 2025

$ MN	1Q25	Y24	Y23	Y22	Y21
Return on Equity	12.2%	8.0%	7.0%	5.7%	4.5%
Total Revenues Margin	2.5%	2.3%	2.2%	2.0%	1.8%
Cost/Income	56.6%	64.0%	64.1%	66.9%	74.3%
CET1 Ratio (Transitional)	13.8%	14.2%	14.1%	14.0%	14.1%
CET1 Ratio (Fully-Loaded)	13.8%	14.2%	14.1%	13.9%	14.1%
Leverage Ratio (Fully-Loaded)	4.7%	4.8%	4.7%	4.8%	4.9%
Loan Impairment Charge	0.3%	0.2%	0.2%	0.3%	0.1%
Impaired Loans (Gross)/Total Loans	2.1%	2.2%	2.5%	2.5%	2.7%

BUSINESS DESCRIPTION

As of 23 May 2025

- Standard Chartered PLC is the holding company and listed entity of the group, in which Standard Chartered Bank is the main operating company.
- Although Standard Chartered is headquartered in London and therefore subject to UK banking regulation, its operations are mainly in Asia (Hong Kong is its biggest single market, as part of its Greater China & North Asia region), Africa and the Middle East. It is present in over 60 markets.
- It has the usual variety of businesses across these regions, including corporate and institutional banking, retail banking, commercial banking and private banking. It specialises in trade finance and cross-border cash management.
- The group announced a revised strategy in 2019 aimed at improving profitability after several years of de-risking, with a targeted return on tangible equity of 10%.
- It is classified as a G-SIB, with a regulatory capital buffer of 1%.

GLOSSARY

[1] The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

[2] The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

[3] The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

[4] The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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