



Fitch Places Standard Chartered's Short-Term Ratings Under Criteria Observation

Fitch Ratings - Hong Kong - 06 May 2019: Fitch Ratings has placed the Short-Term Issuer Default Ratings (IDR) of Standard Chartered PLC (SC) and its subsidiary, Standard Chartered Bank (SCB), Under Criteria Observation (UCO) following the publication of our cross-sector Short-Term Ratings Criteria on 2 May 2019.

Fitch intends to conclude full implementation of the criteria, and resolution of all UCO designations within six months of the designation.

RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
Standard Chartered Bank	ST IDR F1 Under Criteria Observation	F1
senior unsecured	ST F1 Under Criteria Observation	F1
Standard Chartered PLC	ST IDR F1 Under Criteria Observation	F1
senior unsecured	ST F1 Under Criteria Observation	F1

Key Rating Drivers

The short-term ratings of the banks are determined primarily by correspondence tables, linking short-term to long-term ratings. The new Short-Term Ratings Criteria introduced changes to our correspondence table between long- and short-term ratings. Two new cusp points at 'A' and 'BBB+' have been added to the existing three cusp points (A+, A- and BBB), where baseline or higher short-term ratings can be assigned. In addition, the criteria distinguish between ratings driven by the bank's standalone credit profile and those driven by support.

Fitch uses the funding and liquidity factor score as the principal determinant of whether the baseline or higher Short-Term IDR is assigned to each cusp point for banks with Long-Term IDRs driven by their standalone credit profiles, as reflected by their respective Viability Ratings (VR).

The Short-Term IDR and short-term debt ratings of SC (holdco) have been placed UCO as the ratings could be upgraded by one notch under the new criteria. This is because the latest funding and liquidity score that feeds into its VR is at least in line with the minimum level required for a higher short-term rating under the new criteria. Fitch may or may not assign the same Short-Term IDRs to the group's holdco and SCB, the principal operating bank (opco). Holdco and opco short-term ratings under the new criteria may be equalised or a holdco's short-term ratings may be lower than those of an opco, depending primarily on the liquidity profile of

the holdco.

SCB's Long-Term IDR of 'A+' is notched up from its VR of 'a', reflecting, in Fitch's opinion, sufficient qualifying junior debt buffers that can absorb losses ahead of senior unsecured debt obligations. The Short-Term IDRs and Short-Term debt ratings of SCB have been placed UCO because the ratings could be upgraded by one notch under the new criteria. This is because the latest funding and liquidity score that feeds into its VR is at least in line with the minimum levels required for a higher Short-Term rating under the new criteria.

Fitch will review the funding and liquidity scores of SC and SCB when resolving the UCOs. The scores are a key driver of their short-term ratings.

Not all of the ratings placed UCO will necessarily experience changes.

Rating Sensitivities

The key rating sensitivity with respect to the resolution of the UCO status will be Fitch's completion of its analytical work reviewing the Short-Term IDR elements under its new criteria.

Short-term ratings under the new criteria for banks with VR-driven IDRs are primarily sensitive to any change in the level of the latest funding and liquidity scores that feed into their VRs. Fitch will review these prior to resolving the UCO status. SC's Short-Term IDR is also sensitive to our assessment of holdco liquidity. In addition, Fitch will analyse if SCB has first call on the holdco's liquidity resources and/or if liquidity may not be available to the holdco. Fitch will review these aspects prior to resolving the UCO status. The short-term ratings of SCB will be upgraded by one notch unless there is a downward revision to existing funding and liquidity scores, all else being equal.

Existing rating sensitivities for each rating defined in the latest published rating action commentaries on each issuer continue to apply and are available at www.fitchratings.com. However, any existing rating sensitivities related to Short-Term IDRs generally are subject to change when Fitch resolves the UCO status.

Additional information is available on www.fitchratings.com

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Applicable Criteria

Bank Rating Criteria (pub. 12 Oct 2018)
Short-Term Ratings Criteria (pub. 02 May 2019)

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