



Standard Chartered Bank  
(Hong Kong) Limited

Supplementary Notes to  
Consolidated Financial Statements (unaudited)

For period ended  
31 December 2025

# Standard Chartered Bank (Hong Kong) Limited

## Table of Contents

	<i>Page</i>
1 <i>Basis of consolidation and preparation</i> .....	1
2 <i>Key prudential ratios and metrics</i> .....	3
a. <i>Key Prudential ratios (KM1)</i> .....	3
b. <i>Key metrics – LAC requirements for the Group (at LAC consolidation group level) (KM2(A))</i> .....	4
c. <i>Key metrics – TLAC requirements for non-HK resolution entity (at resolution group level) (KM2(B))</i> .....	5
3 <i>Overview of risk management and RWA</i> .....	5
a. <i>Overview of risk management (OVA)</i> .....	5
b. <i>Overview of risk-weighted amount (“RWA”) (OV1)</i> .....	6
4 <i>Linkages between financial statements and regulatory exposures</i> .....	7
a. <i>Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1)</i> .....	7
b. <i>Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2)</i> .....	9
c. <i>Explanations of differences between accounting and regulatory exposure amounts (LIA)</i> .....	9
d. <i>Prudent valuation adjustment (PV1)</i> .....	10
5 <i>Composition of regulatory capital</i> .....	11
a. <i>Composition of regulatory capital (CC1)</i> .....	11
b. <i>Reconciliation of regulatory capital to balance sheet (CC2)</i> .....	19
c. <i>Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A))</i> .....	21
d. <i>LAC composition of the bank (at LAC consolidation group level) (TLAC1(A))</i> .....	84
e. <i>Creditor ranking of the bank at legal entity level (TLAC2)</i> .....	86
6 <i>Macroprudential supervisory measures</i> .....	87
<i>Geographical distribution of credit exposures used in countercyclical capital buffer (CCyB1)</i> .....	87

	<i>Page</i>	
7	<i>Leverage Ratio</i> .....	88
	<i>a. Summary comparison of accounting asset against leverage ratio exposure measure (LR1)</i> .....	88
	<i>b. Leverage ratio (LR2)</i> .....	89
8	<i>Liquidity</i> .....	91
	<i>a. Liquidity Risk management (LIQA)</i> .....	91
	<i>b. Liquidity Coverage Ratio – for category 1 institution (LIQ1)</i> .....	92
	<i>c. Net Stable Funding Ratio – for category 1 institution (LIQ2)</i> .....	94
9	<i>Credit risk for non-securitization exposures</i> .....	98
	<i>a. General information about credit risk (CRA)</i> .....	98
	<i>b. Credit quality of exposures (CR1)</i> .....	98
	<i>c. Changes in defaulted loans and debt securities (CR2)</i> .....	99
	<i>d. Additional disclosure related to credit quality of exposures (CRB)</i> .....	99
	<i>e. Qualitative disclosures related to credit risk mitigation (CRC)</i> .....	102
	<i>f. Overview of recognized credit risk mitigation (CR3)</i> .....	102
	<i>g. Qualitative disclosures on use of ECAI ratings under STC approach (CRD)</i> .....	102
	<i>h. Credit risk exposures and effects of recognized credit risk mitigation         – for STC approach (CR4)</i> .....	103
	<i>i. Credit risk exposures by exposure classes and by risk weights         – for STC approach (CR5)</i> .....	104
	<i>j. Qualitative disclosures related to internal models for measuring         credit risk under IRB approach (CRE)</i> .....	108
	<i>k. Credit risk exposures by portfolio and PD ranges – for IRB approach (CR6)</i> .....	111
	<i>l. Effects on RWA of recognized credit derivative contracts used as recognized credit risk mitigation         – for IRB approach (CR7)</i> .....	116
	<i>m. RWA flow statements of credit risk exposures under IRB approach (CR8)</i> .....	117
	<i>n. Back-testing of PD per portfolio – for IRB approach (CR9)</i> .....	117
	<i>o. Specialized lending under supervisory slotting criteria approach – for IRB approach (CR10)</i> .....	119

	<i>Page</i>
10 Counterparty Credit risk .....	120
a. Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs) (CCRA) .....	120
b. Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches (CCR1) ....	121
c. Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach (CCR3) .....	122
d. Counterparty credit risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach (CCR4) .....	123
e. Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs) (CCR5) .....	125
f. Credit-related derivatives contracts (CCR6) .....	125
g. Exposures to CCPs (CCR8) .....	126
11 Credit valuation adjustment risk .....	127
a. Qualitative disclosures related to CVA risk (CVAA) .....	127
b. CVA risk under reduced basic CVA approach (CVA1) .....	127
12 Securitization exposures .....	128
a. Qualitative disclosures related to securitization exposure (SECA) .....	128
b. Securitization exposures in banking book (SEC1) .....	128
c. Securitization exposures in trading book (SEC2) .....	129
d. Securitization exposures in banking book and associated capital requirements – where AI acts as investor (SEC4) .....	130
13 Market Risk .....	131
a. Qualitative disclosures related to market risk (MRA) .....	131
b. Market risk under STM approach (MR1) .....	134

	<i>Page</i>
14 Interest rate risk .....	134
a. Interest rate risk in banking book - risk management objectives and policies (IRRBBA) .....	134
b. Quantitative information on interest rate risk in banking book (IRRBB1) .....	136
15 Remuneration (REMA/REM1/REM2/REM3) .....	137
16 Operational risk .....	140
a. General information on operational risk framework (ORA) .....	140
b. Historical losses (OR1) .....	141
c. Business indicator and business indicator components breakdown (OR2) .....	142
d. Minimum operational risk capital requirement (OR3) .....	143
17 Comparison of modelled and standardized RWAs .....	143
a. Comparison of modelled and standardized RWAs at risk level (CMS1) .....	143
b. Comparison of modelled and standardized RWAs for credit risk at exposure class level (CMS2) .....	144
18 Asset encumbrance (ENC) .....	145
19 International claims .....	145
20 Loans and advances to customers analysed by industry sector .....	146
21 Loans and advances to customers by geographical location .....	147
22 Overdue assets .....	148
23 Rescheduled assets .....	149
24 Mainland activities .....	150
25 Off-balance sheet exposures – Contingent liabilities and commitments .....	151
26 Foreign exchange risk .....	151

## Supplementary Notes to Consolidated Financial Statement (unaudited)

These notes are supplementary to and should be read in conjunction with the 2025 Consolidated Financial Statements (“consolidated financial statements”). The consolidated financial statements and this supplementary notes to consolidated financial statements (unaudited) taken together comply with the Banking (Disclosure) Rules (“Rules”) under section 60A of the Banking Ordinance and the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (“LAC Rules”) under section 19(1) of the Financial Institutions (Resolution) Ordinance (“FIRO”).

References to “the Group” within this document means Standard Chartered Bank (Hong Kong) Limited (“the Bank”) and its subsidiaries.

These banking disclosures are governed by the Group’s disclosure policy, which has been approved by the Board of Directors. The disclosure policy sets out the approach to determine the content, appropriateness and frequency of the disclosures, the approach to ensure the relevance and adequacy of the disclosures, and the internal control over the process for making the disclosures. The disclosures have been subject to independent review in accordance to the disclosure policy.

According to the Rules and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Prior period disclosures and additional disclosures as required by the Banking (Disclosure) Rules will be available on our website: [www.sc.com/hk](http://www.sc.com/hk) on or before 31 March 2026.

### 1 Basis of consolidation and preparation

The consolidated capital ratios were calculated in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The basis of consolidation for accounting purposes is in accordance with Hong Kong Financial Reporting Standards. The principal subsidiaries of the Bank for accounting purposes are Standard Chartered Bank (China) Limited (“SCB China”), Standard Chartered NEA Limited (“SC NEA”), Standard Chartered Bank Korea Limited (“SCB Korea”) and Standard Chartered Bank (Taiwan) Limited (“SCB Taiwan”) (SC NEA, SCB Korea and SCB Taiwan collectively referred to as “SC NEA Group”), Mox Bank Limited and Standard Chartered Leasing Group Limited (which holds Marina Leasing Limited).

The basis and scope of consolidation for regulatory purposes is different from the basis and scope of consolidation for accounting purposes.

Subsidiaries included in the consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with section 3C(1) of the Banking (Capital) rules. Subsidiaries not included in consolidation for regulatory purposes are non-financial companies and the securities companies that are authorized and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorized institutions under the Banking (Capital) Rules and the Banking Ordinance.

The Bank’s shareholdings in these subsidiaries are deducted from its capital base subject to the thresholds as determined in accordance with Part 3 of the Banking (Capital) Rules.

The Group operates subsidiaries in a number of countries and territories where capital is governed by local rules and there may be restrictions on the transfer of regulatory capital and funds between members of the banking group.

## 1 Basis of consolidation and preparation (continued)

Subsidiaries not included in the consolidation for regulatory purposes are set out below:

Name of Company	Principal activity	31 December 2025	
		Total assets HK\$'M	Total equity HK\$'M
Prunelli Asset Purchaser HK Limited	Asset-backed securitization	7,031	–
Standard Chartered Securities Korea Limited	Provision of security trading, underwriting and brokerage transactions	1,704	1,657
Standard Chartered Securities (China) Limited	Securities business	980	786
Standard Chartered Securities (Hong Kong) Limited	Equity capital markets, corporate finance and institutional brokerage	134	132
Anchorpoint Financial Limited	Issuance of Stablecoins	88	78
Standard Chartered Trust (HK) Limited	Trustee services	8	8
Horsford Nominees Limited	Nominees services	–	–
		9,945	2,661

The Bank's shareholdings in the above subsidiaries are deducted from CET1 capital, subject to certain thresholds, in accordance with the Banking (Capital) Rules. There is no relevant capital shortfall in any of the Bank's subsidiaries which are not included as part of the consolidation group for regulatory purposes.

The Group uses the foundation internal ratings based ("FIRB") and advanced internal ratings based ("AIRB") approach for both the measurement of credit risk capital requirements and the management of credit risk for the majority of its portfolios. The Group also uses the standardized (credit risk) approach for certain insignificant portfolios exempted from FIRB and AIRB. For counterparty credit risk, the Group uses the standardized (counterparty credit risk) approach ("SA-CCR") to calculate its default risk exposures. For credit valuation adjustment ("CVA"), the group uses the reduced basic CVA approach ("BA-CVA") to calculate CVA risk capital charge.

For securitization exposures, the group uses the securitization internal ratings-based approach ("SEC-IRBA"), securitization external ratings – based approach ("SEC-ERBA"), securitization standardised approach ("SEC-SA") or securitization fallback approach ("SEC-FBA") to determine credit risk for its banking book securitization exposures.

For market risk, the Group uses the standardized (market risk) ("STM") approach to calculate its market risk capital charges. For operational risk, the Group adopts the standardized operational risk approach to calculate its operational risk capital charges.

The Group applies the Internal Capital Adequacy Assessment Process ("ICAAP") to assess its capital demand on a current, planned and stressed basis. The assessment covers the major risks faced by the Group, in addition to credit, market and operational risks that are covered under the minimum capital requirements. The 2025 ICAAP has been approved by the Board of Directors ("the Board").

### Loss-absorbing Capacity Disclosures

Hong Kong LAC Rules came into operation on 14 December 2018. Following classification by the HKMA (as resolution authority), in scope entities are required under these rules to issue LAC instruments that can be written down or converted in the event of failure, and maintain minimum LAC resources.

The Group was notified by HKMA of its classification as a material subsidiary under the LAC rules with effect from 1 April 2019, with Standard Chartered PLC ("SC PLC") as the non-HK resolution entity. Following this classification, the Group has met its minimum LAC requirements since 1 July 2019, and is now publishing LAC disclosures for the period ended 31 December 2025. The basis of calculating the Group's LAC and RWAs is in accordance with the LAC Rules, with disclosures made using standard templates issued by the HKMA on 24 October 2024.

The Group's LAC disclosures are included as part of this regulatory disclosure, while SC PLC's LAC disclosures are included as part of its disclosures which can be found in the Investors section of SC PLC's website, <https://www.sc.com>.

## 2 Key prudential ratios and metrics

### a. Key prudential ratios (KM1)

The following table sets out an overview of the Group's key prudential ratios.

	(a) At 31 December 2025 HK\$'M	(b) At 30 September 2025 HK\$'M	(c) At 30 June 2025 HK\$'M	(d) At 31 March 2025 HK\$'M	(e) At 31 December 2024 HK\$'M	
<b>Regulatory capital (amount)</b>						
1 & 1a	Common Equity Tier 1 (CET1) <sup>1</sup>	154,681	159,425	157,448	153,682	150,675
2 & 2a	Tier 1	192,196	189,045	194,921	184,883	174,108
3 & 3a	Total capital	208,723	206,530	213,818	204,728	184,679
<b>RWA (amount)</b>						
4	Total RWA	816,138	818,649	827,241	807,806	853,572
4a	Total RWA (pre-floor)	816,138	818,649	827,241	807,806	
<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>						
5&5a	CET1 ratio (%) <sup>2</sup>	19.0%	19.5%	19.0%	19.0%	17.7%
5b	CET1 ratio (%) (pre-floor ratio) <sup>2</sup>	19.0%	19.5%	19.0%	19.0%	
6&6a	Tier 1 ratio (%)	23.5%	23.1%	23.6%	22.9%	20.4%
6b	Tier 1 ratio (%) (pre-floor ratio)	23.5%	23.1%	23.6%	22.9%	
7&7a	Total capital ratio (%)	25.6%	25.2%	25.8%	25.3%	21.6%
7b	Total capital ratio (%) (pre-floor ratio)	25.6%	25.2%	25.8%	25.3%	
<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>						
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.6%	0.5%	0.5%	0.5%	0.5%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	1.5%	1.5%	1.5%	1.5%	1.5%
11	Total AI-specific CET1 buffer requirements (%)	4.6%	4.5%	4.5%	4.5%	4.5%
12	CET1 available after meeting the AI's minimum capital requirements (%) <sup>2</sup>	14.5%	15.0%	14.5%	14.5%	13.2%
<b>Basel III leverage ratio</b>						
13	Total leverage ratio (LR) exposure measure	2,969,005	2,891,600	2,937,587	2,730,477	2,617,747
13a	LR exposure measure based on mean values of gross assets of SFTs	2,991,801	2,914,872	2,919,448	2,765,436	
14, 14a & 14b	LR (%)	6.5%	6.5%	6.6%	6.8%	6.7%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	6.4%	6.5%	6.7%	6.7%	
<b>Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)</b>						
<b>Applicable to category 1 institution only:</b>						
15	Total high quality liquid assets (HQLA)	579,254	583,032	574,471	509,260	480,160
16	Total net cash outflows	293,340	283,499	279,632	270,191	237,664
17	LCR (%) <sup>3</sup>	201%	206%	205%	189%	206%
<b>Applicable to category 2 institution only:</b>						
17a	LMR (%)	NA	N/A	N/A	N/A	N/A
<b>Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)</b>						
<b>Applicable to category 1 institution only:</b>						
18	Total available stable funding	1,712,144	1,697,317	1,712,277	1,594,122	1,533,197
19	Total required stable funding	1,355,128	1,261,888	1,224,597	1,184,979	1,142,548
20	NSFR (%)	126%	135%	140%	135%	134%
<b>Applicable to category 2A institution only:</b>						
20a	CFR (%)	NA	N/A	N/A	N/A	N/A

<sup>1</sup> Decrease in CET1 was mainly contributed by the dividend payment partially offset by profit accumulation.

<sup>2</sup> Decrease in risk-based regulatory capital ratios were mainly contributed by the decrease in CET1 during the period.

<sup>3</sup> Please refer to note 8 for the key drivers of LCR% changes.

## 2 Key prudential ratios and metrics (continued)

### b. Key metrics – LAC requirements for the Group (at LAC consolidation group level) (KM2(A))

The following table sets out a summary information on internal loss-absorbing capacity available, at LAC consolidation group level, of the Group.

	(a) At 31 December 2025 HK\$'M	(b) At 30 September 2025 HK\$'M	(c) At 30 June 2025 HK\$'M	(d) At 31 March 2025 HK\$'M	(e) At 31 December 2024 HK\$'M	
<b>Of the material entity at LAC consolidation group level</b>						
1	Internal loss-absorbing capacity available	239,131	236,908	244,398	234,141	213,643
2	Risk-weighted amount under the LAC Rules	816,138	818,649	827,241	807,806	853,572
3	Internal LAC risk-weighted ratio	29.3%	28.9%	29.5%	29.0%	25.0%
4	Exposure measure under the LAC Rules	2,969,005	2,891,600	2,937,587	2,730,477	2,617,747
5	Internal LAC leverage ratio	8.1%	8.2%	8.3%	8.6%	8.2%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>1</sup>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSBTLAC Term Sheet apply? <sup>1</sup>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied <sup>1</sup>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

<sup>1</sup> The subordination exemptions in the antepenultimate and penultimate paragraphs of Section 11 of the FSB TLAC Term Sheet does not apply in Hong Kong under the LAC Rules.

## 2 Key prudential ratios and metrics (continued)

### c. Key metrics – TLAC requirements for non-HK resolution entity (at resolution group level) (KM2(B))

The following table shows information about SC PLC's total loss-absorbing capacity (TLAC) available, and TLAC requirements, applied at the resolution group level under a Single Point of Entry resolution strategy.

The numbers are disclosed in the functional currency of SC PLC which is US Dollars.

		At 31 December 2025 US\$M	At 30 September 2025 US\$M	At 30 June 2025 US\$M	At 31 March 2025 US\$M	At 31 December 2024 US\$M
<b>Of the non-HK resolution entity at resolution group level</b>						
1	External loss-absorbing capacity available	86,461	88,130	86,574	85,180	84,563
2	Total risk-weighted amount under the relevant non-HK LAC regime	258,031	258,378	259,684	253,596	247,065
3	External loss-absorbing capacity as a percentage of risk-weighted amount	33.5%	34.1%	33.3%	33.6%	34.2%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	938,190	936,824	933,234	909,072	868,344
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	9.2%	9.4%	9.3%	9.4%	9.7%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	Yes	Yes	Yes	Yes	Yes
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied	N/A	N/A	N/A	N/A	N/A

## 3 Overview of risk management and RWA

### a. Overview of risk management (OVA)

Note 33 on pages 84 to 129 of the 2025 consolidated financial statements sets out a description of risk management objectives and policies and how the Board of Directors and senior management assess and manage risks, enabling users to gain a clear understanding of the risk tolerance and appetite in relation to the main activities and all significant risks.

### 3 Overview of risk management and RWA (continued)

#### b. Overview of risk-weighted amount (“RWA”) (OV1)

The following table sets out an overview of capital requirements in terms of a detailed breakdowns of RWAs for various risks.

	(a)		(b)	(c)
	RWA			Minimum capital requirements
	At 31 December 2025	At 30 September 2025	At 31 December 2025	At 31 December 2025
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
<b>1 Credit risk for non-securitization exposures</b>	<b>520,861</b>	<b>527,444</b>		<b>41,669</b>
2 Of which STC approach	42,013	39,231		3,361
2a Of which BSC approach	-	-		-
3 Of which foundation IRB approach	181,680	181,722		14,534
4 Of which supervisory slotting criteria approach	26,709	26,426		2,137
5 Of which advanced IRB approach	101,511	96,028		8,121
5a Of which retail IRB approach	98,576	115,313		7,886
5b Of which specific risk-weight approach	70,372	68,724		5,630
<b>6 Counterparty credit risk and default fund contributions</b>	<b>41,148</b>	<b>38,481</b>		<b>3,291</b>
7 Of which SA-CCR	34,967	32,422		2,797
7a Of which CEM	-	-		-
8 Of which IMM (CCR) approach	-	-		-
9 Of which others	6,181	6,059		494
<b>10 CVA risk</b>	<b>25,818</b>	<b>21,284</b>		<b>2,065</b>
11 Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A		N/A
<b>12 Collective investment scheme (“CIS”) exposures – look-through approach/third-party approach</b>	<b>233</b>	<b>228</b>		<b>19</b>
13 CIS exposures – mandate-based approach	-	-		-
14 CIS exposures – fall-back approach	-	-		-
14a CIS exposures – combination of approaches	-	-		-
<b>15 Settlement risk</b>	<b>-</b>	<b>281</b>		<b>-</b>
<b>16 Securitization exposures in banking book</b>	<b>8,513</b>	<b>6,179</b>		<b>681</b>
17 Of which SEC-IRBA	-	-		-
18 Of which SEC-ERBA (including IAA)	7,271	5,150		582
19 Of which SEC-SA	1,242	1,029		99
19a Of which SEC-FBA	-	-		-
<b>20 Market risk</b>	<b>101,439</b>	<b>112,621</b>		<b>8,115</b>
21 Of which STM approach	101,439	112,621		8,115
22 Of which IMA	-	-		-
22a Of which SSTM approach	-	-		-
23 Capital charge for moving exposures between trading book and banking book	N/A	N/A		N/A
<b>24 Operational risk</b>	<b>96,119</b>	<b>89,967</b>		<b>7,690</b>
<b>24a Sovereign concentration risk</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>25 Amounts below the thresholds for deduction (subject to 250% RW)</b>	<b>22,373</b>	<b>22,492</b>		<b>1,790</b>
<b>26 Output floor level applied</b>	<b>50%</b>	<b>50%</b>		
<b>27 Floor adjustment (before application of transitional cap)</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>28 Floor adjustment (after application of transitional cap)</b>	<b>N/A</b>	<b>N/A</b>		<b>N/A</b>
<b>28a Deduction to RWA</b>	<b>366</b>	<b>328</b>		<b>29</b>
28b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-		-
28c Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	366	328		29
<b>29 Total</b>	<b>816,138</b>	<b>818,649</b>		<b>65,291</b>

#### 4 Linkages between financial statements and regulatory exposures

##### a. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (L1f)

The following table sets out an information on assets and liabilities to enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation.

	(a) Carrying values as reported in published financial statements HK\$M	(b) Carrying values under scope of regulatory consolidation HK\$M	Carrying values of items:				(g) not subject to capital requirements or subject to deduction from capital HK\$M
			(c) subject to credit risk framework HK\$M	(d) subject to counterparty credit risk framework HK\$M	(e) subject to the securitization framework HK\$M	(f) subject to market risk framework HK\$M	
At 31 December 2025							
<b>Assets</b>							
Cash and balances at central banks	98,549	98,549	98,549	-	-	-	-
Loans and advances to banks	148,906	148,289	17,609	130,680	-	-	-
Hong Kong SAR Government certificates of indebtedness	50,191	50,191	50,191	-	-	-	-
Financial assets at fair value through profit or loss	647,036	646,213	32,051	198,482	-	483,370	-
Investment securities	485,386	485,386	444,364	-	41,022	-	-
Loans and advances to customers	992,554	992,554	990,954	1,600	-	-	-
Amounts due from fellow subsidiaries	255,992	254,927	86,406	161,130	7,397	66,948	-
Amounts due from immediate holding company	1	1	-	1	-	-	-
Amounts due from subsidiaries of the Bank	-	685	685	-	-	-	-
Investment in subsidiaries of the Bank	-	3,183	3,183	-	-	-	-
Interest in an associate	6,875	3,168	3,168	-	-	-	-
Property, plant and equipment	10,312	10,242	10,242	-	-	-	-
Goodwill and intangible assets	13,046	12,988	-	-	-	-	12,988
Current tax assets	193	192	-	-	-	-	192
Deferred tax assets	824	803	-	-	-	-	803
Other assets	190,584	190,541	182,867	7,285	-	-	389
<b>Total assets</b>	<b>2,900,449</b>	<b>2,897,912</b>	<b>1,920,269</b>	<b>499,178</b>	<b>48,419</b>	<b>550,318</b>	<b>14,372</b>

## 4 Linkages between financial statements and regulatory exposures (continued)

## a. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (L1f) (continued)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements HK\$M	Carrying values under scope of regulatory consolidation HK\$M	subject to credit risk framework HK\$M	subject to counterparty credit risk framework HK\$M	subject to the securitization framework HK\$M	subject to market risk framework HK\$M	not subject to capital requirements or subject to deduction from capital HK\$M
At 31 December 2025							
<b>Liabilities</b>							
Hong Kong SAR currency notes in circulation	50,191	50,191	-	-	-	-	50,191
Deposits by banks	43,391	43,281	-	-	-	-	43,281
Customers accounts	2,046,841	2,046,791	-	-	-	-	2,046,791
Financial liabilities at fair value through profit or loss	248,597	248,597	-	69,469	-	129,762	118,832
Debt securities in issue	19,070	19,070	-	-	-	-	19,070
Amounts due to immediate holding company	45,773	45,773	-	-	-	-	45,773
Amounts due to fellow subsidiaries	112,893	105,424	-	68,355	-	68,355	33,956
Amount due to subsidiaries of the Bank	-	8,322	-	-	-	-	8,322
Current tax liabilities	1,283	1,283	-	-	-	-	1,283
Deferred tax liabilities	1,402	1,402	-	-	-	-	1,402
Other liabilities	117,669	117,623	-	-	-	-	117,623
<b>Total Liabilities</b>	<b>2,687,110</b>	<b>2,687,757</b>	<b>-</b>	<b>137,824</b>	<b>-</b>	<b>198,117</b>	<b>2,486,524</b>

#### 4 Linkages between financial statements and regulatory exposures (continued)

##### b. Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2)

The following table sets out information on the main sources of differences between the carrying values in financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation.

	(a)	(b)	(c)	(d)	(e)
			<i>Items subject to:</i>		
			<i>counterparty</i>	<i>securitization</i>	<i>market risk</i>
	<i>Total</i>	<i>credit risk</i>	<i>credit risk</i>	<i>framework</i>	<i>framework</i>
	<i>framework</i>	<i>framework</i>	<i>framework</i>	<i>framework</i>	<i>framework</i>
At 31 December 2025	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
1 Asset Carrying value amount under scope of regulatory consolidation (as per template LI1)	2,883,540	1,920,269	499,178	48,481	550,318
2 Liabilities Carrying value amount under scope of regulatory consolidation (as per template LI1)	198,117	–	137,824	–	198,117
3 Total net amount under regulatory scope of consolidation	2,685,423	1,920,269	361,354	48,481	352,201
4 Off balance sheet amounts and potential future exposures for counterparty credit risk	915,799	272,336	86,399	–	–
5 Difference due to financial collateral on standardized approach	(28,548)	(28,548)	–	–	–
6 Difference due to impairments on exposures under IRB approach	9,706	9,706	–	–	–
7 Difference due to regulatory exposure adjustments	–	–	–	–	–
8 <b>Exposure amounts considered for regulatory purposes</b>	<b>3,582,380</b>	<b>2,173,763</b>	<b>447,753</b>	<b>48,481</b>	<b>352,201</b>

##### c. Explanations of differences between accounting and regulatory exposure amounts (LIA)

###### *Off-balance sheet amounts and potential future exposure for counterparty credit risk*

Off-balance sheet amounts subject to credit risk include the undrawn portion of committed facilities, various trade finance commitments and guarantees, by applying credit conversion factors ('CCF') to these items and consideration of potential future exposures ('PFE') for counterparty credit risk ('CCR').

###### *Difference due to financial collateral under standardized approach*

The exposure value is calculated after deducting credit risk mitigation ('CRM'), whereas the accounting value is before such deductions.

###### *Difference due to impairments on exposures under IRB approach*

The carrying value of assets is net of credit risk adjustments. The regulatory exposure value under the IRB approach is before deducting credit risk adjustments.

###### *Difference due to regulatory exposures adjustment*

Regulatory exposures adjustment is the differences arise between accounting carrying values and regulatory Exposure at Default (EAD) on leasing transactions.

#### 4 Linkages between financial statements and regulatory exposures (continued)

##### c. Explanations of differences between accounting and regulatory exposure amounts (LIA) (continued)

###### *Explanation of differences between accounting fair value and regulatory prudent valuation*

The Group has implemented various systems and controls to ensure that valuations are prudent and reliable.

Fair value is defined as the best estimate of the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. All fair value positions are tested using independently sourced inputs. Where material price testing differences exist, the Group calculates respective adjustments through the Independent Price Testing process. Material price testing adjustments are charged to the Profit and Loss account.

The Group also calculates fair value adjustments in order to ensure the appropriate level of conservativeness. Additional fair value adjustments are made to reflect risks such as credit risk and funding risk of the portfolios for uncollateralised trades or exit costs due to bid-offer spreads.

Furthermore, the Group also calculates Prudent Valuation Adjustments (“PVA”) which arise due to valuation uncertainties inherent in fair value positions such as market price uncertainty, close-out costs, model risk, unearned credit spreads, investing and funding costs, concentrated positions, early termination, operational risk and future administrative costs. The excesses of the Prudent Valuation Adjustments over the respective Fair Value Adjustments are referred to as Additional Valuation Adjustments (AVAs) and their aggregate is deducted from Common Equity Tier 1 capital.

All valuation adjustments are governed by internal methodology documents which are approved regularly by the relevant valuation governance committee.

##### d. Prudent valuation adjustment (PV1)

The following table sets out a detailed breakdown of the constituent elements of valuation adjustment.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Equity	Interest	FX	Credit	Commodities	Total	Of which:	Of which:
At 31 December 2025	HK\$'M	rates	HK\$'M	HK\$'M	HK\$'M	HK\$'M	In the	In the
		HK\$'M					trading	banking
							book	book
							HK\$'M	HK\$'M
1 Closeout uncertainty, of which	263	646	29	82	23	1,043	411	632
2 Mid-market value	68	242	11	74	8	403	210	193
3 Closeout cost	10	220	18	7	2	257	180	77
4 Concentration <sup>1</sup>	185	184	-	1	13	383	21	362
5 Early termination	-	-	-	-	-	-	-	-
6 Model risk	-	12	-	1	-	13	13	-
7 Operational risk	8	46	3	8	1	66	39	27
8 Investing and funding costs	-	1	-	-	-	1	1	-
9 Unearned credit spreads <sup>2</sup>	-	-	-	20	-	20	20	-
10 Future administrative costs	7	2	-	100	-	109	106	3
11 Other adjustments <sup>3</sup>	-	-	-	-	-	-	-	-
<b>12 Total adjustment</b>	<b>278</b>	<b>707</b>	<b>32</b>	<b>211</b>	<b>24</b>	<b>1,252</b>	<b>590</b>	<b>662</b>

1 The reduction in concentration charge was mainly due to decrease in concentrated positions held by Rates desk over the period.

2 The reduction in Unearned credit spreads was mainly due to reversal of PVA LGD from distressed counterparties.

3 The reduction in Other Adjustment was due to positions held in Financing Risk which were extinguished.

## 5 Composition of regulatory capital

### a. Composition of regulatory capital (CC1)

The following table sets out a breakdown of the constituent elements of Total regulatory capital.

At 31 December 2025		(a)	(b)
		HK\$M	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	65,025	(12)
2	Retained earnings	100,998	(22)
3	Disclosed reserves	6,115	(14)+(15)+(16)+(17)+(18)+(19)+(20)+(21)
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	386	(25)
6	<b>CET1 capital before regulatory deduction</b>	<b>172,524</b>	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	1,252	
8	Goodwill (net of associated deferred tax liabilities)	5,540	(4)
9	Other intangible assets (net of associated deferred tax liabilities)	6,219	(5)+(6)
10	Deferred tax assets (net of associated deferred tax liabilities)	2,066	(8)
11	Cash flow hedge reserve	1,396	(14)
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	(588)	-(10)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	354	(7)+(9)
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(1)+(2)+(3)-(28)

## 5 Composition of regulatory capital (continued)

### a. Composition of regulatory capital (CC1) (continued)

At 31 December 2025		(a) HK\$'M	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)
20	Mortgage servicing rights (net of associated deferred tax liabilities)	–	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	–	Not applicable
22	Amount exceeding the 15% threshold	–	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	–	Not applicable
24	of which: mortgage servicing rights	–	Not applicable
25	of which: deferred tax assets arising from temporary differences	–	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	1,604	–
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	665	(23)
26b	Regulatory reserve for general banking risks	939	(24)
26c	Securitization exposures specified in a notice given by the MA	–	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e	Capital shortfall of regulated non-bank subsidiaries	–	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28	<b>Total regulatory deductions to CET1 capital</b>	<b>17,843</b>	
29	<b>CET1 capital</b>	<b>154,681</b>	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	37,465	(13)
31	of which: classified as equity under applicable accounting standards	37,465	–
32	of which: classified as liabilities under applicable accounting standards	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	50	(26)
36	<b>AT1 capital before regulatory deductions</b>	<b>37,515</b>	

## 5 Composition of regulatory capital (continued)

## a. Composition of regulatory capital (CC1) (continued)

	(a)	(b)
At 31 December 2025	HK\$'M	<i>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)</i>
<b>AT1 capital: regulatory deductions</b>		
37	Investments in own AT1 capital instruments	–
38	Reciprocal cross-holdings in AT1 capital instruments	–
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–
41	National specific regulatory adjustments applied to AT1 capital	–
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–
43	<b>Total regulatory deductions to AT1 capital</b>	–
44	<b>AT1 capital</b>	<b>37,515</b>
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>192,196</b>
<b>Tier 2 capital: instruments and provisions</b>		
46	Qualifying Tier 2 capital instruments plus any related share premium	14,658 (11)
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	65 (27)
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,505 (29)+(30)
51	<b>Tier 2 capital before regulatory deductions</b>	<b>16,228</b>
<b>Tier 2 capital: regulatory deductions</b>		
52	Investments in own Tier 2 capital instruments	–
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	–
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as “section 2 institution” under §2(1) of Schedule 4F to BCR only)	–

## 5 Composition of regulatory capital (continued)

### a. Composition of regulatory capital (CC1) (continued)

At 31 December 2025		(a) HK\$'M	(b) <i>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)</i>
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(299)	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(299)	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within BCR §48(1)(g)	0	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>(299)</b>	
58	<b>Tier 2 capital (T2)</b>	<b>16,527</b>	
59	<b>Total regulatory capital (TC = T1 + T2)<sup>1</sup></b>	<b>208,723</b>	
60	<b>Total RWA</b>	<b>816,138</b>	
<b>Capital ratios (as a percentage of RWA)</b>			
61	<b>CET1 capital ratio</b>	<b>18.95%</b>	
62	<b>Tier 1 capital ratio</b>	<b>23.55%</b>	
63	<b>Total capital ratio</b>	<b>25.57%</b>	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	<b>4.56%</b>	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.56%	
67	of which: higher loss absorbency requirement	1.50%	
68	<b>CET1 (as a percentage of RWA) available after meeting minimum capital requirements</b>	<b>14.45%</b>	
<b>National minima (if different from Basel 3 minimum)</b>			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable

## 5 Composition of regulatory capital (continued)

### a. Composition of regulatory capital (CC1) (continued)

At 31 December 2025		(a) HK\$M	(b) <i>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)</i>
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	2,567	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	6,382	(28)
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	732	(29)
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	931	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC – IRBA (prior to application of cap)	773	(30)
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	3,110	

<sup>1</sup> The decrease in total regulatory capital was mainly due to decrease in CET1 capital.

## 5 Composition of regulatory capital (continued)

### a. Composition of regulatory capital (CC1) (continued)

#### Notes to the Template:

(on elements where a more conservative definition has been applied in the BCR relative to that set out in the Basel III capital standards.)

		<i>At 31 December 2025</i>	
<i>Description</i>		<i>Hong Kong basis HK\$'M</i>	<i>Basel III basis HK\$'M</i>
9	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	6,219	6,219

#### Explanation

As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.

10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	2,066	33
----	---	-------	----

#### Explanation

As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.

## 5 Composition of regulatory capital (continued)

### a. Composition of regulatory capital (CC1) (continued)

		<i>At 31 December 2025</i>	
<i>Description</i>		<i>Hong Kong basis HK\$'M</i>	<i>Basel III basis HK\$'M</i>
18	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	–	–

#### Explanation

For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.

19	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	–	–
----	--	---	---

#### Explanation

For the purpose of determining the total amount of significant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.

## 5 Composition of regulatory capital (continued)

### a. Composition of regulatory capital (CC1) (continued)

		<i>At 31 December 2025</i>	
<i>Description</i>		<i>Hong Kong basis HK\$'M</i>	<i>Basel III basis HK\$'M</i>
39	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	–	–

#### Explanation

The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant capital investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 39 (i.e. the amount reported under the “Hong Kong basis”) adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI’s connected companies which were subject to deduction under the Hong Kong approach.

54	<b>Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)</b>	–	–
----	---	---	---

#### Explanation

The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant capital investments in Tier 2 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 54 (i.e. the amount reported under the “Hong Kong basis”) adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI’s connected companies which were subject to deduction under the Hong Kong approach.

#### Remarks:

The amount of the 10% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.

#### Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

#### Note:

Cross-references (1) to (27) are referenced to ‘Reconciliation of regulatory capital to balance sheet (CC2)’.

Cross-references (28) to (30) are referenced within the ‘Composition of regulatory capital (CC1)’.

## 5 Composition of regulatory capital (continued)

### b. Reconciliation of regulatory capital to balance sheet (CC2)

The following table shows differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between the Bank's balance sheet in its published financial statements and the numbers used in the composition of regulatory capital disclosure template in Template CC1 in note 5a.

	(a) <i>Consolidated balance sheet as in published financial statements (At 31 December 2025) HK\$'M</i>	(b) <i>Under regulatory scope of consolidation (At 31 December 2025) HK\$'M</i>	(c)  <i>Cross reference to note 5a (CC1)</i>
<b>Assets</b>			
Cash and balances at central banks	98,549	98,549	
Loans and advances to banks	148,906	148,289	
Hong Kong SAR Government certificates of indebtedness	50,191	50,191	
Financial assets at fair value through profit or loss	647,036	646,213	
Investment securities	485,386	485,386	
Loans and advances to customers	992,554	992,554	
Amounts due from fellow subsidiaries	255,992	254,927	
Amounts due from immediate holding company	1	1	
Amounts due from subsidiaries of the Bank	–	685	
of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation	–	–	(1)
Investment in subsidiaries of the Bank	–	3,183	
of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation <sup>1</sup>	–	3,214	(2)
Interest in an associate	6,875	3,168	
of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation	–	3,168	(3)
Property, plant and equipment	10,312	10,242	
Goodwill and intangible assets	13,046	12,988	
of which: goodwill	–	5,540	(4)
of which: other intangible assets	–	7,448	(5)
Current tax assets	193	192	
Deferred tax assets	824	803	
of which: deferred tax liabilities relating to intangible assets	–	(1,229)	(6)
of which: deferred tax liabilities related to defined benefit pension fund net assets	–	(34)	(7)
of which: other deferred tax assets	–	2,066	(8)
Other assets	190,584	190,541	
of which: defined benefit pension fund net assets	–	388	(9)
	<b>2,900,449</b>	<b>2,897,912</b>	

<sup>1</sup> The amount is inclusive of potential future holdings that the bank is obliged to purchase.

## 5 Composition of regulatory capital (continued)

## b. Reconciliation of regulatory capital to balance sheet (CC2) (continued)

	(a) <i>Consolidated balance sheet as in published financial statements (At 31 December 2025) HK\$'M</i>	(b) <i>Under regulatory scope of consolidation (At 31 December 2025) HK\$'M</i>	(c)  <i>Cross reference to note 5a (CC1)</i>
<b>Liabilities</b>			
Hong Kong SAR currency notes in circulation	50,191	50,191	
Deposits by banks	43,391	43,281	
Customer accounts	2,046,841	2,046,791	
Financial liabilities at fair value through profit or loss	248,597	248,597	
of which: gains or losses due to changes in own credit risk	–	588	(10)
Debt securities in issue	19,070	19,070	
Amounts due to immediate holding company	45,773	45,773	
of which: subordinated liabilities eligible for inclusion in regulatory capital	–	14,658	(11)
Amounts due to fellow subsidiaries	112,893	105,424	
Amounts due to subsidiaries of the Bank	–	8,322	
Current tax liabilities	1,283	1,283	
Deferred tax liabilities	1,402	1,402	
Other liabilities	117,669	117,623	
	<b>2,687,110</b>	<b>2,687,757</b>	
<b>Equity</b>			
Share capital	65,025	65,025	
of which: amount eligible for CET1	–	65,025	(12)
of which: amount eligible for AT1	–	–	
Other equity instruments	37,465	37,465	
of which: amount eligible for AT1	–	37,465	(13)
Reserves	110,258	107,113	
of which: Cumulative cash flow hedge reserve that relate to the hedging of financial instruments that are not fair valued on the balance sheet	–	1,396	(14)
of which: Cumulative cash flow hedge reserves that relate to the hedging of financial instruments that are fair valued on the balance sheet	–	20	(15)
of which: FVOCI reserve – Equity	–	160	(16)
of which: FVOCI reserve – Debt	–	815	(17)
of which: Exchange reserve	–	(9,908)	(18)
of which: Share option equity reserve	–	(140)	(19)
of which: Own credit adjustment reserve	–	(588)	(20)
of which: Other reserves	–	14,360	(21)
of which: Retained profits	–	100,998	(22)
of which: Cumulative fair value gains arising from the revaluation of land and buildings (audited)	–	665	(23)
of which: Regulatory reserve for general banking risks	–	939	(24)
Non-controlling interests	591	552	
of which: portion allowable in CET1 capital	–	386	(25)
of which: portion allowable in AT1 capital	–	50	(26)
of which: portion allowable in T2 capital	–	65	(27)
<b>Total equity</b>	<b>213,339</b>	<b>210,155</b>	
<b>Total liabilities and equity</b>	<b>2,900,449</b>	<b>2,897,912</b>	

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A))

The following is a summary of the Group's CET1 capital, Additional Tier 1 capital, Tier 2 capital and non-capital LAC debt instruments.

	At 31 December 2025		
	Total amount	Amount recognised in regulatory capital HK\$'M	Amount recognised in loss-absorbing capacity HK\$'M
<b>(i) Both regulatory capital and LAC requirements</b>			
<b>CET1 capital instruments</b>			
Ordinary shares:			
5,289 million issued and fully paid ordinary shares	HK\$62,025m	65,025	65,025
<b>AT1 capital instruments</b>			
US\$900 million Floating Rate Undated Additional Tier 1 Capital Securities	US\$900m	7,031	7,031
US\$250 million Floating rate Undated Additional Tier 1 Capital Securities	US\$250m	1,957	1,957
US\$250 million Fixed rate Undated Additional Tier 1 Capital Securities	US\$250m	1,959	1,959
US\$600 million Fixed Rate Undated Additional Tier 1 Capital Securities	US\$600m	4,687	4,687
US\$1,000 million Fixed rate Undated Additional Tier 1 Capital Securities	US\$1,000m	7,783	7,783
US\$800 million Floating Rate Undated Additional Tier 1 Capital Securities	US\$800m	6,270	6,270
US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities	US\$1,000m	7,778	7,778
<b>Tier 2 capital instruments</b>			
EUR1,000 million Fixed rate (1.20%) Tier 2 Notes due 2031, callable from 2026	EUR1,000m	8,967	8,967
US\$700 million Fixed rate (6.673%) Tier 2 Notes due 2040, callable from 2035	US\$700m	5,691	5,691
USD\$1,000 million Floating rate Tier 2 Notes due 2036, callable from 2031 <sup>1</sup>	Nil	Nil	Nil
<b>(ii) Only LAC (but not regulatory capital) requirements</b>			
<b>Non-capital LAC Debt Instruments</b>			
US\$1,500 million 1.456 per cent Notes due 2027 <sup>2</sup>	US\$1,500m	Nil	11,671
US\$1,250 million 2.608 per cent Notes due 2028	US\$1,250m	Nil	9,520
EUR1,000 million 4.196 per cent Notes due 2032	EUR1,000m	Nil	9,216
US\$1,000 million 4.299 per cent Notes due 2030 <sup>3</sup>	Nil	Nil	Nil
US\$1,000 million 5.243 per cent Notes due 2037 <sup>3</sup>	Nil	Nil	Nil

The full terms and conditions of the Group's capital instruments can be found in the Regulatory Disclosures section of our website, [www.sc.com/hk](http://www.sc.com/hk).

**Footnote:**

<sup>1</sup> On 5 March 2026, the Group issued a floating rate Tier 2 capital instrument amounting to US\$1,000 million (HK\$7,821 million)

<sup>2</sup> On 14 January 2026, the Group early redeemed the non-capital LAC debt instrument amounting to US\$1,500 million (HK\$11,671 million)

<sup>3</sup> On 13 January 2026, the Group issued two non-capital LAC debt instruments amounting to US\$1,000 million (HK\$7,797 million) each

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements

##### Ordinary Shares

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	Common Equity Tier 1
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares (Class A, B, C and D)
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD65,025 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD65,025 Million
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	28 June 2004 (706 Million Class A shares) 1 July 2004 (780 Million Class B shares) 29 June 2005 (451 Million Class B shares) 1 June 2019 (342 Million Class C shares) 1 October 2019 (3,010 Million Class D shares) 30 December 2020 (USD500 Million redeemed preference shares)
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	No

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### Ordinary Shares (continued)

15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
<i>Coupons/dividends</i>		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Preference Shares are immediately senior to Ordinary Shares (Class B, C and D)  Ordinary Shares (Class B, C and D) are immediately senior to Ordinary Shares (Class A)
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

#### Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### US\$900 million Floating Rate Undated Additional Tier 1 Capital Securities

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	Additional Tier 1
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD7,031 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD7,031 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD900 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	24 June 2019
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes

**Footnote:**

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$900 million Floating Rate Undated Additional Tier 1 Capital Securities (continued)

15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 12 April 2026  Early redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	N/A
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	SOFR + 0.26161 per cent + 4.48 per cent per annum
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$900 million Floating Rate Undated Additional Tier 1 Capital Securities (continued)

31	<p>If write-down, write-down trigger(s)</p> <p>Upon a Loss Absorption Event or Non-Viability Event</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Securities issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
----	---

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$900 million Floating Rate Undated Additional Tier 1 Capital Securities (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Dated Subordinated Notes are immediately senior to Capital Securities
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$250 million Floating rate Undated Additional Tier 1 Capital Securities

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	Additional Tier 1
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD1,957 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD1,957 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD250 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	31 March 2022
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$250 million Floating rate Undated Additional Tier 1 Capital Securities (continued)

15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 30 Jun 2031  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	Each distribution payment date thereafter
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	SOFR+ 4.2 per cent per annum payable quarterly in arrears
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$250 million Floating rate Undated Additional Tier 1 Capital Securities (continued)

31 If write-down, write-down trigger(s)	<p>Upon a Loss Absorption Event or Non-Viability Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Securities issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
---	--

## Footnote:

<sup>1</sup> Include solo-consolidated

5 Composition of regulatory capital (continued)

c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

(i) Both regulatory capital and LAC requirements (continued)

US\$250 million Floating rate Undated Additional Tier 1 Capital Securities (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Dated Subordinated Notes are immediately senior to Capital Securities
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### US\$250 million Fixed rate Undated Additional Tier 1 Capital Securities

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	Additional Tier 1
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD1,959 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD1,959 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD250 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	26 August 2022
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$250 million Fixed rate Undated Additional Tier 1 Capital Securities (continued)

15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 27 August 2027  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	Each reset date thereafter
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	7.75 per cent per annum
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$250 million Fixed rate Undated Additional Tier 1 Capital Securities (continued)

31 If write-down, write-down trigger(s)	<p>Upon a Loss Absorption Event or Non-Viability Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Securities issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
---	--

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$250 million Fixed rate Undated Additional Tier 1 Capital Securities (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Dated Subordinated Notes are immediately senior to Capital Securities
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### US\$600 million Fixed Rate Undated Additional Tier 1 Capital Securities

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	Additional Tier 1
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD4,687 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD4,687 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD600 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	3 July 2024
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### US\$600 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)

15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 08 March 2030 to 08 September 2030 or on any Reset Date thereafter  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable	Second reset Date: 08 September 2035  Each date falling five, or an integral multiple of five, years after the Second Reset Date
<i>Coupons/dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	7.875 per cent per annum
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

#### Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$600 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)

31 If write-down, write-down trigger(s)	<p>Upon a Loss Absorption Event or Non-Viability Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Securities issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
---	--

## Footnote:

<sup>1</sup> Include solo-consolidated

5 Composition of regulatory capital (continued)

c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

(i) Both regulatory capital and LAC requirements (continued)

US\$600 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Dated Subordinated Notes are immediately senior to Capital Securities
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	Additional Tier 1
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	HKD7,783 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD7,783 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD1,000 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	16 January 2025
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes

#### Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)

15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 16 January 2032 to the first reset date 16 July 2032  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	Any Reset Date thereafter
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	7.625 per cent per annum
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)

31 If write-down, write-down trigger(s)	<p>Upon a Loss Absorption Event or Non-Viability Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Securities issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
---	--

**Footnote:**

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Dated Subordinated Notes are immediately senior to Capital Securities
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$800 million Floating Rate Undated Additional Tier 1 Capital Securities

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	Additional Tier 1
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD6,270 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD6,270 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD800 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	28 May 2025
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$800 million Floating Rate Undated Additional Tier 1 Capital Securities (continued)

15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 28 May 2030 and each Distribution Payment Date thereafter  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	Any Reset Date thereafter
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	SOFR+3.70 per cent per annum
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$800 million Floating Rate Undated Additional Tier 1 Capital Securities (continued)

31	<p>If write-down, write-down trigger(s)</p> <p>Upon a Loss Absorption Event or Non-Viability Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Securities issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
----	--

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$800 million Floating Rate Undated Additional Tier 1 Capital Securities (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Dated Subordinated Notes are immediately senior to Capital Securities
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Additional Tier 1
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD7,778 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD7,778 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD1,000 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	16 January 2025
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 16 January 2032 to the first reset date 16 July 2032  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable	Any Reset Date thereafter

#### Footnote:

<sup>1</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

<sup>2</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

<sup>3</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)

<i>Coupons/dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	7.625 per cent per annum
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

#### Footnote:

<sup>1</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

<sup>2</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

<sup>3</sup> Include solo-consolidated

5 Composition of regulatory capital (continued)

c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

(i) Both regulatory capital and LAC requirements (continued)

US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)

<p>31 If write-down, write-down trigger(s)</p>	<p>Upon a Loss Absorption Event or Non-Viability Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Securities issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
--	--

Footnote:

<sup>1</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

<sup>2</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

<sup>3</sup> Include solo-consolidated

**5 Composition of regulatory capital (continued)**

**c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)**

**(i) Both regulatory capital and LAC requirements (continued)**

**US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)**

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Dated Subordinated Notes are immediately senior to Capital Securities
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

**Footnote:**

<sup>1</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

<sup>2</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

<sup>3</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### EUR1,000 million Fixed rate (1.20%) Tier 2 Notes due 2031, callable from 2026

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	Tier 2
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Other Tier 2 instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD8,967 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD8,967 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of EUR1,000 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	23 March 2021
12	Perpetual or dated	Dated
13	Original maturity date	23 September 2031
14	Issuer call subject to prior supervisory approval	Yes

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## EUR1,000 million Fixed rate (1.20%) Tier 2 Notes due 2031, callable from 2026 (continued)

15	Optional call date, contingent call dates and redemption amount	Optional call date: 23 September 2026  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  EUR 1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	N/A
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	1.2 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## EUR1,000 million Fixed rate (1.20%) Tier 2 Notes due 2031, callable from 2026 (continued)

31	<p>If write-down, write-down trigger(s)</p> <p>Upon a Loss Absorption Event or Non-Viability Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Notes issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
----	---

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## EUR1,000 million Fixed rate (1.20%) Tier 2 Notes due 2031, callable from 2026 (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Loss Absorbing Non-Preferred Notes or any instrument ranking pari passu to Loss Absorbing Non-Preferred Notes are immediately senior to the Dated Subordinated Notes
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$700 million Fixed rate (6.673%) Tier 2 Notes due 2040, callable from 2035

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	Tier 2
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Other Tier 2 instruments
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	HKD5,691 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD5,691 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD700 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	21 January 2025
12	Perpetual or dated	Dated
13	Original maturity date	21 January 2040
14	Issuer call subject to prior supervisory approval	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$700 million Fixed rate (6.673%) Tier 2 Notes due 2040, callable from 2035 (continued)

15	Optional call date, contingent call dates and redemption amount	Optional call date: 21 January 2035  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	Not applicable
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	6.673 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$700 million Fixed rate (6.673%) Tier 2 Notes due 2040, callable from 2035 (continued)

31 If write-down, write-down trigger(s)	<p>Upon a Loss Absorption Event or Non-Viability Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Notes issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
---	--

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## US\$700 million Fixed rate (6.673%) Tier 2 Notes due 2040, callable from 2035 (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Loss Absorbing Non-Preferred Notes or any instrument ranking pari passu to Loss Absorbing Non-Preferred Notes are immediately senior to the Dated Subordinated Notes
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## USD\$1,000 million Floating rate Tier 2 Notes due 2036, callable from 2031

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	Tier 2
6	Eligible at solo <sup>1</sup> /group/group & solo	Group & solo
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Other Tier 2 instruments
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	N/A (HKD7,821 Million from 5 March 2026) <sup>2</sup>
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	N/A (HKD7,821 Million from 5 March 2026) <sup>2</sup>
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD1000 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	05 March 2026
12	Perpetual or dated	Dated
13	Original maturity date	05 June 2036
14	Issuer call subject to prior supervisory approval	Yes

Footnote:<sup>1</sup> Include solo-consolidated<sup>2</sup> On 5 March 2026, the Group issued a floating rate Tier 2 capital instrument amounting to US\$1,000 million (HK\$7,821 million)

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (i) Both regulatory capital and LAC requirements (continued)

##### USD\$1,000 million Floating rate Tier 2 Notes due 2036, callable from 2031 (continued)

15	Optional call date, contingent call dates and redemption amount	Optional call date: 05 June 2031  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	Not applicable
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	SOFR+1.61 per cent. per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

#### Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 5 March 2026, the Group issued a floating rate Tier 2 capital instrument amounting to US\$1,000 million (HK\$7,821 million)

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## USD\$1,000 million Floating rate Tier 2 Notes due 2036, callable from 2031 (continued)

31	<p>If write-down, write-down trigger(s)</p> <p>Upon a Loss Absorption Event or Non-Viability Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Notes issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event</p> <p>“Non-Viability Event” means the earlier of:</p> <p>(a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and</p> <p>(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable</p>
----	--

Footnote:<sup>1</sup> Include solo-consolidated<sup>2</sup> On 5 March 2026, the Group issued a floating rate Tier 2 capital instrument amounting to US\$1,000 million (HK\$7,821 million)

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (i) Both regulatory capital and LAC requirements (continued)

## USD\$1,000 million Floating rate Tier 2 Notes due 2036, callable from 2031 (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Loss Absorbing Non-Preferred Notes or any instrument ranking pari passu to Loss Absorbing Non-Preferred Notes are immediately senior to the Dated Subordinated Notes
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Footnote:<sup>1</sup> Include solo-consolidated<sup>2</sup> On 5 March 2026, the Group issued a floating rate Tier 2 capital instrument amounting to US\$1,000 million (HK\$7,821 million)

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (ii) Only LAC (but not regulatory capital) requirements

##### US\$1,500 million 1.456 per cent Notes due 2027

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	N/A
6	Eligible at solo <sup>1</sup> /group/group & solo	Ineligible
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD11,671 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD1,500 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	14 January 2021
12	Perpetual or dated	Dated
13	Original maturity date	14 January 2027
14	Issuer call subject to prior supervisory approval	Yes

Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 14 January 2026, the Group early redeemed the non-capital LAC debt instrument amounting to US\$1,500 million (HK\$11,671 million)

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## US\$1,500 million 1.456 per cent Notes due 2027 (continued)

15	Optional call date, contingent call dates and redemption amount	Optional call date: 14 January 2026  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	N/A
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	1.456 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated<sup>2</sup> On 14 January 2026, the Group early redeemed the non-capital LAC debt instrument amounting to US\$1,500 million (HK\$11,671 million)

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## US\$1,500 million 1.456 per cent Notes due 2027 (continued)

31 If write-down, write-down trigger(s)	<p>Upon a Loss Absorption Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Notes issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p>
---	---

## Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 14 January 2026, the Group early redeemed the non-capital LAC debt instrument amounting to US\$1,500 million (HK\$11,671 million)

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## US\$1,500 million 1.456 per cent Notes due 2027 (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All unsubordinated creditors of the Issuer (including its depositors) are immediately senior to the Loss Absorbing Non-preferred Notes
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

## Footnote:

<sup>1</sup> Include solo-consolidated<sup>2</sup> On 14 January 2026, the Group early redeemed the non-capital LAC debt instrument amounting to US\$1,500 million (HK\$11,671 million)

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## US\$1,250 million 2.608 per cent Notes due 2028

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	N/A
6	Eligible at solo <sup>1</sup> /group/group & solo	Ineligible
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD9,520 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD1,250 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	19 January 2022
12	Perpetual or dated	Dated
13	Original maturity date	12 January 2028
14	Issuer call subject to prior supervisory approval	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## US\$1,250 million 2.608 per cent Notes due 2028 (continued)

15	Optional call date, contingent call dates and redemption amount	Optional call date: 12 January 2027  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	N/A
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	2.608 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## US\$1,250 million 2.608 per cent Notes due 2028 (continued)

---

31 If write-down, write-down trigger(s)

Upon a Loss Absorption Event

“Loss Absorption Event” means:

(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and

(ii) for Notes issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:

(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and

(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer

or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.

---

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## US\$1,250 million 2.608 per cent Notes due 2028 (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All unsubordinated creditors of the Issuer (including its depositors) are immediately senior to the Loss Absorbing Non-preferred Notes
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## EUR1,000 million 4.196 per cent Notes due 2032

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Basel III rules	N/A
6	Eligible at solo <sup>1</sup> /group/group & solo	Ineligible
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD9,216 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of EUR 1,000 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	3 July 2024
12	Perpetual or dated	Dated
13	Original maturity date	04 March 2032
14	Issuer call subject to prior supervisory approval	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## EUR1,000 million 4.196 per cent Notes due 2032 (continued)

15	Optional call date, contingent call dates and redemption amount	Optional call date: 04 March 2031  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  EUR 1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	Not applicable
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	4.196 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## EUR1,000 million 4.196 per cent Notes due 2032 (continued)

---

31 If write-down, write-down trigger(s)

Upon a Loss Absorption Event.

“Loss Absorption Event” means:

(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and

(ii) for Notes issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:

(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and

(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer;

or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.

---

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## EUR1,000 million 4.196 per cent Notes due 2032 (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All unsubordinated creditors of the Issuer (including its depositors) are immediately senior to the Loss Absorbing Non-preferred Notes
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

## Footnote:

<sup>1</sup> Include solo-consolidated

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (ii) Only LAC (but not regulatory capital) requirements (continued)

##### US\$1,000 million 4.299 per cent Notes due 2030

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo <sup>1</sup> /group/group & solo	Ineligible
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	N/A (HKD7,797 Million from 13 January 2026) <sup>2</sup>
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD1,000 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	13 January 2026
12	Perpetual or dated	Dated
13	Original maturity date	13 January 2030
14	Issuer call subject to prior supervisory approval	Yes

#### Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 13 January 2026, the Group issued a non-capital LAC debt instruments amounting to US\$1,000 million (\$7,797 million)

## 5 Composition of regulatory capital (continued)

## c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

## (ii) Only LAC (but not regulatory capital) requirements (continued)

## US\$1,000 million 4.299 per cent Notes due 2030 (continued)

15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 13 January 2029 and each Distribution Payment Date thereafter  Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.  US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable <i>Coupons/dividends</i>	Not applicable
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	4.299 per cent. per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

Footnote:<sup>1</sup> Include solo-consolidated<sup>2</sup> On 13 January 2026, the Group issued a non-capital LAC debt instruments amounting to US\$1,000 million (\$7,797 million)

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (ii) Only LAC (but not regulatory capital) requirements (continued)

#### US\$1,000 million 4.299 per cent Notes due 2030 (continued)

---

31	If write-down, write-down trigger(s)	<p>Upon a Loss Absorption Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Notes issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resoution Event.</p>
----	--------------------------------------	--

---

#### Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 13 January 2026, the Group issued a non-capital LAC debt instruments amounting to US\$1,000 million (\$7,797 million)

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (ii) Only LAC (but not regulatory capital) requirements (continued)

##### US\$1,000 million 4.299 per cent Notes due 2030 (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All unsubordinated creditors of the Issuer (including its depositors) are immediately senior to the Loss Absorbing Non-preferred Notes
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

#### Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 13 January 2026, the Group issued a non-capital LAC debt instruments amounting to US\$1,000 million (\$7,797 million)

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (ii) Only LAC (but not regulatory capital) requirements (continued)

##### US\$1,000 million 5.243 per cent Notes due 2037

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo <sup>1</sup> /group/group & solo	Ineligible
6a	Eligible at solo/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	N/A (HKD7,797 Million from 13 January 2026) <sup>2</sup>
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD1,000 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	13 January 2026
12	Perpetual or dated	Dated
13	Original maturity date	13 January 2037
14	Issuer call subject to prior supervisory approval	Yes

#### Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 13 January 2026, the Group issued a non-capital LAC debt instruments amounting to US\$1,000 million (\$7,797 million)

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (ii) Only LAC (but not regulatory capital) requirements (continued)

##### US\$1,000 million 5.243 per cent Notes due 2037 (continued)

15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 13 January 2036 and each Distribution Payment Date thereafter
		Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default.
		US\$1,000 per Calculation amount
16	Subsequent call dates, if applicable	Not applicable
	<i>Coupons/dividends</i>	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	5.243 per cent. per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes

#### Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 13 January 2026, the Group issued a non-capital LAC debt instruments amounting to US\$1,000 million (\$7,797 million)

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (ii) Only LAC (but not regulatory capital) requirements (continued)

##### US\$1,000 million 5.243 per cent Notes due 2037 (continued)

---

31	If write-down, write-down trigger(s)	<p>Upon a Loss Absorption Event.</p> <p>“Loss Absorption Event” means:</p> <p>(i) the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares on any LAC debt instruments); and</p> <p>(ii) for Notes issued directly to a group company in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the Relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the Relevant Hong Kong Resolution Authority has notified the Home Authority of the Relevant Hong Kong Resolution Authority’s intention to notify the issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Securities issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Securities issued by the Issuer</p> <p>or, if earlier than (i) and (ii) above, the occurrence of a Group Resoution Event.</p>
----	--------------------------------------	--

---

#### Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 13 January 2026, the Group issued a non-capital LAC debt instruments amounting to US\$1,000 million (\$7,797 million)

## 5 Composition of regulatory capital (continued)

### c. Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)

#### (ii) Only LAC (but not regulatory capital) requirements (continued)

##### US\$1,000 million 5.243 per cent Notes due 2037 (continued)

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All unsubordinated creditors of the Issuer (including its depositors) are immediately senior to the Loss Absorbing Non-preferred Notes
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

#### Footnote:

<sup>1</sup> Include solo-consolidated

<sup>2</sup> On 13 January 2026, the Group issued a non-capital LAC debt instruments amounting to US\$1,000 million (\$7,797 million)

## 5 Composition of regulatory capital (continued)

### d. LAC composition of the bank (at LAC consolidation group level) (TLAC1(A))

The following table provides details of the composition of internal loss-absorbing capacity, at LAC consolidation group level, of the Bank.

		(a) HK\$'M
<b>Regulatory capital elements of internal loss-absorbing capacity and adjustments</b>		
1	Common Equity Tier 1 ("CET1") capital	154,681
2	Additional Tier 1 ("AT1") capital before LAC adjustments	37,515
3	AT1 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
4	Other adjustments	-
5	AT1 capital eligible under the LAC Rules	37,515
6	Tier 2 ("T2") capital before LAC adjustments	16,527
7	Amortized portion of T2 capital instruments that are internal LAC debt instruments issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
8	T2 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
9	Other adjustments	-
10	T2 capital eligible under the LAC Rules	16,527
11	<b>Internal loss-absorbing capacity arising from regulatory capital</b>	<b>208,723</b>
<b>Non-regulatory capital elements of internal loss-absorbing capacity</b>		
12	Internal non-capital LAC debt instruments issued directly or indirectly to, and held indirectly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	30,408
17	<b>Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments</b>	<b>30,408</b>
<b>Non-regulatory capital elements of internal loss-absorbing capacity: adjustments</b>		
18	<b>Internal loss-absorbing capacity before deductions</b>	<b>239,131</b>
19	Deductions of exposures between the material subsidiary's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for internal loss-absorbing capacity	-
20	Deduction of holdings of its own non-capital LAC liabilities	-
21	Other adjustments to internal loss-absorbing capacity	-
22	<b>Internal loss-absorbing capacity after deductions</b>	<b>239,131</b>

## 5 Composition of regulatory capital (continued)

## d. LAC composition of the bank (at LAC consolidation group level) (TLAC1(A)) (continued)

The following table provides details of the composition of internal loss-absorbing capacity, at LAC consolidation group level, of the Bank.

		(a) HK\$'M
<b>Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes</b>		
23	Risk-weighted amount under the LAC Rules	816,138
24	Exposure measure under the LAC Rules	2,969,005
<b>Internal LAC ratios and buffers</b>		
25	<b>Internal LAC risk-weighted ratio</b>	29.3%
26	<b>Internal LAC leverage ratio<sup>1</sup></b>	8.1%
27	<b>CET1 capital (as a percentage of RWA under the Banking (Capital) Rules ("BCR")) available after meeting the LAC consolidation group's minimum capital and LAC requirements</b>	13.8%
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA under the BCR)	4.6%
29	Of which: capital conservation buffer requirement	2.5%
30	Of which: institution-specific countercyclical capital buffer requirement	0.6%
31	Of which: higher loss absorbency requirement	1.5%

<sup>1</sup> Decrease in internal LAC leverage ratio was due to decrease in internal loss-absorbing capacity available and increase in exposure measure under the LAC Rules.

## 5 Composition of regulatory capital (continued)

### e. Creditor ranking of the bank at legal entity level (TLAC2)

The following table sets out the creditor ranking, at legal entity level, of the Bank.

		<i>Creditor ranking</i>				
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>Sum of</i>
		<i>(most junior)</i>			<i>(most senior)</i>	<i>1 to 4</i>
1	Is a resolution entity or a non-HK resolution entity the creditor/investor? (yes or no)	Yes	Yes	Yes	Yes	
2	Description of creditor ranking	CET1 capital instruments <sup>1</sup>	AT1 capital instruments	Tier 2 capital instruments	Non capital LAC debt instruments	
3	Total capital and liabilities net of credit risk mitigation	65,025	37,465	14,576	30,533	147,599
4	Subset of row 3 that are excluded liabilities	-	-	-	-	-
5	Total capital and liabilities less excluded liabilities	65,025	37,465	14,576	30,533	147,599
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	65,025	37,465	14,576	30,533	147,599
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	11,676	11,676
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	9,730	9,730
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	9,128	9,128	18,255
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	5,448	-	5,448
11	Subset of row 6 that is perpetual securities	65,025	37,465	-	-	102,490

<sup>1</sup> Issued and fully paid ordinary shares. Includes preference shares held by Standard Chartered Bank which have been redeemed December 2020 via payment out of distributable profits and for which the amount was transferred from retained earnings to share capital in accordance with the requirements of the Hong Kong Companies Ordinance.

## 6 Macprudential supervisory measures

### Geographical distribution of credit exposures used in countercyclical capital buffer (CCyB1)

The following table sets out an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the Group's CCyB ratio.

At 31 December 2025

In HKD million

	<i>Geographical breakdown by Jurisdiction (J)</i>	<i>Applicable JCCyB ratio in effect (%)</i>	<i>RWA used in computation of CCyB ratio</i>	<i>AI-specific CCyB ratio (%)</i>	<i>CCyB amount</i>
1	Hong Kong	0.500%	162,235		
2	Australia	1.000%	5,419		
3	Belgium	1.000%	144		
4	Chile	0.500%	100		
5	Denmark	2.500%	52		
6	France	1.000%	1,810		
7	Germany	0.750%	2,872		
8	Ireland	1.500%	4,138		
9	Luxembourg	0.500%	3,102		
10	Netherland	2.000%	2,237		
11	South Korea	1.000%	97,152		
12	Spain	0.500%	3		
13	Sweden	2.000%	887		
14	United Kingdom	2.000%	22,144		
15	Sum <sup>1</sup>		302,295		
16	<b>Total<sup>2</sup></b>		<b>441,530</b>	<b>0.5578%</b>	<b>4,552</b>

<sup>1</sup> This represents the sum of RWAs for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.

<sup>2</sup> The total RWAs used in the computation of the CCyB ratio in row (16) represents the total RWAs for the private sector credit exposures in all jurisdictions to which the bank is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero.

## 7 Leverage Ratio

### a. Summary comparison of accounting asset against leverage ratio exposure measure (LR1)

The following table reconciles the total assets in the published financial statements to the LR exposure measure.

At 31 December 2025		(a)
		<i>Value under the Leverage Ratio framework (HK\$'M)</i>
1	Total consolidated assets as per published financial statements	2,900,449
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(2,536)
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves	Not applicable
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative contracts	13,027
9	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	6,718
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	177,154
11	Adjustment for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(11,492)
12	Other adjustments	(114,315)
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>2,969,005</b>

Other adjustments mainly represent the Hong Kong Government certificates of indebtedness and assets deducted in determining Tier 1 capital. These are excluded for deriving the leverage ratio exposure in accordance with the HKMA requirements specified in Part 1C of the BCR.

The increase in total assets was mainly due to the increase in loans and advances to customers, amounts due from fellow subsidiaries, investment securities and other assets.

## 7 Leverage Ratio (continued)

### b. Leverage ratio (LR2)

The following table sets out a detailed breakdown of the components of the LR denominator.

	(a)	(b)	
	At 31 December 2025 HK\$'M	At 30 September 2025 HK\$'M	
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	2,641,783	2,608,550
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	–	–
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(21,982)	(20,051)
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	(304,574)	(264,735)
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(9,954)	(13,327)
6	Less: Asset amounts deducted in determining Tier 1 capital	(18,432)	(18,299)
7	<b>Total on-balance sheet exposures (excluding derivatives contracts and SFTs) (sum of rows 1 to 6)<sup>1</sup></b>	<b>2,286,841</b>	<b>2,292,138</b>
<b>Exposure arising from derivative contracts</b>			
8	Replacement cost associated with all derivatives contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	51,506	28,413
9	Add-on amounts for PFE associated with all derivatives contracts	129,400	123,502
10	Less: Exempted CCP leg of client-cleared trade exposures	–	–
11	Adjusted effective notional amount of written credit-related derivative contracts	28,753	35,676
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	(15,655)	(22,451)
13	<b>Total exposures arising from derivative contracts (sum of rows 8 to 12)</b>	<b>194,004</b>	<b>165,140</b>
<b>Exposure arising from SFTs</b>			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	304,574	264,735
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
16	CCR exposure for SFT assets	6,718	9,688
17	Agent transaction exposures	–	–
18	<b>Total exposures arising from SFTs (sum of rows 14 to 17)</b>	<b>311,292</b>	<b>274,423</b>

## 7 Leverage Ratio (continued)

## b. Leverage ratio (LR2) (continued)

The following table sets out a detailed breakdown of the components of the LR denominator. (continued)

		(a)	(b)
		At 31 December 2025 HK\$'M	At 30 September 2025 HK\$'M
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	770,723	760,428
20	Less: Adjustments for conversion to credit equivalent amounts	(593,569)	(600,188)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(286)	(341)
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>176,868</b>	<b>159,899</b>
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>192,196</b>	<b>189,045</b>
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>2,969,005</b>	<b>2,891,600</b>
<b>Leverage ratio</b>			
25 & 25a	<b>Leverage ratio</b>	<b>6.47%</b>	<b>6.54%</b>
26	<b>Minimum leverage ratio requirement</b>	<b>3.00%</b>	<b>3.00%</b>
27	<b>Applicable leverage buffers*</b>	<b>Not applicable</b>	<b>Not applicable</b>
<b>Disclosure of mean values</b>			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	327,370	288,007
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	304,574	264,735
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	2,991,801	2,914,872
31 & 31a	Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	6.42%	6.49%

\* Items marked with \* represents not applicable to Hong Kong.

## 8 Liquidity

### a. Liquidity Risk Management (LIQA)

The following Liquidity Risk Management related information, together with the disclosure in section 8b (LIQ1), provides the supplement to the Liquidity Risk Section from 2025 SCB (Hong Kong) Limited Directors' Report and Consolidated Financial Statements.

LCRs and NSFRs of Hong Kong Office and Consolidated basis	LCR	NSFR
As at 31 December 2025	%	%
Hong Kong Office	149%	121%
Consolidated	164%	126%

Following table is an extraction from Part 4 of Liquidity Monitoring Tools return, which sets out the details of the Group's maturity profile covering on-and off-balance sheet items, broken down into maturity buckets and the resultant liquidity gaps.

Currency: (HK\$ mil)	2025					
	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Balancing amount
<b>On-balance sheet assets</b>						
Currency notes and coins	3,300	-	-	-	-	-
Amount receivable arising from securities financing transactions	144,532	28,834	26,618	28,000	-	-
Amount receivable arising from derivative contracts	115,102	121,964	435,167	421,614	39,805	-
Due from MA for a/c of Exchange Fund	12,404	-	-	-	-	-
Due from overseas central banks	79,912	400	305	-	-	10,714
Due from banks	79,237	51,198	62,730	43,910	4,423	2,548
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)	463,560	24,995	59,421	126,671	116,035	-
Acceptances and bills of exchange held	9,930	6,670	2,847	97	-	-
Loans and advances to non-bank customers	130,540	89,451	141,628	208,016	399,958	38,861
Other assets (including provisions)	203,687	32,449	-	1,208	1,062	138,300
<b>Total</b>	<b>1,242,204</b>	<b>355,961</b>	<b>728,716</b>	<b>829,516</b>	<b>561,283</b>	<b>190,423</b>
<b>On-balance sheet liabilities</b>						
Deposits from non-bank customers						
Pledged deposits	8,684	696	2,292	859	35	-
Demand, savings and current account deposits	1,207,620	-	-	-	-	-
Term, call and notice deposits	308,793	270,391	266,321	12,806	-	-
Amount payable arising from securities financing transactions	44,980	1,558	4,458	-	-	-
Amount payable arising from derivative contracts	119,115	124,598	446,177	419,014	40,721	-
Due to MA for a/c of Exchange Fund	20,269	-	-	-	-	-
Due to overseas central banks	1,207	-	-	-	-	-
Due to banks	95,901	8,645	5,024	11	5,287	-
Debt securities, prescribed instruments and structured financial instruments issued and outstanding	750	5,059	13,688	6,173	515	-
Other liabilities (including provisions)	163,186	15,850	3,187	317	1,455	54,281
Capital and reserves	12,188	-	16,307	29,840	39,644	141,252
<b>Total</b>	<b>1,982,693</b>	<b>426,797</b>	<b>757,454</b>	<b>469,020</b>	<b>87,657</b>	<b>195,533</b>
<b>Off-balance sheet claims</b>						
Irrevocable loan commitments or facilities received	4,804	-	-	-	-	-
<b>Off-balance sheet obligations</b>						
Irrevocable loan commitments or facilities granted	304,900	-	-	-	-	-
Other off-balance sheet obligations	102,905	-	-	-	-	-
<b>Total</b>	<b>407,805</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding gaps</b>						
Contractual Maturity Mismatch	(1,143,490)	(70,836)	(28,738)	360,496	473,626	
Cumulative Contractual Maturity Mismatch	(1,143,490)	(1,214,326)	(1,243,064)	(882,568)	(408,942)	

## 8 Liquidity

### b. Liquidity Coverage Ratio – for category 1 institution (LIQ1)

The following table sets out the details of LCR, high quality liquid assets (“HQLA”), and a breakdown of cash outflows and inflows.

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this Template for the quarter ending on 30 September 2025 and 31 December 2025 are 78 and 74.

Basis of disclosure: Consolidated		Q4 2025		Q3 2025	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
<b>A. HIGH QUALITY LIQUID ASSETS</b>					
1	Total high quality liquid assets (HQLA)		579,254		583,032
<b>B. CASH OUTFLOWS</b>					
2	Retail deposits and small business funding, of which:	1,116,045	83,244	1,108,007	84,853
3	Stable retail deposits and stable small business funding	205,370	10,268	205,934	10,297
4	Less stable retail deposits and less stable small business funding	548,843	54,884	589,051	58,905
4a	Retail term deposits and small business term funding	361,832	18,092	313,022	15,651
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	895,561	376,731	880,362	370,878
6	Operational deposits	402,939	100,063	396,414	98,436
7	Unsecured wholesale funding (other than small business funding) not covered in Row 6	489,555	273,601	476,727	265,221
8	Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period	3,067	3,067	7,221	7,221
9	Secured funding transactions (including securities swap transactions)		5,111		3,921
10	Additional requirements, of which:	387,154	89,422	384,571	83,595
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	76,624	54,319	63,254	46,407
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	666	666	675	675
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	309,864	34,437	320,642	36,513
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	56,532	56,533	58,789	58,790
15	Other contingent funding obligations (whether contractual or non-contractual)	586,272	3,975	583,876	3,266
16	<b>TOTAL CASH OUTFLOWS</b>		615,016		605,303
<b>C. CASH INFLOWS</b>					
17	Secured lending transactions (including securities swap transactions)	169,561	41,807	142,913	30,981
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	257,963	182,036	263,398	182,799
19	Other cash inflows	103,147	97,833	113,236	108,025
20	<b>TOTAL CASH INFLOWS</b>	530,671	321,676	519,547	321,805
<b>D. LIQUIDITY COVERAGE RATIO</b>			<b>ADJUSTED VALUE</b>		<b>ADJUSTED VALUE</b>
21	TOTAL HQLA		579,254		583,032
22	TOTAL NET CASH OUTFLOWS		293,340		283,498
23	LCR (%)		201%		206%

## 8 Liquidity (continued)

### b. Liquidity Coverage Ratio – for category 1 institution (LIQ1) (continued)

#### LCR Key Drivers

Liquidity Coverage Ratio (LCR) measures the short-term resilience of the Group's liquidity risk profile, and is sensitive to balance sheet movement and composition. The Group has maintained a strong liquidity position well above the regulatory requirement of 100% throughout Q4 of 2025. The average LCR was 201% for the quarter ending 31 December 2025 (30 September 2025: 206%), mainly as a result of decrease in commercial surplus due to increase in commercial assets.

#### Composition of High Quality Liquid Asset (“HQLA”)

The Group holds significant levels of high quality unencumbered liquid assets that can be liquefied, repo-ed or used as collateral in the event of a liquidity stress.

The liquid assets consist predominately of Level 1 assets, including mainly cash and central bank reserves, Hong Kong exchange fund bills and notes, US treasuries and other marketable debt securities issued or guaranteed by other central banks and governments. In addition, the Group also holds Level 2 assets such as high quality covered bonds, corporate bonds and bonds issued by public sector entities.

#### Concentration of Funding Sources

Our assets are primarily funded by customer deposits, largely made up of low cost and stable current and savings accounts. This forms a stable base for the Group's funding requirement. In addition, wholesale funding is widely diversified by client type and maturity which helps managing liquidity mismatches as required. The Group has various internal quantitative limits and metrics in place to monitor deposit concentrations, as well as HQLA issuer concentrations.

The Cluster Asset and Liability Committee (“Cluster ALCO”) and the Country Asset and Liability Committee (“ALCO”) monitor trends in the balance sheet and ensure that any concerns that might impact the stability of deposits are addressed in an effective and timely manner. Cluster ALCO and ALCO also review balance sheet plans to ensure that projected asset growth is matched by growth in customer deposits.

#### Derivatives Exposure

The use of derivatives for hedging and sale to customers as risk management products is an important part of the Group's business activities. These instruments are also used to manage the Group's own exposures to market risk. The principal derivative instruments used by the Group are foreign exchange related and interest rate related contracts. Derivative positions are mark-to-market on a daily basis.

#### Currency Mismatch on LCR

Customer assets are as far as possible funded in the same currency. Where mismatches arise, they are controlled by limits on the amount of foreign currency that can be swapped to local currency and vice versa. Such limits are therefore a means of controlling reliance on foreign exchange markets, which minimizes the risk that obligations could not be met in the required currency in the event that access to foreign exchange markets becomes restricted. During this period, the Group maintained an amount of HKD-denominated Level 1 assets well above the regulatory requirement of 20% of its HKD-denominated total net cash outflows.

#### Liquidity management

Treasury Markets is responsible for managing the Group's liquidity position within the approved liquidity and funding risk limits and thresholds. Oversight under the liquidity and funding framework resides with Cluster ALCO and ALCO, supported by Treasury Markets. Cluster ALCO and ALCO also ensure the Group remains in compliance with liquidity policies and practices, as well as local regulatory requirements.

It is the Group's policy to manage liquidity without presumption of the Group's parent support. Cluster ALCO and ALCO are responsible for ensuring that the Group is able to maintain adequate liquidity at all times and be in a position to meet all obligations as they fall due; repay depositors and fulfil all commitments to lend.

## 8 Liquidity (continued)

### c. Net Stable Funding Ratio – for category 1 institution (LIQ2)

The following table sets out the details of NSFR and details of ASF and RSF components.

Table 1: LIQ2 for Quarter ending 31<sup>st</sup> December 2025

		(a)	(b)	(c)	(d)	(e)
		<i>Unweighted value by residual maturity</i>				<i>Weighted amount</i>
Basis of disclosure: consolidated Currency: (HK\$mil)		<i>No specified term to maturity</i>	<i>&lt;6 months or repayable on demand</i>	<i>6 months to &lt; 12 months</i>	<i>12 months or more</i>	
<b>A.</b>	<b>Available stable funding ("ASF") item</b>					
1	Capital:	212,240	11,676	9,128	27,267	244,071
2	Regulatory capital	212,240	-	9,128	5,530	222,334
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	11,676	-	21,737	21,737
4	Retail deposits and small business funding:	-	1,042,340	94,025	10,782	1,042,823
5	Stable deposits		184,093	2,178	347	177,304
6	Less stable deposits		858,247	91,847	10,435	865,519
7	Wholesale funding:		1,059,183	41,278	14,132	413,634
8	Operational deposits		374,689	-	-	187,344
9	Other wholesale funding	-	684,494	41,278	14,132	226,290
10	Liabilities with matching interdependent assets	2,618	-	-	-	-
11	Other liabilities:	115,368	50,920	8,508	7,362	11,616
12	Net derivative liabilities	-				
13	All other funding and liabilities not included in the above categories	115,368	50,920	8,508	7,362	11,616
14	<b>Total ASF</b>					<b>1,712,144</b>
<b>B.</b>	<b>Required stable funding ("RSF") item</b>					
15	Total HQLA for NSFR purposes				719,520	64,450
16	Deposits held at other financial institutions for operational purposes	-	2,320	-	-	1,160
17	Performing loans and securities:	40,244	620,615	172,375	859,750	1,000,780
18	Performing loans to financial institutions secured by Level 1 HQLA	-	111,440	5,005	0	21,135
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	10,953	233,286	74,392	117,188	200,330
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	29,291	232,120	58,057	178,450	411,556
21	With a risk-weight of less than or equal to 35% under the STC approach	-	(0)	(0)	2,386	2,386
22	Performing residential mortgages, of which:	-	11,556	7,417	411,723	208,367

## 8 Liquidity (continued)

### c. Net Stable Funding Ratio – for category 1 institution (LIQ2) (continued)

Table 1: LIQ2 for Quarter ending 31<sup>st</sup> December 2025 (continued)

		(a)	(b)	(c)	(d)	(e)
		<i>Unweighted value by residual maturity</i>				<i>Weighted amount</i>
Basis of disclosure: consolidated		<i>No specified term to maturity</i>	<i>&lt;6 months or repayable on demand</i>	<i>6 months to &lt; 12 months</i>	<i>12 months or more</i>	
Currency: (HK\$mil)						
23	With a risk-weight of less than or equal to 35% under the STC approach	-	10,067	6,382	307,774	208,277
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	32,213	27,504	152,389	159,392
25	Assets with matching interdependent liabilities	2,618	-	-	-	-
26	Other assets:	318,704	44,061	-	76	271,999
27	Physical traded commodities, including gold	104,258				88,619
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	50,548				49,284
29	Net derivative assets	2,232				2,232
30	Total derivative liabilities before deduction of variation margin posted	29,878				1,494
31	All other assets not included in the above categories	131,788	44,061	-	76	131,864
32	Off-balance sheet items				895,397	15,245
34	<b>Total RSF</b>					<b>1,355,128</b>
35	<b>Net Stable Funding Ratio (%)</b>					<b>126%</b>

Table 2: LIQ2 for Quarter ending 30<sup>th</sup> September 2025

		(a)	(b)	(c)	(d)	(e)
		<i>Unweighted value by residual maturity</i>				<i>Weighted amount</i>
Basis of disclosure: consolidated		<i>No specified term to maturity</i>	<i>&lt;6 months or repayable on demand</i>	<i>6 months to &lt; 12 months</i>	<i>12 months or more</i>	
Currency: (HK\$mil)						
<b>A.</b>	<b>Available stable funding ("ASF") item</b>					
1	Capital:	209,552	11,671	-	36,576	246,128
2	Regulatory capital:	209,552	-	-	14,669	224,221
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	11,671	-	21,907	21,907
4	Retail deposits and small business funding:	-	1,014,131	86,399	13,092	1,013,074
5	Stable deposits		187,842	2,283	362	180,980
6	Less stable deposits		826,289	84,116	12,730	832,094
7	Wholesale funding:		1,046,279	49,386	16,649	424,128
8	Operational deposits		389,830	-	-	194,915
9	Other wholesale funding	-	656,449	49,386	16,649	229,213

## 8 Liquidity (continued)

## c. Net Stable Funding Ratio – for category 1 institution (LIQ2) (continued)

Table 2: LIQ2 for Quarter ending 30<sup>th</sup> September 2025 (continued)

		(a)	(b)	(c)	(d)	(e)
		<i>Unweighted value by residual maturity</i>				<i>Weighted amount</i>
Basis of disclosure: consolidated		<i>No specified term to maturity</i>	<i>&lt;6 months or repayable on demand</i>	<i>6 months to &lt; 12 months</i>	<i>12 months or more</i>	
Currency: (HK\$mil)						
10	Liabilities with matching interdependent assets	2,740	–	–	–	–
11	Other liabilities:	96,901	49,804	8,181	9,896	13,987
12	Net derivative liabilities	589				
13	All other funding and liabilities not included in the above categories	96,312	49,804	8,181	9,896	13,987
14	<b>Total ASF</b>					<b>1,697,317</b>
<b>B.</b>	<b>Required stable funding (“RSF”) item</b>					
15	Total HQLA for NSFR purposes				695,258	45,958
16	Deposits held at other financial institutions for operational purposes	–	6,016	–	–	3,008
17	Performing loans and securities:	39,420	681,016	154,475	831,735	973,113
18	Performing loans to financial institutions secured by Level 1 HQLA	–	87,607	470	53	9,049
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	9,383	301,821	64,350	100,856	187,688
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	30,037	238,829	47,386	189,691	425,450
21	With a risk-weight of less than or equal to 35% under the STC approach	–	0	(0)	4,946	4,946
22	Performing residential mortgages, of which:	–	11,513	6,316	419,766	209,006
23	With a risk-weight of less than or equal to 35% under the STC approach	–	10,039	5,579	309,388	208,911
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	41,246	35,953	121,369	141,920
25	Assets with matching interdependent liabilities	2,740	–	–	–	–
26	Other assets:	275,540	46,706	–	76	221,169
27	Physical traded commodities, including gold	67,059				57,000
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	49,162				47,862
29	Net derivative assets	–				–

## 8 Liquidity (continued)

### c. Net Stable Funding Ratio – for category 1 institution (LIQ2) (continued)

Table 2: LIQ2 for Quarter ending 30<sup>th</sup> September 2025 (continued)

		(a)	(b)	(c)	(d)	(e)
		<i>Unweighted value by residual maturity</i>				<i>Weighted amount</i>
		<i>No specified term to maturity</i>	<i>&lt;6 months or repayable on demand</i>	<i>6 months to &lt; 12 months</i>	<i>12 months or more</i>	
Basis of disclosure: consolidated Currency: (HK\$mil)						
30	Total derivative liabilities before deduction of variation margin posted	43,168				2,158
31	All other assets not included in the above categories	116,151	46,706	–	76	116,307
32	Off-balance sheet items				912,559	16,483
33	<b>Total RSF</b>					<b>1,261,889</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>135%</b>

#### NSFR Key Drivers

Net Stable Funding Ratio (NSFR) requires the bank to maintain sufficient stable funding relative to required stable funding. It reflects a bank's long-term funding profile and complement Liquidity Coverage Ratio (LCR) which measures short-term resilience to liquidity risk. The Group has continuously maintained a healthy NSFR ratio well above the regulatory requirement minimum of 100% during the second half of 2025, NSFR was 126% for the quarter ending 31 December 2025 (30 September 2025: 135%), mainly as a result of decrease in commercial surplus due to increase in commercial assets.

#### Composition of AI's interdependent assets and liabilities

As one of the note-issuing banks in Hong Kong, the Group's interdependent assets and liabilities consist of legal tender notes and certificates of indebtedness.

## 9 Credit risk for non-securitization exposures

### a. General information about credit risk (CRA)

Our approach to credit risk can be found in the Risk management approach section in notes 33 on pages 91 to 108 of the 2025 consolidated financial statements.

### b. Credit quality of exposures (CR1)

The following table sets out an overview of the credit quality of on – and off-balance sheet exposures.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Gross carrying amounts of			Of which ECL accounting provisions for		Of which ECL accounting provisions for credit losses on IRB approach	Net values (a+b-c)
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions	exposures	
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 31 December 2025							
1 Loans	15,450	137,322	9,857	192	550	9,115	1,342,915
2 Debt securities	-	435,351	94	-	-	94	435,257
3 Off-balance sheet exposures	927	914,895	284	-	40	244	915,538
4 Total	16,377	2,687,568	10,235	192	590	9,453	2,693,710

## 9 Credit risk for non-securitization exposures (continued)

### c. Changes in defaulted loans and debt securities (CR2)

The following table sets out information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs.

	<i>(a)</i> <i>HK\$M</i>
1 <b>Defaulted loans and debt securities at end of the previous reporting period</b> <b>(30 June 2025)</b>	17,875
2 Loans and debt securities that have defaulted since the last reporting period	7,632
3 Returned to non-defaulted status	(343)
4 Amounts written off	(9,049)
5 Other changes <sup>1</sup>	(665)
6 <b>Defaulted loans and debt securities at end of the current reporting period</b> <b>(31 December 2025)</b>	<b>15,450</b>

<sup>1</sup> Other changes included repayment, foreign exchange movement and the net increase in defaulted loans and debt securities.

### d. Additional disclosure related to credit quality of exposures (CRB)

The following tables set out an additional qualitative and quantitative information on the credit quality of exposures to supplement the quantitative information provided under templates CR1 and CR2.

Please refer to note 2(k) of the consolidated financial statements for the approach for determining credit-impairment provisions and the definition of “credit impaired” and “forborne loans”.

Financial assets are considered to be credit impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset or it was past due for more than 90 days in respect of principal and/or interest.

#### l. Exposures by geographical location (CRB1)

	<i>Gross carrying amount</i> <i>HK\$M</i>
At 31 December 2025	
1 Hong Kong	982,443
2 South Korea	476,385
3 Mainland China	440,658
4 Others <sup>1</sup>	804,459
5 <b>Total</b>	<b>2,703,945</b>

<sup>1</sup> “Others” constitutes geographical locations less than 10% of total RWA and is disclosed on an aggregated basis.

Exposures increased across geographical locations was in line with the balance sheet movement during the period.

## 9 Credit risk for non-securitization exposures (continued)

### d. Additional disclosure related to credit quality of exposures (CRB) (continued)

#### II. Exposures by Industry (CRB2)

At 31 December 2025		<i>Gross carrying amount HK\$'M</i>
1	Individuals	718,726
2	Financial concerns	426,574
3	Manufacturing	326,692
4	Others <sup>1</sup>	1,023,581
<b>5</b>	<b>Total</b>	<b>2,703,945</b>

<sup>1</sup> "Others" constitutes segment less than 10% of total RWA and is disclosed on an aggregated basis.

Exposures increased across industries was in line with the balance sheet movement during the period.

#### III. Exposures by residual maturity (CRB3)

At 31 December 2025		<i>Repayable on demand to 1 year HK\$'M</i>	<i>Due between 1 year to 5 years HK\$'M</i>	<i>Due after 5 years HK\$'M</i>	<i>Total HK\$'M</i>
1	Loans	648,959	196,290	507,522	1,352,771
2	Debt Securities	222,711	176,131	36,510	435,352
3	Off-balance sheet exposures	611,055	275,262	29,505	915,822
<b>4</b>	<b>Total</b>	<b>1,482,725</b>	<b>647,683</b>	<b>573,537</b>	<b>2,703,945</b>

Increase in exposures repayment on demand to 1 year and due after 5 years was mainly due to the increase in loans and debt securities.

## 9 Credit risk for non-securitization exposures (continued)

### d. Additional disclosure related to credit quality of exposures (CRB) (continued)

#### IV. Impaired exposures and related allowances and write-offs by geographical location (CRB4)

At 31 December 2025		<i>Gross impaired advances</i>	<i>Specific provisions<sup>2</sup></i>	<i>Advances written-off in a year</i>
		<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
1	Hong Kong	3,482	1,637	1,420
2	Mainland China	3,767	2,342	8,432
3	Taiwan	713	175	325
4	South Korea	2,448	1,486	470
5	Others <sup>1</sup>	5,040	404	3
<b>6</b>	<b>Total</b>	<b>15,450</b>	<b>6,044</b>	<b>10,650</b>

<sup>1</sup> "Others" constitutes geographical locations less than 10% of total RWA and is disclosed on an aggregated basis.

<sup>2</sup> Please refer to note 9(b) for the classification of specific provisions.

#### V. Impaired exposures and related allowances and write-offs by Industry (CRB5)

At 31 December 2025		<i>Gross impaired advances</i>	<i>Specific provisions<sup>2</sup></i>	<i>Advances written-off in a year</i>
		<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
1	Property development	1,737	1,735	7,415
2	Individuals	3,712	1,369	2,578
3	Manufacturing	627	557	67
4	Property investment	2,340	738	105
5	Wholesales and retail trade	480	194	287
6	Others <sup>1</sup>	6,554	1,451	198
<b>7</b>	<b>Total</b>	<b>15,450</b>	<b>6,044</b>	<b>10,650</b>

<sup>1</sup> "Others" constitutes segment less than 10% of total RWA and is disclosed on an aggregated basis.

<sup>2</sup> Please refer to note 9(b) for the classification of specific provisions.

#### VI. Aging analysis of accounting past due exposures (CRB6)

Please refer to note 22 for aging analysis of past due exposures.

#### VII. Breakdown of restructured exposures (CRB7)

At 31 December 2025	<i>HK\$'M</i>
Impaired	4,084
Not impaired	73
	<b>4,157</b>

## 9 Credit risk for non-securitization exposures (continued)

### e. Qualitative disclosures related to credit risk mitigation (CRC)

Potential credit losses are mitigated using a range of tools such as collateral, netting agreements, credit insurance, credit derivatives and guarantees. Risk mitigants are also carefully assessed for their market value, legal enforceability, correlation and counterparty risk of the protection provider. Eligible collateral types for risk mitigation purposes include: cash; account receivables; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; risk participations; guarantees; credit insurance; and standby letters of credit. The Group also enters into collateralised reverse repurchase agreements. Physical collateral, such as property, fixed assets and commodities, and financial collateral must be independently valued, and an active secondary resale market must exist. The collateral must be valued prior to drawdown and regularly thereafter. The valuation frequency is at minimum annual and more frequent valuations are driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. For financial collateral to be eligible for recognition the collateral must be sufficiently liquid, and its value over time sufficiently stable, to provide appropriate certainty as to the credit protection achieved. Risk mitigation benefits may be reduced or removed where the collateral value is not supported by a recent independent valuation.

Our approach to credit risk mitigation can be found in the Risk management approach section in notes 33(a) on page 93 of the 2025 consolidated financial statements.

### f. Overview of recognized credit risk mitigation (CR3)

The following table sets out the extent of credit risk exposures covered by different types of recognized CRM.

At 31 December 2025	<i>Exposures Unsecured Carrying Amount HK\$Mn</i>	<i>Exposures to be secured HK\$Mn</i>	<i>Exposures secured by recognised collateral HK\$Mn</i>	<i>Exposures secured by recognised guarantees HK\$Mn</i>	<i>Exposures Secured by Recognised credit derivative contracts HK\$Mn</i>
1. Loans	739,054	603,861	485,835	69,996	-
2. Debt Securities	435,112	145	-	145	-
<b>3. Total</b>	<b>1,174,166</b>	<b>604,006</b>	<b>485,835</b>	<b>70,141</b>	<b>-</b>
4. –of which Defaulted	10,728	4,722	3,376	506	-

### g. Qualitative disclosures on use of ECAI ratings under STC approach (CRD)

External ratings, where available, are used to assign risk weights for standardised approach (SA) exposures under the following exposure classes: Multilateral development bank exposures, certain Bank and Corporate exposures are which exempt from application of IRB Approach.

These external ratings must come External Credit Assessment Institutions (ECAI); which currently include Moody's, Standard & Poor's and Fitch. The Group uses the ECAI ratings from these agencies in its day-to-day business, which are tracked and kept updated.

The Group determines ECAI issuer ratings or ECAI issue-specific ratings in a process consistent with Part 4 of BCR and the exposures classes are assigned risk weightings as prescribed in the BCR.

## 9 Credit risk for non-securitization exposures (continued)

### h. Credit risk exposures and effects of recognized credit risk mitigation – for STC approach (CR4)

The following table sets out the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of capital requirements. RWA density provides a synthetic metric on riskiness of each portfolio.

At 31 December 2025	Exposure classes	(a)		(b)		(c)		(d)		(e)		(f)	
		Exposures pre-CCF and pre-CRM				Exposures post-CCF and post-CRM				RWA and RWA density			
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density	RWA	RWA density	RWA	RWA density
HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	%	HK\$'M	%	HK\$'M	%	HK\$'M	%
1	Sovereign exposures	2	-	2	-	-	-	-	0%				
2	Public sector entity exposures	-	-	782	3	105	13%						
3	Multilateral development bank exposures	36,484	-	36,484	-	-	0%						
4	Bank exposures	1,614	14	1,614	18	326	20%						
4a	Qualifying non-bank financial institution exposures	-	-	3,117	226	713	21%						
6	General corporate exposures	21,214	13,994	8,559	1,402	5,979	60%						
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	144	-	3,257	-	1,000	31%						
7	Equity exposures	393	-	393	-	982	250%						
8	Retail exposures	46,411	81,271	28,170	7,764	28,122	78%						
9	Real estate exposures	15,792	1,272	15,249	292	4,991	32%						
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	11,826	96	11,506	48	2,916	25%						
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	251	-	98	39%						
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	957	22	891	37	571	62%						
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	499	1,083	351	199	420	76%						
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	181	-	181	-	272	150%						
9g	Of which: land acquisition, development and construction exposures	260	1	-	-	-	0%						
10	Defaulted exposures	693	245	693	29	795	110%						
<b>12</b>	<b>Total</b>	<b>122,603</b>	<b>96,796</b>	<b>95,063</b>	<b>9,734</b>	<b>42,013</b>	<b>40%</b>						

Total exposures increased mainly due to increase in multilateral development bank and retail exposures, while the increase in risk-weighted assets was driven by retail exposures.

## 9 Credit risk for non-securitization exposures (continued)

### i. Credit risk exposures by exposure classes and by risk weights – for STC approach (CR5)

At 31 December 2025		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
		HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M		
1	Sovereign exposures	2	-	-	-	-	-	2		
		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
		HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M		
2	Public sector entity exposures	260	525	-	-	-	-	785		
		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
		HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	
3	Multilateral development bank exposures	36,484		-	-	-	-	36,484		
		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
		HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
4	Bank exposures	1,632	-	-	-	-	-	-	1,632	
		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
		HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
4a	Qualifying non-bank financial institution exposures	2,901	442	-	-	-	-	-	3,343	

## 9 Credit risk for non-securitization exposures (continued)

### i. Credit risk exposures by exposure classes and by risk weights – for STC approach (CR5) (continued)

At 31 December 2025		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
		HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
6	General corporate exposures	3,518	-	816		28	5,022	577	-	-	9,961
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	2,335	-	778		-	-	144	-	-	3,257
				100%	250%	400%	Other				Total credit exposure amount (post-CCF and post-CRM)
				HK\$'M	HK\$'M	HK\$'M	HK\$'M				HK\$'M
7	Equity exposures				393	-	-				393



## 9 Credit risk for non-securitization exposures (continued)

### i. Credit risk exposures by exposure classes and by risk weights – for STC approach (CR5) (continued)

At 31 December 2025		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
		HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
10	Defaulted exposures		211	371	140	722

  

At 31 December 2025		(a)	(b)	(c)	(d)
Risk Weight		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
		HK\$'M	HK\$'M	HK\$'M	HK\$'M
1	Less than 40%	52,073	90	43.64%	58,896
2	40-70%	4,922	18,441	10.14%	7,429
3	75%	21,638	47,842	10.90%	21,178
4	85%	15,362	12,067	12.09%	5,120
5	90-100%	27,271	17,287	11.84%	11,099
6	105-130%	4	350	10.00%	68
7	150%	940	719	10.67%	614
8	250%	393	-	0.00%	393
9	400%	-	-	0.00%	-
10	1250%	-	-	0.00%	-
11	<b>Total exposures</b>	<b>122,603</b>	<b>96,796</b>		<b>104,797</b>

\* Weighting is based on off-balance sheet exposure (pre-CCF).

Please refer to note 9(h) for the main drivers of the change in total exposures post-CCF and post-CRM.

## 9 Credit risk for non-securitization exposures (continued)

### j. Qualitative disclosures related to internal models for measuring credit risk under IRB approach (CRE)

#### *IRB Approach*

Computation of RWA is performed in accordance with formulas specified by the regulator. Exposures can have RWA computed through either the Advanced IRB (“A-IRB”) approach, where the bank internally develops and maintains models to estimate Probability of Default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”), that also are used in internal credit management processes; or through the Foundation IRB (“F-IRB”) approach, where the PD model is internally developed and maintained, and regulatory prescribed LGD and Credit Conversion Factor (“CCF”) estimates are used. The application of either A-IRB or F-IRB follows regulatory guidance and regulatory permissions granted to the bank.

#### *Model Governance*

All IRB models are internally developed by analytics teams aligned to Corporate and Investment Banking (CIB) and Wealth and Retail Banking (WRB) businesses, following internal standards informed by regulatory requirements for model development, validation, and performance monitoring. New models, changes to new models, and periodic revalidation of existing models are subject to independent validation by Group Model Validation (GMV), and are approved by the Hong Kong and GCNA Risk Committee (HK&GCNA RC), with endorsement from the SCBHK Model Assessment Committee (MAC). SCBHK Group Model Risk Management (SCBHK MRM) provides ongoing and independent oversight of model risk management, ensuring models used adhere to HKMA requirements in aspects related to model development, validation, use, and governance.

The performance of regulatory capital credit risk IRB models in use, including comparative metrics on actual-against-predicted estimates, is monitored regularly by model owners based on internal standards and regulatory requirements, and is reported to both SCBHK MAC and to the HK&GCNA RC. The Board Risk Committee is updated on the status and performance of IRB models on an annual basis.

The Group has a robust monitoring and governance framework in place to identify and mitigate model performance issues. While most models are conservative and over-predict Probability of Default (“PD”), Loss Given Default (“LGD”), and Exposure At Default (“EAD”), should models under predict, an analysis will be performed to determine the impact and a post model adjustment may be applied to ensure adequate capitalisation, in addition to ensuring an appropriate longer-term remediation plan is put in place.

Group Internal Audit is responsible for carrying out independent audit reviews on the effectiveness of the controls supporting IRB models’ development, validation, approval, and monitoring.

#### *Probability of Default (PD)*

Probability of Default is modelled through one of three industry standard approaches, namely the “good-bad approach” (when sufficient number of internal defaults is available for modelling), the “shadow-bond approach” (used in the case there are no sufficient internal defaults but there are external ratings for a large number of obligors), or the “constrained expert judgement approach” (used when neither internal defaults nor external ratings are available).

In CIB, the largest portfolios are rated based on the shadow bond approach (Sovereigns and Large Corporates) or the good-bad approach (Banks and Mid Corporates). Central governments and central banks are rated using the Sovereign model. Non-bank financial institutions are rated using one of six constrained expert judgement models according to their respective line of business, with the largest being Funds, Finance & Leasing, and Broker Dealers. Corporate clients are differentiated by their annual sales turnover and rated using one of the corporate models unless they are commodity buyers and traders, for which a separate model has been developed and used, or are classified under specialised lending. Excluding the Sovereign model, CIB internal rating-based (IRB) PD models are subject to the regulatory floor of 0.05 per cent.

## 9 Credit risk for non-securitization exposures (continued)

### j. Qualitative disclosures related to internal models for measuring credit risk under IRB approach (CRE) (continued)

#### *Probability of Default (PD) (continued)*

PD models for retail clients under each asset class are developed based on a combination of product and market, following the good-bad approach, and area also used to support product and credit decisions. This approach is adopted across the four key retail client product types: Residential Mortgages, Credit Cards (Qualifying Revolving Retail), Personal Instalment Loans (Other Retail) and Retail SME (Small Business Retail). The approach employs market and product-specific application scorecards for new to bank clients and behaviour scorecards for existing clients. Scorecards are built using demographic information, credit bureau data, observed client performance data (for behaviour scores), and where applicable, financial information. Statistical techniques are used to develop a relationship between this information and the probability of default. The PD for Credit Cards that revolve is subject to the 0.1 per cent regulatory floor and a 0.05 per cent regulatory floor is applied otherwise.

Estimates of PD are computed as of 31 December 2024 and are compared with default observations through 31 December 2025.

#### *Loss Given Default (LGD)*

The CIB loss given default model is a component-based model reflecting the Group's recovery and workout process, which considers risk drivers such as portfolio segment, jurisdiction, product, and collateral associated to the exposure. Model calibration is based on downturn experience should that be more conservative than the long-run experience.

The comparison of realised versus predicted LGD considers that the workout process may take years to complete. As such, an observed (or "empirical") recovery value cannot be assigned to the majority of the 2025 defaults, making it statistically challenging to compare realised versus predicted outcomes in a manner like that for PD and exposure at default (EAD).

To address this, for the monitoring of CIB models, we have adopted an approach based on a four-year rolling period of predicted and realised LGD, which for the current reporting year includes 2022 to 2025 defaults that have completed their workout process as at the end of 2025. This approach compares the four-year rolling predicted LGD, providing the predicted outcome of these resolved defaults one year prior to default, against the realised LGD for the same set of defaults. These two figures are thus comparable, thereby providing a meaningful assessment of the LGD model's performance.

LGDs for retail portfolios are modelled following two approaches:

- LGDs for unsecured products are based on historical loss experience of defaults during a downturn; these are portfolio-specific LGD estimates segmented by default status (including restructuring).
- LGDs for secured products are parameter-based estimates mainly driven by the different ways a default is resolved (cure, sale, restructuring, or charge-off) due to the very low volume of defaults observed historically. Key LGD parameters are differentiated by segments such as loan – to-value, property type and default status. These parameters are calibrated based on the portfolio's downturn experience.

Retail LGD model monitoring considers defaults from a cohort and the actual recoveries up to the end of the workout window which is typically two to three years.

## 9 Credit risk for non-securitization exposures (continued)

### j. Qualitative disclosures related to internal models for measuring credit risk under IRB approach (CRE) (continued)

#### *Exposure At Default (EAD)*

EAD modelling takes into consideration the potential drawdown of a commitment as an obligor moves towards default by estimating the Credit Conversion Factor (CCF) of undrawn commitments, resulting in the amount expected to be outstanding when default takes place.

The CIB EAD model has adopted the “momentum approach” to estimate the CCF, with the type of facility and the level of utilisation being key drivers of CCF. The model is calibrated based on the Group’s internal downturn experience.

On the retail side, for revolving products, EAD is computed by estimating the CCF of undrawn commitments. For term products, EAD is estimated from the balance sheet carrying amount and a regulatory-prescribed CCF applicable to undrawn commitments. All retail client EAD models are built and validated using internal default data.

The comparison of realised versus predicted EAD is summarised as ratio of the sum of outstanding amount at time of default to the sum of predicted EAD of assets of each defaulted client in 2025.

At 31 December 2025, the portion of exposure at default (“EAD”) and RWA within the Group covered by IRB approach are summarised in the following table. The remaining portions not covered by IRB approach have their capital computed through the Standardized approach (“STC”).

Percentage of total EAD and RWA covered by IRB approach

At 31 December 2025 Portfolio	Percentage of total EAD under IRB approach		Percentage of total RWA under IRB approach	
	FIRB	AIRB and other	FIRB	AIRB and other
Corporate exposures (including specialised lending <sup>1</sup> )	77%	21%	65%	32%
Sovereign exposures	0%	93%	0%	100%
Bank exposures	98%	0%	98%	0%
Retail exposures <sup>2</sup>	0%	92%	0%	74%
CIS exposures <sup>2</sup>	0%	0%	0%	0%
Other exposures <sup>2</sup>	0%	99%	0%	99%

<sup>1</sup> Specialised lending exposures, which adopt supervisory slotting criteria approach, are grouped under ‘AIRB and other’ in this table.

<sup>2</sup> Retail exposures (including residential mortgages), CIS exposures and other exposures under the IRB framework adopt retail IRB approach, CIS calculation approach and specific risk-weight approach correspondingly.

The above table covers credit risk for non-securitisation exposures excluding counterparty credit risk.

For counterparty credit risk, the percentage of total RWA covered by models is nearly 100% for corporate exposures and 100% for bank exposures and sovereign exposures.

## 9 Credit risk for non-securitization exposures (continued)

### k. Credit risk exposures by portfolio and PD ranges – for IRB approach (CR6)

The following table sets out the main parameters of internal models used for the calculation of credit risk capital requirements under the IRB approach, for the purpose of enhancing the transparency of RWA calculations and the reliability of regulatory measures.

At 31 December 2025	(a) Original on- balance sheet gross exposure HK\$M	(b) Off- balance sheet exposures pre-CCF HK\$M	(c) Average CCF	(d) EAD and post-CCF HK\$M	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity	(i) RWA HK\$M	(j) RWA density	(k) EL HK\$M	(l) Provisions HK\$M
Portfolio (i) – Bank												
0.00 to < 0.15	217,124	35,835	54.7%	279,927	0.06%	248	44.6%	0.98	41,971	15%	69	-
0.15 to < 0.25	8,371	431	88.4%	6,578	0.22%	33	44.7%	1.39	2,606	40%	6	-
0.25 to < 0.50	2,133	40	100.0%	914	0.39%	15	45.0%	1.15	547	60%	2	-
0.50 to < 0.75	26,557	1,391	98.0%	17,360	0.51%	33	13.3%	0.79	3,149	18%	12	-
0.75 to < 2.50	13,066	2,370	92.7%	9,245	1.29%	68	43.0%	1.45	9,678	105%	51	-
2.50 to < 10.00	402	61	65.2%	316	3.57%	21	44.5%	0.35	411	130%	5	-
10.00 to < 100.00	4	9	100.0%	10	13.77%	10	45.0%	0.27	22	220%	1	-
100.00 (Default)	367	-	0.0%	20	100.00%	1	45.0%	4.60	-	0%	9	-
<b>Sub-total</b>	<b>268,024</b>	<b>40,137</b>	<b>56.5%</b>	<b>314,370</b>	<b>0.13%</b>	<b>429</b>	<b>42.8%</b>	<b>1.00</b>	<b>58,384</b>	<b>19%</b>	<b>155</b>	<b>574</b>
Portfolio (ii) – Corporate – Large corporates												
0.00 to < 0.15	108,825	186,606	22.7%	150,695	0.08%	771	38.3%	1.81	27,049	18%	46	-
0.15 to < 0.25	20,532	77,060	15.4%	32,393	0.22%	383	40.5%	1.45	10,700	33%	29	-
0.25 to < 0.50	18,383	68,874	20.6%	34,073	0.39%	322	37.0%	1.14	13,466	40%	49	-
0.50 to < 0.75	32,136	73,855	16.1%	40,968	0.60%	437	33.0%	1.40	18,484	45%	82	-
0.75 to < 2.50	14,632	43,938	19.6%	21,299	1.27%	240	35.9%	1.27	14,293	67%	98	-
2.50 to < 10.00	5,953	4,186	17.9%	2,360	4.20%	28	38.2%	1.77	2,665	113%	38	-
10.00 to < 100.00	7,073	1,066	46.6%	2,731	24.52%	5	32.9%	2.41	4,929	180%	220	-
100.00 (Default)	1,942	400	10.2%	1,983	100.00%	13	40.0%	1.05	-	0%	809	-
<b>Sub-total</b>	<b>209,476</b>	<b>455,985</b>	<b>19.8%</b>	<b>286,502</b>	<b>1.25%</b>	<b>2,199</b>	<b>37.4%</b>	<b>1.59</b>	<b>91,586</b>	<b>32%</b>	<b>1,371</b>	<b>2,818</b>
Portfolio (iii) – Corporate – Financial Institutions Treated as Corporates												
0.00 to < 0.15	37,805	32,939	25.8%	53,113	0.08%	94	43.3%	1.53	12,478	23%	19	-
0.15 to < 0.25	14,400	13,578	27.6%	17,853	0.22%	35	42.4%	1.05	7,201	40%	17	-
0.25 to < 0.50	5,462	15,248	16.9%	8,003	0.39%	33	45.0%	1.16	4,972	62%	14	-
0.50 to < 0.75	4,234	18,189	11.1%	6,185	0.56%	50	44.3%	1.35	4,680	76%	15	-
0.75 to < 2.50	3,303	3,098	13.2%	2,730	1.25%	30	37.7%	1.31	2,335	86%	13	-
2.50 to < 10.00	9	248	11.1%	37	3.47%	4	39.2%	0.96	44	120%	-	-
10.00 to < 100.00	-	-	0.0%	-	13.77%	2	45.0%	1.00	-	0%	-	-
100.00 (Default)	-	-	0.0%	-	0.00%	-	0.0%	-	-	0%	-	-
<b>Sub-total</b>	<b>65,213</b>	<b>83,300</b>	<b>20.8%</b>	<b>87,921</b>	<b>0.21%</b>	<b>248</b>	<b>43.2%</b>	<b>1.38</b>	<b>31,710</b>	<b>36%</b>	<b>78</b>	<b>312</b>

## 9 Credit risk for non-securitization exposures (continued)

## k. Credit risk exposures by portfolio and PD ranges – for IRB approach (CR6) (continued)

At 31 December 2025	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
PD scale	Original on- balance sheet gross exposure HK\$M	Off- balance sheet exposures pre-CCF HK\$M	Average CCF	EAD post-CRM and post-CCF HK\$M	Average PD	Number of obligors	Average LGD	Average maturity	RWA HK\$M	RWA density	EL HK\$M	Provisions HK\$M
Portfolio (iv) – Sovereign												
0.00 to < 0.15	502,840	9,096	27.5%	523,590	0.02%	62	45.3%	145	43,586	8%	59	–
0.15 to < 0.25	389	–	0.0%	389	0.22%	1	45.0%	0.24	129	33%	–	–
0.25 to < 0.50	–	–	0.0%	–	0.00%	–	0.0%	–	–	0%	–	–
0.50 to < 0.75	–	–	0.0%	–	0.00%	–	0.0%	–	–	0%	–	–
0.75 to < 2.50	5,572	–	0.0%	4,453	1.35%	3	40.3%	3.81	4,634	104%	24	–
2.50 to < 10.00	3,009	3,302	37.0%	1,047	3.73%	4	45.0%	2.56	1,436	137%	17	–
10.00 to < 100.00	–	–	0.0%	–	0.00%	–	0.0%	–	–	0%	–	–
100.00 (Default)	3,717	–	0.0%	3,224	100.00%	2	45.0%	2.17	18,010	559%	10	–
<b>Sub-total</b>	<b>515,527</b>	<b>12,398</b>	<b>27.8%</b>	<b>532,703</b>	<b>0.65%</b>	<b>72</b>	<b>45.2%</b>	<b>1.47</b>	<b>67,795</b>	<b>13%</b>	<b>110</b>	<b>676</b>
Portfolio (v) – Corporate – specialized lending (other than HVCRE)												
0.00 to < 0.15	6,181	5,117	35.7%	7,923	0.07%	25	31.3%	3.47	1,523	19%	2	–
0.15 to < 0.25	3,861	2,808	43.7%	3,873	0.22%	20	26.0%	4.26	1,384	36%	2	–
0.25 to < 0.50	3,041	2,759	14.6%	2,905	0.39%	20	32.7%	1.87	1,113	38%	4	–
0.50 to < 0.75	2,167	5,199	18.7%	2,843	0.61%	29	41.9%	1.59	1,648	58%	7	–
0.75 to < 2.50	4,158	1,413	25.9%	2,391	1.29%	33	31.5%	2.74	1,639	69%	10	–
2.50 to < 10.00	830	16,896	20.6%	4,076	5.38%	19	27.4%	0.30	3,130	77%	61	–
10.00 to < 100.00	6	998	32.1%	321	10.56%	4	23.7%	0.10	286	89%	8	–
100.00 (Default)	133	–	0.0%	133	100.00%	3	18.4%	1.41	303	228%	5	–
<b>Sub-total</b>	<b>20,377</b>	<b>35,190</b>	<b>25.5%</b>	<b>24,465</b>	<b>1.88%</b>	<b>153</b>	<b>31.1%</b>	<b>2.53</b>	<b>11,026</b>	<b>45%</b>	<b>99</b>	<b>1,042</b>
Portfolio (vi) – Corporate – small-and-medium sized corporates												
0.00 to < 0.15	1,302	166	31.1%	1,354	0.13%	8	48.1%	1.62	333	25%	1	–
0.15 to < 0.25	714	735	27.8%	891	0.23%	41	19.5%	1.52	130	15%	1	–
0.25 to < 0.50	882	963	9.7%	953	0.30%	74	17.6%	1.26	140	15%	1	–
0.50 to < 0.75	1,174	789	15.4%	1,207	0.58%	42	20.6%	1.08	264	22%	2	–
0.75 to < 2.50	2,843	2,266	18.0%	3,013	1.57%	119	20.2%	1.33	996	33%	12	–
2.50 to < 10.00	4,236	1,332	12.5%	4,021	5.90%	88	18.2%	1.35	1,802	45%	58	–
10.00 to < 100.00	2,482	1,088	13.2%	2,015	15.68%	76	29.9%	1.89	2,445	121%	104	–
100.00 (Default)	740	43	7.7%	740	100.00%	35	57.6%	2.26	839	113%	471	–
<b>Sub-total</b>	<b>14,373</b>	<b>7,382</b>	<b>16.2%</b>	<b>14,194</b>	<b>9.54%</b>	<b>483</b>	<b>25.4%</b>	<b>1.48</b>	<b>6,949</b>	<b>49%</b>	<b>650</b>	<b>562</b>

## 9 Credit risk for non-securitization exposures (continued)

## k. Credit risk exposures by portfolio and PD ranges – for IRB approach (CR6) (continued)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
At 31 December 2025	Original on- balance sheet gross exposure	Off- balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
PD scale	HK\$M	HK\$M		HK\$M					HK\$M		HK\$M	HK\$M
Portfolio (vii) – Corporate – other corporates												
0.00 to < 0.15	4,187	5,397	19.0%	5,294	0.07%	60	54.6%	2.74	1,610	30%	2	–
0.15 to < 0.25	546	4,796	8.2%	1,379	0.22%	78	45.5%	1.42	482	35%	1	–
0.25 to < 0.50	1,671	3,448	18.6%	3,462	0.39%	80	41.3%	1.16	1,449	42%	6	–
0.50 to < 0.75	1,921	5,156	14.0%	2,511	0.59%	86	36.7%	1.56	1,284	51%	6	–
0.75 to < 2.50	7,154	9,696	10.3%	7,084	1.36%	215	33.1%	1.17	4,481	63%	36	–
2.50 to < 10.00	5,939	3,661	13.0%	4,837	4.28%	86	19.1%	1.35	2,469	51%	46	–
10.00 to < 100.00	6,490	5,792	4.5%	2,108	17.95%	132	31.6%	1.32	3,013	143%	123	–
100.00 (Default)	1,012	130	15.3%	1,031	100.00%	20	53.1%	1.55	953	92%	2,228	–
<b>Sub-total</b>	<b>28,920</b>	<b>38,076</b>	<b>12.3%</b>	<b>27,706</b>	<b>6.31%</b>	<b>757</b>	<b>37.4%</b>	<b>1.57</b>	<b>15,741</b>	<b>57%</b>	<b>2,448</b>	<b>2,485</b>
Portfolio (viii) – Retail – QRRE (transactor)												
0.00 to < 0.15	3,086	33,562	56.3%	21,985	0.08%	349,290	89.8%	–	994	5%	9	–
0.15 to < 0.25	4	40	88.9%	40	0.24%	7,470	78.9%	–	4	10%	–	–
0.25 to < 0.50	1,163	3,902	73.2%	4,019	0.33%	34,021	89.9%	–	579	14%	7	–
0.50 to < 0.75	1,071	8,833	56.3%	6,041	0.68%	68,135	89.9%	–	1,546	26%	20	–
0.75 to < 2.50	1,059	2,869	67.9%	3,008	1.44%	27,051	89.9%	–	1,350	45%	22	–
2.50 to < 10.00	1,652	1,090	116.8%	2,925	2.82%	9,820	89.9%	–	2,139	73%	41	–
10.00 to < 100.00	6	2	71.5%	8	39.99%	156	88.3%	–	17	217%	1	–
100.00 (Default)	5	1	5.1%	5	100.00%	340	51.4%	–	9	181%	2	–
<b>Sub-total</b>	<b>8,046</b>	<b>50,299</b>	<b>59.6%</b>	<b>38,031</b>	<b>0.54%</b>	<b>496,283</b>	<b>89.9%</b>	<b>–</b>	<b>6,638</b>	<b>17%</b>	<b>102</b>	<b>65</b>
Portfolio (ix) – Retail – QRRE (revolver)												
0.00 to < 0.15	4,216	44,864	60.4%	31,309	0.10%	394,286	90.0%	–	1,744	6%	16	–
0.15 to < 0.25	3	12	84.2%	13	0.24%	1,464	78.9%	–	1	10%	–	–
0.25 to < 0.50	2,122	7,833	74.2%	7,937	0.32%	64,761	90.0%	–	1,122	14%	13	–
0.50 to < 0.75	2,003	11,346	57.2%	8,495	0.68%	82,311	90.0%	–	2,173	26%	29	–
0.75 to < 2.50	2,375	4,708	72.3%	5,779	1.31%	43,409	90.0%	–	2,416	42%	38	–
2.50 to < 10.00	5,896	3,331	112.7%	9,650	3.93%	48,980	90.0%	–	8,641	90%	190	–
10.00 to < 100.00	1,500	136	247.4%	1,838	19.30%	7,698	90.0%	–	3,812	207%	177	–
100.00 (Default)	253	–	5.9%	253	100.00%	1,893	60.9%	–	412	163%	107	–
<b>Sub-total</b>	<b>18,368</b>	<b>72,230</b>	<b>64.9%</b>	<b>65,274</b>	<b>1.80%</b>	<b>644,802</b>	<b>89.9%</b>	<b>–</b>	<b>20,321</b>	<b>31%</b>	<b>570</b>	<b>200</b>

## 9 Credit risk for non-securitization exposures (continued)

### k. Credit risk exposures by portfolio and PD ranges – for IRB approach (CR6) (continued)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
At 31 December 2025	Original on- balance sheet gross exposure	Off- balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
PD scale	HK\$M	HK\$M	CCF	HK\$M					HK\$M		HK\$M	HK\$M
Portfolio (x) – Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)												
0.00 to < 0.15	230,176	121	67.8%	230,258	0.09%	100,355	17.7%	–	9,111	4%	38	–
0.15 to < 0.25	115,156	5,117	41.1%	117,256	0.19%	71,134	17.6%	–	8,177	7%	41	–
0.25 to < 0.50	39,504	25	106.0%	39,531	0.44%	30,475	18.7%	–	5,203	13%	32	–
0.50 to < 0.75	10,390	1	40.0%	10,390	0.57%	3,780	22.0%	–	1,974	19%	13	–
0.75 to < 2.50	21,274	34	46.1%	21,290	1.14%	18,255	19.3%	–	5,595	26%	47	–
2.50 to < 10.00	5,132	–	106.2%	5,132	3.97%	4,610	17.8%	–	2,591	50%	36	–
10.00 to < 100.00	737	–	2405.8%	737	32.67%	818	18.8%	–	681	92%	46	–
100.00 (Default)	1,092	–	38.2%	1,092	100.00%	1,239	21.7%	–	1,971	180%	80	–
<b>Sub-total</b>	<b>423,461</b>	<b>5,298</b>	<b>42.0%</b>	<b>425,686</b>	<b>0.58%</b>	<b>230,666</b>	<b>18.0%</b>	<b>–</b>	<b>35,303</b>	<b>8%</b>	<b>333</b>	<b>427</b>
Portfolio (xi) – Retail – small business retail exposures												
0.00 to < 0.15	67	2	80.0%	51	0.08%	10	56.2%	–	6	12%	–	–
0.15 to < 0.25	310	7	27.4%	103	0.20%	158	70.0%	–	30	29%	–	–
0.25 to < 0.50	620	19	25.6%	304	0.39%	145	32.0%	–	59	19%	–	–
0.50 to < 0.75	760	19	21.1%	340	0.62%	204	34.7%	–	96	28%	1	–
0.75 to < 2.50	3,087	18	16.6%	1,017	1.47%	1,263	61.3%	–	831	82%	10	–
2.50 to < 10.00	2,837	9	22.3%	718	3.61%	1,659	85.9%	–	873	122%	22	–
10.00 to < 100.00	369	30	26.0%	132	37.61%	252	84.9%	–	195	147%	45	–
100.00 (Default)	315	29	12.7%	90	100.00%	187	75.4%	–	282	313%	47	–
<b>Sub-total</b>	<b>8,365</b>	<b>133</b>	<b>21.6%</b>	<b>2,755</b>	<b>6.69%</b>	<b>3,878</b>	<b>63.0%</b>	<b>–</b>	<b>2,372</b>	<b>86%</b>	<b>125</b>	<b>86</b>

## 9 Credit risk for non-securitization exposures (continued)

### k. Credit risk exposures by portfolio and PD ranges – for IRB approach (CR6) (continued)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
At 31 December 2025	Original on- balance sheet gross exposure HK\$M	Off- balance sheet exposures pre-CCF HK\$M	Average CCF	EAD post-CRM and post-CCF HK\$M	Average PD	Number of obligors	Average LGD	Average maturity	RWA HK\$M	RWA density	EL HK\$M	Provisions HK\$M
Portfolio (xii) – Retail – Other retail exposures to individuals												
0.00 to < 0.15	807	6,077	66.1%	4,823	0.07%	29,920	83.7%	-	759	16%	2	-
0.15 to < 0.25	1,266	1,436	99.8%	2,701	0.16%	21,124	79.3%	-	732	27%	2	-
0.25 to < 0.50	4,885	1,643	82.1%	6,234	0.33%	23,724	77.8%	-	2,730	44%	15	-
0.50 to < 0.75	4,475	2,334	57.0%	5,805	0.69%	27,356	79.9%	-	3,961	68%	30	-
0.75 to < 2.50	10,203	1,186	78.6%	11,136	1.38%	54,004	67.7%	-	8,637	78%	98	-
2.50 to < 10.00	12,701	942	105.7%	13,697	4.94%	61,049	63.0%	-	12,581	92%	391	-
10.00 to < 100.00	2,407	23	146.3%	2,441	23.38%	21,060	71.1%	-	3,379	138%	395	-
100.00 (Default)	974	1	20.0%	974	100.00%	12,092	63.0%	-	1,163	120%	515	-
<b>Sub-total</b>	<b>37,718</b>	<b>13,642</b>	<b>74.0%</b>	<b>47,811</b>	<b>5.11%</b>	<b>250,329</b>	<b>71.5%</b>	<b>-</b>	<b>33,942</b>	<b>71%</b>	<b>1,448</b>	<b>583</b>
<b>Total (all portfolios subject to the IRB approaches)</b>	<b>1,617,868</b>	<b>814,070</b>	<b>29.4%</b>	<b>1,867,418</b>	<b>0.95%</b>	<b>1,630,299</b>	<b>40.0%</b>	<b>1.40</b>	<b>381,767</b>	<b>20%</b>	<b>7,489</b>	<b>9,830</b>

Provisions in this table represent the eligible provisions as defined under Division 1, Part 6 of the BCR which include the regulatory reserves for general banking risks and the impairment allowances reported under IRB approach, which increases as customer loan increases.

The decrease in RWA was due to decrease in large corporates and other retail exposures to individuals partially offset by sovereign.

## 9 Credit risk for non-securitization exposures (continued)

### I. Effects on RWA of recognized credit derivative contracts used as recognized credit risk mitigation – for IRB approach (CR7)

The following table sets out the effect of recognized credit derivative contracts on the calculation of credit risk capital requirements under the IRB approach. The hypothetical RWA before taking into account the mitigation effect of recognized credit derivative contracts (column (a) below) is disclosed to evaluate the impact of recognized credit derivative contracts on RWA. This is irrespective of the extent that recognized CRM are taken into account in calculating the RWA.

At 31 December 2025		(a) <i>Pre-credit derivatives RWA</i> <i>HK\$'M</i>	(b) <i>Actual RWA</i> <i>HK\$'M</i>
1	Corporate – Specialized lending (project finance)	4,331	4,331
2	Corporate – Specialized lending (object finance)	9,535	9,535
3	Corporate – Specialized lending (commodities finance)	6,277	6,277
4	Corporate – Specialized lending (income-producing real estate)	17,592	17,592
5	Corporate – Specialized lending (high-volatility commercial real estate)	–	–
6	Corporate – Small-and-medium sized corporates	6,949	6,949
7	Corporate – Large corporates	91,586	91,586
8	Corporate – Financial institutions treated as corporates	31,710	31,710
9	Corporate – Other corporates	15,741	15,741
10	Sovereign – Sovereigns	62,123	62,123
11	Sovereign – Sovereign foreign public sector entities	5,672	5,672
12	Sovereign – Multilateral development banks	–	–
13	Bank – Banks (excluding covered bonds)	45,989	45,989
14	Bank – Qualifying non-bank financial institutions	7,954	7,954
15	Bank – Public sector entities (excluding sovereign foreign public sector entities)	4,441	4,441
16	Bank – Unspecified multilateral bodies	–	–
17	Bank – Covered bonds	–	–
18	Retail – Small business retail exposures	2,372	2,372
19	Retail – Residential mortgages to individuals	34,721	34,721
20	Retail – Residential mortgages to property-holding shell companies	582	582
21	Retail – Qualifying revolving retail exposures (QRRE) (transactor)	6,638	6,638
22	Retail – QRRE (revolver)	20,321	20,321
23	Retail – Other retail exposures to individuals	33,942	33,942
24	CIS – CIS exposures	–	–
25	Other – Cash items	–	–
26	Other – Other items	70,372	70,372
<b>27</b>	<b>Total (under the IRB calculation approaches)</b>	<b>478,848</b>	<b>478,848</b>

There is no effect in RWA as the Group does not have credit derivative contracts used as recognised credit risk mitigation.

## 9 Credit risk for non-securitization exposures (continued)

### m. RWA flow statements of credit risk exposures under IRB approach (CR8)

The following table sets out a flow statement explaining variations in the RWA for credit risk determined under the IRB approach.

	(a) Amount HK\$'M
<b>1 RWA as at end of previous reporting period (30 September 2025)</b>	<b>488,213</b>
2 Asset size	(10,716)
3 Asset quality	1,914
4 Model updates	-
5 Methodology and policy	-
6 Acquisitions and disposals	-
7 Foreign exchange movements	(563)
8 Other	-
<b>9 RWA as at end of reporting period (31 December 2025)</b>	<b>478,848</b>

The increase in RWA during the quarter were mainly due to the following items:

- RWA decrease from asset size which is in line with balance sheet movement,
- RWA increase from asset quality mainly due to credit migration during the period,
- RWA decrease from foreign exchange rate movement mainly due to the depreciation of KRW and TWD in relation to HKD during the period.

### n. Back-testing of PD per portfolio – for IRB approach (CR9)

The following table sets out the comparison between the PD estimated by our IRB models against actual default experience. It shows our IRB models are generally conservative.

(a)	(b)	(c)	(d)	(e)	(f) Number of obligors		(g)	(h)	(i)
	PD Range (as of 31 December 2024)	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	31 December 2024	31 December 2025	Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
Sovereign (AIRB)			0.10%	0.24%	115	121	1	-	0.17%
	0.00 to < 0.15	AAA to BBB-			106	94			
	0.15 to < 0.25	BBB, BBB-			1	-			
	0.25 to < 0.50	BBB-, BB+, BB			-	-			
	0.50 to < 0.75	BB+, BB			-	-			
	0.75 to < 2.50	BB, BB-, B+, B			3	3			
	2.50 to < 10.00	B, B-			5	5			
	10.00 to < 100.00	B-, CCC+ to C			-	-			
	New obligors acquired during the year					19			
Bank (FIRB) <sup>1</sup>			0.08%	0.85%	627	757	1	-	0.35%
	0.00 to < 0.15	AAA to BBB-			354	289			
	0.15 to < 0.25	BBB-, BB+			55	41			
	0.25 to < 0.50	BB+, BB			27	19			
	0.50 to < 0.75	BB, BB-			44	34			
	0.75 to < 2.50	BB, BB-, B+, B			108	88			
	2.50 to < 10.00	B, B-, CCC+ to C			30	9			
	10.00 to < 100.00	CCC+ to C			9	5			
	New obligors acquired during the year					272			

<sup>1</sup> Following the implementation of the Basel III final reform package on 1 January 2025, the FIRB approach has been applied to the Bank and Large Corporate portfolios, replacing the previous AIRB approach.

## 9 Credit risk for non-securitization exposures (continued)

## n. Back-testing of PD per portfolio – for IRB approach (CR9) (continued)

(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)
					Number of obligors				
	PD Range (as of 31 December 2024)	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	31 December 2024	31 December 2025	Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
			0.57%	3.38%	9,090	8,264	149	-	1.61%
Total Corporate <sup>2</sup> (AIRB & FIRB)	0.00 to < 0.15	AAA to BBB			1,341	1,161			
	0.15 to < 0.25	BBB, BB+			1,131	870			
	0.25 to < 0.50	BBB-, BB+, BB			667	539			
	0.50 to < 0.75	BB, BB-			1,320	1,078			
	0.75 to < 2.50	BB, BB-, B+, B			1,716	1,166			
	2.50 to < 10.00	B, B-, CCC+			1,748	1,204			
	10.00 to < 100.00	B-, CCC+ to C			1,167	777			
	New obligors acquired during the year					75			
			0.55%	0.34%	526,200	445,583	364	2	0.21%
Retail – Qualifying revolving retail exposures (transactor) <sup>3</sup>	0.00 to < 0.15				361,392	295,306			
	0.15 to < 0.25				13,866	6,942			
	0.25 to < 0.50				37,139	29,717			
	0.50 to < 0.75				73,982	68,705			
	0.75 to < 2.50				28,917	25,799			
	2.50 to < 10.00				10,680	9,576			
	10.00 to < 100.00				224	140			
	New obligors acquired during the year					9,398			
			1.53%	0.89%	679,572	698,690	3,587	8	0.29%
Retail – Qualifying revolving retail exposures (revolver) <sup>4</sup>	0.00 to < 0.15				405,526	357,899			
	0.15 to < 0.25				2,600	1,375			
	0.25 to < 0.50				64,958	60,800			
	0.50 to < 0.75				95,529	90,413			
	0.75 to < 2.50				45,026	42,217			
	2.50 to < 10.00				57,028	52,085			
	10.00 to < 100.00				8,905	6,944			
	New obligors acquired during the year					86,957			
			0.33%	0.46%	228,543	236,193	611	16	0.16%
Retail – Residential mortgage exposures	0.00 to < 0.15				96,489	85,949			
	0.15 to < 0.25				75,809	66,871			
	0.25 to < 0.50				29,184	25,451			
	0.50 to < 0.75				3,738	3,407			
	0.75 to < 2.50				17,757	15,411			
	2.50 to < 10.00				4,697	4,046			
	10.00 to < 100.00				869	715			
	New obligors acquired during the year					34,343			
			3.91%	3.83%	12,984	11,000	623	22	3.12%
Retail – Small business retail exposures	0.00 to < 0.15				329	234			
	0.15 to < 0.25				361	281			
	0.25 to < 0.50				1,293	913			
	0.50 to < 0.75				1,499	1,073			
	0.75 to < 2.50				5,050	3,873			
	2.50 to < 10.00				3,657	2,956			
	10.00 to < 100.00				795	444			
	New obligors acquired during the year					1,226			
			4.54%	4.33%	294,602	242,195	9,539	184	2.37%
Retail – Other retail exposures to individuals	0.00 to < 0.15				41,706	32,727			
	0.15 to < 0.25				22,580	17,886			
	0.25 to < 0.50				28,639	21,483			
	0.50 to < 0.75				33,812	26,156			
	0.75 to < 2.50				60,701	40,956			
	2.50 to < 10.00				84,276	59,985			
	10.00 to < 100.00				22,888	14,374			
	New obligors acquired during the year					28,628			

<sup>2</sup> The changes to corporate asset classification have been implemented under the Basel III final reform package effective 1 January 2025. Model performance is presented at the total corporate exposure level.

<sup>3</sup> Specialized lending exposures are excluded.

<sup>4</sup> The changes to Qualifying Revolving Retail Exposures asset classification have been implemented under the Basel III final reform package effective 1 January 2025.

## 9 Credit risk for non-securitization exposures (continued)

### o. Specialized lending under supervisory slotting criteria approach – for IRB approach (CR10)

The following table sets out the quantitative information in respect of specialized lending under the supervisory slotting criteria approach.

#### Specialized Lending under supervisory slotting criteria approach – Other than HVCRE

At 31 December 2025		(a)	(b)	(c)	(d)(i)	(d)(ii)	(d)(iii)	(d)(iv)	(d)(v)	(e)	(f)
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount						Expected loss amount
		HK\$M	HK\$M		PF HK\$M	OF HK\$M	CF HK\$M	IPRE HK\$M	Total HK\$M	RWA HK\$M	
Strong <sup>^</sup>	Less than 2.5 years	9,973	301	-	-	871	-	6,664	7,535	3,767	-
Strong	Equal to or more than 2.5 years	10,584	1,029	-	-	6,893	-	275	7,168	5,018	28
Good <sup>^</sup>	Less than 2.5 years	13,000	719	-	-	195	-	12,092	12,287	8,601	49
Good	Equal to or more than 2.5 years	5,617	1,289	-	-	3,116	-	574	3,690	3,321	30
Satisfactory		4,307	584	-	-	796	-	3,499	4,295	4,939	120
Weak		91	836	-	-	-	-	425	425	1,063	34
Default		3,138	84	-	-	-	-	3,171	3,171	-	1,586
<b>Total</b>		<b>46,710</b>	<b>4,842</b>			<b>11,871</b>		<b>26,700</b>	<b>38,571</b>	<b>26,709</b>	<b>1,847</b>

<sup>^</sup> Use of preferential risk-weights.

Increase in total exposure and RWA was due to increase in OF and IPRE exposures.

## 10 Counterparty Credit risk

### a. Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs) (CCRA)

Counterparty credit risk (CCR) is the risk that a counterparty in foreign exchange, interest rate, commodity, equity or credit derivative or repo contract defaults prior to the maturity date of the contract, and that the Group at the time has a claim on the counterparty. CCR arises predominantly in the trading book, but also arises in the non-trading book when hedging with external counterparties is required.

CCR is managed within the overall credit risk appetite for corporate and financial institutions. CCR limits are set for individual counterparties, including central clearing counterparties, and for specific portfolios. Individual limits are calibrated to the credit grade and business model of the counterparties. Portfolio limits are set to contain concentration risk across multiple dimensions and are set on Potential Future Exposure (PFE) or other relevant CCR measures.

The Group reduces its credit exposures to counterparties by entering into contractual netting agreements which result in a single amount owed by or to the counterparty. The amount is calculated by netting the Mark-To-Market (MTM) owed by the counterparty to the Group and the MTM owed by the Group to the counterparty on the transactions covered by the netting agreement. In line with the International Accounting Standard principles, the Group's balance sheet will present assets and liabilities on a net basis provided there is a legally enforceable right to set off assets and liabilities, and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

#### Wrong-way risk

Wrong-way risk occurs when an exposure increase is coupled with a decrease in the credit quality of the obligor. Specifically, as the MTM on a derivative or repo contract increases in favour of the Group, the driver of this MTM change also reduces the ability of the counterparty to meet its payment, margin call or collateral posting requirements. Wrong-way risk mostly arises from FX transactions and financing transactions. The Group employs various policies and procedures to ensure that wrong-way risk exposures are recognised upfront, monitored, and where required, contained by limits on country, tenor, collateral type, and counterparty.

#### Stress Testing

Stress testing is an integral part of CCR management, complementing potential future exposure (PFE) or other portfolio limits. Single and multi-factor scenarios are regularly applied to the CCR portfolio to identify and quantify exposures that could become a concern for the Group. The stressed exposures are monitored weekly and discussed monthly at regional and global counterparty credit risk exposure forums. The relevance and severity of the stress scenarios are periodically reviewed with cross functional stakeholders.

#### Exposure value calculation

Exposure calculation used for risk management is based on PFE. The PFE is mostly calculated from simulation models, and from PFE add-ons for the non-simulated products.

Derivatives exposures for capital calculation purposes are calculated using the Standardized Approach (SA-CCR). Individual transactions are measured using the sum of current replacement cost and potential future credit exposure, and the benefit of netting agreements is applied as per the SA-CCR rules. Exposure for repurchase transactions and securities lending or borrowing transactions is calculated using the comprehensive approach for SFTs. Supervisory volatility adjustments are applied to both collateral and exposure legs.

Models and methodologies used in the calculation of CCR are overseen and monitored by the SCBHK MAC.

The Group has credit policies and procedures setting out the criteria for collateral to be recognised as a credit risk mitigant, including requirements concerning legal certainty, priority, concentration, correlation, liquidity and valuation parameters such as frequency of review and independence. The Group seeks to negotiate Credit Support Annexes (CSAs) with counterparties when collateral is deemed a necessary or desirable mitigant to the exposure. The credit terms of a CSA are specific to each legal document and determined by the credit risk approval unit responsible for the counterparty. The nature of the collateral is specified in the legal document and is typically cash or highly liquid government securities.

## 10 Counterparty Credit risk (continued)

### a. Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs) (CCRA) (continued)

#### Exposure value calculation (continued)

The MTM of all trades captured under CSAs is calculated daily. Additional collateral will be called from the counterparty if total uncollateralised MTM exposure exceeds the threshold and minimum transfer amount specified in the CSA. Additional collateral may be required from the counterparty to provide an extra buffer to the daily variation margin process.

In line with market convention, the Group negotiates CSA terms for certain counterparties where the thresholds related to each party are dependent on their ECAI long-term rating. Such clauses are typically mutual in nature. As a result, a downgrade in the Group's rating would result in some counterparties seeking additional collateral calls to cover negative MTM portfolios where thresholds are lowered. As of 31 Dec 2025, the Group is not required to provide additional collateral in the case of an one-notch credit rating downgrade.

The Group also has policies and procedures in place setting out the criteria for guarantees to be recognised as a credit risk mitigant. Where guarantees meet regulatory criteria, the Group treats the exposure as guarantor risk from counterparty credit risk capital standpoint.

### b. Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches (CCR1)

The following table sets out a comprehensive breakdown of default risk exposures (other than those to CCPs), RWAs, and, where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs.

	(a)	(b)	(c)	(d)	(e)	(f)
	Replacement cost (RC)	PFE	Effective EPE	Alpha (a) used for computing default risk exposure	Default risk exposure after CRM	RWA
At 31 December 2025	HK\$'M	HK\$'M			HK\$'M	HK\$'M
1 SA-CCR (for derivative contracts) <sup>1</sup>	24,585	64,744		1.4	122,706	34,967
1a CEM (for derivative contracts)	-	-		1.4	-	-
2 IMM (CCR) approach			-	0.0	-	-
3 Simple approach (for SFTs)					-	-
4 Comprehensive approach (for SFTs) <sup>2</sup>					306,387	5,824
5 VaR (for SFTs)					-	-
<b>6 Total</b>						<b>40,791</b>

<sup>1</sup> Increase in default risk exposures was due to increase in replacement cost of derivative exposures.

<sup>2</sup> Increase in default risk exposure was due to increase in volume of SFTs.

## 10 Counterparty Credit risk (continued)

### c. Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach (CCR3)

The following table sets out a breakdown of default risk exposures, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach, by asset classes and risk-weights (the latter representing the riskiness attributed to the exposure according to the respective approaches), irrespective of the approach used to determine the amount of default risk exposures.

At 31 December 2025	(a)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	(i)
Risk Weight	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
Exposure class	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
3 Multilateral development bank exposures	149	-	-	-	-	-	-	-	-	-	-	149
7 General corporate exposures	-	-	-	-	-	-	-	69	42	-	-	111
8 Retail exposures	-	-	-	-	-	-	-	-	-	850	-	850
<b>11 Total</b>	<b>149</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>-</b>	<b>69</b>	<b>42</b>	<b>850</b>	<b>-</b>	<b>1,110</b>

Increase in total default risk exposure after CRM was mainly due to increase in retail exposures.

## 10 Counterparty Credit risk (continued)

## d. Counterparty credit risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach (CCR4)

The following table sets out all the relevant parameters used for the calculation of counterparty credit risk capital requirements for IRB exposures (other than those to CCPs).

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	<i>EAD</i>	<i>Average</i>	<i>Number</i>	<i>Average</i>	<i>Average</i>	<i>RWA</i>	<i>RWA</i>
At 31 December 2025	<i>post-CRM</i>	<i>PD</i>	<i>of obligors</i>	<i>LGD</i>	<i>maturity</i>	<i>RWA</i>	<i>density</i>
<i>PD scale</i>	<i>HK\$'M</i>					<i>HK\$'M</i>	
Foundation IRB approach							
Portfolio (i) – Bank							
0.00 to < 0.15	198,381	0.05%	197	17.1%	0.40	11,715	6%
0.15 to < 0.25	12,225	0.22%	33	17.8%	0.79	1,978	16%
0.25 to < 0.50	2,640	0.39%	15	9.0%	0.24	286	11%
0.50 to < 0.75	1,002	0.64%	12	36.5%	0.82	507	51%
0.75 to < 2.50	245	1.99%	4	2.0%	0.19	10	4%
2.50 to < 10.00	1	8.01%	1	45.0%	1.00	1	189%
10.00 to < 100.00	–	0.00%	–	0.0%	0.00	–	0%
100.00 (Default)	–	0.00%	–	0.0%	0.00	–	0%
<b>Sub-total</b>	<b>214,494</b>	<b>0.07%</b>	<b>262</b>	<b>17.1%</b>	<b>0.42</b>	<b>14,497</b>	<b>7%</b>
Portfolio (ii) – Corporate							
0.00 to < 0.15	83,422	0.10%	321	10.26%	0.52	3,986	4.78%
0.15 to < 0.25	43,299	0.22%	445	18.12%	0.48	6,831	15.78%
0.25 to < 0.50	8,882	0.39%	143	24.16%	0.58	2,402	27.04%
0.50 to < 0.75	34,259	0.53%	161	12.87%	0.28	6,307	18.41%
0.75 to < 2.50	6,236	1.08%	94	20.77%	0.46	2,275	36.48%
2.50 to < 10.00	75	2.76%	5	40.00%	1.00	71	94.77%
10.00 to < 100.00	33	21.91%	5	40.80%	1.00	68	207.53%
100.00 (Default)	–	0.00%	–	0.00%	0.00	–	0.00%
<b>Sub-total</b>	<b>176,206</b>	<b>0.27%</b>	<b>1,174</b>	<b>13.79%</b>	<b>0.46</b>	<b>21,940</b>	<b>12.45%</b>

## 10 Counterparty Credit risk (continued)

## d. Counterparty credit risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach (CCR4) (continued)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
At 31 December 2025	<i>EAD</i>	<i>Average</i>	<i>Number</i>	<i>Average</i>	<i>Average</i>	<i>RWA</i>	<i>RWA</i>
<i>PD scale</i>	<i>post-CRM</i>	<i>PD</i>	<i>of obligors</i>	<i>LGD</i>	<i>maturity</i>	<i>RWA</i>	<i>density</i>
	<i>HK\$'M</i>					<i>HK\$'M</i>	
Advanced IRB approach							
Portfolio (iii) – Sovereign							
0.00 to < 0.15	32,276	0.04%	26	8.0%	0.15	338	1%
0.15 to < 0.25	–	0.00%	–	0.0%	–	–	0%
0.25 to < 0.50	–	0.00%	–	0.0%	–	–	0%
0.50 to < 0.75	–	0.00%	–	0.0%	–	–	0%
0.75 to < 2.50	–	0.00%	–	0.0%	–	–	0%
2.50 to < 10.00	–	0.00%	–	0.0%	–	–	0%
10.00 to < 100.00	–	0.00%	–	0.0%	–	–	0%
100.00 (Default)	–	0.00%	–	0.0%	–	–	0%
<b>Sub-total</b>	<b>32,276</b>	<b>0.04%</b>	<b>26</b>	<b>8.0%</b>	<b>0.15</b>	<b>338</b>	<b>1%</b>
Portfolio (iv) – Corporate							
0.00 to < 0.15	203	0.08%	19	51.5%	1.00	39	19%
0.15 to < 0.25	1,850	0.22%	30	15.5%	0.29	214	12%
0.25 to < 0.50	214	0.38%	20	48.7%	1.00	107	50%
0.50 to < 0.75	991	0.53%	41	17.0%	0.30	258	26%
0.75 to < 2.50	740	1.31%	29	21.8%	0.26	277	37%
2.50 to < 10.00	987	4.04%	27	64.0%	1.00	1,708	173%
10.00 to < 100.00	13	13.77%	27	61.6%	1.00	38	284%
100.00 (Default)	9	100.00%	1	25.0%	3.49	–	0%
<b>Sub-total</b>	<b>5,007</b>	<b>1.40%</b>	<b>194</b>	<b>29.3%</b>	<b>0.49</b>	<b>2,641</b>	<b>53%</b>
<b>Total (all portfolios subject to the IRB approaches)</b>	<b>427,983</b>	<b>0.16%</b>	<b>1,656</b>	<b>15.2%</b>	<b>0.42</b>	<b>39,416</b>	<b>9%</b>

Increase in EAD post-CRM was due to the increase in sovereign and corporates exposures partially offset by bank exposures. The increase in RWA was aligned with the growth in EAD.

## 10 Counterparty Credit risk (continued)

### e. Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs) (CCR5)

The following table sets out a breakdown of all types of collateral posted or recognized collateral received to support or reduce the exposures to counterparty credit risk exposures in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP.

At 31 December 2025	(a) (b) (c) (d)				(e) (f)	
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
Exposure classes	Segregated	Unsegregated	Segregated	Unsegregated	received	collateral
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Cash – domestic currency	–	202	–	101	–	17,212
Cash – other currencies	–	14,377	–	22,602	39,315	202,085
Domestic sovereign debt	–	–	–	–	17,387	1,193
Other sovereign debt	–	12,851	–	6,964	60,757	70,623
Government agency debt	–	–	–	–	46,417	15
Corporate bonds	–	28,856	–	38,213	51,450	11,627
Equity securities	–	–	–	–	67,504	3,632
Other collateral	–	283	–	–	–	–
<b>Total</b>	<b>–</b>	<b>56,569</b>	<b>–</b>	<b>67,880</b>	<b>282,830</b>	<b>306,387</b>

Increase in unsegregated collateral received for derivative contracts was mainly driven by the increase in volume.

### f. Credit-related derivatives contracts (CCR6)

The following table sets out the amount of credit-related derivative contracts, broken down into credit protection bought and credit protection sold.

At 31 December 2025	(a)	(b)
	Protection bought	Protection sold
	HK\$'M	HK\$'M
<b>Notional amounts</b>		
Single-name credit default swaps	233	233
Index credit default swaps	–	–
Total return swaps	171,547	22,311
Credit-related options	–	–
Other credit-related derivative contracts	27,507	8,031
<b>Total notional amounts</b>	<b>199,287</b>	<b>30,575</b>
<b>Fair values</b>		
Positive fair value (asset)	2,255	496
Negative fair value (liability)	(3,516)	(488)

Decrease in total notional amounts were mainly driven by the decrease in transaction volume.

## 10 Counterparty Credit risk (continued)

### g. Exposures to CCPs (CCR8)

The following table sets out a comprehensive breakdown of exposures to both qualifying and non-qualifying CCPs and the respective RWAs, covering all types of credit risk exposures (including default risk exposures to the CCPs, credit risk exposures arising from initial margins posted, and default fund contributions made, to the CCPs).

At 31 December 2025	(a) Exposure after CRM HK\$'M	(b) RWA HK\$'M
<b>1 Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)</b>		<b>357</b>
2 Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	8,050	160
3 (i) OTC derivative transactions	-	-
4 (ii) Exchange-traded derivative contracts	8,050	160
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets subject to valid cross-product netting agreements	-	-
7 Segregated initial margin	-	-
8 Unsegregated initial margin	6,734	135
9 Funded default fund contributions	1,559	62
10 Unfunded default fund contributions	-	-
<b>11 Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)</b>	<b>-</b>	<b>-</b>
12 Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13 (i) OTC derivative transactions	-	-
14 (ii) Exchange-traded derivative contracts	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets subject to valid cross-product netting agreements	-	-
17 Segregated initial margin	-	-
18 Unsegregated initial margin	-	-
19 Funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

Increase in total exposures and RWA were mainly due to the increase in volume of derivatives exposures with qualifying CCPs.

## 11 Credit valuation adjustment risk

### a. Qualitative disclosures related to CVA risk (CVAA)

The Group accounts for CVA against the fair value of derivative products. CVA is an adjustment to the fair value of the transactions to reflect the possibility that our counterparties may default and we may not receive the full market value of the outstanding transactions. It represents an estimate of the adjustment a market participant would include when deriving a purchase price to acquire our exposures. CVA is calculated for each subsidiary, and within each entity for each counterparty to which the entity has exposure and takes account of any collateral we may hold. The Group calculates CVA by using estimates of future positive exposure, market-implied Probability of Default (PD) and recovery rates. Where market-implied data is not readily available, we use market-based proxies to estimate the PD. Wrong-way risk occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty, and the Group has implemented a model to capture this impact for key wrong-way exposures. The Group also captures the uncertainties associated with wrong-way risk in the Group's Prudential Valuation Adjustments framework.

CVA risk is managed under a centralised framework and is overseen by an independent risk management function with responsibility for the monitoring and control of CVA risk within the bank. Individual CVA risk exposures are calculated daily and cover sensitivities to counterparty and reference entity credit spreads as well as sensitivities to other market factors. Risk sensitivities used for internal risk management and reporting are monitored against approved limits set in accordance with the Bank's risk appetite. CVA hedging activities are undertaken by the XVA desk to ensure that overall CVA risk remains within approved risk appetite and limits (eg. Sensitivities, VaR and Stress Loss) which are reviewed semi-annually, and the effectiveness of hedging activity is monitored as part of the ongoing risk management, P&L monitoring as well as monthly Volcker attestation process.

The Group uses the reduced basic CVA approach ("BA-CVA") to calculate CVA risk capital charge.

### b. CVA risk under reduced basic CVA approach (CVA1)

	(a)	(b)
	<i>Components</i>	<i>CVA risk capital charge under the reduced basic CVA approach</i>
1 Aggregation of systematic components of CVA risk	7,738,039,607,280	
2 Aggregation of idiosyncratic components of CVA risk	2,358,995,157,958	
<b>3 Total</b>		<b>2,065</b>

Increase in CVA charge were mainly due to the increase in total default risk exposures triggered by replacement cost of derivative exposures.

## 12 Securitization exposures

### a. Qualitative disclosures related to securitization exposure (SECA)

Securitization activities are undertaken by the Group for risk-taking purpose by various businesses acting as investors. The Group adopts the SEC-ERBA and SEC-SA to calculate the credit risk for asset securitizations in which it is an investing institution.

The Group uses the following external credit assessment institutions to calculate the capital adequacy requirements: S&P, Moody's and Fitch Ratings.

The Group's securitization exposures are measured in accordance with the accounting policy described in note 2(i) of the 2025 consolidated financial statements.

The securitised assets have appropriate credit and market risk limits in place with exposures being monitored against these limits. There is also a periodic performance analysis of the underlying collateral pools through review of trustee reports, market research and monitoring the changes of their external ratings. In addition, for Corporate & Institutional Banking and Commercial Banking clients, there is an internal credit model in place to measure any change in the performance of the underlying collateral pools.

### b. Securitization exposures in banking book (SEC1)

The following table sets out a breakdown of securitization exposures in the banking book.

		<i>(a)</i> <i>Acting as originator (excluding sponsor)</i>			<i>(e)</i> <i>Acting as sponsor</i>			<i>(h)</i> <i>Acting as investor</i>			<i>(i)</i>
		<i>Traditional</i>	<i>Synthetic</i>	<i>Sub-total</i>	<i>Traditional</i>	<i>Synthetic</i>	<i>Sub-total</i>	<i>Traditional</i>	<i>Synthetic</i>	<i>Sub-total</i>	
1	Retail (total) – of which:	-	-	-	-	-	-	28,414	-	28,414	
2	residential mortgage	-	-	-	-	-	-	18,776	-	18,776	
3	credit card	-	-	-	-	-	-	973	-	973	
4	other retail exposures	-	-	-	-	-	-	8,665	-	8,665	
5	re-securitization exposures	-	-	-	-	-	-	-	-	-	
6	Wholesale (total) – of which:	-	-	-	-	-	-	20,065	-	20,065	
7	loans to corporates	-	-	-	-	-	-	20,065	-	20,065	
8	commercial mortgage	-	-	-	-	-	-	-	-	-	
9	lease and receivables	-	-	-	-	-	-	-	-	-	
10	other wholesale	-	-	-	-	-	-	-	-	-	
11	re-securitization exposures	-	-	-	-	-	-	-	-	-	

The increase in exposures during the period was mainly driven by increase in investor exposures partially offset by the decrease in originator exposures.

## 12 Securitization exposures (continued)

### c. Securitization exposures in trading book (SEC2)

The following table sets out a breakdown of securitization exposures in the trading book.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		<i>Acting as originator (excluding sponsor)</i>			<i>Acting as sponsor</i>			<i>Acting as investor</i>		
		<i>Traditional</i>	<i>Synthetic</i>	<i>Sub-total</i>	<i>Traditional</i>	<i>Synthetic</i>	<i>Sub-total</i>	<i>Traditional</i>	<i>Synthetic</i>	<i>Sub-total</i>
1	Retail (total) – of which:	–	–	–	–	–	–	3,588	–	3,588
2	residential mortgage	–	–	–	–	–	–	1,213	–	1,213
3	credit card	–	–	–	–	–	–	23	–	23
4	other retail exposures	–	–	–	–	–	–	2,352	–	2,352
5	re-securitization exposures	–	–	–	–	–	–	–	–	–
6	Wholesale (total) – of which:	–	–	–	–	–	–	2,497	–	2,497
7	loans to corporates	–	–	–	–	–	–	–	–	–
8	commercial mortgage	–	–	–	–	–	–	–	–	–
9	lease and receivables	–	–	–	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	2,497	–	2,497
11	re-securitization exposures	–	–	–	–	–	–	–	–	–

The increase in exposures during the period was mainly driven by the increase in investor exposures.

## 12 Securitization exposures (continued)

### d. Securitization exposures in banking book and associated capital requirements – where AI acts as investor (SEC4)

The following table sets out the securitization exposures in the banking book where the Group acts as an investing institution of securitization transactions and the associated capital requirements.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
	Exposure values (by RW bands)				Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap				
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	SEC-FBA
1 Total exposures	48,185	294	-	-	-	-	40,377	8,102	-	-	7,271	1,242	-	-	582	99	-
2 Traditional securitization	48,185	294	-	-	-	-	40,377	8,102	-	-	7,271	1,242	-	-	582	99	-
3 Of which securitization	48,185	294	-	-	-	-	40,377	8,102	-	-	7,271	1,242	-	-	582	99	-
4 Of which retail	28,120	294	-	-	-	-	25,210	3,204	-	-	4,411	507	-	-	353	40	-
5 Of which simple, transparent and comparable	N/A																
6 Of which wholesale	20,065	-	-	-	-	-	15,167	4,898	-	-	2,860	735	-	-	229	59	-
7 Of which simple, transparent and comparable	N/A																
8 Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Please refer to note 12(a) for the main drivers of the exposures. Increase in RWA was mainly due to increase in asset size.

## 13 Market risk

### a. Qualitative disclosures related to market risk (MRA)

#### Market risk

Our approach to Market risk can be found in the Risk Management approach section of the 2025 consolidated financial statements.

The primary categories of market risk for the Group are:

- Interest Rate Risk: arising from changes in yield curves and implied volatilities.
- Foreign Exchange Rate Risk: arising from changes in currency exchange rates and implied volatilities.
- Commodity Risk: arising from changes in commodity prices and implied volatilities
- Credit Spread Risk: arising from changes in the price of debt instruments and credit-linked derivatives, driven by factors other than the level of risk-free interest rates.
- Equity Risk: arising from changes in the prices of equities and implied volatilities

#### Trading book

The Trading book contains positions held with trading intent or hedges for such positions. The Traded Risk Type Framework (incorporated into the Enterprise Risk Management Framework) sets out the Group's standard systematic approach to risk managing market risk. The Market Risk Standard and Trading Book Classification Standards support the identification of positions included in the Trading book and their risk management and valuation. All trading book desks are subject to market risk limits. Traded Risk Management, an independent risk control function, monitors the limits and reports daily to senior management.

#### Market risk regulatory capital under standardised approach

The bank has obtained the approval from Hong Kong Monetary Authority ("HKMA") for the implementation of the revised capital standards. Internal policies and standards are in place to ensure the bank is fully compliant with the requirements as set out in the Part 8 of Banking Capital Rules ("BCR").

Under HKMA Supervisory Policy Manual MR-1, instruments under accounting treatment "Fair Value Through Profit & Loss" ("FVTPL") are designated as trading book items. However, certain banking book items under accounting FVTPL have been exempted by HKMA after their review. The instruments (Market Values below) in deviation as of December 2025 included:

- FX swaps in Treasury for liquidity/funding purposes (HK\$296m)
- Bond Market Stabilization Fund – mandatory requirement by government (HK\$999m)
- Strategic investments in listed equities (HK\$146m)
- Equities or related instruments acquired due to restructuring (HK\$0.3m)

The bank has set up a dedicated desk to conduct the Internal Risk Transfer ("IRT") activities that aim to hedge its exposures to general interest rate risk ("GIRR") in the banking book. Internal policy and procedures have listed out the hedging instruments in scope, operating model and process flow.

## 13 Market risk (continued)

### a. Qualitative disclosures related to market risk (MRA) (continued)

#### Valuation frameworks

Valuation of financial assets and liabilities held at fair value is subject to an independent review by Valuation Methodology within the Finance function. For those financial assets and liabilities whose fair value is determined by reference to externally quoted prices or market observable pricing inputs or to a valuation model, an assessment is made by Valuation Methodology against external market data and consensus services. Valuation Methodology also ensures adherence to the valuation adjustment frameworks to incorporate bid/ask spreads, model risk and other reserves, and, where appropriate, to mark all positions in accordance with prevailing accounting and regulatory guidelines.

The HK Valuation Committee (“VC”) provides oversight and governance of valuation adjustments, price testing and valuation policies, and reviews the results of the valuation methodology process on a quarterly basis. In addition, the Hong Kong Benchmark Rates Review Committee governs the benchmark rates setting, submission, monitoring and review policies and provides the platform to which issues are escalated.

#### Management Value at Risk (“VaR”)

Management VaR is one of the tools used by management to monitor the total market risk within the trading and non-trading books.

Variable	Management VaR
Confidence level	97.5%
Historical Observation	260 business days unweighted
Liquidity Horizon	1 day
Updating Frequency	1 day
Scope	All non-structural market risk exposures across the trading and non-trading books

#### Backtesting

Backtesting is performed to ensure that the VaR model is fit for purpose. It measures the ability of the model to correctly reflect the potential level of losses under normal trading conditions, for a certain confidence level.

A backtesting breach is recorded when the net trading P&L loss in one day is greater than the estimated VaR for the same day.

#### Stress testing

Group-wide stress testing is performed to measure the potential loss on a portfolio of financial positions due to low probability market events or risk to the Group posed by a breakdown of risk model assumptions.

Stress testing supplements the use of VaR as the primary measure of risk. The roles and responsibilities of the various functions are set out in the Traded Risk Stress Testing standard.

### 13 Market risk (continued)

#### a. Qualitative disclosures related to market risk (MRA) (continued)

##### Market risk changes

The first half of 2025 was dominated by trade concerns as the United States raised tariff rates to record high levels triggering a massive self-off in risky assets as investors feared a global recession. The global economy showed resilience as the market shrugged off the impact, but trade tensions and budgetary constraints may dampen the outlook in 2026.

Management VaR allows SCB to manage the market risk across the trading book and the fair valued non-trading books. High volatilities were observed across various asset classes such as gold and silver due to the record-breaking rallies driven by factors including geopolitical tensions, strong buying from retail demand and central banks. The local market was not immune as HKMA defended the HKD currency peg with HKD injection which resulted in a rapid decline in HIBOR rates in Q2. Given that SCB uses a volatility scaled VaR methodology, trading book VaR is highly sensitive to the large movements in the market risk factors, and there was a notable increase in the VaR usage despite the market risk exposures have not increased substantially.

The Group applies two VaR methodologies:

##### Trading and Non-trading (VaR at 97.5%, 1 day)

Value at risk:	2025				2024			
	Average	High**	Low**	Actual*	Average	High**	Low**	Actual*
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Total	204.8	309.7	131.8	198.0	181.7	228.6	143.1	153.6

##### Trading (VaR at 97.5%, 1 day)

Value at risk:	2025				2024			
	Average	High**	Low**	Actual*	Average	High**	Low**	Actual*
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Interest rate risk	78.1	110.1	55.5	62.7	68.7	86.6	55.5	58.8
Foreign exchange risk	32.5	80.5	13.7	21.5	19.0	37.2	10.4	24.5
Credit spread risk	35.1	46.3	22.2	32.4	31.1	36.9	25.9	28.5
Total <sup>^</sup>	136.8	199.6	73.4	122.7	91.2	122.6	70.3	82.7

##### Non-trading (VaR at 97.5%, 1 day)

Value at risk:	2025				2024			
	Average	High**	Low**	Actual*	Average	High**	Low**	Actual*
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Interest rate risk <sup>^^</sup>	124.5	184.4	84.1	123.0	123.2	157.6	97.5	109.6

\* Actual one day VaR at period end date.

\*\* Highest and lowest VaR for each risk factor are independent and usually occur on different days.

<sup>^</sup> Total Trading VaR shown in the tables above is not a sum of the component risks due to offsets between them.

<sup>^^</sup> Includes credit spread risk arising from fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI") securities.

### 13 Market risk (continued)

#### b. Market risk under STM approach (MR1)

The following table sets out the components of the market risk capital requirements calculated using the STM approach.

At 31 December 2025		(a) Market risk capital charges under STM approach HK\$'M
1	General interest rate risk	1,774
2	Equity risk	17
3	Commodity risk	204
4	Foreign exchange risk	1,158
5	Credit spread risk (non-securitization)	1,037
6	Credit spread risk (securitization: non-correlation trading portfolio ("CTP"))	82
7	Credit spread risk (securitization: CTP)	-
8	Standardized default risk charge ("SA-DRC") (non-securitization)	2,084
9	SA-DRC (securitization: non-CTP)	117
10	SA-DRC (securitization: CTP)	-
11	Residual risk add-on	1,642
12	<b>Total</b>	<b>8,115</b>

Decrease in capital charges were mainly due to decrease in SA-DRC, commodity risk partially offset by residual risk add-on and general interest rate risk.

### 14 Interest rate risk

#### a. Interest rate risk in banking book – risk management objectives and policies (IRRBB)

##### Overview

The Group defines Interest Rate Risk in the Banking Book ("IRRBB") as the potential for a reduction in future earnings or economic value due to changes in interest rates. This risk arises from differences in the repricing profile, interest rate basis, and optionality of banking book assets, liabilities, and off-balance sheet items. IRRBB represents an economic and commercial risk to the Group and its capital adequacy. The Group monitors IRRBB against Board-approved Risk Appetite.

IRRBB is managed at country level by the Country ALCO and at cluster level by the Cluster ALCO; and is monitored by Country and Cluster Treasury respectively, subject to independent oversight and challenge from Treasury Risk and Group Internal Audit. IRRBB models are independently validated and approved by a designated model approval body.

##### Measurement of IRRBB

The Group uses two key metric types for measuring IRRBB: Net Interest Income ("NII") Sensitivity, an income measure which quantifies the potential change in projected net interest income over a one-year horizon from defined movements in interest rates; and Economic Value of Equity ("EVE"), a value measure which estimates the potential change in the present value of the Group's Banking Book assets and liabilities from defined movements in interest rates. Both NII and EVE sensitivities are monitored monthly against defined Risk Appetite limits.

## 14 Interest rate risk (continued)

### a. Interest rate risk in banking book – risk management objectives and policies (IRRBB) (continued)

#### Methodology

NII and EVE sensitivities are indicative stress tests calculated under various interest rate scenarios, including parallel and non-parallel shifts and a range of internally designed scenarios that assess vulnerabilities in the Group's business model and key behavioural assumptions under interest rate shocks and stresses. Risk Appetite limits are monitored with respect to six interest rate scenarios prescribed by the HKMA. The model assumptions used internally do not differ from the ones set by the HKMA.

The EVE is calculated based on the assumption that expired interest rate sensitive positions are not replaced. Commercial margins and other spread components have been excluded from the interest cash flow calculation. All banking book balance sheet items are discounted at a risk-free rate curve per currency, such as Interbank Offered Rates ("IBORs")/Alternative Reference Rates ("ARRs") and Swap market rates. The NII sensitivity is computed based on the assumption of a constant balance sheet excluding non-rate-sensitive items.

The average repricing maturity of non-maturing deposits ("NMD") has been determined based on the stability of deposits, relationship between market interest rate and interest rate offered to the customer with consideration of the historical run off behavior. As of 31 December 2025, the Group's average and longest repricing maturity assigned to non-maturing deposits are 0.65 year and 4.5 years respectively.

Prepayment model has been used to forecast prepayment rates on retail fixed rate loans and floating rate mortgage portfolios without prime rate cap. The redemption rates of the term deposits have been determined via the parametric time series model.

The Group has identified certain automatic options positions in the banking book. Quantitative interest rate model has been used for computing the values of the automatic options for EVE calculation. The optionality is split out and priced in isolation using applicable method.

Adverse currency impacts on EVE loss are aggregated for significant currencies following HKMA's standardized framework.

Stress tests are performed regularly to identify structural risks to NII or EVE sensitivities under adverse but plausible interest rate scenarios. Additionally, stress testing of IRRBB is covered as part of ICAAP.

#### Management of IRRBB

The Group uses Funds Transfer Pricing ("FTP") to transfer repricing risk from the business to Treasury, including that arising from structural positions such as the investment of equity and non-maturity deposit balances. For non-maturity deposits, the assumed duration is dependent on the portion that can be considered stable and the degree to which these balances are considered price sensitive.

Certain structural balances have been approved by Cluster ALCO and Country ALCOs to be risk managed directly under the SC PLC's structural hedging programme, with impact on local risk metrics being closely monitored. Other repricing risks transferred to Treasury are managed on an integrated basis with a securities portfolio maintained for liquidity and investment management purposes. Basis risk where material (whether transferred to and managed by Treasury or remaining in the business) is reported and overseen at Cluster ALCO and Country ALCOs.

Repricing risk arising within Treasury is managed using a combination of on-balance sheet and derivative hedges. Derivative hedges are subject to Fair Value and Cash Flow Hedge accounting treatment where available under Hong Kong Financial Reporting Standards. Stress testing of price risk on Fair Value instruments in the Banking Book is conducted by independent second line risk functions.

## 14 Interest rate risk (continued)

### b. Quantitative information on interest rate risk in banking book (IRRBB1)

The interest rate risk sensitivity figures presented in the IRRBB1 table represent the effect of six interest rate scenarios defined by HKMA on the expected present value of the banking book as well as the impact of the two parallel shock scenarios on the net interest income of the banking book.

(HK\$ M)		$\Delta$ EVE		$\Delta$ NII	
		Change in economic value of equity <sup>1</sup>		Change in net interest income <sup>1</sup>	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
1	Parallel up	10,673	13,110	191	(598)
2	Parallel down	3,303	3,082	(33)	784
3	Steeper	1,699	2,493		
4	Flattener	1,977	2,402		
5	Short rate up	5,513	6,281		
6	Short rate down	2,156	1,950		
7	<b>Maximum</b>	10,673	13,110	191	784
	<b>Period</b>	<b>31 December 2025</b>		<b>31 December 2024</b>	
8	<b>Tier 1 capital</b>	192,196		174,108	

<sup>1</sup> Positive values of  $\Delta$ EVE and  $\Delta$ NII indicate losses under the respective scenarios, in accordance with HKMA's disclosure requirement

As of 31 December 2025, the most adverse of the six HKMA interest rate shock scenarios with regard to  $\Delta$ EVE was the parallel up scenario (a constant parallel shock up across all time buckets), resulting in an adverse change of economic value of equity of HK\$10,673 million (2024: HK\$13,110 million), representing an effect equal to 5.6% (2024: 7.5%) of Tier 1 capital.

The more adverse of the two parallel interest rate shock scenarios with regard to  $\Delta$ NII over the next 12 months was the parallel up scenario, resulting in a potential loss of HK\$191 million (2024: HK\$784 million under parallel down scenario).

The changes in sensitivities were due to various factors including balance sheet movement, increase in structural hedge and methodology improvement.

## 15 Remuneration (REMA/REM1/REM2/REM3)

Pursuant to Section 3 of CG-5 on Guideline on a Sound Remuneration System of the Supervisory Policy manual issued by the HKMA and to comply with the Banking (Disclosure) Rules Section 16ZS-16ZV, the following disclosures are required:

- a) Information relating to the governance structure of the remuneration system
- b) Information relating to the design and structure of the remuneration processes
- c) Description of the ways in which current and future risks are taken into account in the remuneration processes
- d) Description of the ways in which the Group seeks to link performance during a performance measurement period with levels of remuneration
- e) Description of the ways in which the Group seeks to adjust remuneration to take account of longer-term performance
- f) Description of the different forms of variable remuneration that the Group utilises and the rationale for using these different forms
- g) Number of meetings held by the PLC Remuneration Committee during the financial year and remuneration paid to the staff

The Group adopts the remuneration policy and systems of SC PLC. Please refer to the Directors' Remuneration Report, which starts from Page 180 of the 2025 Annual Report of SC PLC for details of the PLC Remuneration Committee, the major characteristics of the remuneration system, and how risks are taken into account in the remuneration processes.

In line with the revised remuneration regulations issued by the Prudential Regulation Authority (PRA) on 15 October 2025, SC PLC has updated its remuneration policy for material risk takers accordingly. The Group has subsequently updated the remuneration policy for Senior Management and Key Personnel, which remains fully compliant with the HKMA CG-5 requirements

- h) Aggregate quantitative information on remuneration for Senior Management and Key Personnel (Note 1) for the years ended 31 December 2025 and 31 December 2024 are as follows:

### REM1: Analysis of remuneration split between fixed and variable remuneration

Remuneration amount and quantitative information			2025		2024	
			Senior management <sup>1</sup> HK\$'M	Key personnel <sup>1</sup> HK\$'M	Senior management <sup>1</sup> HK\$'M	Key personnel <sup>1</sup> HK\$'M
1	Fixed remuneration	Number of employees	24	30	29	28
2		<b>Total fixed remuneration</b>	<b>116</b>	<b>100</b>	<b>115</b>	<b>96</b>
3		Of which: cash-based	116	100	115	96
4		Of which: deferred	–	–	–	–
5		Of which: shares or other share-linked instruments	–	–	–	–
6		Of which: deferred	–	–	–	–
7		Of which: other forms	–	–	–	–
8		Of which: deferred	–	–	–	–
9	Variable remuneration <sup>2</sup>	Number of employees	24	30	29	28
10		<b>Total variable remuneration</b>	<b>198</b>	<b>96</b>	<b>199</b>	<b>84</b>
11		Of which: cash-based	85	49	97	42
12		Of which: deferred	–	–	48	17
13		Of which: shares or other share-linked instruments	113	47	102	42
14		Of which: deferred	113	47	62	23
15		Of which: other forms	–	–	–	–
16		Of which: deferred	–	–	–	–
17	<b>Total remuneration</b>		<b>314</b>	<b>196</b>	<b>314</b>	<b>180</b>

## 15 Remuneration (REMA/REM1/REM2/REM3) (continued)

## REM2: Analysis of guaranteed bonuses, sign-on awards and severance payments

2025

Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount HK\$'M	Number of employees	Total amount HK\$'M	Number of employees	Total amount HK\$'M
1	Senior management	-	-	-	-	1	2
2	Key personnel	-	-	-	-	1	2

2024

Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount HK\$'M	Number of employees	Total amount HK\$'M	Number of employees	Total amount HK\$'M
1	Senior management	-	-	-	-	2	7
2	Key personnel	2	8	-	-	3	9

## REM3: Analysis of deferred remuneration

2025

Deferred and retained remuneration <sup>2</sup>		Total amount of outstanding deferred remuneration as of 31 Dec 2025 HK\$'M	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment HK\$'M	Total amount of amendment during the year due to ex post explicit adjustments HK\$'M	Total amount of amendment during the year due to ex post implicit adjustments HK\$'M	Total amount of deferred remuneration paid out in the financial year HK\$'M
1	<b>Senior management</b>	<b>247</b>	<b>247</b>	<b>(1)</b>	<b>176</b>	<b>88</b>
2	Cash	88	88	-	-	21
3	Shares	159	159	(1)	176	67
4	Cash-linked instruments	-	-	-	-	-
5	Other	-	-	-	-	-
6	<b>Key personnel</b>	<b>119</b>	<b>119</b>	<b>-</b>	<b>70</b>	<b>66</b>
7	Cash	52	52	-	-	16
8	Shares	67	67	-	70	50
9	Cash-linked instruments	-	-	-	-	-
10	Other	-	-	-	-	-
11	<b>Total</b>	<b>366</b>	<b>366</b>	<b>(1)</b>	<b>246</b>	<b>154</b>

## 15 Remuneration (REMA/REM1/REM2/REM3) (continued)

## REM3: Analysis of deferred remuneration (continued)

2024

Deferred and retained remuneration <sup>2</sup>		Total amount of outstanding deferred remuneration as of 31 Dec 2024 HK\$'M	Of which: Total amount of outstanding deferred and retained remuneration exposed to explicit and/or implicit adjustment HK\$'M	Total amount of amendment during the year due to explicit adjustments HK\$'M	Total amount of amendment during the year due to implicit adjustments HK\$'M	Total amount of deferred remuneration paid out in the financial year HK\$'M
1	<b>Senior management</b>	321	321	(6)	109	99
2	Cash	109	109	–	–	28
3	Shares	212	212	(6)	109	71
4	Cash-linked instruments	–	–	–	–	–
5	Other	–	–	–	–	–
6	<b>Key personnel</b>	180	180	–	55	67
7	Cash	69	69	–	–	20
8	Shares	111	111	–	55	47
9	Cash-linked instruments	–	–	–	–	–
10	Other	–	–	–	–	–
11	<b>Total</b>	501	501	(6)	164	166

1 In the HKMA CG-5 module Guideline on a Sound Remuneration System published in July 2021, Senior Management is defined as individuals who are responsible for oversight of the Group's firm-wide strategy or activities or those of the Group's material business lines (including, but not limited to, the chief executive and alternate chief executive(s), executive directors, and other senior executives with a role in the Group's business who report directly to the chief executive). Key Personnel is defined as individuals whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Group. The lists of Senior Management and Key Personnel are reviewed annually as per HKMA CG-5 requirement to reflect the prevailing organization structure.

2 From the 2023 year-end disclosure onwards, the Group aligns with the remuneration disclosure guidance of SC PLC. Amounts shown in REM1 would include the variable remuneration awarded for the performance year in question, rather than the variable remuneration actually paid or vested during the financial year.

Amounts shown in REM3 would include both deferred and retained remuneration. In this regard, vested shares (that are subject to a retention period) are included. In order to demonstrate a meaningful year-on-year comparison, the amounts for both financial years 2024 and 2025 adopted the latest disclosure approach.

## 16 Operational risk

### a. General information on operational risk framework (ORA)

Operational Risk is defined as the “Potential for loss from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks)”. These risks are primarily mitigated through the application of an effective system of controls.

Operational & Technology Risk is one of the Principal Risk Types which is managed at the HK & GCNA Risk Committee (“RC”).

The Operational and Technology Risk Type Framework sets out the approach to measure and assess Operational and Technology risk control effectiveness across the Group. All risks are required to be assessed in line with the Risk and Control Self-Assessment (RCSA) and Response Management processes as set out in the O&T RTF. The diverse nature of OR requires different disciplines to effectively manage and control risk. These are categorized as risk sub-types under this O&T RTF. These are supported by underlying policies and standards.

The Country Head of Operational, Technology and Cyber Risk (“OTCR”) is responsible for Operational Risk Management in country. The HK & GCNA RC and HK Operational Risk & Resilience Committee (“ORRC” delegated by RC) oversee the management of operational risk and ensure that it meets the standards of the O&T RTF. The RC and ORRC meet regularly to review the Group’s significant risks and to ensure appropriateness and adequacy of mitigating action plans. The Country Chief Risk Officer (CCRO) is the chair of the RC, and Country Head of OTCR is the chair of the ORRC.

M7 is the operational risk management system being used to capture the operational loss data across the bank. This data is used to calculate the Internal Loss Multiplier (ILM), which is used to estimate the Operational Risk Capital requirements in line with Cap. 155L Banking (Capital) Rules.

The Operational Risk reporting to Senior Management consists of Risk Appetite metrics, Residual Risk Profile, Operational Loss trends, Material Risk Events, Key Risk Indicators, Emerging Risks and thematic risks.

The Board reviews and approves the Risk Appetite metrics on an annual basis. There is periodic reporting to the Board on escalation or breaches of Risk Appetite metrics, progress updates on key risk remediation plans for Material Risks. There is periodic update on Emerging Risks and Key Risk Areas by the respective Risk Framework Owners.

### Risk management and monitoring

#### *Risk Appetite*

The Group aims to manage operational and technology risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group’s franchise. Adherence to this Operational Risk Appetite (RA) statement is monitored through Board-approved metrics with breach and escalation thresholds.

## 16 Operational risk (continued)

### a. General information on operational risk framework (ORA) (continued)

#### Risk management and monitoring (continued)

##### Day-to-day Management and Monitoring

The Group uses RCSAs to provide a systematic approach for identification and assessment of operational risks, including design and operation of mitigating controls. The RCSA provides a complete, accurate and forward-looking profile of the Material Risks the Group is exposed to, including individual risks and in aggregation. Identified Material Risks must have Key Controls to maintain these risks within acceptable levels. A regular and robust process needs to be in place for monitoring the effectiveness of Key Controls (through Key Control Indicators and Control Sample Testing), and exposure to Material Risks. The RCSA aids in the identification of Elevated Residual Risks, followed by remediation actions in line with the Response Framework.

The RCSA requires the identification of all significant processes in the Group, which are assessed for associated risks. Risks are assessed as within tolerance (Low) or Material (Medium, High, or Very High). Wherever this risk is assessed to be Material, key controls are implemented to mitigate the risk. The performance of these key controls is monitored regularly, and an assessment is then made as to their effectiveness in mitigating the risk. Whenever the resulting residual risk is elevated ( $\geq$  Medium), treatment plans are established to reduce the residual risk within an acceptable timeframe. Root Cause Reviews are conducted for significant OR events to identify incremental control enhancements for implementation.

The Operational Risk Capital is calculated in accordance with Cap. 155L Banking (Capital) Rules.

### b. Historical losses (OR1)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	Average
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
<b>Using HKD200,000 threshold</b>												
1	Total amount of operational losses net of recoveries (no exclusions)	739	832	132	243	211	87	108	50	252	175	283
2	Total number of operational risk losses	53	84	129	80	49	67	65	58	61	78	72
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
4	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
5	Total amount of operational losses net of recoveries and net of excluded losses	739	832	132	243	211	87	108	50	252	175	283
<b>Using HKD1 million threshold</b>												
6	Total amount of operational losses net of recoveries (no exclusions)	730	804	80	222	199	70	89	29	237	151	261
7	Total number of operational risk losses	8	9	34	27	18	17	18	10	21	18	18
8	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
9	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
10	Total amount of operational losses net of recoveries and net of excluded losses	730	804	80	222	199	70	89	29	237	151	261

**16 Operational risk (continued)****b. Historical losses (OR1) (continued)**

Details of operational risk capital charge calculation		
11	Are losses used to calculate the ILM (yes/no)?	Yes
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	Not applicable
13	Loss event threshold: HKD200,000 or HKD1 million for the operational risk capital charge calculation if applicable	HKD200,000

**c. Business indicator and business indicator components breakdown (OR2)**

<i>BI and its subcomponents</i>	(a)	(b)	(c)
	<i>At 31 December 2025</i>	<i>At 31 December 2024</i>	<i>At 31 December 2023</i>
	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
1	Interest, leases and dividend component	24,384	
1a	Interest and leases income	68,034	75,279
1b	Interest and leases expenses	45,372	54,782
1c	Interest earning assets	2,341,099	2,203,785
1d	Dividend income	30	23
2	Services component	14,433	
2a	Fee and commission income	14,728	13,314
2b	Fee and commission expenses	4,143	4,580
2c	Other operating income	643	179
2d	Other operating expenses	685	853
3	Financial component	26,471	
3a	Net P&L on trading book	20,345	21,360
3b	Net P&L on banking book	11,233	10,063
4	BI	65,288	
5	Business indicator component (BIC)	9,493	

Disclosure on the BI:

		(a)
6a	BI gross of excluded divested businesses and activities	Not Applicable
6b	Reduction in BI due to excluded divested businesses and activities	Not Applicable

## 16 Operational risk (continued)

### d. Minimum operational risk capital requirement (OR3)

		(a)
		At 31 December
		2025
		HK\$'M
1	Business indicator component (BIC)	9,493
2	Internal loss multiplier (ILM)	0.81
3	Minimum operational risk capital requirement	7,690
<b>4</b>	<b>Total RWA for operational risk</b>	<b>96,119</b>

## 17 Comparison of modelled and standardized RWAs

### a. Comparison of modelled and standardized RWAs at risk level (CMS1)

The following table compares the RWA calculated under “full standardized” approaches against the actual RWA, part of which is calculated under any of the model-based approaches that the Group have the HKMA’s approval to use.

		(a)	(b)	(c)	(d)
		RWA			
		<i>RWA calculated under model-based approaches that the AI has the MA’s approval to use</i>	<i>RWA for portfolios where standardized approaches are used</i>	<i>Total actual RWA (a + b) (i.e. RWA which the AI reports as current requirements)</i>	<i>RWA calculated using full standardized approach (i.e. used in the computation of the output floor)</i>
		HK\$'M	HK\$'M	HK\$'M	HK\$'M
1	Credit risk for non-securitization exposures	478,848	42,013	520,861	806,847
2	Counterparty credit risk and default fund contributions	-	41,148	41,148	83,096
3	CVA risk	-	25,818	25,818	25,818
4	Securitization exposures in banking book	-	8,513	8,513	8,513
5	Market risk	-	101,439	101,439	101,439
6	Operational risk	-	96,119	96,119	96,119
7	Residual RWA	-	22,606	22,606	22,606
<b>8</b>	<b>Total</b>	<b>478,848</b>	<b>337,656</b>	<b>816,504</b>	<b>1,144,438</b>

## 17 Comparison of modelled and standardized RWAs (continued)

### b. Comparison of modelled and standardized RWAs for credit risk at exposure class level (CMS2)

The following table compares the RWAs calculated according to the STC approach for output floor calculation for credit risk for non-securitization exposures at the exposure class level against the corresponding RWA figure calculated under the approaches, including both the STC approach and IRB approach (including the supervisory slotting criteria approach), used by the AI for calculating its credit risk.

	(a)	(b)	(c)	(d)	
	<i>RWA</i>				
	<i>RWA</i>	<i>RWA</i>	<i>Total actual RWA</i>	<i>RWA calculated</i>	
	<i>calculated under</i>	<i>for column (a)</i>	<i>(i.e. RWA</i>	<i>using full</i>	
	<i>model-based</i>	<i>if re-calculated</i>	<i>which the AI</i>	<i>standardized</i>	
	<i>approaches that</i>	<i>using the</i>	<i>reports as current</i>	<i>approach</i>	
	<i>the AI has the MA's</i>	<i>standardized</i>	<i>requirements)</i>	<i>(i.e. RWA used</i>	
	<i>approval to use</i>	<i>approach</i>	<i>of the output floor)</i>	<i>in the computation</i>	
	<i>HK\$M</i>	<i>HK\$M</i>	<i>HK\$M</i>	<i>HK\$M</i>	
1	Sovereign	67,795	5,707	67,797	5,709
1a	Of which: categorised as public sector entity exposures and multilateral development bank exposures under the STC approach	3,461	-	3,461	-
2	Bank exposures	58,384	91,485	59,529	92,631
3	Equity			982	982
4	Corporate exposures (excluding specialized lending)	145,987	365,127	153,208	372,349
4a	Of which: F-IRB is applied	123,296	334,158	123,473	334,336
4b	Of which: A-IRB is applied	22,691	30,969	29,735	38,013
5	Retail exposures	98,576	178,857	130,865	211,147
5a	Of which: qualifying revolving retail	26,958	25,271	37,396	35,709
5b	Of which: other retail exposures to individuals and small business retail exposures	36,314	30,869	54,070	48,625
5c	Of which: residential mortgages	35,303	122,717	39,399	126,813
6	Corporate exposures – Specialized lending	37,734	53,285	38,107	53,657
6a	Of which: income-producing real estate and high-volatility commercial real estate	17,592	18,698	17,962	19,068
7	Other exposures	70,372	70,372	70,372	70,372
8	<b>Total</b>	<b>478,848</b>	<b>764,834</b>	<b>520,861</b>	<b>806,847</b>

The decrease in RWA calculated using full standardized approach was mainly due to decrease in retail and sovereign exposures partially offset by increase in corporate exposures.

## 18 Asset Encumbrance (ENC)

The following table presents a breakdown of encumbered and unencumbered assets on the balance sheet.

	December 2025		
	<i>Encumbered assets</i>	<i>Unencumbered assets</i>	<i>Total</i>
	<i>HK \$'M</i>	<i>HK \$'M</i>	<i>HK \$'M</i>
1. Equity instruments	0	66,695	66,695
2. Debt securities	144,880	688,307	833,188
3. Loans and Advances	16,387	1,466,811	1,483,198
4. Other assets	71,007	443,825	514,832
5. Total assets	232,275	2,665,638	2,897,913

  

	June 2025		
	<i>Encumbered assets</i>	<i>Unencumbered assets</i>	<i>Total</i>
	<i>HK \$'M</i>	<i>HK \$'M</i>	<i>HK \$'M</i>
1. Equity instruments	0	49,465	49,465
2. Debt securities	113,946	763,418	877,363
3. Loans and Advances	17,872	1,475,136	1,493,008
4. Other assets	81,348	396,905	478,253
5. Total assets	213,165	2,684,924	2,898,089

As at 31 December 2025, the Group's encumbered assets was HK\$232 billion (30 Jun 2025: HK\$213 billion), mainly as a result of increase in on-balance sheet assets pledged for credit enhancement of transactions from which it cannot be freely withdrawn.

## 19 International claims

International claims are on-balance sheet exposures of counterparties based on the location of those counterparties after taking into account the transfer of risk. Recognized risk transfer refers to the reduction of exposure to a particular country by an effective transfer of credit risk to a different country. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated.

International claims on individual countries or segments, after risk transfer, amounting to 10% or more of the aggregated international claims are shown as below:

At 31 December 2025	<i>Banks</i>	<i>Official sector</i>	<i>Non-bank financial institution</i>	<i>Non-financial private sector</i>	<i>Total</i>
	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
Developed countries	343,595	141,197	157,112	106,192	748,096
– of which United Kingdom (excluding Guernsey, Isle of Man and Jersey)	279,738	375	63,737	20,570	364,420
Offshore centres	27,944	7,053	42,774	112,914	190,685
– of which Hong Kong SAR	3,097	975	35,409	72,039	111,520
Developing Asia and Pacific	134,858	122,489	31,366	98,906	387,619
– of which China	107,273	66,745	24,604	48,049	246,671

## 20 Loans and advances to customers analysed by industry sector

The analysis of gross loans and advances to customers by industry sector is based on the categories used by the HKMA.

	<i>At 31 December 2025 HK\$'M</i>	<i>% of loans and advances covered by collateral or other securities</i>
<i>Gross loans and advances for use in Hong Kong</i>		
<i>Industrial, commercial and financial</i>		
– Property development	6,246	38%
– Property investment	18,904	78%
– Financial concerns	30,375	41%
– Stockbrokers	3,978	9%
– Wholesale and retail trade	13,438	16%
– Manufacturing	17,695	5%
– Transport and transport equipment	10,541	38%
– Recreational activities	41	-
– Information technology	5,653	-
– Others	19,827	6%
<i>Individuals</i>		
– Advances for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,012	100%
– Advances for the purchase of other residential properties	235,081	100%
– Credit card advances	35,151	-
– Others	37,094	32%
<i>Total gross loans and advances for use in Hong Kong</i>	435,036	66%
Trade finance	58,909	16%
Trade bills	1,362	2%
Gross loans and advances for use outside Hong Kong	507,048	51%
Gross loans and advances to customers	1,002,355	55%

The above balances do not include inter-company loans and advances.

## 20 Loans and advances to customers analysed by industry sector (continued)

The amount of impaired and overdue loans and advances to customers and expected credit loss provision for industry sectors which constitute not less than 10% of the Bank and its subsidiaries' total loans and advances to customers are as follows:

	<i>Impaired loans and advances to customers</i>	<i>Overdue loans and advances to customers</i>	<i>Stage 3 expected credit loss provision</i>	<i>Stage 1 &amp; 2 expected credit loss provision</i>	<i>Provision charge/ (release)</i>
At 31 December 2025	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
Advances for the purchase of other residential properties	432	120	17	6	8
Gross loans and advances for use outside Hong Kong	11,512	3,723	4,471	1,726	1,658

## 21 Loans and advances to customers by geographical location

The analysis of gross loans and advances to customers by geographical location is in accordance with the location of counterparties, after taking into account of any recognised risk transfer.

	<i>Total gross loans and advances to customers</i>	<i>Impaired loans and advances to customers</i>	<i>Overdue loans and advances to customers</i>	<i>Stage 3 expected credit loss provision</i>	<i>Stage 1 &amp; 2 expected credit loss provision</i>
At 31 December 2025	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
Hong Kong	416,672	3,482	1,741	1,637	2,205
Mainland China	129,996	3,751	2,296	2,326	657
Taiwan	85,433	713	58	175	231
South Korea	234,905	2,448	1,149	1,486	339
Others	135,349	4,673	193	398	347
<b>Total</b>	<b>1,002,355</b>	<b>15,067</b>	<b>5,437</b>	<b>6,022</b>	<b>3,779</b>

**22 Overdue assets****(i) Overdue loans and advances to customers**

	<i>At 31 December 2025</i>	
	<i>HK\$'M</i>	<i>% of loans and advances to customers</i>
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
6 months or less but over 3 months	884	0.09%
1 year or less but over 6 months	655	0.07%
Over 1 year	3,898	0.39%
	<u>5,437</u>	<u>0.55%</u>

	<i>At 31 December 2025 HK\$'M</i>
Fair value of collateral held against the covered portion of overdue loans and advances to customers	<u>1,823</u>
Covered portion of overdue loans and advances to customers	1,419
Uncovered portion of overdue loans and advances to customers	<u>4,018</u>

The covered portion of overdue loans and advances to customers represents the amount of collateral held against outstanding balances. It does not include any collateral held over and above outstanding exposures.

The collateral held in respect of overdue loans and advances to customers consists of cash, properties, securities and government guarantee.

	<i>At 31 December 2025 HK\$'M</i>
Stage 3 expected credit loss provision against loans and advances to customers overdue more than 3 months	<u>4,036</u>

**22 Overdue assets (continued)****(ii) Overdue loans and advances to banks**

	<i>At 31 December 2025</i>	
	<i>HK\$'M</i>	<i>% of loans and advances to banks</i>
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
6 months or less but over 3 months	–	–
1 year or less but over 6 months	–	–
Over 1 year	16	0.01%
	<u>16</u>	<u>0.01%</u>

There is no collateral held against overdue loans and advances to banks.

	<i>At 31 December 2025 HK\$'M</i>
Stage 3 expected credit loss provision against loans and advances to banks overdue more than 3 months	<u>16</u>

As at 31 December 2025, there were no debt securities and other assets overdue more than 3 months.

**23 Rescheduled assets**

	<i>At 31 December 2025</i>	
	<i>HK\$'M</i>	<i>% of loans and advances to customers</i>
Rescheduled loans and advances to customers	<u>2,600</u>	<u>0.26%</u>

Rescheduled loans and advances are those loans and advances, which have been restructured or renegotiated because of a deterioration in the financial position of the borrowers, or the inability of the borrowers to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Group. Rescheduled loans and advances to customers are stated net of any loans and advances that have subsequently become overdue for over 3 months and reported as overdue loans and advances in note 22.

As at 31 December 2025, there were no rescheduled loans and advances to banks, debt securities and other assets.

**24 Mainland activities**

	<i>On-balance sheet exposure HK\$'M</i>	<i>Off-balance sheet exposure HK\$'M</i>	<i>Total HK\$'M</i>
<i>At 31 December 2025</i>			
(i) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	162,930	20,744	183,674
(ii) Local governments, local government-owned entities and their subsidiaries and JVs	8,637	1,535	10,172
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	142,221	41,870	184,091
(iv) Other entities of central government not reported in item (i) above	2,855	428	3,283
(v) Other entities of local governments not reported in item (ii) above	5	7	12
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	16,573	884	17,457
(vii) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	13,750	2,185	15,935
<b>Total</b>	<b>346,971</b>	<b>67,653</b>	<b>414,624</b>
Total assets after provision	2,391,064		
On-balance sheet exposures as percentage of total assets	14.51%		

The off-balance sheet exposure represents the amount at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contractual amounts do not represent future cash flows.

The note is compiled in accordance with the completion instructions of the return of Mainland activities ("MA(BS)20"), and hence only relates to the Bank and SCB China.

**25 Off-balance sheet exposures – Contingent liabilities and commitments**

	<i>At 31 December 2025 HK\$'M</i>
Contractual or notional amounts	
Direct credit substitutes	23,523
Transaction-related contingencies	51,849
Trade-related contingencies	10,817
Forward asset purchase	98
Forward deposits placed	7,793
Other commitments:	
which are not unconditionally cancellable:	
with original maturity of not more than one year	9,993
with original maturity of more than one year	155,630
which are unconditionally cancellable	656,119
<b>Total</b>	<b>915,822</b>
<b>Risk-weighted amounts</b>	<b>82,926</b>

Contingent liabilities and commitments are credit-related instruments, which include letters of credit, guarantees and commitments to extend credit. The risk involved is similar to the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client defaults. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

**26 Foreign exchange risk**

Foreign exchange risk disclosure can be found in note 33(c) on page 113 of the 2025 consolidated financial statements.

## Acronyms

AI	Authorized institution	OF	Object finance
AIRB	Advanced internal ratings-based approach	OTC	Over-the-counter
ALCO	Asset and Liability Committee	PD	Probability of default
ASA	Alternative standardized approach	PF	Project finance
ASF	Available stable funding	PFE	Potential future exposure
AT1	Additional tier 1	PRC	People's Republic of China
Bank	Standard Chartered Bank (Hong Kong) Limited	PVA	Prudential Valuation Adjustments
BCBS	Basel Committee on Banking Supervision	PSE	Public sector entity
BCR	Banking (Capital) Rules	QRRE	Qualifying revolving retail exposures
BDR	Banking (Disclosure) Rules	RC	Replacement cost
BIA	Basic indicator approach	RSF	Required stable funding
BSC	Basic approach	RW	Risk-weight
CCF	Credit conversion factor	RWA	Risk-weighted asset/risk-weighted amount
CCP	Central counterparty	S&P	Standard & Poor's
CCR	Counterparty credit risk	SA-CCR	Standardized approach for counterparty credit risk
CCyB	Countercyclical capital buffer	SEC-ERBA	Securitization external ratings-based approach
CEM	Current exposure method	SEC-FBA	Securitization fall back approach
CET1	Common equity tier 1	SEC-IRBA	Securitization internal ratings-based approach
CF	Commodities finance	SEC-SA	Securitization standardized approach
CIS	Collective investment scheme	SFT	Securities financing transaction
CRC	Comprehensive risk charge	SME	Small and Medium Enterprises
CRM	Credit risk mitigation	SRW	Supervisory risk-weights
CVA	Credit valuation adjustment	STC	Standardized (credit risk) approach
D-SIB	Domestic systematically important authorized institution	STM	Standardized (market risk) approach
DTAs	Deferred tax assets	STO	Standardized (operational risk) approach
EAD	Exposure at default	VaR	Value at risk
EL	Expected loss		
EPE	Expected positive exposure		
FBA	Fall-back approach		
FIRB	Foundation internal ratings-based approach		
G-SIB	Global systematically important bank		
HKMA	Hong Kong Monetary Authority		
HVCRE	High-volatility commercial real estate		
HQLA	High quality liquid assets		
IMM	Internal models approach		
IMM (CCR)	Internal models (counterparty credit risk) approach		
ICAAP	Internal Capital Adequacy Assessment Process		
IPRE	Income-producing real estate		
IRB	Internal ratings-based approach		
IRC	Incremental risk charge		
JCCyB	Jurisdictional countercyclical capital buffer		
JVs	Joint ventures		
LAC	Loss-absorbing capacity		
LCR	Liquidity coverage ratio		
LGD	Loss given default		
LMR	Liquidity Maintenance Ratio		
LR	Leverage Ratio		
LTA	Look through approach		
MBA	Mandate-based approach		
MSRs	Mortgage servicing rights		
N/A	Not applicable		
NSFR	Net stable funding ratio		