



**Standard Chartered Bank
(Hong Kong) Limited**

**Supplementary Notes to
Condensed Consolidated Interim
Financial Statements (unaudited)**

For period ended
At 30 June 2024

Standard Chartered Bank (Hong Kong) Limited

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Supplementary Notes to Condensed Consolidated Interim Financial Statement (unaudited)

These notes are supplementary to and should be read in conjunction with the 2024 Condensed Consolidated Interim Financial Statements (“consolidated financial statements”). The consolidated financial statements and this supplementary notes to condensed consolidated interim 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 on or before 31 August 2024.

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”) and Mox Bank 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 | 30 June 2024 | |
|---|--|------------------------|------------------------|
| | | Total assets HK\$'M | Total equity HK\$'M |
| Prunelli Asset Purchaser HK Limited | Asset-backed securitization | 13,248 | – |
| Standard Chartered Securities Korea Limited | Provision of security trading, underwriting and brokerage transactions | 1,908 | 1,753 |
| Standard Chartered Securities (China) Limited | Securities business | 977 | 925 |
| Standard Chartered Securities (Hong Kong) Limited | Equity capital markets, corporate finance and institutional brokerage | 143 | 132 |
| Standard Chartered Trust (HK) Limited | Trustee services | 15 | 8 |
| Horsford Nominees Limited | Nominees services | – | – |
| | | <u>16,291</u> | <u>2,818</u> |

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 advanced internal ratings based ("IRB") 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 IRB. For counterparty credit risk, the Group uses the standardized (counterparty credit risk) approach ("SA-CCR") to calculate its default risk exposures. 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 fall-back approach ('SEC-FBA') to determine credit risk for its banking book securitization exposures.

For market risk, the Group uses the internal models approach ("IMM approach") to calculate majority of its general market risk capital charge in respect of the risk categories of interest rates and foreign exchange (including gold) and uses the standardised (market risk) approach to calculate the general market risk capital charge for its equity exposures and commodity exposures, market risk capital charge on exempted foreign exchange exposures and the specific risk capital charge for its interest rate exposures and equity exposures. The Group also uses a stochastic asset-liability model approach for two guaranteed retirement funds. In addition, the Group adopts the standardised (operational risk) approach for operational risk.

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 2024 ICAAP has been approved by the Regional Asset and Liability Committee ("RALCO"), the Hong Kong Executive Risk Committee ("HK ERC") and the Board of Directors ("the Board").

1 Basis of consolidation and preparation (continued)

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 30 June 2024. 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 31 October 2019.

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 30 June 2024 HK\$'M | (b) At 31 March 2024 HK\$'M | (c) At 31 December At 2023 HK\$'M | (d) 30 September 2023 HK\$'M | (e) At 30 June 2023 HK\$'M | |
|---|--|--------------------------------------|--|---------------------------------------|-------------------------------------|-----------|
| Regulatory capital (amount) | | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 145,990 | 145,585 | 144,196 | 146,825 | 145,147 |
| 2 | Tier 1 | 166,681 | 166,273 | 164,882 | 167,513 | 165,830 |
| 3 | Total capital | 180,610 | 180,313 | 179,130 | 181,125 | 179,557 |
| RWA (amount) | | | | | | |
| 4 | Total RWA | 895,259 | 869,542 | 848,627 | 877,931 | 875,103 |
| Risk-based regulatory capital ratios (as a percentage of RWA) | | | | | | |
| 5 | CET1 ratio (%) ¹ | 16.3% | 16.7% | 17.0% | 16.7% | 16.6% |
| 6 | Tier 1 ratio (%) ¹ | 18.6% | 19.1% | 19.4% | 19.1% | 18.9% |
| 7 | Total capital ratio (%) ¹ | 20.2% | 20.7% | 21.1% | 20.6% | 20.5% |
| Additional CET1 buffer requirements (as a percentage of RWA) | | | | | | |
| 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 (%) | 11.8% | 12.2% | 12.5% | 12.2% | 12.1% |
| Basel III leverage ratio | | | | | | |
| 13 | Total leverage ratio (LR) exposure measure | 2,699,713 | 2,656,984 | 2,674,005 | 2,616,503 | 2,611,722 |
| 14 | LR (%) | 6.2% | 6.3% | 6.2% | 6.4% | 6.3% |
| Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR) | | | | | | |
| Applicable to category 1 institution only: | | | | | | |
| 15 | Total high quality liquid assets (HQLA) | 534,304 | 507,716 | 489,269 | 459,443 | 457,161 |
| 16 | Total net cash outflows | 286,898 | 273,392 | 241,033 | 211,733 | 205,381 |
| 17 | LCR (%) ² | 189% | 188% | 206% | 220% | 225% |
| Applicable to category 2 institution only: | | | | | | |
| 17a | LMR (%) | NA | NA | NA | NA | NA |
| Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR) | | | | | | |
| Applicable to category 1 institution only: | | | | | | |
| 18 | Total available stable funding | 1,513,168 | 1,458,197 | 1,480,282 | 1,406,726 | 1,397,506 |
| 19 | Total required stable funding | 1,079,295 | 1,065,129 | 1,026,173 | 1,042,507 | 1,066,609 |
| 20 | NSFR (%) | 140% | 137% | 144% | 135% | 131% |
| Applicable to category 2A institution only: | | | | | | |
| 20a | CFR (%) | NA | NA | NA | NA | NA |

¹ Decrease in risk-based regulatory capital ratios was mainly due to the increase in RWA.

² Please refer to note 7 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 30 June 2024 HK\$'M | (b) At 31 March 2024 HK\$'M | (c) At 31 December At 2023 HK\$'M | (d) 30 September 2023 HK\$'M | (e) At 30 June 2023 HK\$'M | |
|--|---|--------------------------------------|--|---------------------------------------|-------------------------------------|----------------|
| Of the material entity at LAC consolidation group level | | | | | | |
| 1 | Internal loss-absorbing capacity available | 201,111 | 200,788 | 199,648 | 201,322 | 199,792 |
| 2 | Risk-weighted amount under the LAC Rules | 895,259 | 869,542 | 848,627 | 877,931 | 875,103 |
| 3 | Internal LAC risk-weighted ratio ¹ | 22.5% | 23.1% | 23.5% | 22.9% | 22.8% |
| 4 | Exposure measure under the LAC Rules | 2,699,713 | 2,656,984 | 2,674,005 | 2,616,503 | 2,611,722 |
| 5 | Internal LAC leverage ratio | 7.4% | 7.6% | 7.5% | 7.7% | 7.6% |
| 6a | Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ² | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |
| 6b | Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ² | 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 ² | Not applicable | Not applicable | Not applicable | Not applicable | Not applicable |

¹ Decrease in internal LAC risk-weighted ratio was mainly due to the increase in RWA.

² 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.

| | | <i>At 30 June 2024 US\$M</i> | <i>At 31 March 2024 US\$M</i> | <i>At 31 December 2023 US\$M</i> | <i>At 30 September 2023 US\$M</i> | <i>At 30 June 2023 US\$M</i> |
|--|--|--------------------------------------|---------------------------------------|--|---|--------------------------------------|
| Of the non-HK resolution entity at resolution group level | | | | | | |
| 1 | External loss-absorbing capacity available | 85,746 | 84,417 | 81,310 | 80,460 | 79,847 |
| 2 | Total risk-weighted amount under the relevant non-HK LAC regime | 241,926 | 252,116 | 244,151 | 241,506 | 249,117 |
| 3 | External loss-absorbing capacity as a percentage of risk-weighted amount | 35.4% | 33.5% | 33.3% | 33.3% | 32.1% |
| 4 | Leverage ratio exposure measure under the relevant non-HK LAC regime | 877,773 | 854,711 | 847,142 | 823,546 | 844,979 |
| 5 | External loss-absorbing capacity as a percentage of leverage ratio exposure measure | 9.8% | 9.9% | 9.6% | 9.8% | 9.4% |
| 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-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) Consolidated RWA ¹ | | (c) Minimum capital requirements ² |
|---|---|-------------------------------|---|
| | At 30 June 2024 HK\$'M | At 31 March 2024 HK\$'M | At 30 June 2024 HK\$'M |
| 1 Credit risk for non-securitization exposures | 544,370 | 554,204 | 45,972 |
| 2 Of which STC approach | 39,811 | 40,782 | 3,185 |
| 2a Of which BSC approach | - | - | - |
| 3 Of which foundation IRB approach | - | - | - |
| 4 Of which supervisory slotting criteria approach | 26,352 | 26,446 | 2,235 |
| 5 Of which advanced IRB approach | 478,207 | 486,976 | 40,552 |
| 6 Counterparty default risk and default fund contributions | 48,855 | 45,576 | 4,139 |
| 7 Of which SA-CCR | 43,864 | 40,750 | 3,718 |
| 7a Of which CEM | - | - | - |
| 8 Of which IMM (CCR) approach | - | - | - |
| 9 Of which others | 4,991 | 4,826 | 421 |
| 10 CVA risk | 20,906 | 20,716 | 1,672 |
| 11 Equity positions in banking book under the simple risk-weight method and internal models method | - | - | - |
| 12 Collective investment scheme (“CIS”) exposures – LTA | 555 | 557 | 44 |
| 13 CIS exposures – MBA | - | - | - |
| 14 CIS exposures – FBA | - | - | - |
| 14a CIS exposures – combination of approaches | - | - | - |
| 15 Settlement risk | 2 | 177 | - |
| 16 Securitization exposures in banking book | 7,750 | 5,560 | 620 |
| 17 Of which SEC-IRBA | 1,037 | 1,037 | 83 |
| 18 Of which SEC-ERBA (including IAA) | 6,156 | 4,246 | 492 |
| 19 Of which SEC-SA | 557 | 277 | 45 |
| 19a Of which SEC-FBA | - | - | - |
| 20 Market risk | 122,722 | 95,395 | 9,818 |
| 21 Of which STM approach | 64,437 | 41,996 | 5,155 |
| 22 Of which IMM approach | 58,285 | 53,399 | 4,663 |
| 23 Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)* | N/A | N/A | N/A |
| 24 Operational risk | 101,222 | 97,924 | 8,098 |
| 24a Sovereign concentration risk | - | - | - |
| 25 Amounts below the thresholds for deduction (subject to 250% RW) | 16,062 | 16,215 | 1,285 |
| 26 Capital floor adjustment | - | - | - |
| 26a Deduction to RWA | 338 | 286 | 27 |
| 26b Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital | - | - | - |
| 26c Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital | 338 | 286 | 27 |
| 27 Total | 862,106 | 836,038 | 71,621 |

* Items marked with * will be applicable only after their respective policy frameworks takes effect. Until then, “Not applicable” should be reported in the rows.

¹ RWAs in this table are before the application of the 1.06 scaling factor, where applicable.

² Minimum capital requirement represents the Pillar 1 capital charge at 8% of the RWAs after application of the 1.06 scaling factor, where applicable.

4 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 30 June 2024 | | (a) HK\$'M | (b) <i>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2)</i> |
|---|---|----------------|---|
| CET1 capital: instruments and reserves | | | |
| 1 | Directly issued qualifying CET1 capital instruments plus any related share premium | 65,025 | (12) |
| 2 | Retained earnings | 96,690 | (22) |
| 3 | Disclosed reserves | 2,615 | (14)+(15)+(16) +(17)+(18)+(19) +(20)+(21) |
| 4 | Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies) | Not applicable | Not applicable |
| 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) | 342 | (25) |
| 6 | CET1 capital before regulatory adjustments | 164,672 | |
| CET1 capital: regulatory deductions | | | |
| 7 | Valuation adjustments | 1,593 | |
| 8 | Goodwill (net of associated deferred tax liabilities) | 5,411 | (4) |
| 9 | Other intangible assets (net of associated deferred tax liabilities) | 6,155 | (5)+(6) |
| 10 | Deferred tax assets (net of associated deferred tax liabilities) | 2,294 | (8) |
| 11 | Cash flow hedge reserve | 256 | (14) |
| 12 | Excess of total EL amount over total eligible provisions under the IRB approach | 1,108 | |
| 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 | (153) | -(10) |
| 15 | Defined benefit pension fund net assets (net of associated deferred tax liabilities) | 230 | (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) | - | |

4 Composition of regulatory capital (continued)

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

| At 30 June 2024 | | (a) HK\$'M | (b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2) |
|---------------------------------|---|----------------|---|
| 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) |
| 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 | 1,788 | |
| 26a | Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) | 437 | (23) |
| 26b | Regulatory reserve for general banking risks | 1,351 | (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 | – | |
| 28 | Total regulatory deductions to CET1 capital | 18,682 | |
| 29 | CET1 capital | 145,990 | |
| AT1 capital: instruments | | | |
| 30 | Qualifying AT1 capital instruments plus any related share premium | 20,651 | (13) |
| 31 | of which: classified as equity under applicable accounting standards | 20,651 | |
| 32 | of which: classified as liabilities under applicable accounting standards | – | |
| 33 | Capital instruments subject to phase-out arrangements from AT1 capital | – | |

4 Composition of regulatory capital (continued)

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

| | (a) | (b) |
|---|----------------|---|
| At 30 June 2024 | HK\$'M | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2) |
| 34 AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) | 40 | (26) |
| 35 <i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i> | - | |
| 36 AT1 capital before regulatory deductions | 20,691 | |
| AT1 capital: regulatory deductions | | |
| 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 Total regulatory deductions to AT1 capital | - | |
| 44 AT1 capital | 20,691 | |
| 45 Tier 1 capital (T1 = CET1 + AT1) | 166,681 | |
| Tier 2 capital: instruments and provisions | | |
| 46 Qualifying Tier 2 capital instruments plus any related share premium | 13,199 | (11) |
| 47 <i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i> | - | |
| 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) | 51 | (27) |
| 49 <i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i> | - | |
| 50 Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital | 581 | (29)+(30) |
| 51 Tier 2 capital before regulatory deductions | 13,831 | |

4 Composition of regulatory capital (continued)

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

| | (a) | (b) |
|--|--|--|
| At 30 June 2024 | HK\$'M | <i>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2)</i> |
| Tier 2 capital: regulatory deductions | | |
| 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) | – |
| 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 | (98) |
| 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 | (98) |
| 57 | Total regulatory adjustments to Tier 2 capital | (98) |
| 58 | Tier 2 capital (T2) | 13,929 |
| 59 | Total regulatory capital (TC = T1 + T2) | 180,610 |
| 60 | Total RWA¹ | 895,259 |
| Capital ratios (as a percentage of RWA) | | |
| 61 | CET1 capital ratio ² | 16.31% |
| 62 | Tier 1 capital ratio ² | 18.62% |
| 63 | Total capital ratio ² | 20.17% |
| 64 | Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements) | 4.65% |

4 Composition of regulatory capital (continued)

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

| At 30 June 2024 | | (a) HK\$'M | (b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2) |
|---|---|----------------|---|
| 65 | of which: capital conservation buffer requirement | 2.50% | |
| 66 | of which: bank specific countercyclical capital buffer requirement | 0.65% | |
| 67 | of which: G-SIB or D-SIB buffer requirement | 1.50% | |
| 68 | CET1 (as a percentage of RWA) available after meeting minimum capital requirements | 11.81% | |
| National minima (if different from Basel 3 minimum) | | | |
| 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 |
| Amounts below the thresholds for deduction (before risk weighting) | | | |
| 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 | 1,387 | |
| 73 | Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation | 6,424 | (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 |
| Applicable caps on the inclusion of provisions in Tier 2 capital | | | |
| 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) | 575 | (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 | 794 | |
| 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) | 6 | (30) |
| 79 | Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA | 3,514 | |

4 Composition of regulatory capital (continued)

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

| At 30 June 2024 | | (a) HK\$'M | (b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2) |
|---|--|----------------|---|
| Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 to 1 Jan 2022) | | | |
| 80 | <i>Current cap on CET1 capital instruments subject to phase-out arrangements</i> | Not applicable | Not applicable |
| 81 | <i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i> | Not applicable | Not applicable |
| 82 | <i>Current cap on AT1 capital instruments subject to phase-out arrangements</i> | – | |
| 83 | <i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i> | – | |
| 84 | <i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i> | – | |
| 85 | <i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i> | – | |

¹ Increase in total RWA was mainly due to the increase in market risk RWA.

² Decrease in risk-based regulatory capital ratios was mainly due to the increase in RWA.

4 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.)

| Description | At 30 June 2024 | |
|--|-----------------|-----------|
| | Hong Kong | Basel III |
| | basis | basis |
| | HK\$'M | HK\$'M |
| 9 Other intangible assets (net of associated deferred tax liabilities) | 6,155 | 6,155 |

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 Deferred tax assets (net of associated deferred tax liabilities) | 2,294 | 141 |
|---|-------|-----|

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.

4 Composition of regulatory capital (continued)

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

| | | <i>At 30 June 2024</i> | |
|--------------------|--|---------------------------------------|---------------------------------------|
| <i>Description</i> | | <i>Hong Kong basis HK\$'M</i> | <i>Basel III basis HK\$'M</i> |
| 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) | – | – |

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

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.

4 Composition of regulatory capital (continued)

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

| | Description | At 30 June 2024 | |
|----|---|---------------------------|---------------------------|
| | | Hong Kong basis HK\$'M | Basel III basis HK\$'M |
| 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) | – | – |

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 | 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) | – | – |
|----|---|---|---|

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)’.

4 Composition of regulatory capital (continued)

b. Reconciliation between accounting and regulatory balance sheets (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 4a.

| | (a) <i>Consolidated balance sheet as in published financial statements (At 30 June 2024) HK\$'M</i> | (b) <i>Under regulatory scope of consolidation (At 30 June 2024) HK\$'M</i> | (c) <i>Cross reference to note 4a (CC1)</i> |
|---|--|--|--|
| Assets | | | |
| Cash and balances at central banks | 70,110 | 70,110 | |
| Loans and advances to banks | 157,778 | 156,678 | |
| Hong Kong SAR Government certificates of indebtedness | 50,981 | 50,981 | |
| Financial assets at fair value through profit or loss | 606,514 | 606,514 | |
| Investment securities | 409,408 | 408,964 | |
| Loans and advances to customers | 964,085 | 964,085 | |
| Amounts due from fellow subsidiaries | 190,107 | 190,107 | |
| Amounts due from immediate holding company | 109 | 109 | |
| Amounts due from subsidiaries of the Bank | – | 622 | |
| of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation | – | – | (1) |
| Investment in subsidiaries of the Bank | – | 3,256 | |
| of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation | – | 3,256 | (2) |
| Interest in an associate | 5,985 | 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 | 9,445 | 9,323 | |
| Goodwill and intangible assets | 12,819 | 12,783 | |
| of which: goodwill | – | 5,411 | (4) |
| of which: other intangible assets | – | 7,372 | (5) |
| Current tax assets | 6 | 6 | |
| Deferred tax assets | 1,067 | 1,050 | |
| of which: deferred tax liabilities relating to intangible assets | – | (1,217) | (6) |
| of which: deferred tax liabilities related to defined benefit pension fund net assets | – | (27) | (7) |
| of which: other deferred tax assets | – | 2,294 | (8) |
| Other assets | 124,016 | 123,880 | |
| of which: defined benefit pension fund net assets | – | 257 | (9) |
| | 2,602,430 | 2,601,636 | |

4 Composition of regulatory capital (continued)

b. Reconciliation between accounting and regulatory balance sheets (CC2) (continued)

| | (a) <i>Consolidated balance sheet as in published financial statements (At 30 June 2024) HK\$'M</i> | (b) <i>Under regulatory scope of consolidation (At 30 June 2024) HK\$'M</i> | (c) <i>Cross reference to note 4a (CC1)</i> |
|--|--|--|--|
| Liabilities | | | |
| Hong Kong SAR currency notes in circulation | 50,981 | 50,981 | |
| Deposits by banks | 32,776 | 32,776 | |
| Customer accounts | 1,781,414 | 1,781,390 | |
| Financial liabilities at fair value through profit or loss | 232,395 | 232,395 | |
| of which: gains or losses due to changes in own credit risk | – | 153 | (10) |
| Debt securities in issue | 32,824 | 32,824 | |
| Amounts due to immediate holding company | 51,794 | 51,794 | |
| of which: subordinated liabilities eligible for inclusion in regulatory capital | – | 13,199 | (11) |
| Amounts due to fellow subsidiaries | 122,004 | 109,244 | |
| Amounts due to subsidiaries of the Bank | – | 14,426 | |
| Current tax liabilities | 3,215 | 3,215 | |
| Deferred tax liabilities | 952 | 952 | |
| Other liabilities | 106,229 | 106,172 | |
| | 2,414,584 | 2,416,169 | |
| Equity | | | |
| Share capital | 65,025 | 65,025 | |
| of which: amount eligible for CET1 | – | 65,025 | (12) |
| of which: amount eligible for AT1 | – | – | |
| Other equity instruments | 20,651 | 20,651 | |
| of which: amount eligible for AT1 | – | 20,651 | (13) |
| Reserves | 101,684 | 99,305 | |
| of which: Cumulative cash flow hedge reserve that relate to the hedging of financial instruments that are not fair valued on the balance sheet | – | 256 | (14) |
| of which: Cumulative cash flow hedge reserves that relate to the hedging of financial instruments that are fair valued on the balance sheet | – | – | (15) |
| of which: FVOCI reserve – Equity | – | (36) | (16) |
| of which: FVOCI reserve – Debt | – | (102) | (17) |
| of which: Exchange reserve | – | (11,117) | (18) |
| of which: Share option equity reserve | – | 159 | (19) |
| of which: Own credit adjustment reserve | – | (153) | (20) |
| of which: Other reserves | – | 13,608 | (21) |
| of which: Retained profits | – | 96,690 | (22) |
| of which: Cumulative fair value gains arising from the revaluation of land and buildings (audited) | – | 437 | (23) |
| of which: Regulatory reserve for general banking risks | – | 1,351 | (24) |
| Non-controlling interests | 486 | 486 | |
| of which: portion allowable in CET1 capital | – | 342 | (25) |
| of which: portion allowable in AT1 capital | – | 40 | (26) |
| of which: portion allowable in T2 capital | – | 51 | (27) |
| Total equity | 187,846 | 185,467 | |
| Total liabilities and equity | 2,602,430 | 2,601,636 | |

4 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.

| | <i>At 30 June 2024</i> | | |
|--|------------------------|--|---|
| | <i>Total amount</i> | <i>Amount recognised in regulatory capital</i> | <i>Amount recognised in loss-absorbing capacity</i> |
| | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> |
| (i) Both regulatory capital and LAC requirements | | | |
| CET1 capital instruments | | | |
| Ordinary shares: | | | |
| 5,289 million issued and fully paid ordinary shares | HK\$65,025m | 65,025 | 65,025 |
| AT1 capital instruments | | | |
| Perpetual non-cumulative capital securities | US\$250m | 1,954 | 1,954 |
| US\$900 million Floating Rate Undated Additional Tier 1 Capital Securities | US\$900m | 7,031 | 7,031 |
| US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities | US\$1,000m | 7,750 | 7,750 |
| 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 ¹ | Nil | Nil | Nil |
| Tier 2 capital instruments | | | |
| Floating rate Tier 2 Notes due 2029, callable from 2024 | US\$450m | 3,514 | 3,514 |
| Floating rate Tier 2 Notes due 2031, callable from 2025 | US\$250m | 1,952 | 1,952 |
| Fixed rate (1.20%) Tier 2 Notes due 2031, callable from 2026 | EUR1,000m | 7,733 | 7,733 |
| (ii) Only LAC (but not regulatory capital) requirements | | | |
| Non-capital LAC Debt Instruments | | | |
| US\$1,500 million 1.456 per cent Notes due 2027 | US\$1,500m | Nil | 11,461 |
| US\$1,250 million 2.608 per cent Notes due 2028 | US\$1,250m | Nil | 9,040 |
| EUR1,000 million 4.196 per cent Notes due 2032 ² | 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.

Footnote:

¹ On 3 July 2024, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US\$600 million (HK\$4,687 million).

² On 3 July 2024, the Group issued a non-capital LAC debt instrument amounting to EUR1,000 million (HK\$8,491 million).

4 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Common Equity Tier 1 |
| 6 | Eligible at solo ³ /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:

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

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

³ Include solo-consolidated

4 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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

4 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)

Perpetual non-cumulative 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Additional Tier 1 |
| 6 | Eligible at solo ³ /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) | HKD1,954 Million |
| 8a | Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date) | HKD1,954 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 | 13 December 2017 |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | Undated |
| 14 | Issuer call subject to prior supervisory approval | Yes |

Footnote:

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

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

³ Include solo-consolidated

4 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)

Perpetual non-cumulative capital securities (continued)

| | | |
|--------------------------|---|--|
| 15 | Optional call date, contingent call dates and redemption amount | First Call Date: 13 December 2024 Included tax and regulatory redemption options Redemption at 100% of the Capital Securities at their outstanding principal amount together with the distribution accrued but unpaid to the date fixed for redemption |
| 16 | Subsequent call dates, if applicable | Each dividend payment date after the First Call Date |
| <i>Coupons/dividends</i> | | |
| 17 | Fixed or floating dividend/coupon | Fixed |
| 18 | Coupon rate and any related index | 5.00 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:

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

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

³ Include solo-consolidated

4 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)

Perpetual non-cumulative capital securities (continued)

| | | |
|-----|---|---|
| 31 | If write-down, write-down trigger(s) | If a Non-Viability Event occurs and is continuing, “Non-Viability Event” means the earlier of: (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 (b) the Monetary Authority notifying the Bank 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 Bank would become non-viable (c) the occurrence of a Group Resolution Event. |
| 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:

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

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

³ Include solo-consolidated

4 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Additional Tier 1 |
| 6 | Eligible at solo ³ /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:

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

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

³ Include solo-consolidated

4 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:

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

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

³ Include solo-consolidated

4 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:

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

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

³ Include solo-consolidated

4 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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

4 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Additional Tier 1 |
| 6 | Eligible at solo ³ /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) | HKD7,750 Million |
| 8a | Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date) | HKD7,750 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 | 30 June 2020 |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | Undated |
| 14 | Issuer call subject to prior supervisory approval | Yes |

Footnote:

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

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

³ Include solo-consolidated

4 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: 26 July 2025 to first reset date 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 | 6.00 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:

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

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

³ Include solo-consolidated

4 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:

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

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

³ Include solo-consolidated

4 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:

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

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

³ Include solo-consolidated

4 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Additional Tier 1 |
| 6 | Eligible at solo ³ /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:

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

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

³ Include solo-consolidated

4 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:

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

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

³ Include solo-consolidated

4 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 | <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:

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

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

³ Include solo-consolidated

4 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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

4 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Additional Tier 1 |
| 6 | Eligible at solo ³ /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:

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

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

³ Include solo-consolidated

4 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 | Each reset date thereafter |
| <i>Coupons/dividends</i> | | |
| 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:

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

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

³ Include solo-consolidated

4 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:

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

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

³ Include solo-consolidated

4 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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

4 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Additional Tier 1 |
| 6 | Eligible at solo ³ /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) | N/A (HKD4,687 Million from 3 July 2024) ⁴ |
| 8a | Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date) | N/A (HKD4,687 Million from 3 July 2024) ⁴ |
| 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:

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

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

³ Include solo-consolidated

⁴ On 3 July 2024, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US\$600 million (HK\$4,687 million)

4 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 September 2030 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:

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

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

³ Include solo-consolidated

⁴ On 3 July 2024, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US\$600 million (HK\$4,687 million)

4 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:

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

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

³ Include solo-consolidated

⁴ On 3 July 2024, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US\$600 million (HK\$4,687 million)

4 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 Reset 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:

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

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

³ Include solo-consolidated

⁴ On 3 July 2024, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US\$600 million (HK\$4,687 million)

4 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)

Floating rate Tier 2 Notes due 2029, callable from 2024

| | | |
|-----------------------------|---|---|
| 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Tier 2 |
| 6 | Eligible at solo ³ /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) | HKD3,514 Million |
| 8a | Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date) | HKD3,514 Million |
| 9 | Par value of instrument | Issue price at 100 per cent of the Aggregate Nominal Amount of USD450 Million |
| 10 | Accounting classification | Liability – amortised cost |
| 11 | Original date of issuance | 24 June 2019 |
| 12 | Perpetual or dated | Dated |
| 13 | Original maturity date | 19 November 2029 |
| 14 | Issuer call subject to prior supervisory approval | Yes |

Footnote:

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

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

³ Include solo-consolidated

4 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)

Floating rate Tier 2 Notes due 2029, callable from 2024 (continued)

| | | |
|--------------------------|---|--|
| 15 | Optional call date, contingent call dates and redemption amount | Optional call date: 19 November 2024 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 | N/A |
| <i>Coupons/dividends</i> | | |
| 17 | Fixed or floating dividend/coupon | Floating |
| 18 | Coupon rate and any related index | SOFR + 0.26161 per cent + 2.08 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:

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

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

³ Include solo-consolidated

4 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)

Floating rate Tier 2 Notes due 2029, callable from 2024 (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:

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

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

³ Include solo-consolidated

4 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)

Floating rate Tier 2 Notes due 2029, callable from 2024 (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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

4 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)

Floating rate Tier 2 Notes due 2031, callable from 2025

| | | |
|-----------------------------|---|---|
| 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Tier 2 |
| 6 | Eligible at solo ³ /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) | HKD1,952 Million |
| 8a | Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date) | HKD1,952 Million |
| 9 | Par value of instrument | Issue price at 100 per cent of the Aggregate Nominal Amount of USD250 Million |
| 10 | Accounting classification | Liability – amortised cost |
| 11 | Original date of issuance | 24 June 2019 |
| 12 | Perpetual or dated | Dated |
| 13 | Original maturity date | 17 April 2031 |
| 14 | Issuer call subject to prior supervisory approval | Yes |

Footnote:

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

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

³ Include solo-consolidated

4 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)

Floating rate Tier 2 Notes due 2031, callable from 2025 (continued)

| | | |
|--------------------------|---|---|
| 15 | Optional call date, contingent call dates and redemption amount | Optional call date: 17 April 2025 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 | N/A |
| <i>Coupons/dividends</i> | | |
| 17 | Fixed or floating dividend/coupon | Floating |
| 18 | Coupon rate and any related index | SOFR + 0.26161 per cent + 2.12 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:

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

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

³ Include solo-consolidated

4 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)

Floating rate Tier 2 Notes due 2031, callable from 2025 (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:

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

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

³ Include solo-consolidated

4 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)

Floating rate Tier 2 Notes due 2031, callable from 2025 (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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

4 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)

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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Tier 2 |
| 6 | Eligible at solo ³ /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) | HKD7,733 Million |
| 8a | Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date) | HKD7,733 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:

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

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

³ Include solo-consolidated

4 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)

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 | N/A |
| <i>Coupons/dividends</i> | | |
| 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:

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

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

³ Include solo-consolidated

4 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)

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:

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

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

³ Include solo-consolidated

4 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)

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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

4 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Ineligible |
| 6 | Eligible at solo ³ /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) | HKD11,461 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:

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

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

³ Include solo-consolidated

4 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 | N/A |
| <i>Coupons/dividends</i> | | |
| 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:

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

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

³ Include solo-consolidated

4 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 data-bbox="858 546 1182 573">Upon a Loss Absorption Event.</p> <p data-bbox="858 618 1190 645">“Loss Absorption Event” means:</p> <p data-bbox="858 689 1410 1039">(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 data-bbox="858 1084 1410 1254">(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 data-bbox="858 1299 1410 1433">(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 data-bbox="858 1478 1410 1684">(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 data-bbox="858 1729 1410 1771">or, if earlier than (i) and (ii) above, the occurrence of a Group Resolution Event.</p> |
|---|---|

Footnote:

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

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

³ Include solo-consolidated

4 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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

4 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Ineligible |
| 6 | Eligible at solo ³ /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) | HKD9,040 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:

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

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

³ Include solo-consolidated

4 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 | N/A |
| <i>Coupons/dividends</i> | | |
| 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:

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

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

³ Include solo-consolidated

4 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:

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

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

³ Include solo-consolidated

4 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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

4 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 ¹ | N/A |
| 5 | Post-transitional Basel III rules ² | Ineligible |
| 6 | Eligible at solo ³ /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 (HKD8,491 Million from 3 July 2024) ⁴ |
| 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:

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

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

³ Include solo-consolidated

⁴ On 3 July 2024, the Group issued a non-capital LAC debt instrument amounting to EUR1,000 million (HK\$8,491 million)

4 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 | Not applicable |
| <i>Coupons/dividends</i> | | |
| 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 | 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:

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

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

³ Include solo-consolidated

⁴ On 3 July 2024, the Group issued a non-capital LAC debt instrument amounting to EUR1,000 million (HK\$8,491 million)

4 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:

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

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

³ Include solo-consolidated

⁴ On 3 July 2024, the Group issued a non-capital LAC debt instrument amounting to EUR1,000 million (HK\$8,491 million)

4 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 | No |
| 37 | If yes, specify non-compliant features | N/A |

Footnote:

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

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

³ Include solo-consolidated

⁴ On 3 July 2024, the Group issued a non-capital LAC debt instrument amounting to EUR1,000 million (HK\$8,491 million)

4 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 |
|---|--|----------------|
| Regulatory capital elements of internal loss-absorbing capacity and adjustments | | |
| 1 | Common Equity Tier 1 ("CET1") capital | 145,990 |
| 2 | Additional Tier 1 ("AT1") capital before LAC adjustments | 20,691 |
| 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 | 20,691 |
| 6 | Tier 2 ("T2") capital before LAC adjustments | 13,929 |
| 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 | 13,929 |
| 11 | Internal loss-absorbing capacity arising from regulatory capital | 180,610 |
| Non-regulatory capital elements of internal loss-absorbing capacity | | |
| 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 | 20,501 |
| 17 | Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments | 20,501 |
| Non-regulatory capital elements of internal loss-absorbing capacity: adjustments | | |
| 18 | Internal loss-absorbing capacity before deductions | 201,111 |
| 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 | Internal loss-absorbing capacity after deductions | 201,111 |

4 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 |
|--|--|---------------|
| Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes | | |
| 23 | Risk-weighted amount under the LAC Rules | 895,259 |
| 24 | Exposure measure under the LAC Rules | 2,699,713 |
| Internal LAC ratios and buffers | | |
| 25 | Internal LAC risk-weighted ratio¹ | 22.5% |
| 26 | Internal LAC leverage ratio | 7.4% |
| 27 | 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 | 8.6% |
| 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% |

¹ Decrease in internal LAC risk-weighted ratio was mainly due to the increase in RWA.

4 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.

| | Creditor ranking | | | | Total | |
|----|---|---------------------------------------|-------------------------|----------------------------|----------------------------------|---------|
| | 1 (most junior) | 2 | 3 | 4 (most senior) | | |
| 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 (free text) | CET1 capital instruments ¹ | AT1 capital instruments | Tier 2 capital instruments | Non capital LAC debt instruments | |
| 3 | Total capital and liabilities net of credit risk mitigation | 65,025 | 20,651 | 13,199 | 20,501 | 119,376 |
| 4 | Subset of row 3 that are excluded liabilities | - | - | - | - | - |
| 5 | Total capital and liabilities less excluded liabilities | 65,025 | 20,651 | 13,199 | 20,501 | 119,376 |
| 6 | Subset of row 5 that are eligible as internal loss-absorbing capacity | 65,025 | 20,651 | 13,199 | 20,501 | 119,376 |
| 7 | Subset of row 6 with 1 year ≤ residual maturity < 2 years | - | - | - | - | - |
| 8 | Subset of row 6 with 2 years ≤ residual maturity < 5 years | - | - | - | 20,501 | 20,501 |
| 9 | Subset of row 6 with 5 years ≤ residual maturity < 10 years | - | - | 13,199 | - | 13,199 |
| 10 | Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities | - | - | - | - | - |
| 11 | Subset of row 6 that is perpetual securities | 65,025 | 20,651 | - | - | 85,676 |

¹ 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.

5 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 30 June 2024

In HKD million

| | <i>Jurisdiction (J)</i> | <i>Applicable JCCyB ratio in effect</i> | <i>Total RWA used in computation of CCyB ratio of AI</i> | <i>CCyB ratio of AI</i> | <i>CCyB amount of AI HK\$'M</i> |
|----|--------------------------|---|--|-------------------------|---------------------------------|
| 1 | Hong Kong | 1.000% | 244,899 | | |
| 2 | Australia | 1.000% | 4,861 | | |
| 3 | Belgium | 0.500% | 407 | | |
| 4 | Denmark | 2.500% | 199 | | |
| 5 | France | 1.000% | 174 | | |
| 6 | Germany | 0.750% | 733 | | |
| 7 | Luxembourg | 0.500% | 4,307 | | |
| 8 | Netherlands | 2.000% | 2,933 | | |
| 9 | South Korea | 1.000% | 101,968 | | |
| 10 | Sweden | 2.000% | 589 | | |
| 11 | United Kingdom | 2.000% | 9,457 | | |
| 12 | Sum ¹ | | 370,527 | | |
| 13 | Total² | | 590,467 | 0.6457% | 5,781 |

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

² The total RWAs used in the computation of the CCyB ratio in row (13) 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.

6 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 30 June 2024 | | <i>(a)</i> |
|-----------------|--|--|
| | | <i>Value under the Leverage Ratio framework (HK\$'M)</i> |
| 1 | Total consolidated assets as per published financial statements | 2,602,430 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (794) |
| 2a | Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference | – |
| 3 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the leverage ratio exposure measure | – |
| 3a | Adjustments for eligible cash pooling transactions | – |
| 4 | Adjustments for derivative contracts | 24,247 |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured lending) | 15,632 |
| 6 | Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures) | 176,218 |
| 6a | Adjustment for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure | (16,464) |
| 7 | Other adjustments | (101,556) |
| 8 | Leverage ratio exposure measure | 2,699,713 |

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.

6 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 30 June 2024 | At 31 March 2024 |
| | | HK\$'M | HK\$'M |
| On-balance sheet exposures | | | |
| 1 | On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 2,148,151 | 2,138,182 |
| 2 | Less: Asset amounts deducted in determining Basel III Tier 1 capital | (18,835) | (19,072) |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) | 2,129,316 | 2,119,110 |
| Exposure arising from derivative contracts | | | |
| 4 | Replacement cost associated with all derivatives contracts (where applicable net of eligible cash variation margin and/or with bilateral netting) | 38,837 | 32,484 |
| 5 | Add-on amounts for PFE associated with all derivatives contracts | 106,881 | 103,140 |
| 6 | Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework | - | - |
| 7 | Less: Deductions of receivables assets for cash variation margin provided under derivatives contracts | (13,396) | (9,864) |
| 8 | Less: Exempted CCP leg of client-cleared trade exposures | - | - |
| 9 | Adjusted effective notional amount of written credit-related derivative contracts | 12,482 | 7,448 |
| 10 | Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts | (4,242) | (2,402) |
| 11 | Total exposures arising from derivative contract | 140,562 | 130,806 |
| Exposure arising from SFTs | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions | 256,745 | 239,890 |
| 13 | Less: Netted amounts of cash payables and cash receivables of gross SFT assets | - | - |
| 14 | CCR exposure for SFT assets | 11,743 | 6,713 |
| 15 | Agent transaction exposures | - | - |
| 16 | Total exposures arising from SFTs | 268,488 | 246,603 |
| Other off-balance sheet exposures | | | |
| 17 | Off-balance sheet exposure at gross notional amount | 904,229 | 881,507 |
| 18 | Less: Adjustments for conversion to credit equivalent amounts | (728,011) | (706,266) |
| 19 | Off-balance sheet items | 176,218 | 175,241 |
| Capital and total exposures | | | |
| 20 | Tier 1 capital | 166,681 | 166,273 |
| 20a | Total exposures before adjustments for specific and collective provisions | 2,714,584 | 2,671,760 |
| 20b | Adjustments for specific and collective provisions | (14,871) | (14,776) |
| 21 | Total exposures after adjustments for specific and collective provisions | 2,699,713 | 2,656,984 |
| Leverage ratio | | | |
| 22 | Leverage ratio | 6.17% | 6.26% |

7 Liquidity

a. 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 31 March 2024 and 30 June 2024 are 72 and 73.

| | | Q2 2024 Currency: (HK\$mil) | | Q1 2024 Currency: (HK\$mil) | |
|--|---|--|--|--|--|
| | | UNWEIGHTED AMOUNT (Average Value) | WEIGHTED AMOUNT (Average Value) | UNWEIGHTED AMOUNT (Average Value) | WEIGHTED AMOUNT (Average Value) |
| Basis of disclosure: Consolidated | | | | | |
| A. HIGH QUALITY LIQUID ASSETS | | | | | |
| 1 | Total high quality liquid assets (HQLA) | | 534,304 | | 507,716 |
| B. CASH OUTFLOWS | | | | | |
| 2 | Retail deposits and small business funding, of which: | 917,707 | 68,582 | 900,024 | 67,808 |
| 3 | Stable retail deposits and stable small business funding | 204,603 | 10,230 | 207,661 | 10,383 |
| 4 | Less stable retail deposits and less stable small business funding | 453,929 | 45,393 | 456,127 | 45,613 |
| 4a | Retail term deposits and small business term funding | 259,175 | 12,959 | 236,236 | 11,812 |
| 5 | Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which: | 862,382 | 376,067 | 843,880 | 370,640 |
| 6 | Operational deposits | 372,563 | 92,603 | 351,891 | 87,432 |
| 7 | Unsecured wholesale funding (other than small business funding) not covered in Row 6 | 486,372 | 280,017 | 489,410 | 280,629 |
| 8 | Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period | 3,447 | 3,447 | 2,579 | 2,579 |
| 9 | Secured funding transactions (including securities swap transactions) | | 10,293 | | 1,575 |
| 10 | Additional requirements, of which: | 341,121 | 64,812 | 349,058 | 63,812 |
| 11 | Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements | 31,113 | 29,643 | 29,511 | 29,512 |
| 12 | Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions | 1,566 | 1,566 | 136 | 136 |
| 13 | Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities) | 308,442 | 33,603 | 319,411 | 34,164 |
| 14 | Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows | 57,544 | 57,543 | 52,283 | 52,283 |
| 15 | Other contingent funding obligations (whether contractual or non-contractual) | 534,296 | 2,398 | 569,054 | 2,581 |
| 16 | TOTAL CASH OUTFLOWS | | 579,695 | | 558,697 |
| C. CASH INFLOWS | | | | | |
| 17 | Secured lending transactions (including securities swap transactions) | 113,970 | 18,576 | 90,515 | 22,861 |
| 18 | Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions | 285,523 | 184,829 | 287,849 | 188,650 |
| 19 | Other cash inflows | 93,857 | 89,391 | 78,307 | 73,795 |
| 20 | TOTAL CASH INFLOWS | 493,350 | 292,797 | 456,672 | 285,306 |
| D. LIQUIDITY COVERAGE RATIO | | | ADJUSTED VALUE | | ADJUSTED VALUE |
| 21 | TOTAL HQLA | | 534,304 | | 507,716 |
| 22 | TOTAL NET CASH OUTFLOWS | | 286,898 | | 273,391 |
| 23 | LCR (%) | | 189% | | 188% |

7 Liquidity (continued)

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

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 Q2 of 2024. The average LCR was 189% for the quarter ending 30 Jun 2024 (31 Mar 2024: 188%).

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 Regional Asset and Liability Committee (“RALCO”) 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. RALCO 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.

Majority of the Group's customer deposits are denominated in HKD, USD, CNY and KRW. The Group holds higher USD denominated HQLA due to its significant market depth and ease of conversion in the event of liquidity stress. This is in line with the Alternative Liquidity Approach option prescribed by HKMA. 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 RALCO and ALCO, supported by Treasury Markets. RALCO 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. RALCO 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.

7 Liquidity (continued)

b. 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 30th June 2024

| | (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><6 months or repayable on demand</i> | <i>6 months to < 12 months</i> | <i>12 months or more</i> | |
| A. Available stable funding (“ASF”) item | | | | | |
| 1 Capital: | 187,032 | 3,514 | 1,952 | 37,341 | 225,350 |
| 2 Regulatory capital | 187,032 | 3,514 | 1,952 | 7,733 | 195,742 |
| 2a Minority interests not covered by row 2 | - | - | - | - | - |
| 3 Other capital instruments | - | - | - | 29,608 | 29,608 |
| 4 Retail deposits and small business funding: | - | 879,694 | 54,609 | 7,518 | 857,635 |
| 5 Stable deposits | | 182,797 | 2,054 | 330 | 175,939 |
| 6 Less stable deposits | | 696,897 | 52,555 | 7,188 | 681,696 |
| 7 Wholesale funding: | | 982,861 | 46,979 | 33,919 | 417,978 |
| 8 Operational deposits | | 361,684 | - | - | 180,842 |
| 9 Other wholesale funding | - | 621,177 | 46,979 | 33,919 | 237,136 |
| 10 Liabilities with matching interdependent assets | 50,986 | - | - | - | - |
| 11 Other liabilities: | 116,408 | 51,452 | 6,139 | 9,135 | 12,205 |
| 12 Net derivative liabilities | - | | | | |
| 13 All other funding and liabilities not included in the above categories | 116,408 | 51,452 | 6,139 | 9,135 | 12,205 |
| 14 Total ASF | | | | | 1,513,168 |
| B. Required stable funding (“RSF”) item | | | | | |
| 15 Total HQLA for NSFR purposes | | | | 634,506 | 42,073 |
| 16 Deposits held at other financial institutions for operational purposes | - | 8,727 | - | 0 | 4,364 |
| 17 Performing loans and securities: | 40,517 | 684,773 | 161,739 | 714,510 | 900,853 |
| 18 Performing loans to financial institutions secured by Level 1 HQLA | - | 78,270 | 1,335 | 0 | 8,494 |
| 19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | 14,061 | 265,762 | 24,816 | 92,385 | 159,851 |
| 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: | 26,456 | 259,317 | 51,140 | 121,462 | 379,182 |
| 21 With a risk-weight of less than or equal to 35% under the STC approach | - | - | - | 7,059 | 6,990 |
| 22 Performing residential mortgages, of which: | - | 14,809 | 7,504 | 409,377 | 202,271 |
| 23 With a risk-weight of less than or equal to 35% under the STC approach | - | 10,605 | 6,190 | 298,118 | 202,174 |

7 Liquidity (continued)

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

Table 1: LIQ2 for Quarter ending 30th June 2024 (continued)

| | | (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><6 months or repayable on demand</i> | <i>6 months to < 12 months</i> | <i>12 months or more</i> | |
| 24 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | - | 66,615 | 76,944 | 91,286 | 151,055 |
| 25 | Assets with matching interdependent liabilities | 50,986 | - | - | - | - |
| 26 | Other assets: | 154,890 | 65,568 | - | 74 | 116,659 |
| 27 | Physical traded commodities, including gold | 556 | | | | 473 |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | 24,652 | | | | 23,596 |
| 29 | Net derivative assets | 7,922 | | | | 7,922 |
| 30 | Total derivative liabilities before adjustments for deduction of variation margin posted | 39,302 | | | | 1,965 |
| 31 | All other assets not included in the above categories | 82,458 | 65,568 | - | 74 | 82,703 |
| 32 | Off-balance sheet items | | | | 836,496 | 15,346 |
| 33 | Total RSF | | | | | 1,079,295 |
| 34 | Net Stable Funding Ratio (%) | | | | | 140% |

Table 2: LIQ2 for Quarter ending 31st March 2024

| | | (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><6 months or repayable on demand</i> | <i>6 months to < 12 months</i> | <i>12 months or more</i> | |
| A. | Available stable funding ("ASF") item | | | | | |
| 1 | Capital: | 187,246 | - | - | 43,035 | 230,281 |
| 2 | Regulatory capital | 187,246 | - | - | 13,320 | 200,566 |
| 2a | Minority interests not covered by row 2 | - | - | - | - | - |
| 3 | Other capital instruments | - | - | - | 29,715 | 29,715 |
| 4 | Retail deposits and small business funding: | - | 858,320 | 46,989 | 5,890 | 829,855 |
| 5 | Stable deposits | | 181,650 | 2,093 | 364 | 174,920 |
| 6 | Less stable deposits | | 676,670 | 44,896 | 5,526 | 654,935 |
| 7 | Wholesale funding: | | 969,461 | 35,635 | 29,822 | 385,463 |
| 8 | Operational deposits | | 321,467 | - | - | 160,733 |
| 9 | Other wholesale funding | - | 647,994 | 35,635 | 29,822 | 224,730 |

7 Liquidity (continued)

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

Table 2: LIQ2 for Quarter ending 31st March 2024 (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><6 months or repayable on demand</i> | <i>6 months to < 12 months</i> | <i>12 months or more</i> | |
| Currency: (HK\$mil) | | | | | | |
| 10 | Liabilities with matching interdependent assets | 51,899 | | - | - | - |
| 11 | Other liabilities: | 116,278 | 53,042 | 4,198 | 10,500 | 12,598 |
| 12 | Net derivative liabilities | - | | | | |
| 13 | All other funding and liabilities not included in the above categories | 116,278 | 53,042 | 4,198 | 10,500 | 12,598 |
| 14 | Total ASF | | | | | 1,458,197 |
| B. Required stable funding ("RSF") item | | | | | | |
| 15 | Total HQLA for NSFR purposes | | | | 630,669 | 44,602 |
| 16 | Deposits held at other financial institutions for operational purposes | - | 7,077 | - | 0 | 3,538 |
| 17 | Performing loans and securities: | 38,140 | 622,550 | 210,237 | 706,720 | 903,226 |
| 18 | Performing loans to financial institutions secured by Level 1 HQLA | - | 56,507 | 3,567 | 456 | 7,890 |
| 19 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | 14,272 | 230,573 | 43,928 | 91,742 | 162,564 |
| 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: | 23,868 | 289,255 | 61,301 | 110,344 | 405,993 |
| 21 | With a risk-weight of less than or equal to 35% under the STC approach | - | - | - | 515 | 447 |
| 22 | Performing residential mortgages, of which: | - | 14,290 | 8,496 | 428,514 | 200,029 |
| 23 | With a risk-weight of less than or equal to 35% under the STC approach | - | 10,350 | 6,137 | 294,875 | 199,912 |
| 24 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | - | 31,925 | 92,945 | 75,664 | 126,750 |
| 25 | Assets with matching interdependent liabilities | 51,899 | - | - | - | - |
| 26 | Other assets: | 132,110 | 42,991 | - | 76 | 98,248 |
| 27 | Physical traded commodities, including gold | 790 | | | | 672 |

7 Liquidity (continued)

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

Table 2: LIQ2 for Quarter ending 31st March 2024 (continued)

| | | (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><6 months or repayable on demand</i> | <i>6 months to < 12 months</i> | <i>12 months or more</i> | |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | 8,945 | | | | 8,675 |
| 29 | Net derivative assets | 4,551 | | | | 4,551 |
| 30 | Total derivative liabilities before adjustments for deduction of variation margin posted | 35,460 | | | | 1,773 |
| 31 | All other assets not included in the above categories | 82,364 | 42,991 | - | 76 | 82,577 |
| 32 | Off-balance sheet items | | | | 811,244 | 15,515 |
| 33 | Total RSF | | | | | 1,065,129 |
| 34 | Net Stable Funding Ratio (%) | | | | | 137% |

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 compliment Liquidity Coverage Ratio (LCR) which measures short-term resilience to liquidity risk. The Group has continuously maintained a healthy NSFR ratio during the first half of 2024, and well above the regulatory requirement minimum of 100%. NSFR was 140% for the quarter ending 30 June 2024 (31 March 2024: 137%).

Composition of AI's interdependent assets and liabilities

Complying with HKMA Banking (Liquidity) Rules, the Group's interdependent assets and liabilities consist of legal tender notes and certificates of indebtedness, being one of the note-issuing banks in Hong Kong.

8 Credit risk for non-securitization exposures

a. 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 credit losses ¹ on STC approach exposures | | Of which ECL accounting | |
| | Defaulted Exposures | Non – defaulted Exposures | Allowances/ Impairments | Allocated in regulatory category of specific provisions | Allocated in regulatory category of collective provisions | provisions for credit losses on IRB approach exposures | Net values (a+b-c) |
| At 30 June 2024 | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M |
| 1 Loans | 16,914 | 1,272,476 | 14,521 | 148 | 379 | 13,994 | 1,274,869 |
| 2 Debt securities | – | 376,598 | 29 | – | – | 29 | 376,569 |
| 3 Off-balance sheet exposures | 1,290 | 902,939 | 319 | – | 36 | 283 | 903,910 |
| 4 Total² | 18,204 | 2,552,013 | 14,869 | 148 | 415 | 14,306 | 2,555,348 |

¹ The categorisation of Expected Credit Loss ('ECL') accounting provisions into the regulatory categories of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio – MA(BS)3 return. According to the completion instructions, the ECL accounting provisions classified into Stage 1 and Stage 2 are treated as collective provisions, while those classified under Stage 3 are treated as specific provisions.

² Decrease in total exposures was in line with the balance sheet movement during the period.

8 Credit risk for non-securitization exposures (continued)

b. 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.

| | (a) HK\$'M |
|---|---------------|
| 1 Defaulted loans and debt securities at end of the previous reporting period (31 December 2023) | 16,040 |
| 2 Loans and debt securities that have defaulted since the last reporting period | 3,578 |
| 3 Returned to non-defaulted status | (212) |
| 4 Amounts written off | (1,957) |
| 5 Other changes ¹ | (535) |
| 6 Defaulted loans and debt securities at end of the current reporting period (30 June 2024) | 16,914 |

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

c. 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.

| | (a) | (b1) | (b) | (d) | (f) |
|----------------------|---|------------------------------------|---|---|--|
| | <i>Exposures unsecured: carrying amount</i> | <i>Exposures to be secured</i> | <i>Exposures secured by recognized collateral</i> | <i>Exposures secured by recognized guarantees</i> | <i>Exposures secured by recognized credit derivative contracts</i> |
| At 30 June 2024 | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M |
| 1 Loans | 744,300 | 530,569 | 446,339 | 43,417 | - |
| 2 Debt securities | 372,421 | 4,148 | 2,146 | - | - |
| 3 Total | 1,116,721 | 534,717 | 448,485 | 43,417 | - |
| 4 Of which defaulted | 14,214 | 2,700 | 1,797 | 89 | - |

8 Credit risk for non-securitization exposures (continued)

d. 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.

| | (a) | | (b) | | (c) | | (d) | | (e) | (f) |
|-------------------------|--|------------------------------|--|------------------------------|--|------------------------------|--|------------------------------|----------------------------|------------------------|
| | <i>Exposures pre-CCF and pre-CRM</i> | | <i>Exposures post-CCF and post-CRM</i> | | <i>Exposures pre-CCF and pre-CRM</i> | | <i>Exposures post-CCF and post-CRM</i> | | <i>RWA and RWA density</i> | |
| | <i>On-balance sheet</i> | <i>Off-balance sheet</i> | <i>On-balance sheet</i> | <i>Off-balance sheet</i> | <i>On-balance sheet</i> | <i>Off-balance sheet</i> | <i>On-balance sheet</i> | <i>Off-balance sheet</i> | <i>RWA</i> | <i>RWA density</i> |
| | <i>amount</i> | <i>amount</i> | <i>amount</i> | <i>amount</i> | <i>amount</i> | <i>amount</i> | <i>amount</i> | <i>amount</i> | <i>RWA</i> | <i>density</i> |
| At 30 June 2024 | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>%</i> |
| <i>Exposure classes</i> | | | | | | | | | | |
| 1 | Sovereign exposures | 2 | - | 2 | - | - | - | - | - | 0% |
| 2 | PSE exposures | 109 | - | 667 | 80 | 149 | 20% | | | |
| 2a | <i>Of which: domestic PSEs</i> | - | - | 502 | 80 | 116 | 20% | | | |
| 2b | <i>Of which: foreign PSEs</i> | 109 | - | 165 | - | 33 | 20% | | | |
| 3 | Multilateral development bank exposures | 40,349 | - | 40,349 | - | - | 0% | | | |
| 4 | Bank exposures | 1,673 | - | 1,685 | - | 337 | 20% | | | |
| 5 | Securities firm exposures | 4 | - | 4 | - | 2 | 50% | | | |
| 6 | Corporate exposures | 24,832 | 4,362 | 16,360 | 661 | 14,886 | 87% | | | |
| 10 | Regulatory retail exposures | 14,462 | 49,170 | 12,916 | 1 | 9,688 | 75% | | | |
| 11 | Residential mortgage loans | 14,359 | 73 | 14,359 | 15 | 5,726 | 40% | | | |
| 12 | Other exposures which are not past due exposures | 19,142 | 36,176 | 8,088 | 143 | 8,231 | 100% | | | |
| 13 | Past due exposures | 586 | 90 | 586 | - | 792 | 135% | | | |
| 15 | Total | 115,518 | 89,871 | 95,016 | 900 | 39,811 | 42% | | | |

Increase in exposures pre-CCF and pre-CRM was mainly driven by increase in multilateral development bank exposures, regulatory retail exposures and other exposures which are not past due exposures partially offset by decrease in corporate exposures.

8 Credit risk for non-securitization exposures (continued)

e. Credit risk exposures by asset classes and by risk weights – for STC approach (CR5)

The following table sets out a breakdown of credit risk exposures by asset classes and by risk weights (corresponding to the classification of exposures according to the approaches used).

| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (ha) | (i) | (j) |
|---|---------------|----------|--------------|---------------|--------------|---------------|---------------|------------|----------|----------|--|
| | | | | | | | | | | | Total credit risk exposures amount (post CCF and post CRM) |
| 30 June 2024 | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 250% | Others | CRM) |
| Risk Weight | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M | HK\$'M |
| Exposure class | | | | | | | | | | | |
| 1 Sovereign exposures | 2 | - | - | - | - | - | - | - | - | - | 2 |
| 2 PSE exposures | - | - | 747 | - | - | - | - | - | - | - | 747 |
| 2a Of which: domestic PSEs | - | - | 582 | - | - | - | - | - | - | - | 582 |
| 2b Of which: foreign PSEs | - | - | 165 | - | - | - | - | - | - | - | 165 |
| 3 Multilateral development bank exposures | 40,349 | - | - | - | - | - | - | - | - | - | 40,349 |
| 4 Bank exposures | - | - | 1,685 | - | - | - | - | - | - | - | 1,685 |
| 5 Securities firm exposures | - | - | - | - | 4 | - | - | - | - | - | 4 |
| 6 Corporate exposures | - | - | 853 | - | 2,905 | - | 13,263 | - | - | - | 17,021 |
| 10 Regulatory retail exposures | - | - | - | - | - | 12,917 | - | - | - | - | 12,917 |
| 11 Residential mortgage loans | - | - | - | 12,725 | - | 1,505 | 144 | - | - | - | 14,374 |
| 12 Other exposures which are not past due exposures | - | - | - | - | - | - | 8,231 | - | - | - | 8,231 |
| 13 Past due exposures | 3 | - | 61 | - | - | - | 7 | 515 | - | - | 586 |
| 15 Total | <u>40,354</u> | <u>-</u> | <u>3,346</u> | <u>12,725</u> | <u>2,909</u> | <u>14,422</u> | <u>21,645</u> | <u>515</u> | <u>-</u> | <u>-</u> | <u>95,916</u> |

Please refer to note 8(d) for the main drivers of the change in total exposures post-CCF and post-CRM.

8 Credit risk for non-securitization exposures (continued)

f. 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 30 June 2024 | (a) Original on- balance sheet gross exposure HK\$M | (b) Off- balance sheet exposures pre-CCF HK\$M | (c) Average CCF | (d) EAD post-CRM 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) – Sovereign | | | | | | | | | | | | |
| 0.00 to < 0.15 | 394,632 | 10,519 | 24.5% | 409,711 | 0.02% | 50 | 45.9% | 147 | 32,820 | 8% | 44 | |
| 0.15 to < 0.25 | 196 | - | 0.0% | 196 | 0.22% | 1 | 45.0% | 139 | 70 | 36% | - | |
| 0.25 to < 0.50 | - | - | 0.0% | - | 0.00% | - | 0.0% | - | - | 0% | - | |
| 0.50 to < 0.75 | 1 | 195 | 53.0% | 94 | 0.67% | 1 | 58.9% | 495 | 134 | 143% | - | |
| 0.75 to < 2.50 | 2,739 | - | 0.0% | 2,622 | 1.17% | 2 | 45.0% | 234 | 2,502 | 95% | 14 | |
| 2.50 to < 10.00 | 1,512 | 1,395 | 22.3% | 246 | 4.33% | 2 | 63.7% | 5.00 | 606 | 246% | 7 | |
| 10.00 to < 100.00 | - | - | 0.0% | - | 0.00% | - | 0.0% | - | - | 0% | - | |
| 100.00 (Default) | 76 | 265 | 37.0% | 174 | 100.00% | 1 | 45.0% | 4.96 | 972 | 558% | 1 | |
| Sub-total | 399,156 | 12,374 | 25.0% | 413,043 | 0.08% | 57 | 45.9% | 148 | 37,104 | 9% | 66 | 336 |
| Portfolio (ii) – Bank | | | | | | | | | | | | |
| 0.00 to < 0.15 | 268,474 | 25,856 | 33.1% | 285,437 | 0.04% | 191 | 44.3% | 0.74 | 28,516 | 10% | 51 | |
| 0.15 to < 0.25 | 3,074 | 6,504 | 25.5% | 4,441 | 0.22% | 35 | 41.8% | 0.92 | 1,579 | 36% | 4 | |
| 0.25 to < 0.50 | 204 | 4,985 | 22.5% | 1,324 | 0.39% | 22 | 43.3% | 0.88 | 744 | 56% | 2 | |
| 0.50 to < 0.75 | 14,359 | 14,346 | 27.7% | 12,475 | 0.52% | 54 | 40.5% | 0.74 | 7,365 | 59% | 27 | |
| 0.75 to < 2.50 | 7,464 | 6,043 | 35.2% | 7,919 | 1.46% | 91 | 37.6% | 1.64 | 7,938 | 100% | 45 | |
| 2.50 to < 10.00 | 159 | 977 | 16.0% | 277 | 4.04% | 17 | 35.2% | 0.56 | 307 | 111% | 4 | |
| 10.00 to < 100.00 | 9 | 68 | 8.1% | 15 | 22.44% | 6 | 32.7% | 0.89 | 25 | 171% | 1 | |
| 100.00 (Default) | - | - | 0.0% | - | 0.00% | - | 0.0% | - | - | 0% | - | |
| Sub-total | 293,743 | 58,779 | 29.9% | 311,888 | 0.10% | 416 | 43.9% | 0.77 | 46,474 | 15% | 134 | 420 |
| Portfolio (iii) – Corporate – Other | | | | | | | | | | | | |
| 0.00 to < 0.15 | 135,607 | 229,061 | 20.9% | 200,120 | 0.08% | 967 | 48.0% | 138 | 40,685 | 20% | 77 | |
| 0.15 to < 0.25 | 29,969 | 79,787 | 20.6% | 46,985 | 0.22% | 456 | 36.5% | 1.11 | 13,488 | 29% | 38 | |
| 0.25 to < 0.50 | 34,144 | 65,884 | 17.3% | 47,294 | 0.39% | 482 | 49.8% | 1.17 | 25,732 | 54% | 92 | |
| 0.50 to < 0.75 | 37,687 | 99,362 | 25.7% | 60,282 | 0.57% | 656 | 37.4% | 1.17 | 28,891 | 48% | 130 | |
| 0.75 to < 2.50 | 50,219 | 49,305 | 20.7% | 50,261 | 1.31% | 776 | 39.8% | 1.18 | 36,164 | 72% | 256 | |
| 2.50 to < 10.00 | 24,492 | 25,171 | 23.3% | 23,438 | 4.20% | 452 | 40.8% | 0.95 | 25,643 | 109% | 386 | |
| 10.00 to < 100.00 | 9,326 | 8,157 | 8.8% | 2,631 | 17.66% | 285 | 18.2% | 1.07 | 2,184 | 83% | 90 | |
| 100.00 (Default) | 11,199 | 825 | 11.4% | 10,843 | 100.00% | 112 | 78.2% | 1.07 | 4,910 | 45% | 10,091 | |
| Sub-total | 332,643 | 557,552 | 21.2% | 441,854 | 3.11% | 4,186 | 44.8% | 1.25 | 177,697 | 40% | 11,160 | 11,875 |

8 Credit risk for non-securitization exposures (continued)

f. 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 30 June 2024 | 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 (iv) – Corporate – Small-and-medium sized corporates | | | | | | | | | | | | |
| 0.00 to < 0.15 | - | 82 | 49.7% | 41 | 0.13% | 1 | 45.2% | 1.00 | 7 | 18% | - | |
| 0.15 to < 0.25 | 612 | 518 | 17.7% | 673 | 0.22% | 215 | 31.9% | 1.72 | 170 | 25% | - | |
| 0.25 to < 0.50 | 641 | 792 | 11.5% | 776 | 0.35% | 238 | 28.5% | 1.57 | 219 | 28% | 1 | |
| 0.50 to < 0.75 | 2,596 | 1,169 | 14.7% | 2,705 | 0.60% | 242 | 23.7% | 1.48 | 716 | 26% | 4 | |
| 0.75 to < 2.50 | 5,912 | 2,332 | 22.8% | 6,269 | 1.68% | 1,469 | 29.2% | 1.65 | 3,364 | 54% | 28 | |
| 2.50 to < 10.00 | 5,475 | 932 | 16.6% | 5,272 | 4.21% | 1,094 | 32.3% | 1.66 | 3,967 | 75% | 71 | |
| 10.00 to < 100.00 | 1,447 | 229 | 26.6% | 1,370 | 18.86% | 204 | 32.4% | 1.27 | 1,647 | 120% | 99 | |
| 100.00 (Default) | 391 | 100 | 2.5% | 331 | 100.00% | 135 | 45.9% | 1.48 | 895 | 271% | 95 | |
| Sub-total | 17,074 | 6,154 | 18.6% | 17,437 | 5.37% | 3,598 | 29.9% | 1.59 | 10,985 | 63% | 298 | 206 |
| Portfolio (v) – Retail – QRRE | | | | | | | | | | | | |
| 0.00 to < 0.15 | 5,468 | 86,678 | 47.4% | 46,563 | 0.08% | 738,170 | 89.6% | - | 1,971 | 4% | 32 | |
| 0.15 to < 0.25 | 89 | 696 | 81.7% | 658 | 0.18% | 43,049 | 78.9% | - | 51 | 8% | 1 | |
| 0.25 to < 0.50 | 1,199 | 10,020 | 50.2% | 6,229 | 0.29% | 89,529 | 89.6% | - | 810 | 13% | 16 | |
| 0.50 to < 0.75 | 3,163 | 29,538 | 49.5% | 17,791 | 0.68% | 189,458 | 89.9% | - | 4,547 | 26% | 109 | |
| 0.75 to < 2.50 | 1,724 | 8,178 | 51.5% | 5,938 | 1.57% | 72,602 | 89.8% | - | 2,853 | 48% | 84 | |
| 2.50 to < 10.00 | 2,487 | 4,292 | 57.4% | 4,950 | 4.57% | 61,792 | 89.8% | - | 4,862 | 98% | 203 | |
| 10.00 to < 100.00 | 646 | 96 | 104.4% | 746 | 23.09% | 5,626 | 89.8% | - | 1,577 | 211% | 155 | |
| 100.00 (Default) | 141 | 3 | 0.1% | 141 | 100.00% | 2,262 | 62.2% | - | 114 | 81% | 79 | |
| Sub-total | 14,917 | 139,501 | 48.8% | 83,016 | 0.97% | 1,202,488 | 89.6% | - | 16,785 | 20% | 679 | 152 |
| Portfolio (vi) – Retail – Residential mortgage exposures | | | | | | | | | | | | |
| 0.00 to < 0.15 | 234,861 | 840 | 100.6% | 235,705 | 0.09% | 101,848 | 17.9% | - | 29,757 | 13% | 39 | |
| 0.15 to < 0.25 | 95,207 | 2,884 | 100.3% | 98,099 | 0.20% | 69,228 | 17.2% | - | 9,294 | 9% | 34 | |
| 0.25 to < 0.50 | 34,074 | 425 | 100.7% | 34,503 | 0.44% | 29,204 | 16.8% | - | 4,363 | 13% | 25 | |
| 0.50 to < 0.75 | 9,427 | 13 | 100.6% | 9,440 | 0.57% | 3,619 | 21.1% | - | 1,963 | 21% | 11 | |
| 0.75 to < 2.50 | 19,881 | 325 | 100.2% | 20,206 | 1.18% | 17,041 | 17.4% | - | 4,968 | 25% | 42 | |
| 2.50 to < 10.00 | 4,604 | 63 | 100.2% | 4,667 | 3.94% | 4,258 | 15.8% | - | 2,088 | 45% | 29 | |
| 10.00 to < 100.00 | 712 | 8 | 100.1% | 720 | 32.59% | 818 | 17.4% | - | 628 | 87% | 40 | |
| 100.00 (Default) | 1,008 | - | 100.0% | 1,009 | 100.00% | 1,130 | 17.6% | - | 1,334 | 132% | 70 | |
| Sub-total | 399,774 | 4,558 | 100.4% | 404,349 | 0.56% | 227,146 | 17.6% | - | 54,395 | 13% | 290 | 520 |

8 Credit risk for non-securitization exposures (continued)

f. 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) |
|---|--|--|----------------|------------------------------------|---------------|-----------------------|----------------|---------------------|----------------|----------------|---------------|---------------|
| | 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 |
| At 30 June 2024 | HK\$M | HK\$M | | HK\$M | | | | | HK\$M | | HK\$M | HK\$M |
| Portfolio (vii) – Retail – Small business retail exposures | | | | | | | | | | | | |
| 0.00 to < 0.15 | 106 | 5 | 90.5% | 81 | 0.07% | 9 | 62.4% | – | 9 | 12% | – | |
| 0.15 to < 0.25 | 83 | 3 | 58.1% | 57 | 0.20% | 13 | 45.5% | – | 10 | 18% | – | |
| 0.25 to < 0.50 | 485 | 2 | 69.7% | 327 | 0.39% | 13 | 20.6% | – | 42 | 13% | – | |
| 0.50 to < 0.75 | 491 | 3 | 83.6% | 313 | 0.62% | 14 | 24.6% | – | 63 | 20% | – | |
| 0.75 to < 2.50 | 1,367 | 7 | 87.3% | 859 | 1.38% | 40 | 51.2% | – | 507 | 59% | 7 | |
| 2.50 to < 10.00 | 625 | 2 | 108.5% | 345 | 4.30% | 27 | 72.3% | – | 361 | 105% | 11 | |
| 10.00 to < 100.00 | 122 | – | 110.0% | 53 | 33.04% | 22 | 81.6% | – | 75 | 142% | 15 | |
| 100.00 (Default) | 30 | – | 0.0% | 24 | 100.00% | 14 | 83.9% | – | 43 | 175% | 18 | |
| Sub-total | 3,309 | 22 | 83.0% | 2,059 | 3.49% | 152 | 47.3% | – | 1,110 | 54% | 51 | 23 |
| Portfolio (viii) – Other retail exposures to individuals | | | | | | | | | | | | |
| 0.00 to < 0.15 | 823 | 8,221 | 73.7% | 6,886 | 0.06% | 47,884 | 82.0% | – | 899 | 13% | 3 | |
| 0.15 to < 0.25 | 1,488 | 2,199 | 77.8% | 3,199 | 0.16% | 21,826 | 80.9% | – | 911 | 28% | 4 | |
| 0.25 to < 0.50 | 7,532 | 4,782 | 62.4% | 10,515 | 0.34% | 39,524 | 79.3% | – | 4,796 | 46% | 29 | |
| 0.50 to < 0.75 | 5,726 | 3,652 | 48.9% | 7,511 | 0.68% | 30,282 | 80.8% | – | 5,141 | 68% | 41 | |
| 0.75 to < 2.50 | 15,709 | 5,257 | 40.0% | 17,814 | 1.35% | 64,962 | 71.0% | – | 14,259 | 80% | 172 | |
| 2.50 to < 10.00 | 23,869 | 7,197 | 68.0% | 28,761 | 4.27% | 107,813 | 73.6% | – | 30,199 | 105% | 842 | |
| 10.00 to < 100.00 | 4,299 | 537 | 60.3% | 4,622 | 23.47% | 25,763 | 76.2% | – | 6,955 | 150% | 793 | |
| 100.00 (Default) | 881 | 1 | 0.0% | 881 | 100.00% | 12,778 | 65.3% | – | 973 | 110% | 498 | |
| Sub-total | 60,327 | 31,846 | 62.4% | 80,189 | 4.40% | 350,832 | 75.5% | – | 64,133 | 80% | 2,382 | 666 |
| Total (all portfolios subject to the IRB approaches) | 1,520,943 | 810,786 | 28.7% | 1,753,835 | 1.25% | 1,788,875 | 42.0% | 1.21 | 408,683 | 23% | 15,060 | 14,198 |

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.

Decrease in exposures was in line with the balance sheet movement during the period.

8 Credit risk for non-securitization exposures (continued)

g. 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 30 June 2024 | | (a) Pre-credit derivatives RWA HK\$'M | (b) Actual RWA HK\$'M |
|-----------------|--|--|-----------------------------|
| 1 | Corporate – Specialized lending under supervisory slotting criteria approach (project finance) | – | – |
| 2 | Corporate – Specialized lending under supervisory slotting criteria approach (object finance) | 12,559 | 12,559 |
| 3 | Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance) | – | – |
| 4 | Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate) | 13,793 | 13,793 |
| 5 | Corporate – Specialized lending (high-volatility commercial real estate) | – | – |
| 6 | Corporate – Small-and-medium sized corporates | 10,985 | 10,985 |
| 7 | Corporate – Other corporates | 177,697 | 177,697 |
| 8 | Sovereigns | 29,903 | 29,903 |
| 9 | Sovereign foreign public sector entities | 7,201 | 7,201 |
| 10 | Multilateral development banks | – | – |
| 11 | Bank exposures – Banks | 37,281 | 37,281 |
| 12 | Bank exposures – Securities firms | 6,274 | 6,274 |
| 13 | Bank exposures – Public sector entities (excluding sovereign foreign public sector entities) | 2,919 | 2,919 |
| 14 | Retail – Small business retail exposures | 1,110 | 1,110 |
| 15 | Retail – Residential mortgages to individuals | 52,936 | 52,936 |
| 16 | Retail – Residential mortgages to property-holding shell companies | 1,459 | 1,459 |
| 17 | Retail – Qualifying revolving retail exposures (QRRE) | 16,785 | 16,785 |
| 18 | Retail – Other retail exposures to individuals | 64,133 | 64,133 |
| 19 | Equity – Equity exposures under market-based approach (simple risk-weight method) | – | – |
| 20 | Equity – Equity exposures under market-based approach (internal models method) | – | – |
| 21 | Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment) | – | – |
| 22 | Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment) | – | – |
| 23 | Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures) | – | – |
| 24 | Equity – Equity exposures under PD/LGD approach (other equity exposures) | – | – |
| 24a | Equity – Equity exposures associated with equity investments in funds (CIS exposures) | – | – |
| 25 | Other – Cash items | 2 | 2 |
| 26 | Other – Other items | 69,524 | 69,524 |
| 27 | Total | 504,561 | 504,561 |

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

8 Credit risk for non-securitization exposures (continued)

h. 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 |
|---|-------------------------|
| 1 RWA as at end of previous reporting period (31 March 2024) | 513,422 |
| 2 Asset size | (9,233) |
| 3 Asset quality | 2,713 |
| 4 Model updates | - |
| 5 Methodology and policy | - |
| 6 Acquisitions and disposals | - |
| 7 Foreign exchange movements | (2,343) |
| 8 Other | - |
| 9 RWA as at end of reporting period (30 June 2024) | 504,559 |

The decrease 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, CNY and TWD in relation to HKD during the period.

i. Specialized lending under supervisory slotting criteria approach and equities under simple risk-weight method – 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 30 June 2024 | | (a) | (b) | (c) | (d)(i) | (d)(ii) | (d)(iii) | (d)(iv) | (d)(v) | (e) | (f) |
|-----------------------|---------------------------------|----------------------------------|-----------------------------------|------|------------|---------------|----------|---------------|---------------|---------------|----------------------|
| Regulatory Categories | Remaining Maturity | On-balance sheet exposure amount | Off-balance sheet exposure amount | SRW | EAD amount | | | | | RWA | Expected loss amount |
| | | HK\$'M | HK\$'M | | PF | OF | CF | IPRE | Total | | |
| Strong [^] | Less than 2.5 years | 14,158 | 1,477 | 50% | - | 2,401 | - | 12,283 | 14,684 | 7,343 | - |
| Strong | Equal to or more than 2.5 years | 13,014 | 444 | 70% | - | 9,898 | - | 3,259 | 13,157 | 9,210 | 53 |
| Good [^] | Less than 2.5 years | 4,243 | 771 | 70% | - | - | - | 4,576 | 4,576 | 3,203 | 18 |
| Good | Equal to or more than 2.5 years | 2,410 | 630 | 90% | - | 2,587 | - | 152 | 2,739 | 2,464 | 22 |
| Satisfactory | | 3,451 | 48 | 115% | - | 1,827 | - | 1,626 | 3,453 | 3,971 | 97 |
| Weak | | 64 | - | 250% | - | - | - | 64 | 64 | 161 | 5 |
| Default | | 2,129 | 5 | 0% | - | - | - | 2,129 | 2,129 | - | 1,064 |
| Total | | 39,469 | 3,375 | | - | 16,713 | - | 24,089 | 40,802 | 26,352 | 1,259 |

[^] Use of preferential risk-weights.

9 Counterparty Credit risk

a. Analysis of counterparty default 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 30 June 2024 | HK\$'M | | % | | HK\$'M | HK\$'M |
| 1 SA-CCR (for derivative contracts) ¹ | 23,028 | 60,919 | | 14 | 116,245 | 43,864 |
| 1a CEM (for derivative contracts) | - | - | | 14 | - | - |
| 2 IMM (CCR) approach | | | - | 14 | - | - |
| 3 Simple Approach (for SFTs) | | | | | - | - |
| 4 Comprehensive Approach (for SFTs) ² | | | | | 253,646 | 4,499 |
| 5 VaR (for SFTs) | | | | | - | - |
| 6 Total | | | | | | 48,363 |

¹ Increase in default risk exposures was due to increase in volume of derivative exposures.

² Increase in default risk exposure was due to increase in volume of SFTs.

b. CVA capital charge (CCR2)

The following table sets out an information on portfolios subject to the CVA capital charge and the CVA calculations based on standardized CVA method and advanced CVA method.

| | (a) | (b) |
|--|----------------|---------------|
| | EAD post CRM | RWA |
| At 30 June 2024 | HK\$'M | HK\$'M |
| Netting sets for which CVA capital charge is calculated by the advanced CVA method | - | - |
| 1 (i) VaR (after application of multiplication factor if applicable) | | - |
| 2 (ii) Stressed VaR (after application of multiplication factor if applicable) | | - |
| 3 Netting sets for which CVA capital charge is calculated by the standardized CVA method | 116,228 | 20,906 |
| 4 Total | 116,228 | 20,906 |

Increase in CVA capital charge was mainly due to increase in volume of derivative exposures.

9 Counterparty Credit risk (continued)

c. Counterparty default risk exposures (other than those to CCPs) by asset 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.

| <i>At 30 June 2024</i> | <i>(a)</i> | <i>(b)</i> | <i>(c)</i> | <i>(d)</i> | <i>(e)</i> | <i>(f)</i> | <i>(g)</i> | <i>(h)</i> | <i>(i)</i> | <i>(j)</i> | <i>(k)</i> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| <i>Risk Weight</i> | <i>0%</i> | <i>10%</i> | <i>20%</i> | <i>35%</i> | <i>50%</i> | <i>75%</i> | <i>100%</i> | <i>150%</i> | <i>250%</i> | <i>Others</i> | <i>Total default risk exposure after CRM</i> |
| <i>Exposure class</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> |
| 3 Multilateral development bank exposures | 163 | - | - | - | - | - | - | - | - | - | 163 |
| 6 Corporate exposures | - | - | - | - | - | - | 366 | - | - | - | 366 |
| 8 Regulatory retail exposures | - | - | - | - | - | 4 | - | - | - | - | 4 |
| 12 Total | 163 | - | - | - | - | 4 | 366 | - | - | - | 533 |

Increase in total default risk exposure after CRM was mainly due to increase in corporate exposures and multilateral development bank exposures.

9 Counterparty Credit risk (continued)

d. Counterparty default 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 default risk capital requirements for IRB exposures (other than those to CCPs).

| | (a) EAD post-CRM HK\$'M | (b) Average PD | (c) Number of obligors | (d) Average LGD | (e) Average maturity | (f) RWA HK\$'M | (g) RWA density |
|---|----------------------------------|----------------------|------------------------------|-----------------------|----------------------------|----------------------|-----------------------|
| At 30 June 2024 | | | | | | | |
| PD scale | | | | | | | |
| Portfolio (i) – Sovereign | | | | | | | |
| 0.00 to < 0.15 | 11,938 | 0.03% | 19 | 27.1% | 0.74 | 531 | 4% |
| 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% |
| Sub-total | 11,938 | 0.03% | 19 | 27.1% | 0.74 | 531 | 4% |
| Portfolio (ii) – Bank | | | | | | | |
| 0.00 to < 0.15 | 222,633 | 0.05% | 191 | 15.3% | 0.44 | 9,409 | 4% |
| 0.15 to < 0.25 | 38,276 | 0.22% | 42 | 14.3% | 0.58 | 5,656 | 15% |
| 0.25 to < 0.50 | 2,140 | 0.39% | 17 | 11.2% | 0.24 | 296 | 14% |
| 0.50 to < 0.75 | 3,755 | 0.54% | 36 | 25.6% | 0.67 | 1,410 | 38% |
| 0.75 to < 2.50 | 2,407 | 0.95% | 14 | 5.1% | 0.07 | 207 | 9% |
| 2.50 to < 10.00 | 5 | 3.51% | 2 | 5.0% | 1.00 | 1 | 16% |
| 10.00 to < 100.00 | 29 | 13.77% | 4 | 73.3% | 1.00 | 95 | 324% |
| 100.00 (Default) | – | 0.00% | – | 0.0% | – | – | 0% |
| Sub-total | 269,245 | 0.09% | 306 | 15.2% | 0.46 | 17,074 | 6% |
| Portfolio (iii) – Corporate | | | | | | | |
| 0.00 to < 0.15 | 37,210 | 0.11% | 352 | 23.8% | 1.07 | 4,091 | 11% |
| 0.15 to < 0.25 | 17,128 | 0.22% | 446 | 37.7% | 0.95 | 5,926 | 35% |
| 0.25 to < 0.50 | 5,097 | 0.39% | 135 | 43.0% | 0.90 | 2,530 | 50% |
| 0.50 to < 0.75 | 16,250 | 0.54% | 150 | 23.9% | 0.45 | 5,031 | 31% |
| 0.75 to < 2.50 | 9,666 | 1.16% | 139 | 42.9% | 0.86 | 7,682 | 79% |
| 2.50 to < 10.00 | 2,428 | 4.83% | 40 | 56.2% | 1.01 | 4,114 | 169% |
| 10.00 to < 100.00 | 383 | 28.65% | 48 | 48.9% | 1.02 | 1,015 | 265% |
| 100.00 (Default) | 13 | 100.00% | 1 | 14.5% | 4.83 | – | 0% |
| Sub-total | 88,175 | 0.61% | 1,311 | 30.7% | 0.90 | 30,389 | 34% |
| Total (all portfolios subject to the IRB approaches) | 369,358 | 0.21% | 1,636 | 19.3% | 0.57 | 47,994 | 13% |

Increase in EAD post-CRM was mainly due to the increase in bank and corporate exposures partially offset by decrease in sovereign exposures.

9 Counterparty Credit risk (continued)

e. Composition of collateral for counterparty default 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 default risk exposures in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP.

| At 30 June 2024 | (a) | | (b) | | (c) | | (d) | | (e) | | (f) | |
|--------------------------|---|---------------------|--|---------------------|---|---------------------|--|---------------------|-------------------|---------------------|-------------------|---------------------|
| | | | | | <i>Derivative contracts</i> | | | | <i>SFTs</i> | | | |
| | <i>Fair value of recognized collateral received</i> | | <i>Fair value of posted collateral</i> | | <i>Fair value of recognized collateral received</i> | | <i>Fair value of posted collateral</i> | | | | | |
| <i>Exposure classes</i> | <i>Segregated</i> | <i>Unsegregated</i> | <i>Segregated</i> | <i>Unsegregated</i> | <i>Segregated</i> | <i>Unsegregated</i> | <i>Segregated</i> | <i>Unsegregated</i> | <i>Segregated</i> | <i>Unsegregated</i> | <i>Segregated</i> | <i>Unsegregated</i> |
| | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> | <i>HK\$'M</i> |
| Cash – domestic currency | - | 200 | - | 64 | - | 459 | - | 77,481 | - | - | - | - |
| Cash – other currencies | - | 11,930 | - | 25,801 | - | 28,328 | - | 122,989 | - | - | - | - |
| Domestic sovereign debt | - | - | - | - | - | 11,939 | - | - | - | - | - | - |
| Other sovereign debt | - | 9,882 | - | 8,885 | - | 86,905 | - | 25,456 | - | - | - | - |
| Government agency debt | - | - | - | - | - | 2,798 | - | 614 | - | - | - | - |
| Corporate bonds | - | 7,716 | - | 7,674 | - | 43,810 | - | 31,961 | - | - | - | - |
| Equity securities | - | - | - | - | - | 65,794 | - | 424 | - | - | - | - |
| Other collateral | - | 281 | - | - | - | - | - | - | - | - | - | - |
| Total | - | 30,009 | - | 42,424 | - | 240,033 | - | 258,925 | - | - | - | - |

Increase in unsegregated collateral received for derivative contracts and collateral posted for SFTs were mainly driven by the increase in volume of derivative contracts and SFTs.

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 30 June 2024 | (a) | (b) |
|---|--------------------------|------------------------|
| | <i>Protection bought</i> | <i>Protection sold</i> |
| | <i>HK\$'M</i> | <i>HK\$'M</i> |
| Notional amounts | | |
| Single-name credit default swaps | - | - |
| Index credit default swaps | - | - |
| Total return swaps | 184,650 | 8,778 |
| Credit-related options | - | - |
| Other credit-related derivative contracts | 31,575 | 13,594 |
| Total notional amounts | 216,225 | 22,372 |
| Fair values | | |
| Positive fair value (asset) | 925 | 462 |
| Negative fair value (liability) | (2,185) | (5) |

Increase in total notional amounts were mainly driven by the increase in transaction volume.

9 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 30 June 2024 | (a) Exposure after CRM HK\$'M | (b) RWA HK\$'M |
|--|--|----------------------|
| 1 Exposures of the AI as clearing member or client to qualifying CCPs (total) | | 492 |
| 2 Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which: | 11,718 | 234 |
| 3 (i) OTC derivative transactions | - | - |
| 4 (ii) Exchange-traded derivative contracts | 11,718 | 234 |
| 5 (iii) Securities financing transactions | - | - |
| 6 (iv) Netting sets subject to valid cross-product netting agreements | - | - |
| 7 Segregated initial margin | - | |
| 8 Unsegregated initial margin | 5,139 | 103 |
| 9 Funded default fund contributions | 2,250 | 155 |
| 10 Unfunded default fund contributions | - | - |
| 11 Exposures of the AI as clearing member or client to non-qualifying CCPs (total) | | - |
| 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 | - | - |

Decrease in total exposures was mainly due to the decrease in volume of exchange-traded derivative contracts.

10 Securitization exposures

a. Securitization exposures in banking book (SEC1)

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

| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) |
|----|-------------------------------|---|-----------|-----------|-------------------|-----------|-----------|--------------------|-----------|-----------|
| | | Acting as originator (excluding sponsor) | | | Acting as sponsor | | | Acting as investor | | |
| | | Traditional | Synthetic | Sub-total | Traditional | Synthetic | Sub-total | Traditional | Synthetic | Sub-total |
| 1 | Retail (total) – of which: | - | - | - | - | - | - | 28,976 | - | 28,976 |
| 2 | residential mortgage | - | - | - | - | - | - | 19,237 | - | 19,237 |
| 3 | credit card | - | - | - | - | - | - | 2,805 | - | 2,805 |
| 4 | other retail exposures | - | - | - | - | - | - | 6,934 | - | 6,934 |
| 5 | re-securitization exposures | - | - | - | - | - | - | - | - | - |
| 6 | Wholesale (total) – of which: | - | 5,639 | 5,639 | - | - | - | 10,231 | - | 10,231 |
| 7 | loans to corporates | - | 5,639 | 5,639 | - | - | - | 2,805 | - | 2,805 |
| 8 | commercial mortgage | - | - | - | - | - | - | - | - | - |
| 9 | lease and receivables | - | - | - | - | - | - | - | - | - |
| 10 | other wholesale | - | - | - | - | - | - | 7,426 | - | 7,426 |
| 11 | re-securitization exposures | - | - | - | - | - | - | - | - | - |

The increase in exposures during the period was mainly driven by the increase in investor positions under retail and wholesale.

b. 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) |
|----|-------------------------------|---|-----------|-----------|-------------------|-----------|-----------|--------------------|-----------|-----------|
| | | Acting as originator (excluding sponsor) | | | Acting as sponsor | | | Acting as investor | | |
| | | Traditional | Synthetic | Sub-total | Traditional | Synthetic | Sub-total | Traditional | Synthetic | Sub-total |
| 1 | Retail (total) – of which: | - | - | - | - | - | - | 5,536 | - | 5,536 |
| 2 | residential mortgage | - | - | - | - | - | - | 2,896 | - | 2,896 |
| 3 | credit card | - | - | - | - | - | - | - | - | - |
| 4 | other retail exposures | - | - | - | - | - | - | 2,640 | - | 2,640 |
| 5 | re-securitization exposures | - | - | - | - | - | - | - | - | - |
| 6 | Wholesale (total) – of which: | - | - | - | - | - | - | 629 | - | 629 |
| 7 | loans to corporates | - | - | - | - | - | - | 194 | - | 194 |
| 8 | commercial mortgage | - | - | - | - | - | - | - | - | - |
| 9 | lease and receivables | - | - | - | - | - | - | 7 | - | 7 |
| 10 | other wholesale | - | - | - | - | - | - | 428 | - | 428 |
| 11 | re-securitization exposures | - | - | - | - | - | - | - | - | - |

The increase in exposures during the period was mainly driven by the increase in exposures under retail partially offset by decrease in exposures under wholesale.

10 Securitization exposures (continued)

c. Securitization exposures in banking book and associated capital requirements – where AI acts as originator (SEC3)

The following table sets out the securitization exposures in the banking book where the Group acts as originator 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) |
|-------------------------------|------------|-------------------|---|--------------------------|-------------|----------|-------------------------|--------|---------|----------|-------------------------|--------|---------|----------|-------------------------|--------|---------|
| | ≤20% RW | >20% to 50% RW | Exposure values (by RW bands) >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 | 5,605 | - | - | 34 | - | 5,639 | - | - | - | 1,037 | - | - | - | 83 | - | - | - |
| 2 Traditional securitization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 Of which securitization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 Of which retail underlying | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 Of which wholesale | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 Of which re-securitization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 Of which senior | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 Of which non-senior | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 Synthetic securitization | 5,605 | - | - | 34 | - | 5,639 | - | - | - | 1,037 | - | - | - | 83 | - | - | - |
| 10 Of which securitization | 5,605 | - | - | 34 | - | 5,639 | - | - | - | 1,037 | - | - | - | 83 | - | - | - |
| 11 Of which retail underlying | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 Of which wholesale | 5,605 | - | - | 34 | - | 5,639 | - | - | - | 1,037 | - | - | - | 83 | - | - | - |
| 13 Of which re-securitization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 Of which senior | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 Of which non-senior | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Please refer to note 10(a) for the main drivers of the exposures.

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) |
|-------------------------------|------------|-------------------|---|--------------------------|-------------|----------|-------------------------|--------|---------|----------|-------------------------|--------|---------|----------|-------------------------|--------|---------|
| | ≤20% RW | >20% to 50% RW | Exposure values (by RW bands) >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 | 38,925 | 163 | 119 | - | - | - | 35,491 | 3,716 | - | - | 6,156 | 557 | - | - | 492 | 45 | - |
| 2 Traditional securitization | 38,925 | 163 | 119 | - | - | - | 35,491 | 3,716 | - | - | 6,156 | 557 | - | - | 492 | 45 | - |
| 3 Of which securitization | 38,925 | 163 | 119 | - | - | - | 35,491 | 3,716 | - | - | 6,156 | 557 | - | - | 492 | 45 | - |
| 4 Of which retail underlying | 28,822 | 154 | - | - | - | - | 27,936 | 1,040 | - | - | 4,602 | 156 | - | - | 368 | 13 | - |
| 5 Of which wholesale | 10,103 | 9 | 119 | - | - | - | 7,555 | 2,676 | - | - | 1,554 | 401 | - | - | 124 | 32 | - |
| 6 Of which re-securitization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 Of which senior | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 Of which non-senior | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 Synthetic securitization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 Of which securitization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 Of which retail underlying | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 Of which wholesale | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 Of which re-securitization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 Of which senior | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 Of which non-senior | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Please refer to note 10(a) for the main drivers of the exposures.

11 Market risk

a. Market risk under STM approach (MR1)

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

| At 30 June 2024 | | (a) RWA HK\$'M |
|----------------------------|---|----------------------|
| Outright product exposures | | |
| 1 | Interest rate exposures (general and specific risk) | 27,470 |
| 2 | Equity exposures (general and specific risk) | - |
| 3 | Foreign exchange (including gold) exposures | 6,388 |
| 4 | Commodity exposures | 3,390 |
| Option exposures | | |
| 5 | Simplified approach | - |
| 6 | Delta-plus approach | - |
| 7 | Other approach | - |
| 8 | Securitization exposures | 27,189 |
| 9 | Total | 64,437 |

Increase in market risk RWA under STM approach was mainly due to increase in specific market risk and securitization exposures.

b. RWA flow statements of market risk exposures under IMM approach (MR2)

The table below show the RWA under IMM model as of June 2024.

| | (a) VaR HK\$'M | (b) Stressed VaR HK\$'M | (c) IRC HK\$'M | (d) CRC HK\$'M | (e) Other HK\$'M | (f) Total RWA HK\$'M | |
|---|---|-------------------------------|----------------------|----------------------|------------------------|----------------------------|--------|
| 1 | RWA as at end of previous reporting period | 12,389 | 41,010 | N/A | N/A | N/A | 53,399 |
| 2 | Movement in risk levels | 952 | 4,068 | N/A | N/A | N/A | 5,020 |
| 3 | Model updates/changes | - | - | N/A | N/A | N/A | - |
| 4 | Methodology and policy | - | - | N/A | N/A | N/A | - |
| 5 | Acquisitions and disposals | - | - | N/A | N/A | N/A | - |
| 6 | Foreign exchange movements | (30) | (104) | N/A | N/A | N/A | (134) |
| 7 | Other | - | - | N/A | N/A | N/A | - |
| 8 | RWA as at end of reporting period | 13,311 | 44,974 | N/A | N/A | N/A | 58,285 |

11 Market risk (continued)

c. IMM approach values for market risk exposures (MR3)

| | | (a) HK\$'M |
|--|---------------|---------------|
| VaR (10 days – one-tailed 99% confidence interval) | | |
| 1 | Maximum Value | 449 |
| 2 | Average Value | 320 |
| 3 | Minimum Value | 243 |
| 4 | Period End | 268 |
| Stressed VaR (10 days – one-tailed 99% confidence interval) | | |
| 5 | Maximum Value | 685 |
| 6 | Average Value | 510 |
| 7 | Minimum Value | 379 |
| 8 | Period End | 646 |
| Incremental risk charge (IRC) (99.9% confidence interval) | | |
| 9 | Maximum Value | N/A |
| 10 | Average Value | N/A |
| 11 | Minimum Value | N/A |
| 12 | Period End | N/A |
| Comprehensive risk charge (CRC) (99.9% confidence interval) | | |
| 13 | Maximum Value | N/A |
| 14 | Average Value | N/A |
| 15 | Minimum Value | N/A |
| 16 | Period End | N/A |
| 17 | Floor | N/A |

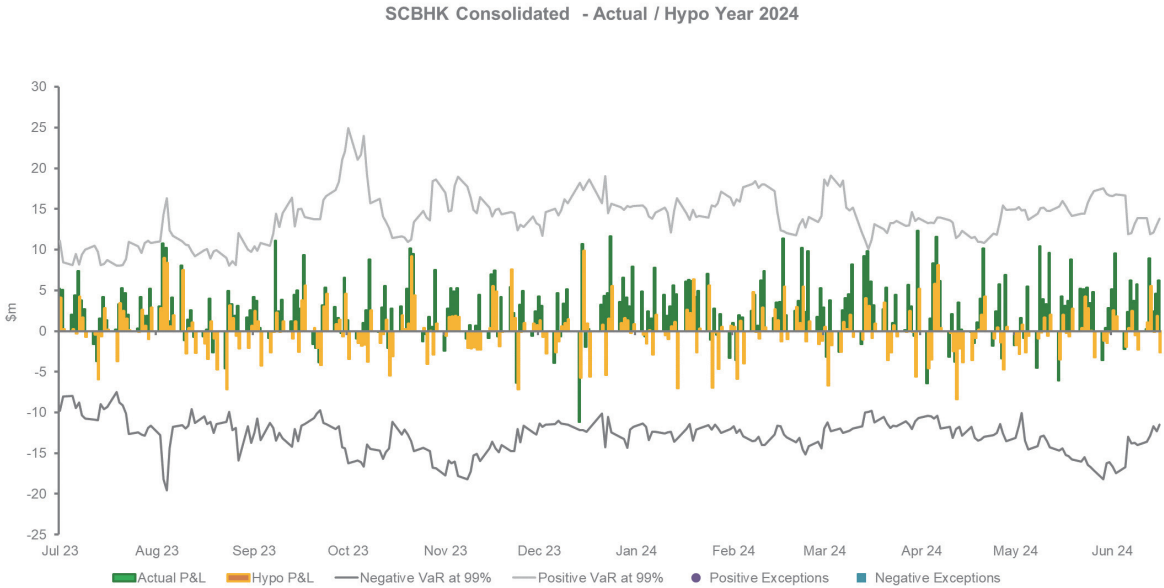
The 10-day VaR is based on square root of time from 1-day VaR as an approximation.

11 Market risk (continued)

d. Comparison of VaR estimates with gains or losses (MR4)

The graphs below illustrate the performance of the VaR model used in the SCBHK Group capital calculations. They compare the 99 percentile loss confidence level given by the VaR model with the Hypothetical and Actual P&L of each day given the real market movements. Actual backtesting P&L excludes the following from trading P&L: brokerage expense, fees & commissions, non-market-related accounting valuation adjustments and accounting debit valuation adjustments. Hypothetical backtesting P&L further excludes P&L from new deals and market operations.

Backtesting chart for Internal Model Approach regulatory trading book at SCBHK Consolidated level with profit and loss (P&L) versus VaR (99 per cent, one day)



In total, there have been zero SCBHK regulatory backtesting negative exceptions in the previous 250 business days which is within the 'Green zone' applied according to HKMA's regulation.

e. Market risk exposures on guaranteed retirement funds

The capital requirement for the Group's guaranteed retirement funds is calculated based on the potential shortfall between the estimated returns from the funds and the guaranteed returns after considering accounting provisions. The projected returns are estimated using a simulation approach with a 99% confidence level. The model is backtested against actual results. As of 30 June 2024, the potential shortfalls marginally exceeds accounting provisions.

12 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 30 June 2024 | <i>Banks</i> <i>HK\$'M</i> | <i>Official sector</i> <i>HK\$'M</i> | <i>Non-bank financial institution</i> <i>HK\$'M</i> | <i>Non-financial private sector</i> <i>HK\$'M</i> | <i>Total</i> <i>HK\$'M</i> |
|---|-------------------------------|---|--|--|-------------------------------|
| Developed countries | 206,735 | 90,630 | 98,485 | 60,726 | 456,576 |
| – of which United Kingdom (excluding Guernsey, Isle of Man and Jersey) | 142,210 | 524 | 56,364 | 8,495 | 207,593 |
| Offshore centres | 34,176 | 4,035 | 26,166 | 99,791 | 164,168 |
| – of which Hong Kong SAR | 15,544 | 3,316 | 20,285 | 78,012 | 117,157 |
| Developing Asia and Pacific | 297,166 | 74,817 | 30,577 | 83,693 | 486,253 |
| – of which China | 239,940 | 49,360 | 22,639 | 64,199 | 376,138 |

13 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.

| | At 30 June 2024 HK\$'M | % of loans and advances covered by collateral or other securities |
|--|------------------------------|---|
| Gross loans and advances for use in Hong Kong | | |
| <i>Industrial, commercial and financial</i> | | |
| – Property development | 15,196 | 56% |
| – Property investment | 20,198 | 80% |
| – Financial concerns | 48,481 | 18% |
| – Stockbrokers | 2,452 | 22% |
| – Wholesale and retail trade | 14,890 | 13% |
| – Manufacturing | 15,606 | 6% |
| – Transport and transport equipment | 10,280 | 28% |
| – Recreational activities | 35 | – |
| – Information technology | 9,268 | – |
| – Others | 23,974 | 8% |
| <i>Individuals</i> | | |
| – Advances for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme | 959 | 100% |
| – Advances for the purchase of other residential properties | 236,026 | 100% |
| – Credit card advances | 32,835 | – |
| – Others | 30,378 | 34% |
| Total gross loans and advances for use in Hong Kong | 460,578 | 63% |
| Trade finance | 62,132 | 11% |
| Trade bills | 1,371 | 3% |
| Gross loans and advances for use outside Hong Kong | 454,504 | 48% |
| Gross loans and advances to customers | 978,585 | 52% |

The above balances do not include inter-company loans and advances.

13 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:

| At 30 June 2024 | <i>Impaired loans and advances to customers</i> HK\$'M | <i>Overdue loans and advances to customers</i> HK\$'M | <i>Stage 3 expected credit loss provision</i> HK\$'M | <i>Stage 1 & 2 expected credit loss provision</i> HK\$'M | <i>Provision charge/ (release)</i> HK\$'M |
|---|---|--|---|---|--|
| Advances for the purchase of other residential properties | 406 | 207 | 28 | 5 | 5 |
| Gross loans and advances for use outside Hong Kong | 13,162 | 5,982 | 9,087 | 1,942 | 1,276 |

14 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.

| At 30 June 2024 | <i>Total gross loans and advances to customers</i> HK\$'M | <i>Impaired loans and advances to customers</i> HK\$'M | <i>Overdue loans and advances to customers</i> HK\$'M | <i>Stage 3 expected credit loss provision</i> HK\$'M | <i>Stage 1 & 2 expected credit loss provision</i> HK\$'M |
|-----------------|--|---|--|---|---|
| Hong Kong | 455,246 | 3,607 | 1,697 | 1,430 | 1,522 |
| Mainland China | 146,541 | 10,966 | 6,390 | 8,831 | 936 |
| Taiwan | 75,189 | 665 | 103 | 160 | 292 |
| South Korea | 210,497 | 1,396 | 454 | 721 | 354 |
| Others | 91,112 | 256 | 233 | 129 | 125 |
| Total | 978,585 | 16,890 | 8,877 | 11,271 | 3,229 |

15 Overdue assets

(i) Overdue loans and advances to customers

| | <i>At 30 June 2024</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 | 1,097 | 0.11% |
| 1 year or less but over 6 months | 710 | 0.07% |
| Over 1 year | 7,070 | 0.72% |
| | <u>8,877</u> | <u>0.90%</u> |

| | <i>At 30 June 2024 HK\$'M</i> |
|--|---------------------------------------|
| Fair value of collateral held against the covered portion of overdue loans and advances to customers | <u>1,781</u> |
| Covered portion of overdue loans and advances to customers | 1,252 |
| Uncovered portion of overdue loans and advances to customers | <u>7,625</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 30 June 2024 HK\$'M</i> |
|---|---------------------------------------|
| Stage 3 expected credit loss provision against loans and advances to customers overdue more than 3 months | <u>6,649</u> |

15 Overdue assets (continued)**(ii) Overdue loans and advances to banks**

| | <i>At 30 June 2024</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 | 24 | 0.02% |
| | <u>24</u> | <u>0.02%</u> |

There is no collateral held against overdue loans and advances to banks.

| | <i>At 30 June 2024</i> |
|---|------------------------|
| | <i>HK\$'M</i> |
| Stage 3 expected credit loss provision against loans and advances to banks overdue more than 3 months | - |

As at 30 June 2024, there were no debt securities and other assets overdue more than 3 months.

Repossessed collateral

As at 30 June 2024, the amount of assets obtained by taking possession of collateral held as security was as follows:

| | <i>At</i> |
|-------------------------------|---------------------|
| | <i>30 June 2024</i> |
| | <i>HK\$'M</i> |
| Property, plant and equipment | <u>106</u> |

Loan collateral acquired from borrowers due to restructuring or their inability to repay, continues to be recorded as "Loans and advances to customers" in the statement of financial position at the lower of fair value (less costs to sell) and the carrying amount of the loan (net of any impairment allowances), until the collateral is realised.

Repossessed collateral obtained are intended to be realised in an orderly fashion to repay the impaired loans and are not held for the own use of Group.

16 Rescheduled assets

| | <i>At 30 June 2024</i> | |
|---|------------------------|---|
| | <i>HK\$'M</i> | <i>% of loans and advances to customers</i> |
| Rescheduled loans and advances to customers | 3,730 | 0.38% |

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 15.

As at 30 June 2024, there were no rescheduled loans and advances to banks, debt securities and other assets.

17 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 30 June 2024</i> | | | |
| (i) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs") | 155,681 | 19,083 | 174,764 |
| (ii) Local governments, local government-owned entities and their subsidiaries and JVs | 10,277 | 2,130 | 12,407 |
| (iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 176,527 | 40,243 | 216,770 |
| (iv) Other entities of central government not reported in item (i) above | 8,021 | 952 | 8,973 |
| (v) Other entities of local governments not reported in item (ii) above | 251 | 61 | 312 |
| (vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 21,923 | 3,057 | 24,980 |
| (vii) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures | 16,047 | 3,779 | 19,826 |
| Total | 388,727 | 69,305 | 458,032 |
| Total assets after provision | 2,115,729 | | |
| On-balance sheet exposures as percentage of total assets | 18.37% | | |

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.

18 Off-balance sheet exposures**Contingent liabilities and commitments**

| | <i>At 30 June 2024 HK\$'M</i> |
|--|---------------------------------------|
| Contractual or notional amounts | |
| Direct credit substitutes | 9,848 |
| Transaction-related contingencies | 49,643 |
| Trade-related contingencies | 12,419 |
| Forward asset purchases | 197 |
| Forward forward deposits placed | - |
| Other commitments: | |
| which are not unconditionally cancellable: | |
| with original maturity of not more than one year | 9,335 |
| with original maturity of more than one year | 136,806 |
| which are unconditionally cancellable | 685,980 |
| | <u>904,228</u> |
| Credit risk weighted amount (before 1.06 scaling factor) | <u>69,448</u> |

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.

19 Foreign exchange risk

The Group had the following non-structural foreign currency positions which exceeded 10% of the net non-structural position in all foreign currencies:

| | <i>Consolidated At 30 June 2024 HK\$'M</i> |
|-----------------------------------|--|
| US dollars exposure | |
| Spot assets | 789,303 |
| Spot liabilities | (965,462) |
| Forward purchases | 4,292,716 |
| Forward sales | (4,092,789) |
| Net options position (note) | (10,382) |
| | <hr/> |
| Net long non-structural position | 13,386 |
| | <hr/> <hr/> |
| Chinese Renminbi exposure | |
| Spot assets | 892,149 |
| Spot liabilities | (694,703) |
| Forward purchases | 1,934,126 |
| Forward sales | (2,150,337) |
| Net option position (note) | 11,664 |
| | <hr/> |
| Net short non-structural position | (7,101) |
| | <hr/> <hr/> |

(note) Net option position is calculated on the basis of delta-weighted positions of foreign exchange options contracts.

The Group had the following structural foreign currency positions which exceeded 10% of the net structural position in all foreign currencies:

| | <i>At 30 June 2024 HK\$'M</i> |
|------------------|---------------------------------------|
| US dollars | 30,009 |
| Chinese Renminbi | 26,916 |
| South Korean Won | 15,695 |

Acronyms

| | | | |
|-----------|--|----------|--|
| AI | Authorized institution | PD | Probability of default |
| AIRB | Advanced internal ratings-based approach | PF | Project finance |
| ALCO | Asset and Liability Committee | PFE | Potential future exposure |
| ASA | Alternative standardized approach | PRC | People's Republic of China |
| ASF | Available stable funding | PVA | Prudential Valuation Adjustments |
| AT1 | Additional tier 1 | PSE | Public sector entity |
| Bank | Standard Chartered Bank (Hong Kong) Limited | QRRE | Qualifying revolving retail exposures |
| BCBS | Basel Committee on Banking Supervision | RC | Replacement cost |
| BCR | Banking (Capital) Rules | RSF | Required stable funding |
| BDR | Banking (Disclosure) Rules | RW | Risk-weight |
| BIA | Basic indicator approach | RWA | Risk-weighted asset/risk-weighted amount |
| BSC | Basic approach | S&P | Standard & Poor's |
| CCF | Credit conversion factor | SA-CCR | Standardized approach for counterparty credit risk |
| CCP | Central counterparty | SEC-ERBA | Securitization external ratings-based approach |
| CCR | Counterparty credit risk | SEC-FBA | Securitization fall back approach |
| CCyB | Countercyclical capital buffer | SEC-IRBA | Securitization internal ratings-based approach |
| CEM | Current exposure method | SEC-SA | Securitization standardized approach |
| CET1 | Common equity tier 1 | SFT | Securities financing transaction |
| CF | Commodities finance | SME | Small and Medium Enterprises |
| CIS | Collective investment scheme | SRW | Supervisory risk-weights |
| CRC | Comprehensive risk charge | STC | Standardized (credit risk) approach |
| CRM | Credit risk mitigation | STM | Standardized (market risk) approach |
| CVA | Credit valuation adjustment | STO | Standardized (operational risk) approach |
| D-SIB | Domestic systematically important authorized institution | VaR | Value at risk |
| DTAs | Deferred tax assets | | |
| EAD | Exposure at default | | |
| EL | Expected loss | | |
| EPE | Expected positive exposure | | |
| FBA | Fall-back 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 | | |
| OF | Object finance | | |
| OTC | Over-the-counter | | |