Standard Chartered Bank (Hong Kong) Limited

Supplementary Notes to Consolidated Financial Statements (unaudited)

For period ended
31 December 2024

Standard Chartered Bank (Hong Kong) Limited

Table of Contents

Supplementary Notes to Consolidated Financial Statement (unaudited)

These notes are supplementary to and should be read in conjunction with the 2024 Consolidated Financial Statements ("consolidated financial statements"). The consolidated financial statements and this supplementary notes to consolidated financial statements (unaudited) taken together comply with the Banking (Disclosure) Rules ("Rules") under section 60A of the Banking Ordinance and the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules ("LAC Rules") under section 19(1) of the Financial Institutions (Resolution) Ordinance ("FIRO").

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

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

According to the Rules and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Prior period disclosures and additional disclosures as required by the Banking (Disclosure) Rules will be available on our website: www.sc.com/hk on or before 31 March 2025.

1 Basis of consolidation and preparation

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

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

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

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

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

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

1 Basis of consolidation and preparation (continued)

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

		At 31 December 2024	
Name of company	**Principal Activity**	Total assets HK$'M	Total equity HK$'M
Prunelli Asset Purchaser HK Limited	Asset-backed securitization	10,666	–
Standard Chartered Securities Korea Limited	Provision of security trading, underwriting and brokerage transactions	1,714	1,650
Standard Chartered Securities (China) Limited	Securities business	927	875
Standard Chartered Securities (Hong Kong) Limited	Equity capital markets, corporate finance and institutional brokerage	134	132
Standard Chartered Trust (HK) Limited	Trustee services	8	8
Horsford Nominees Limited	Nominees services	–	–
		13,449	2,665

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 standardized approach ('SEC-SA') or securitization fallback approach ('SEC-FBA') to determine credit risk for its banking book securitization exposures.

For market risk, the Group uses the 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 standardized (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 standardized (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 Board of Directors ("the Board").

Loss-absorbing Capacity Disclosures

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

The Group was notified by HKMA of its classification as a material subsidiary under the LAC rules with effect from 1 April 2019, with Standard Chartered PLC ("SC PLC") as the non-HK resolution entity. Following this classification, the Group has met its minimum LAC requirements since 1 July 2019, and is now publishing LAC disclosures for the period ended 31 December 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 31 December 2024 HK$'M	(b) At 30 September 2024 HK$'M	(c) At 30 June 2024 HK$'M	(d) At 31 March 2024 HK$'M	(e) At 31 December 2023 HK$'M
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	150,675	153,641	145,990	145,585	144,196
2	Tier 1 [1]	174,108	179,031	166,681	166,273	164,882
3	Total capital [2]	184,679	193,559	180,610	180,313	179,130
	RWA (amount)					
4	Total RWA [3]	853,572	897,294	895,259	869,542	848,627
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%) [4]	17.7%	17.1%	16.3%	16.7%	17.0%
6	Tier 1 ratio (%)	20.4%	20.0%	18.6%	19.1%	19.4%
7	Total capital ratio (%)	21.6%	21.6%	20.2%	20.7%	21.1%
	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 (%)	0.5%	0.6%	0.6%	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 (%)	4.5%	4.6%	4.6%	4.5%	4.5%
12	CET1 available after meeting the AI's minimum capital requirements (%) [5]	13.2%	12.6%	11.8%	12.2%	12.5%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure [6]	2,617,747	2,814,386	2,699,713	2,656,984	2,674,005
14	LR (%) [7]	6.7%	6.4%	6.2%	6.3%	6.2%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	480,160	536,939	534,304	507,716	489,269
16	Total net cash outflows	237,664	272,163	286,898	273,392	241,033
17	LCR (%) [8]	206%	200%	189%	188%	206%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	1,533,197	1,550,769	1,513,168	1,458,197	1,480,282
19	Total required stable funding	1,142,548	1,106,588	1,079,295	1,065,129	1,026,173
20	NSFR (%)	134%	140%	140%	137%	144%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

[1] Decrease in Tier 1 capital was due to decrease in CET1 capital contributed by the dividend payment and exchange reserve loss as well as the redemption of AT1 capital.
[2] Decrease in total capital was due to decrease in Tier 1 capital and the redemption of T2 capital.
[3] Decrease in total RWA was due to decrease in credit risk and market risk RWA.
[4] Increase in CET1 ratio was contributed by the decrease in RWA during the period.
[5] Increase in CET1 available after meeting the AI's minimum capital requirements was in line with the increase in CET1 ratio.
[6] Decrease in total leverage ratio exposure measure was in line with the balance sheet movement.
[7] Increase in leverage ratio was due to decrease in total leverage ratio exposure measure.
[8] Please refer to note 8 for the key drivers of LCR% changes.

2 Key prudential ratios and metrics (continued)

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

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

		(a) At 31 December 2024 HK$'M	(b) At 30 September 2024 HK$'M	(c) At 30 June 2024 HK$'M	(d) At 31 March 2024 HK$'M	(e) At 31 December 2023 HK$'M
	Of the material entity at LAC consolidation group level					
1	Internal loss-absorbing capacity available [1]	213,643	223,236	201,111	200,788	199,648
2	Risk-weighted amount under the LAC Rules [2]	853,572	897,294	895,259	869,542	848,627
3	Internal LAC risk-weighted ratio	25.0%	24.9%	22.5%	23.1%	23.5%
4	Exposure measure under the LAC Rules [3]	2,617,747	2,814,386	2,699,713	2,656,984	2,674,005
5	Internal LAC leverage ratio [4]	8.2%	7.9%	7.4%	7.6%	7.5%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? [5]	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? [5]	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 [5]	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

1 Decrease in internal loss-absorbing capacity available was in line with the decrease in total capital.
2 Decrease in risk-weighted amount under the LAC Rules was in line with the decrease in total RWA.
3 Decrease in exposure measure under the LAC Rules was in line with the decrease in leverage exposures.
4 Increase in internal LAC leverage ratio was in line with the increase in leverage ratio.
5 The subordination exemptions in the antepenultimate and penultimate paragraphs of Section 11 of the FSB TLAC Term Sheet does not apply in Hong Kong under the LAC Rules.

2. Key prudential ratios and metrics (continued)

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

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

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

		At 31 December 2024 US$'M	At 30 September 2024 US$'M	At 30 June 2024 US$'M	At 31 March 2024 US$'M	At 31 December 2023 US$'M
	Of the non-HK resolution entity at resolution group level					
1	External loss-absorbing capacity available	84,563	86,983	85,746	84,417	81,310
2	Total risk-weighted amount under the relevant non-HK LAC regime	247,065	248,924	241,926	252,116	244,151
3	External loss-absorbing capacity as a percentage of risk-weighted amount	34.2%	34.9%	35.4%	33.5%	33.3%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	868,344	899,169	877,773	854,711	847,142
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	9.7%	9.7%	9.8%	9.9%	9.6%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	Yes	Yes	Yes	Yes	Yes
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied	N/A	N/A	N/A	N/A	N/A

3 Overview of risk management and RWA

a. Overview of risk management (OVA)

Note 33 on pages 82 to 126 of the 2024 consolidated financial statements sets out a description of risk management objectives and policies and how the Board of Directors and senior management assess and manage risks, enabling users to gain a clear understanding of the risk tolerance and appetite in relation to the main activities and all significant risks.

3 Overview of risk management and RWA (continued)

b. Overview of risk-weighted amount ("RWA") (OV1)

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

		(a) Consolidated RWA [1]	*(b)*	*(c)* Minimum capital requirements [2]
		At 31 December 2024 HK$'M	*At 30 September 2024 HK$'M*	*At 31 December 2024 HK$'M*
1	**Credit risk for non-securitization exposures**	**522,225**	**557,121**	**44,108**
2	Of which STC approach	36,664	39,006	2,933
2a	Of which BSC approach	–	–	–
3	Of which foundation IRB approach	–	–	–
4	Of which supervisory slotting criteria approach[3]	32,645	28,431	2,768
5	Of which advanced IRB approach[3]	452,916	489,684	38,407
6	**Counterparty default risk and default fund contributions**	**47,625**	**40,642**	**4,035**
7	Of which SA-CCR	42,454	35,151	3,598
7a	Of which CEM	–	–	–
8	Of which IMM(CCR) approach	–	–	–
9	Of which others	5,171	5,491	437
10	**CVA risk**	**19,882**	**17,959**	**1,591**
11	Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–
12	**Collective investment scheme ("CIS") exposures – LTA**	**386**	**377**	**31**
13	CIS exposures – MBA	–	–	–
14	CIS exposures – FBA	–	–	–
14a	CIS exposures – combination of approaches	–	–	–
15	**Settlement risk**	**11**	**1,213**	**1**
16	**Securitization exposures in banking book**	**6,083**	**6,357**	**487**
17	Of which SEC-IRBA	1,085	1,063	87
18	Of which SEC-ERBA (including IAA)	4,179	4,524	334
19	Of which SEC-SA	819	770	66
19a	Of which SEC-FBA	–	–	–
20	**Market risk**	**101,796**	**115,661**	**8,144**
21	Of which STM approach	40,787	59,026	3,263
22	Of which IMM approach	61,009	56,635	4,881
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**	**107,680**	**108,598**	**8,614**
24a	**Sovereign concentration risk**	**–**	**–**	**–**
25	**Amounts below the thresholds for deduction (subject to 250% RW)**	**16,249**	**16,062**	**1,300**
26	**Capital floor adjustment**	**–**	**–**	**–**
26a	**Deduction to RWA**	**319**	**244**	**26**
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	319	244	26
27	**Total[4]**	**821,618**	**863,746**	**68,285**

* 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.

3 Please refer to note 9(m) for the main drivers of the change in total RWA of credit risk exposures under advanced IRB approach.

4 Decrease in total RWA was contributed by decrease in RWA under credit risk for non-securitization exposures and market risk.

4 Linkages between financial statements and regulatory exposures

a. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1)

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
At 31 December 2024	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M
Assets							
Cash and balances at central banks	51,951	51,951	51,951	–	–	–	–
Loans and advances to banks	160,360	160,045	145,910	14,135	–	–	–
Hong Kong SAR Government certificates of indebtedness	49,451	49,451	49,451	–	–	–	–
Financial assets at fair value through profit or loss	673,614	673,067	168,338	115,959	–	487,751	–
Investment securities	361,588	361,588	338,228	–	23,360	–	–
Loans and advances to customers	953,252	953,252	909,324	43,928	–	–	–
Amounts due from fellow subsidiaries	214,122	214,122	72,230	134,519	7,373	83,642	–
Amounts due from immediate holding company	208	208	–	208	–	–	–
Amounts due from subsidiaries of the Bank	–	1,720	1,720	–	–	–	–
Investment in subsidiaries of the Bank	–	3,253	3,253	–	–	–	–
Interest in an associate	5,736	3,168	3,168	–	–	–	–
Property, plant and equipment	10,446	10,355	10,355	–	–	–	–
Goodwill and intangible assets	12,277	12,236	–	–	–	–	12,236
Current tax assets	80	72	–	–	–	–	72
Deferred tax assets	510	500	–	–	–	–	500
Other assets	75,437	75,374	73,341	1,789	–	–	244
Total assets	**2,569,032**	**2,570,362**	**1,827,269**	**310,538**	**30,733**	**571,393**	**13,052**

4 Linkages between financial statements and regulatory exposures (continued)

a. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1) (continued)

	(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*
			Carrying values of items:				
	Carrying values as reported in published financial statements	*Carrying values under scope of regulatory consolidation*	*subject to credit risk framework*	*subject to counterparty credit risk framework*	*subject to the securitization framework*	*subject to market risk framework*	*not subject to capital requirements or subject to deduction from capital*
At 31 December 2024	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
Liabilities							
Hong Kong SAR currency notes in circulation	49,451	49,451	–	–	–	–	49,451
Deposits by banks	23,733	23,733	–	–	–	–	23,733
Customers accounts	1,763,250	1,763,235	–	8,207	–	–	1,755,028
Financial liabilities at fair value through profit or loss	248,196	248,196	–	83,911	–	134,872	113,325
Debt securities in issue	16,683	16,683	–	–	–	–	16,683
Amounts due to immediate holding company	43,728	43,728	–	–	–	–	43,728
Amounts due to fellow subsidiaries	134,953	125,980	–	98,533	–	98,533	27,447
Amount due to subsidiaries of the Bank	–	12,364	–	–	–	–	12,364
Current tax liabilities	1,173	1,173	–	–	–	–	1,173
Deferred tax liabilities	862	862	–	–	–	–	862
Other liabilities	94,148	94,070	–	–	–	–	94,070
Total Liabilities	**2,376,177**	**2,379,475**	**–**	**190,651**	**–**	**233,405**	**2,137,864**

4 Linkages between financial statements and regulatory exposures (continued)

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

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

		(a)	*(b)*	*(c)*	*(d)*	*(e)*
				Items subject to:		
	At 31 December 2024	*Total* *HK$'M*	*credit risk framework* *HK$'M*	*counterparty credit risk framework* *HK$'M*	*securitization framework* *HK$'M*	*market risk framework* *HK$'M*
1	Asset Carrying value amount under scope of regulatory consolidation (as per template LI1)	2,557,310	1,827,269	310,538	30,733	571,393
2	Liabilities Carrying value amount under scope of regulatory consolidation (as per template LI1)	241,612	–	190,651	–	233,405
3	Total net amount under regulatory scope of consolidation	2,315,698	1,827,269	119,887	30,733	337,988
4	Off balance sheet amounts and potential future exposures for counterparty credit risk	937,359	173,046	289,045	–	–
5	Difference due to financial collateral on standardized approach	(19,906)	(19,906)	–	–	–
6	Difference due to impairments on exposures under IRB approach	15,411	15,411	–	–	–
7	Difference due to regulatory exposure adjustments	–	–	–	–	–
8	**Exposure amounts considered for regulatory purposes**	3,248,562	1,995,820	408,932	30,733	337,988

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

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

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

Difference due to financial collateral under standardized approach

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

Difference due to impairments on exposures under IRB approach

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

Difference due to regulatory exposures adjustment

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

4 Linkages between financial statements and regulatory exposures (continued)

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

Explanation of differences between accounting fair value and regulatory prudent valuation

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

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

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

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

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

d. Prudent valuation adjustment (PV1)

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

	At 31 December 2024	(a) Equity HK$'M	(b) Interest rates HK$'M	(c) FX HK$'M	(d) Credit HK$'M	(e) Commodities HK$'M	(f) Total HK$'M	(g) Of which: In the trading book HK$'M	(h) Of which: In the banking book HK$'M
1	Closeout uncertainty, of which	156	859	29	126	15	1,185	772	413
2	Mid-market value	53	260	18	98	3	432	306	126
3	Closeout cost	18	236	11	10	1	276	197	79
4	Concentration [1]	85	363	–	18	11	477	269	208
5	Early termination	–	–	–	–	–	–	–	–
6	Model risk	–	11	–	2	–	13	13	–
7	Operational risk	7	51	22	11	–	91	69	22
8	Investing and funding costs	–	4	–	–	–	4	4	–
9	Unearned credit spreads [2]	–	–	–	111	–	111	111	–
10	Future administrative costs	–	4	–	54	–	58	58	–
11	Other adjustments [3]	–	–	–	78	–	78	–	78
12	**Total adjustment**	**163**	**929**	**51**	**382**	**15**	**1,540**	**1,027**	**513**

1 Decrease in concentration was mainly from Strategic Investment desk, due to reduction in concentrated positions.
2. Increase in unearned credit spreads was mainly driven by PVA LGD loss from distressed counterparties.
3. Other adjustment is the Additional Valuation Adjustment ("AVA") calculated based on Fallback approach as defined in the Regulatory Technical Standard. The fallback approach is applicable where the AVA for any of the valuation uncertainty categories cannot be computed.

5 Composition of regulatory capital

a. Composition of regulatory capital (CC1)

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

	At 31 December 2024	*(a)* *HK$'M*	*(b)* *Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)*
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	65,025	(12)
2	Retained earnings	99,870	(22)
3	Disclosed reserves	2,128	(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)	393	(25)
6	**CET1 capital before regulatory adjustments**	**167,416**	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	1,540	
8	Goodwill (net of associated deferred tax liabilities)	5,346	(4)
9	Other intangible assets (net of associated deferred tax liabilities)	5,753	(5)+(6)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,670	(8)
11	Cash flow hedge reserve	54	(14)
12	Excess of total EL amount over total eligible provisions under the IRB approach	1,000	
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	(98)	-(10)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	210	(7)+(9)
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in CET1 capital instruments	–	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	(1)+(2)+(3)-(28)
20	Mortgage servicing rights (net of associated deferred tax liabilities)	–	Not applicable

5 Composition of regulatory capital (continued)

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

	At 31 December 2024	*(a)* HK$'M	*(b)* Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)
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	1,266	–
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	580	(23)
26b	Regulatory reserve for general banking risks	686	(24)
26c	Securitization exposures specified in a notice given by the MA	–	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e	Capital shortfall of regulated non-bank subsidiaries	–	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28	**Total regulatory deductions to CET1 capital**	**16,741**	
29	**CET1 capital [1]**	**150,675**	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	23,384	(13)
31	of which: classified as equity under applicable accounting standards	23,384	–
32	of which: classified as liabilities under applicable accounting standards	–	
33	*Capital instruments subject to phase-out arrangements from AT1 capital*	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	49	(26)
35	*of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements*	–	
36	**AT1 capital before regulatory deductions**	**23,433**	
	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	–	

5 Composition of regulatory capital (continued)

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

	At 31 December 2024	(a) HK$'M	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)
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**	**23,433**	
45	**Tier 1 capital (T1 = CET1 + AT1)** [2]	**174,108**	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	9,679	(11)
47	*Capital instruments subject to phase-out arrangements from Tier 2 capital*	–	
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)	66	(27)
49	*of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	565	(29)+(30)
51	**Tier 2 capital before regulatory deductions**	**10,310**	
	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	(261)	

5 Composition of regulatory capital (continued)

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

	At 31 December 2024	*(a)* *HK$'M*	*(b)* *Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)*
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	(261)	
57	**Total regulatory adjustments to Tier 2 capital**	**(261)**	
58	**Tier 2 capital (T2)**	**10,571**	
59	**Total regulatory capital (TC = T1 + T2) [3]**	**184,679**	
60	**Total RWA [4]**	**853,572**	
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio [5]**	**17.65%**	
62	**Tier 1 capital ratio [5]**	**20.40%**	
63	**Total capital ratio [5]**	**21.64%**	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	**4.48%**	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.48%	
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 [5]**	**13.15%**	
	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	1,320	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	6,500	(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)	558	(29)

5 Composition of regulatory capital (continued)

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

	At 31 December 2024	*(a)* *HK$'M*	*(b)* *Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 5b (CC2)*
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	733	
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)	7	(30)
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	3,387	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 to 1 Jan 2022)		
80	*Current cap on CET1 capital instruments subject to phase-out arrangements*	Not applicable	Not applicable
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	Not applicable	Not applicable
82	*Current cap on AT1 capital instruments subject to phase-out arrangements*	–	
83	*Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)*	–	
84	*Current cap on Tier 2 capital instruments subject to phase-out arrangements*	–	–
85	*Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)*	–	–

Below are the major movements compared to 30 June 2024.

[1] The increase in CET1 capital was mainly contributed by profit accumulation.

[2] The increase in Tier 1 capital was mainly due to increase in CET1 capital and issuance of new AT1 capital of HK$4,687Mn partially offset by redemption of AT1 capital of HK$1,954Mn.

[3] The increase in total regulatory capital was mainly due to increase in Tier 1 capital offset by redemption of T2 capital.

[4] Decrease in total RWA was mainly due to decrease in credit risk and market risk RWA.

[5] Increase in risk-based regulatory capital ratios was mainly due to increase in regulatory capital and decrease in RWA.

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.)

		At 31 December 2024	
	Description	*Hong Kong basis HK$'M*	*Basel III basis HK$'M*
9	**Other intangible assets (net of associated deferred tax liabilities)**	5,753	5,753

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.

5 Composition of regulatory capital (continued)

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

	Description	At 31 December 2024 Hong Kong basis HK$'M	 Basel III basis HK$'M
10	**Deferred tax assets (net of associated deferred tax liabilities)**	1,670	161

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.

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.

5 Composition of regulatory capital (continued)

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

	Description	*At 31 December 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)'.

5 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 5a.

	(a) Consolidated balance sheet as in published financial statements (At 31 December 2024) HK$'M	*(b)* Under regulatory scope of consolidation (At 31 December 2024) HK$'M	*(c)* Cross reference to note 5a (CC1)
Assets			
Cash and balances at central banks	51,951	51,951	
Loans and advances to banks	160,360	160,045	
Hong Kong SAR Government certificates of indebtedness	49,451	49,451	
Financial assets at fair value through profit or loss	673,614	673,067	
Investment securities	361,588	361,588	
Loans and advances to customers	953,252	953,252	
Amounts due from fellow subsidiaries	214,122	214,122	
Amounts due from immediate holding company	208	208	
Amounts due from subsidiaries of the Bank	–	1,720	
of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation	–	–	(1)
Investment in subsidiaries of the Bank	–	3,253	
of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation[1]	–	3,332	(2)
Interest in an associate	5,736	3,168	
of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation	–	3,168	(3)
Property, plant and equipment	10,446	10,355	
Goodwill and intangible assets	12,277	12,236	
of which: goodwill	–	5,346	(4)
of which: other intangible assets	–	6,890	(5)
Current tax assets	80	72	
Deferred tax assets	510	500	
of which: deferred tax liabilities relating to intangible assets	–	(1,137)	(6)
of which: deferred tax liabilities related to defined benefit pension fund net assets	–	(33)	(7)
of which: other deferred tax assets	–	1,670	(8)
Other assets	75,437	75,374	
of which: defined benefit pension fund net assets	–	243	(9)
	2,569,032	**2,570,362**	

[1] The amount is inclusive of potential future holdings that the bank is obliged to purchase

5 Composition of regulatory capital (continued)

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

	(a) Consolidated balance sheet as in published financial statements (At 31 December 2024) HK$'M	(b) Under regulatory scope of consolidation (At 31 December 2024) HK$'M	(c) Cross reference to note 5a (CC1)
Liabilities			
Hong Kong SAR currency notes in circulation	49,451	49,451	
Deposits by banks	23,733	23,733	
Customer accounts	1,763,250	1,763,235	
Financial liabilities at fair value through profit or loss	248,196	248,196	
of which: gains or losses due to changes in own credit risk	-	98	(10)
Debt securities in issue	16,683	16,683	
Amounts due to immediate holding company	43,728	43,728	
of which: subordinated liabilities eligible for inclusion in regulatory capital	-	9,679	(11)
Amounts due to fellow subsidiaries	134,953	125,980	
Amounts due to subsidiaries of the Bank	-	12,364	
Current tax liabilities	1,173	1,173	
Deferred tax liabilities	862	862	
Other liabilities	94,148	94,070	
	2,376,177	**2,379,475**	
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	23,384	23,384	
of which: amount eligible for AT1	-	23,384	(13)
Reserves	103,966	101,998	
of which: Cumulative cash flow hedge reserve that relate to the hedging of financial instruments that are not fair valued on the balance sheet	–	54	(14)
of which: Cumulative cash flow hedge reserve that relate to the hedging of financial instruments that are fair valued on the balance sheet	–	37	(15)
of which: FVOCI reserve – Equity	–	(49)	(16)
of which: FVOCI reserve – Debt	–	675	(17)
of which: Exchange reserve	–	(12,338)	(18)
of which: Share option equity reserve	–	176	(19)
of which: Own credit adjustment reserve	–	(98)	(20)
of which: Other reserves	–	13,671	(21)
of which: Retained profits	–	99,870	(22)
of which: Cumulative fair value gains arising from the revaluation of land and buildings (audited)	–	580	(23)
of which: Regulatory reserve for general banking risks	–	686	(24)
Non-controlling interests	480	480	
of which: portion allowable in CET1 capital	–	393	(25)
of which: portion allowable in AT1 capital	–	49	(26)
of which: portion allowable in T2 capital	–	66	(27)
Total equity	**192,855**	**190,887**	
Total liabilities and equity	**2,569,032**	**2,570,362**	

5 Composition of regulatory capital (continued)

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

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

		At 31 December 2024		
		Total amount	*Amount recognised in regulatory capital HK$'M*	*Amount recognised in loss-absorbing capacity HK$'M*
(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			
	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	US$600m	4,687	4,687
	US$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities[1]	Nil	Nil	Nil
	Tier 2 capital instruments			
	Floating rate Tier 2 Notes due 2031, callable from 2025	US$250m	1,941	1,941
	Fixed rate (1.20%) Tier 2 Notes due 2031, callable from 2026	EUR1,000m	7,738	7,738
	USD$700 million Fixed rate (6.673%) Tier 2 Notes due 2040, callable from 2035[2]	Nil	Nil	Nil
(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	11,499
	US$1,250 million 2.608 per cent Notes due 2028	US$1,250m	Nil	9,186
	EUR1,000 million 4.196 per cent Notes due 2032	EUR1,000m	Nil	8,279

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.

1 On 16 January 2025, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US$1,000 million (HK$7,784 million).

2 On 21 January 2025, the Group issued a fixed rate Tier 2 notes amounting to USD700 million (HK$5,449 million).

5 Composition of regulatory capital (continued)

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

(i) Both regulatory capital and LAC requirements

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
	Regulatory treatment	
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
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons/dividends	
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

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

5 Composition of regulatory capital (continued)

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

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

Ordinary Shares (continued)

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

5 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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
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	N/A
	Coupons/dividends	
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

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

5 Composition of regulatory capital (continued)

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

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

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

29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Upon a Loss Absorption Event or Non-Viability 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 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: (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. "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 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

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

5 Composition of regulatory capital (continued)

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

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

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

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

5 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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
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	Any reset date thereafter
	Coupons/dividends	
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

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

5 Composition of regulatory capital (continued)

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

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

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

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
31	If write-down, write-down trigger(s)	Upon a Loss Absorption Event or Non-Viability 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 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: (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. "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 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

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

5 Composition of regulatory capital (continued)

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

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

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

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

Footnote:

[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

5 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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
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	Each distribution payment date thereafter
	Coupon/dividends	
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

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

5 Composition of regulatory capital (continued)

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

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

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

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
31	If write-down, write-down trigger(s)	Upon a Loss Absorption Event or Non-Viability 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 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: (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. "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 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

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

5 Composition of regulatory capital (continued)

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

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

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

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

5 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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
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
	Coupons/dividends	
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

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

5 Composition of regulatory capital (continued)

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

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

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

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
31	If write-down, write-down trigger(s)	Upon a Loss Absorption Event or Non-Viability 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 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: (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. "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 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

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

5 Composition of regulatory capital (continued)

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

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

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

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

5 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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)	HKD4,687 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD4,687 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD600 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	3 July 2024
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes

Footnote:

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

5 Composition of regulatory capital (continued)

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

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

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

15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 08 March 2030 to the first reset 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
	Coupons/dividends	
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

5 Composition of regulatory capital (continued)

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

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

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

31	If write-down, write-down trigger(s)	Upon a Loss Absorption Event or Non-Viability 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 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: (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. "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 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

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

5 Composition of regulatory capital (continued)

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

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

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

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

5 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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 (HKD7,784 Million from 16 January 2024)[4]
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	N/A (HKD7,784 Million from 16 January 2024)[4]
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD1,000 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	16 January 2025
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 16 January 2032 to the first reset date 16 July 2032 Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default. US$1,000 per Calculation amount
16	Subsequent call dates, if applicable	Any Reset Date thereafter

Footnote:

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 16 January 2025, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US$1,000 million (HK$7,784 million).

5 Composition of regulatory capital (continued)

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

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

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

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

Footnote:

[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 16 January 2025, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US$1,000 million (HK$7,784 million).

5 Composition of regulatory capital (continued)

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

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

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

31	If write-down, write-down trigger(s)	Upon a Loss Absorption Event or Non-Viability 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 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: (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. "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 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

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 16 January 2025, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US$1,000 million (HK$7,784 million).

5 Composition of regulatory capital (continued)

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

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

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] On 16 January 2025, the Group issued a fixed rate undated Additional Tier 1 capital securities amounting to US$1,000 million (HK$7,784 million).

5 Composition of regulatory capital (continued)

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

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

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
	Regulatory treatment	
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)	HKD1,941 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD1,941 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
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
	Coupons/dividends	
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

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

5 Composition of regulatory capital (continued)

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

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

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

29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Upon a Loss Absorption Event or Non-Viability 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. "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 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

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

5 Composition of regulatory capital (continued)

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

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

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

5 Composition of regulatory capital (continued)

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

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

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
	Regulatory treatment	
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)	HKD7,738 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD7,738 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
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. EUR1,000 per Calculation amount
16	Subsequent call dates, if applicable	N/A
	Coupons/dividends	
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

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

5 Composition of regulatory capital (continued)

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

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

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

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
31	If write-down, write-down trigger(s)	Upon a Loss Absorption Event or Non-Viability 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. "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 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

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

5 Composition of regulatory capital (continued)

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

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

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

5 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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 million, as of most recent reporting date)	N/A (HKD5,449 Million from 21 January 2024)[4]
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	N/A (HKD5,449 Million from 21 January 2024)[4]
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD700 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	21 January 2025
12	Perpetual or dated	Dated
13	Original maturity date	21 January 2040
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional call date: 21 January 2035 Early redemption amount(s) per calculation amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default. US$1,000 per Calculation amount
16	Subsequent call dates, if applicable	Not applicable

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 21 January 2025, the Group issued a fixed rate Tier 2 notes amounting to USD700 million (HK$5,449 million)

5 Composition of regulatory capital (continued)

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

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

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

	Coupons/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	6.673 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	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 21 January 2025, the Group issued a fixed rate Tier 2 notes amounting to USD700 million (HK$5,449 million)

5 Composition of regulatory capital (continued)

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

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

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

31	If write-down, write-down trigger(s)	Upon a Loss Absorption Event or Non-Viability 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 “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 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

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 21 January 2025, the Group issued a fixed rate Tier 2 notes amounting to USD700 million (HK$5,449 million)

5 Composition of regulatory capital (continued)

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

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

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

32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Loss Absorbing Non-Preferred Notes or any instrument ranking pari passu to Loss Absorbing Non-Preferred Notes are immediately senior to the Dated Subordinated Notes
36	Non-compliant transitioned features	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 21 January 2025, the Group issued a fixed rate Tier 2 notes amounting to USD700 million (HK$5,449 million)

5 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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)	HKD11,499 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
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
	Coupons/dividends	
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

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

5 Composition of regulatory capital (continued)

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

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

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

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
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.
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

5 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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)	HKD9,186 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
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
	Coupons/dividends	
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

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

5 Composition of regulatory capital (continued)

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

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

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

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
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.
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

5 Composition of regulatory capital (continued)

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

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

EUR1,000 million 4.196 per cent Notes due 2032

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
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)	HKD8,279 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of EUR 1,000 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	3 July 2024
12	Perpetual or dated	Dated
13	Original maturity date	04 March 2032
14	Issuer call subject to prior supervisory approval	Yes

Footnote:

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

5 Composition of regulatory capital (continued)

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

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

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

15	Optional call date, contingent call dates and redemption amount	Optional call date: 04 March 2031 Early redemption amount(s) per calculation amount payable on redemption For taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default. EUR 1,000 per Calculation amount
16	Subsequent call dates, if applicable	Not applicable
	Coupons/dividends	
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

5 Composition of regulatory capital (continued)

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

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

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

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

Footnote:

[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

5 Composition of regulatory capital (continued)

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

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

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

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

5 Composition of regulatory capital (continued)

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

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

		(a) *HK$'M*
	Regulatory capital elements of internal loss-absorbing capacity and adjustments	
1	Common Equity Tier 1 ("CET1") capital[1]	150,675
2	Additional Tier 1 ("AT1") capital before LAC adjustments	23,433
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	23,433
6	Tier 2 ("T2") capital before LAC adjustments	10,571
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	10,571
11	**Internal loss-absorbing capacity arising from regulatory capital**	184,679
	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[2]	28,964
17	**Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments**	28,964
	Non-regulatory capital elements of internal loss-absorbing capacity: adjustments	
18	**Internal loss-absorbing capacity before deductions**	213,643
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**	213,643

5 Composition of regulatory capital (continued)

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

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

		(a) *HK$'M*
	Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes	
23	Risk-weighted amount under the LAC Rules[3]	853,572
24	Exposure measure under the LAC Rules[4]	2,617,747
	Internal LAC ratios and buffers	
25	**Internal LAC risk-weighted ratio[5]**	25.0%
26	**Internal LAC leverage ratio[6]**	8.2%
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[7]**	11.2%
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)	4.5%
29	Of which: capital conservation buffer requirement	2.5%
30	Of which: institution-specific countercyclical capital buffer requirement	0.5%
31	Of which: higher loss absorbency requirement	1.5%

Below are the major movements compared to 30 June 2024.

1 The increase in CET1 capital was mainly contributed by profit accumulation.
2 The increase was due to the issuance of new non-capital LAC debt instruments.
3 Decrease in total RWA was mainly due to decrease in credit risk and market risk RWA.
4 Decrease in total leverage ratio exposure measure was in line with the balance sheet movement.
5 Increase in internal LAC risk-weighted ratio was due to the increase in internal loss-absorbing capacity after deductions and decrease in RWA.
6 Increase in internal LAC leverage ratio was due to the increase in internal loss-absorbing capacity after deductions and decrease in leverage exposures.
7 Increase in 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 was due to increase in CET1 capital and decrease in RWA.

5 Composition of regulatory capital (continued)

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

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

		Creditor ranking				
		1 (most junior)	*2*	*3*	*4 (most senior)*	*Total*
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	23,384	9,679	28,964	127,052
4	Subset of row 3 that are excluded liabilities	–	–	–	–	–
5	Total capital and liabilities less excluded liabilities	65,025	23,384	9,679	28,964	127,052
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	65,025	23,384	9,679	28,964	127,052
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	–	–	–	–	–
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	–	–	–	20,685	20,685
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	–	–	9,679	8,279	17,958
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	23,384	–	–	88,409

[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.

6 Macroprudential supervisory measures

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

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

At 31 December 2024
In HKD million

	Jurisdiction (J)	*Applicable JCCyB ratio in effect*	*Total RWA used in computation of CCyB ratio of AI*	*CCyB ratio of AI*	*CCyB amount of AI*
1	Hong Kong	0.500%	206,254		
2	Australia	1.000%	4,429		
3	Belgium	0.500%	545		
4	Denmark	2.500%	212		
5	France	1.000%	422		
6	Germany	0.750%	1,434		
7	Luxembourg	0.500%	2,433		
8	Netherland	2.000%	3,191		
9	South Korea	1.000%	110,661		
10	Sweden	2.000%	613		
11	United Kingdom	2.000%	13,631		
12	Ireland	1.500%	965		
13	Norway	2.500%	1		
14	Sum[1]		344,791		
15	**Total[2]**		**542,546**	**0.4756%**	**4,060**

[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 (15) represents the total RWAs for the private sector credit exposures in all jurisdictions to which the bank is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero.

7 Leverage Ratio

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

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

	At 31 December 2024	*(a)* *Value under the Leverage Ratio framework (HK$'M)*
1	Total consolidated assets as per published financial statements	2,569,032
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	1,330
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	(17,141)
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	14,972
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	183,047
6a	Adjustment for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(17,462)
7	Other adjustments [1]	(116,031)
8	**Leverage ratio exposure measure [2]**	**2,617,747**

1 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.

2 Decrease in leverage ratio exposure measure was in line with the balance sheet movement.

7 Leverage Ratio (continued)

b. Leverage ratio (LR2)

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

		(a) At 31 December 2024 HK$'M	(b) At 30 September 2024 HK$'M
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and SFTs, but including collateral)[1]	2,026,817	2,262,647
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(16,839)	(19,577)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**2,009,978**	**2,243,070**
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)	50,474	25,218
5	Add-on amounts for PFE associated with all derivatives contracts	107,099	105,985
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	(20,332)	(9,419)
8	Less: Exempted CCP leg of client-cleared trade exposures	–	–
9	Adjusted effective notional amount of written credit-related derivative contracts	26,772	28,473
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	(7,421)	(7,052)
11	**Total exposures arising from derivative contract**	**156,592**	**143,205**
Exposure arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	273,130	245,271
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	10,922	22,618
15	Agent transaction exposures	–	–
16	**Total exposures arising from SFTs**	**284,052**	**267,889**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	937,359	926,011
18	Less: Adjustments for conversion to credit equivalent amounts	(754,312)	(750,069)
19	**Off-balance sheet items**	**183,047**	**175,942**
Capital and total exposures			
20	**Tier 1 capital**	174,108	179,031
20a	**Total exposures before adjustments for specific and collective provisions**	2,633,669	2,830,106
20b	**Adjustments for specific and collective provisions**	(15,922)	(15,720)
21	**Total exposures after adjustments for specific and collective provisions**[2]	2,617,747	2,814,386
Leverage ratio			
22	**Leverage ratio**[3]	**6.65%**	**6.36%**

1 Decrease in on-balance sheet exposures was mainly due to the decrease in trading assets and other assets.
2 Decrease in total exposures after adjustments for specific and collective provisions was in line with the balance sheet movement.
3 Increase in leverage ratio was due to decrease in total leverage ratio exposure measure.

8 Liquidity

a. Liquidity Risk Management (LIQA)

The following Liquidity Risk Management related information, together with the disclosure in section 8b (LIQ1), provides the supplement to the Liquidity Risk Section from 2024 SCB (Hong Kong) Limited Directors' Report and Consolidated Financial Statements.

LCRs and NSFRs of Hong Kong Office and Consolidated basis	LCR	NSFR
As at 31 Dec 2024	%	%
Hong Kong Office	155%	131%
Consolidated	178%	134%

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

	2024					
Basis of disclosure: consolidated Currency: (HK$ mil)	**Within 1 month**	**1-3 months**	**3 months-1 year**	**1-5 years**	**Over 5 years**	**Balancing amount**
On-balance sheet assets						
Currency notes and coins	3,123	–	–	–	–	–
Amount receivable arising from securities financing transactions	162,610	21,531	7,139	828	–	–
Amount receivable arising from derivative contracts	89,385	116,028	576,321	447,266	40,853	–
Due from MA for a/c of Exchange Fund	3,569	9,500	–	–	–	–
Due from overseas central banks	40,549	248	648	–	–	8,340
Due from banks	86,573	46,810	61,301	40,508	11,664	1,263
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)	386,680	19,444	145,536	82,638	60,647	935
Acceptances and bills of exchange held	7,658	9,674	3,404	182	–	2
Loans and advances to non-bank customers	119,293	84,483	163,286	188,958	364,515	49,228
Other assets (including provisions)	67,468	12,298	679	240	537	107,698
Total	**966,908**	**320,016**	**958,314**	**760,620**	**478,216**	**167,466**
On-balance sheet liabilities						
Deposits from non-bank customers						
Pledged deposits	7,917	774	3,042	642	34	–
Demand, savings and current account deposits	1,103,094	–	–	–	–	–
Term, call and notice deposits	251,325	229,354	222,068	9,784	–	–
Amount payable arising from securities financing transactions	21,450	5,461	433	–	–	–
Amount payable arising from derivative contracts	87,780	112,882	574,504	445,453	43,150	–
Due to MA for a/c of Exchange Fund	17,313	–	–	–	–	–
Due to overseas central banks	2,483	–	–	–	–	–
Due to banks	50,912	6,543	8,590	2,089	5,506	–
Debt securities, prescribed instruments and structured financial instruments issued and outstanding	1,134	7,006	20,623	6,666	543	–
Other liabilities (including provisions)	81,031	17,084	6,705	2,051	4,711	52,196
Capital and reserves	1	–	14,329	45,453	14,973	157,876
Total	**1,624,440**	**379,104**	**850,294**	**512,138**	**68,917**	**210,072**
Off-balance sheet claims						
Irrevocable loan commitments or facilities received	4,519	–	–	–	–	–
Off-balance sheet obligations						
Irrevocable loan commitments or facilities granted	303,529	–	–	–	–	–
Other off-balance sheet obligations	81,172	–	–	–	–	–
Total	**384,701**	**–**	**–**	**–**	**–**	**–**
Funding gaps						
Contractual Maturity Mismatch	(1,037,714)	(59,088)	108,020	248,482	409,299	
Cumulative Contractual Maturity Mismatch	(1,037,714)	(1,096,802)	(988,782)	(740,300)	(331,001)	

8 Liquidity (continued)

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

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

	Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this Template for the quarter ending on 30 September 2024 and 31 December 2024 are 77 and 75.	Q4 2024 Currency: (HK$mil)		Q3 2024 Currency: (HK$mil)	
	Basis of disclosure: Consolidated	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT {Average Value)	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
A. HIGH QUALITY LIQUID ASSETS					
1	Total high quality liquid assets (HQLA)		480,160		536,939
B. CASH OUTFLOWS					
2	Retail deposits and small business funding, of which:	982,195	73,233	951,864	70,788
3	Stable retail deposits and stable small business funding	202,121	10,106	202,497	10,125
4	Less stable retail deposits and less stable small business funding	482,467	48,247	463,892	46,389
4a	Retail term deposits and small business term funding	297,607	14,880	285,475	14,274
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	826,483	351,679	831,357	355,822
6	Operational deposits	363,999	90,521	357,693	88,940
7	Unsecured wholesale funding (other than small business funding) not covered in Row 6	456,239	254,913	469,852	263,070
8	Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period	6,245	6,245	3,812	3,812
9	Secured funding transactions (including securities swap transactions)		1,775		13,398
10	Additional requirements, of which:	330,437	65,005	340,474	64,091
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	33,558	33,468	36,866	31,495
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	648	648	201	201
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	296,231	30,889	303,407	32,395
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	46,757	46,757	57,089	57,089
15	Other contingent funding obligations (whether contractual or noncontractual)	550,716	3,076	552,628	2,436
16	TOTAL CASH OUTFLOWS		541,525		563,623
C. CASH INFLOWS					
17	Secured lending transactions (including securities swap transactions)	99,256	26,364	114,092	23,610
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	272,380	185,197	275,579	183,783
19	Other cash inflows	98,303	92,300	89,276	84,067
20	TOTAL CASH INFLOWS	469,939	303,861	478,947	291,460
D. LIQUIDITY COVERAGE RATIO			ADJUSTED VALUE		ADJUSTED VALUE
21	TOTAL HQLA		480,160		536,939
22	TOTAL NET CASH OUTFLOWS		237,664		272,163
23	LCR(%)		206%		200%

8 Liquidity (continued)

b. 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 Q4 of 2024. The average LCR was 206% for the quarter ending 31 Dec 2024 (30 Sep 2024: 200%), mainly as a result of contractual time shift of securities maturing in 30 days.

Composition of High Quality Liquid Asset ("HQLA")

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

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

Concentration of Funding Sources

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

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

Derivatives Exposure

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

Currency Mismatch on LCR

Customer assets are as far as possible funded in the same currency. Where mismatches arise, they are controlled by limits on the amount of foreign currency that can be swapped to local currency and vice versa. Such limits are therefore a means of controlling reliance on foreign exchange markets, which minimizes the risk that obligations could not be met in the required currency in the event that access to foreign exchange markets becomes restricted.

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 Cluster ALCO and ALCO, supported by Treasury Markets. Cluster ALCO and ALCO also ensure the Group remains in compliance with liquidity policies and practices, as well as local regulatory requirements.

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

8 Liquidity (continued)

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

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

Table 1: LIQ2 for Quarter ending 31st December 2024

Basis of disclosure: consolidated Currency: (HK$mil)	(a)	(b)	(c)	(d)	(e)
	Unweighted value by residual maturity				
	No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	Weighted amount
A. Available stable funding ("ASF") item					
1 Capital:	193,117	1,941	4,253	39,746	234,989
2 Regulatory capital	193,117	1,941	–	7,738	200,855
2a Minority interests not covered by row 2	–	–	–	–	–
3 Other capital instruments	–	–	4,253	32,008	34,134
4 Retail deposits and small business funding:	–	935,874	51,328	8,307	906,095
5 Stable deposits		184,043	2,089	323	177,148
6 Less stable deposits		751,831	49,239	7,984	728,947
7 Wholesale funding:		897,357	33,673	17,971	381,473
8 Operational deposits		335,102	–	–	167,551
9 Other wholesale funding	–	562,255	33,673	17,971	213,922
10 Liabilities with matching interdependent assets	49,455	–	–	–	–
11 Other liabilities:	109,464	32,430	5,689	7,795	10,640
12 Net derivative liabilities	–				
13 All other funding and liabilities not included in the above categories	109,464	32,430	5,689	7,795	10,640
14 Total ASF					**1,533,197**
B. Required stable funding ("RSF") item					
15 Total HQLA for NSFR purposes				554,977	45,210
16 Deposits held at other financial institutions for operational purposes	–	6,164	–	–	3,082
17 Performing loans and securities:	36,101	639,447	225,120	734,750	938,423
18 Performing loans to financial institutions secured by Level 1 HQLA	–	40,388	5,106	2,353	9,038
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	13,471	254,753	56,730	90,146	170,336
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:	22,630	272,407	72,366	163,010	407,193
21 With a risk-weight of less than or equal to 35% under the STC approach	–	–	–	4,707	4,707
22 Performing residential mortgages, of which:	–	11,718	6,214	391,821	205,107
23 With a risk-weight of less than or equal to 35% under the STC approach	–	10,253	5,905	303,003	205,031

8 Liquidity (continued)

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

Table 1: LIQ2 for Quarter ending 31st December 2024 (continued)

Basis of disclosure: consolidated Currency: (HK$mil)	(a) Unweighted value by residual maturity No specified term to maturity	(b) <6 months or repayable on demand	(c) 6 months to < 12 months	(d) 12 months or more	(e) Weighted amount
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	60,181	84,704	87,420	146,749
25 Assets with matching interdependent liabilities	49,455	–	–	–	–
26 Other assets:	200,395	21,563	–	74	137,695
27 Physical traded commodities, including gold	14,796				12,576
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	30,620				29,134
29 Net derivative assets	15,907				15,907
30 Total derivative liabilities before deduction of variation margin posted	59,245				2,962
31 All other assets not included in the above categories	79,827	21,536	–	74	80,078
32 Off-balance sheet items				896,145	15,176
33 **Total RSF**					**1,142,548**
34 **Net Stable Funding Ratio (%)**					**134%**

Table 2: LIQ2 for Quarter ending 30th September 2024

Basis of disclosure: consolidated Currency: (HK$mil)	(a) Unweighted value by residual maturity No specified term to maturity	(b) <6 months or repayable on demand	(c) 6 months to < 12 months	(d) 12 months or more	(e) Weighted amount
A. Available stable funding ("ASF") item					
1 Capital:	200,486	5,047	1,941	45,315	246,772
2 Regulatory capital	200,486	3,494	1,941	8,253	209,710
2a Minority interests not covered by row 2	–	–	–	–	–
3 Other capital instruments	–	1,553	–	37,062	37,062
4 Retail deposits and small business funding:	–	908,623	66,930	9,063	896,361
5 Stable deposits		183,817	2,181	347	177,045
6 Less stable deposits		724,806	64,749	8,716	719,316
7 Wholesale funding:		956,277	61,636	18,092	394,099
8 Operational deposits		340,286	–	–	170,143
9 Other wholesale funding	–	615,991	61,636	18,092	223,956
10 Liabilities with matching interdependent assets	49,804	–	–	–	–
11 Other liabilities:	140,496	95,013	7,698	9,689	13,538
12 Net derivative liabilities	9,565				
13 All other funding and liabilities not included in the above categories	130,931	95,013	7,698	9,689	13,538
14 **Total ASF**					**1,550,769**

8 Liquidity (continued)

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

Table 2: LIQ2 for Quarter ending 30th September 2024 (continued)

Basis of disclosure: consolidated Currency: (HK$mil)		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				
		No specified term to maturity	*<6 months or repayable on demand*	*6 months to < 12 months*	*12 months or more*	*Weighted amount*
B.	**Required stable funding ("RSF") item**					
15	Total HQLA for NSFR purposes				655,023	43,467
16	Deposits held at other financial institutions for operational purposes	–	6,754	–	–	3,377
17	Performing loans and securities:	38,036	659,928	192,892	744,242	930,608
18	Performing loans to financial institutions secured by Level 1 HQLA	–	36,909	1,553	4,839	9,400
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	14,869	297,769	33,058	84,519	161,515
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:	23,167	250,038	54,964	141,446	392,440
21	With a risk-weight of less than or equal to 35% under the STC approach	–	–	–	7,193	7,193
22	Performing residential mortgages, of which:	–	14,623	6,714	410,967	201,556
23	With a risk-weight of less than or equal to 35% under the STC approach	–	10,234	5,963	297,475	201,457
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	60,589	96,603	102,471	165,697
25	Assets with matching interdependent liabilities	49,804	–	–	–	–
26	Other assets:	153,691	120,205	–	74	112,045
27	Physical traded commodities, including gold	911				775
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	24,718				23,229
29	Net derivative assets	–				–
30	Total derivative liabilities before deduction of variation margin posted	40,243				2,012
31	All other assets not included in the above categories	87,819	120,205	–	74	88,041
32	Off-balance sheet items				890,817	15,081
33	**Total RSF**					**1,106,588**
34	**Net Stable Funding Ratio (%)**					**140%**

8 Liquidity (continued)

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

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 second half of 2024, and well above the regulatory requirement minimum of 100%. NSFR was 134% for the quarter ending 31 December 2024 (30 September 2024: 140%), mainly as a result of increase in commercial asset deployment.

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.

9 Credit risk for non-securitization exposures

a. General information about credit risk (CRA)

Our approach to credit risk can be found in the Risk management approach section in notes 33 on pages 89 to 105 of the 2024 consolidated financial statements.

b. Credit quality of exposures (CR1)

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

		(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*
		Gross carrying amounts of			*Of which ECL accounting provisions for credit losses[1] on STC approach exposures*		*Of which ECL accounting provisions for credit losses on IRB approach exposures*	
	At 31 December 2024	*Defaulted Exposures HK$'M*	*Non-defaulted Exposures HK$'M*	*Allowances/ Impairments HK$'M*	*Allocated in regulatory category of specific provisions HK$'M*	*Allocated in regulatory category of collective provisions HK$'M*	*HK$'M*	*Net values (a+b-c) HK$'M*
1	Loans	16,370	1,262,838	15,523	123	434	14,966	1,263,685
2	Debt securities	–	329,861	27	–	–	27	329,834
3	Off-balance sheet exposures	1,220	936,140	371	–	41	330	936,989
4	**Total**	**17,590**	**2,528,839**	**15,921**	**123**	**475**	**15,323**	**2,530,508**

[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.

9 Credit risk for non-securitization exposures (continued)

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

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

		(a) *HK$'M*
1	**Defaulted loans and debt securities at end of the previous reporting period (30 June 2024)**	16,914
2	Loans and debt securities that have defaulted since the last reporting period	3,012
3	Returned to non-defaulted status	(172)
4	Amounts written off	(2,146)
5	Other changes[1]	(1,238)
6	**Defaulted loans and debt securities at end of the current reporting period (31 December 2024)**	16,370

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

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

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

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

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

I. Exposures by geographical location (CRB1)

	At 31 December 2024	*Gross carrying amount* *HK$'M*
1	Hong Kong	984,365
2	South Korea	430,879
3	Mainland China	441,918
4	Others[1]	689,267
5	**Total**	**2,546,429**

[1] "Others" constitutes geographical locations less than 10% of total RWA and is disclosed on an aggregated basis.

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

II. Exposures by Industry (CRB2)

	At 31 December 2024	*Gross carrying amount* *HK$'M*
1	Individuals	764,304
2	Financial concerns	423,286
3	Manufacturing	324,991
4	Wholesales and Retail Trade	218,313
5	Others[1]	815,535
6	**Total**	**2,546,429**

[1] "Others" constitutes segment less than 10% of total RWA and is disclosed on an aggregated basis.

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

9 Credit risk for non-securitization exposures (continued)

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

III. Exposures by residual maturity (CRB3)

	At 31 December 2024	*Repayable on demand to 1 year* HK$'M	*Due between 1 year to 5 years* HK$'M	*Due after 5 years* HK$'M	*Total* HK$'M
1	Loans	624,073	196,422	458,713	1,279,208
2	Debt Securities	137,660	166,973	25,228	329,861
3	Off-balance sheet exposures	632,926	285,126	19,308	937,360
4	**Total**	**1,394,659**	**648,521**	**503,249**	**2,546,429**

Decrease in exposures repayment on demand to 1 year and due after 5 years was mainly due to the decrease in loans and off-balance sheet exposures.

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

	At 31 December 2024	*Gross impaired advances* HK$'M	*Specific provisions*[2] HK$'M	*Advances written-off in a year* HK$'M
1	Hong Kong	3,053	1,469	1,453
2	Mainland China	10,719	8,923	1,729
3	Taiwan	675	165	372
4	South Korea	1,652	960	548
5	Others[1]	271	127	1
6	**Total**	**16,370**	**11,644**	**4,103**

[1] "Others" constitutes geographical locations less than 10% of total RWA and is disclosed on an aggregated basis.

[2] Please refer to note 9(b) for the classification of specific provisions.

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

	At 31 December 2024	*Gross impaired advances* HK$'M	*Specific provisions*[2] HK$'M	*Advances written-off in a year* HK$'M
1	Property development	8,796	8,633	363
2	Individuals	3,025	884	2,919
3	Manufacturing	1,041	745	407
4	Property investment	1,684	499	26
5	Wholesales and retail trade	555	334	98
6	Others[1]	1,269	549	290
7	**Total**	**16,370**	**11,644**	**4,103**

[1] "Others" constitutes segment less than 10% of total RWA and is disclosed on an aggregated basis.

[2] Please refer to note 9(b) for the classification of specific provisions.

9 Credit risk for non-securitization exposures (continued)

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

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

Please refer to note 19 for aging analysis of past due exposures.

VII. Breakdown of restructured exposures (CRB7)

At 31 December 2024	*HK$'M*
Impaired	6,387
Not impaired	69
	6,456

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

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

Our approach to credit risk mitigation can be found in the Risk management approach section in notes 33(a) on page 91 of the 2024 consolidated financial statements.

f. Overview of recognized credit risk mitigation (CR3)

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

	At 31 December 2024	*(a)* *Exposures unsecured: carrying amount HK$'M*	*(b1)* *Exposures to be secured HK$'M*	*(b)* *Exposures secured by recognized collateral HK$'M*	*(d)* *Exposures secured by recognized guarantees HK$'M*	*(f)* *Exposures secured by recognized credit derivative contracts HK$'M*
1	Loans	724,952	538,733	439,510	52,383	–
2	Debt securities	329,411	423	170	141	–
3	**Total**	**1,054,363**	**539,156**	**439,680**	**52,524**	**–**
4	Of which defaulted	14,382	1,988	1,612	73	–

9 Credit risk for non-securitization exposures (continued)

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

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

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

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

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

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

		(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*
		Exposures pre-CCF and pre-CRM		*Exposures post-CCF and post-CRM*		*RWA and RWA density*	
	At 31 December 2024	*On-balance sheet amount HK$'M*	*Off-balance sheet amount HK$'M*	*On-balance sheet amount HK$'M*	*Off-balance sheet amount HK$'M*	*RWA HK$'M*	*RWA density %*
	Exposure classes						
1	Sovereign exposures	3	–	3	261	–	0%
2	PSE exposures	–	–	393	4	79	20%
2a	*Of which: domestic PSEs*	–	–	380	4	76	20%
2b	*Of which: foreign PSEs*	–	–	13	–	3	23%
3	Multilateral development bank exposures	23,868	–	23,868	–	–	0%
4	Bank exposures	1,833	–	1,833	–	367	20%
5	Securities firm exposures	3	–	3	–	2	67%
6	Corporate exposures	22,611	4,994	18,614	561	13,862	72%
10	Regulatory retail exposures	14,997	49,339	10,548	1	7,912	75%
11	Residential mortgage loans	13,697	99	13,697	20	5,609	41%
12	Other exposures which are not past due exposures	19,650	40,284	8,110	209	8,319	100%
13	Past due exposures	389	84	389	2	514	131%
15	**Total**	97,051	94,800	77,458	1,058	36,664	47%

Decrease in total exposures pre-CCF and pre-CRM was mainly driven by decrease in multilateral development bank exposures partially offset by increase in other exposures which are not past due.

Decrease in total exposures post-CCF and post-CRM was mainly driven by decrease in multilateral development bank exposures and regulatory retail exposures partially offset by increase in corporate exposures.

9 Credit risk for non-securitization exposures (continued)

i. 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).

	31 December 2024	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j) Total credit risk exposures amount (post CCF and post CRM)
	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
	Exposure class	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M
1	Sovereign exposures	264	–	–	–	–	–	–	–	–	–	264
2	PSE exposures	–	–	397	–	–	–	–	–	–	–	397
2a	*Of which: domestic PSEs*	–	–	384	–	–	–	–	–	–	–	384
2b	*Of which: foreign PSEs*	–	–	13	–	–	–	–	–	–	–	13
3	Multilateral development bank exposures	23,868	–	–	–	–	–	–	–	–	–	23,868
4	Bank exposures	–	–	1,833	–	–	–	–	–	–	–	1,833
5	Securities firm exposures	–	–	–	–	3	–	–	–	–	–	3
6	Corporate exposures	–	–	4,794	–	2,957	–	11,424	–	–	–	19,175
10	Regulatory retail exposures	–	–	–	–	–	10,549	–	–	–	–	10,549
11	Residential mortgage loans	–	–	–	11,815	–	1,713	189	–	–	–	13,717
12	Other exposures which are not past due exposures	–	–	–	–	–	–	8,319	–	–	–	8,319
13	Past due exposures	5	–	47	–	–	–	7	332	–	–	391
15	**Total**	24,137	–	7,071	11,815	2,960	12,262	19,939	332	–	–	78,516

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

9 Credit risk for non-securitization exposures (continued)

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

Model Governance

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

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

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

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

Probability of Default (PD)

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

In CIB, the largest portfolios are rated based on the shadow bond approach (Sovereigns and Large Corporates) or the good-bad approach (Banks and Mid Corporates). Central governments and central banks are rated using the Sovereign model. Non-bank financial institutions are rated using one of six constrained expert judgement models according to their respective line of business, with the largest being Funds, Finance & Leasing, and Broker Dealers. Corporate clients are differentiated by their annual sales turnover and rated using one of the corporate models unless they are commodity buyers and traders, for which a separate model has been developed and used, or are classified under specialised lending. Excluding the Sovereign model, CIB internal rating-based (IRB) PD models are subject to the regulatory floor of 0.03 per cent.

PD models for retail clients under each asset class are developed following the good-bad approach. The same PD modelling approach is adopted across the four key retail client product types: Residential Mortgages, Credit Cards (Qualifying Revolving Retail), Personal Instalment Loans (Other Retail) and Retail SME (Small Business Retail). The approach employs country and product-specific application scorecards for new to bank clients and behaviour scorecards for existing clients. Scorecards are built using demographic information, credit bureau data, observed client performance data (for behaviour scores), and where applicable, financial information. Statistical techniques are used to develop a relationship between this information and the probability of default. Scorecards and PD models are used to support credit decisions. All retail client PD models are subject to the 0.03 per cent regulatory floor.

Estimates of PD are computed as of 31 December 2023 and are compared with default observations through 31 December 2024.

9 Credit risk for non-securitization exposures (continued)

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

Probability of Default (PD) (continued)

Our historical default experience for sovereigns is minimal, so the predicted PD reflects a particularly low number of defaults. There are no defaults for 'Sovereigns' and 'Banks' during 2024. The observed default rate for 'Small business retail' is higher than the predicted PD, and the underestimation is related to a specific sub-segment that is not material for SCBHK Group; remediation plan, nevertheless, is in place to address the model performance issue. Realised default rates for 'Corporates', 'Residential mortgages', 'Qualifying revolving retail', and 'Other retail' asset classes in 2024 remain within model predictions, based on the arithmetic average PD by obligors.

Loss Given Default (LGD)

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

The comparison of realised versus predicted LGD considers that the workout process may take years to complete. As such, an observed (or "empirical") recovery value cannot be assigned to the majority of the 2024 defaults, making it statistically challenging to compare realised versus predicted outcomes in a manner like that for PD and exposure at default (EAD).

To address this, for 'Sovereigns', 'Banks' and 'Corporates' asset classes, we have adopted an approach based on a four-year rolling period of predicted and realised LGD, which for the current reporting year includes 2021 to 2024 defaults that have completed their workout process as at the end of 2024. This approach compares the four-year rolling predicted LGD, providing the predicted outcome of these resolved defaults one year prior to default, against the realised LGD for the same set of defaults. These two figures are thus comparable, thereby providing a meaningful assessment of the LGD model's performance. There were no defaults in the previous four years for 'Sovereigns' and 'Banks' while realised LGD values for 'Corporates' are lower than the respective predicted LGD values, demonstrating conservatism of estimates. This conservativeness is driven by the regulatory guidance to calibrate LGD models to economic downturn conditions.

LGDs for retail portfolios are modelled following two approaches:

- LGDs for unsecured products are based on historical loss experience of defaults during a downturn; these are portfolio-specific LGD estimates segmented by default status (including restructuring).

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

Retail LGD model monitoring considers defaults from a cohort and the actual recoveries up to the end of the workout window which is typically two to three years. For workout window of 2 years, the observed LGD from the December 2021 cohort (existing defaults and those defaulted in the next 12 months) was calculated based on actual recoveries observed from January 2022 until December 2024. This is compared to the predicted outcome of the same set of defaults.

Under this approach, realised LGD values for all retail asset classes are lower than their respective predicted LGD values, primarily due to the regulatory guidance to calibrate LGD models to downturn conditions to ensure appropriate model conservatism.

Exposure At Default (EAD)

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

9 Credit risk for non-securitization exposures (continued)

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

Exposure At Default (EAD) (continued)

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

EAD for retail portfolios differs between revolving products and term (instalment) products. For revolving products, EAD is computed by estimating the CCF of undrawn commitments. For term products, EAD is set at the outstanding balance plus any undrawn portion. All the retail client EAD models are built and validated using internal default data.

The comparison of realised versus predicted EAD is summarised as ratio of the sum of outstanding amount at time of default to the sum of predicted EAD of assets of each defaulted client in 2024. The ratios for all models are smaller than one, indicating that the predicted EAD amount is higher than the realised outstanding amount at default. This is explained by the regulatory guidance to assign conservatism to the CCF of certain exposure types and to calibrate the models to downturn conditions.

At 31 December 2024, the portion of exposure at default (“EAD”) and RWA within the Group covered by IRB approach are summarised in the following table. The remaining portions not covered by IRB approach are under STC approach.

Percentage of total EAD and RWA covered by IRB approach

At 31 December 2024 Portfolio	*Percentage of total EAD under IRB approach*	*Percentage of total RWA under IRB approach*
Corporate exposures (includes SME and other corporates and specialised lending)	96%	94%
Sovereign exposures	94%	100%
Bank exposures (including securities firms)	99%	99%
Residential mortgage loans	97%	86%
Other retail exposures	91%	84%
Equity exposures	0%	0%
Other exposures	100%	100%

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

For counterparty credit risk, the percentage of total RWA covered by models is 99% for corporate exposures and 100% for bank exposures.

9 Credit risk for non-securitization exposures (continued)

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
At 31 December 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 (i) – Sovereign												
0.00 to < 0.15	368,390	7,824	21.5%	382,148	0.02%	58	45.6%	1.54	31,879	8%	42	
0.15 to < 0.25	195	–	0.0%	195	0.22%	1	45.0%	1.00	62	32%	–	
0.25 to < 0.50	–	–	0.0%	–	0.00%	–	0.0%	–	–	0%	–	
0.50 to < 0.75	–	–	0.0%	–	0.00%	–	0.0%	–	–	0%	–	
0.75 to < 2.50	8,692	2,743	24.2%	7,885	1.37%	3	45.0%	2.51	8,075	102%	48	
2.50 to < 10.00	5,648	2,352	14.3%	4,425	4.32%	4	45.0%	1.49	5,783	131%	86	
10.00 to < 100.00	–	–	0.0%	–	0.00%	–	0.0%	–	–	0%	–	
100.00 (Default)	95	233	0.0%	95	100.00%	1	45.0%	4.93	528	555%	1	
Sub-total	**383,020**	**13,152**	**20.7%**	**394,748**	**0.12%**	**67**	**45.6%**	**1.56**	**46,327**	**12%**	**177**	**442**
Portfolio (ii) – Bank												
0.00 to < 0.15	240,633	29,162	31.6%	254,889	0.05%	168	45.1%	0.74	28,355	11%	53	
0.15 to < 0.25	6,715	5,297	22.9%	7,008	0.22%	42	35.0%	0.83	2,200	31%	5	
0.25 to < 0.50	142	7,427	21.3%	1,725	0.39%	20	48.4%	0.96	1,034	60%	3	
0.50 to < 0.75	22,708	14,364	27.8%	17,135	0.52%	60	27.8%	0.87	7,077	41%	25	
0.75 to < 2.50	7,775	5,601	36.0%	7,288	1.24%	85	36.8%	1.12	6,244	86%	33	
2.50 to < 10.00	833	1,115	20.5%	875	3.55%	19	36.9%	0.86	1,013	116%	12	
10.00 to < 100.00	7	69	3.2%	9	16.49%	7	31.6%	0.19	14	151%	–	
100.00 (Default)	–	–	0.0%	–	0.00%	–	0.0%	–	–	0%	–	
Sub-total	**278,813**	**63,035**	**28.9%**	**288,929**	**0.12%**	**401**	**43.6%**	**0.76**	**45,937**	**16%**	**131**	**437**
Portfolio (iii) – Corporate – Other												
0.00 to < 0.15	125,617	246,553	20.7%	200,611	0.08%	998	47.2%	1.43	39,518	20%	71	
0.15 to < 0.25	42,642	80,619	20.7%	58,320	0.22%	459	41.3%	1.24	19,235	33%	53	
0.25 to < 0.50	24,150	69,381	20.2%	38,537	0.39%	434	44.9%	1.14	18,840	49%	67	
0.50 to < 0.75	41,594	98,510	24.3%	65,256	0.58%	616	39.7%	1.26	34,750	53%	151	
0.75 to < 2.50	41,229	56,846	22.4%	45,377	1.28%	734	38.0%	1.21	31,063	68%	218	
2.50 to < 10.00	21,424	26,429	27.6%	21,525	3.92%	477	33.1%	0.96	18,620	87%	262	
10.00 to < 100.00	7,706	6,925	17.5%	3,052	14.67%	252	27.7%	1.24	3,758	123%	145	
100.00 (Default)	10,024	824	15.7%	10,153	100.00%	123	81.4%	1.05	2,753	27%	10,193	
Sub-total	**314,386**	**586,087**	**21.7%**	**442,831**	**2.90%**	**4,093**	**44.1%**	**1.30**	**168,537**	**38%**	**11,160**	**11,982**

9 Credit risk for non-securitization exposures (continued)

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

At 31 December 2024	(a) Original on-balance sheet gross exposure	(b) Off-balance sheet exposures pre-CCF	(c) Average CCF	(d) EAD post-CRM and post-CCF	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity	(i) RWA	(j) RWA density	(k) EL	(l) 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%	40	0.13%	1	45.2%	1.00	7	18%	–	
0.15 to < 0.25	644	538	28.8%	685	0.22%	169	25.1%	2.03	132	19%	–	
0.25 to < 0.50	979	744	11.6%	1,114	0.30%	172	18.4%	1.78	198	18%	1	
0.50 to < 0.75	2,456	1,619	13.2%	2,582	0.63%	202	36.5%	1.24	1,130	44%	6	
0.75 to < 2.50	5,595	2,220	22.1%	5,880	1.52%	1,284	27.3%	1.71	2,997	51%	26	
2.50 to < 10.00	5,417	599	13.3%	5,096	4.22%	1,438	34.5%	1.80	4,076	80%	68	
10.00 to < 100.00	1,521	160	20.2%	1,382	18.47%	170	39.9%	1.29	1,890	137%	114	
100.00 (Default)	560	43	11.2%	507	100.00%	192	48.4%	1.43	1,080	213%	184	
Sub-total	**17,172**	**6,005**	**18.4%**	**17,286**	**6.29%**	**3,628**	**31.8%**	**1.64**	**11,510**	**67%**	**399**	**286**
Portfolio (v) – Retail – QRRE												
0.00 to < 0.15	6,487	89,780	57.2%	57,876	0.08%	766,922	89.8%	–	2,427	4%	39	
0.15 to < 0.25	14	117	86.6%	116	0.24%	16,466	78.9%	–	11	10%	–	
0.25 to < 0.50	2,944	12,713	71.5%	12,027	0.33%	102,099	89.9%	–	1,693	14%	35	
0.50 to < 0.75	2,990	25,629	56.3%	17,407	0.68%	169,513	89.9%	–	4,427	25%	107	
0.75 to < 2.50	3,103	8,620	68.7%	9,027	1.36%	73,946	89.9%	–	3,855	43%	110	
2.50 to < 10.00	8,027	6,422	105.3%	14,786	3.67%	67,712	90.0%	–	12,593	85%	489	
10.00 to < 100.00	1,684	221	244.1%	2,224	19.45%	9,134	90.0%	–	4,603	207%	389	
100.00 (Default)	168	2	0.2%	168	100.00%	2,207	59.2%	–	128	77%	89	
Sub-total	**25,417**	**143,504**	**61.5%**	**113,631**	**1.29%**	**1,207,999**	**89.8%**	**–**	**29,737**	**26%**	**1,258**	**283**
Portfolio (vi) – Retail – Residential mortgage exposures												
0.00 to < 0.15	223,002	699	100.6%	223,705	0.09%	96,073	18.7%	–	9,348	4%	39	
0.15 to < 0.25	106,772	3,965	100.2%	110,744	0.19%	75,125	18.2%	–	7,872	7%	39	
0.25 to < 0.50	33,315	375	100.7%	33,692	0.44%	28,884	17.8%	–	4,166	12%	26	
0.50 to < 0.75	9,710	12	100.6%	9,722	0.57%	3,722	22.7%	–	1,890	19%	13	
0.75 to < 2.50	19,986	295	100.2%	20,282	1.18%	17,562	18.6%	–	5,247	26%	45	
2.50 to < 10.00	5,216	65	100.1%	5,282	3.99%	4,645	17.0%	–	2,546	48%	35	
10.00 to < 100.00	838	8	100.1%	846	31.89%	864	18.4%	–	785	93%	49	
100.00 (Default)	1,076	1	100.0%	1,077	100.00%	1,180	19.2%	–	1,705	158%	70	
Sub-total	**399,915**	**5,420**	**100.3%**	**405,350**	**0.60%**	**228,055**	**18.6%**	**–**	**33,559**	**8%**	**316**	**390**

9 Credit risk for non-securitization exposures (continued)

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

At 31 December 2024	(a) Original on-balance sheet gross exposure	(b) Off-balance sheet exposures pre-CCF	(c) Average CCF	(d) EAD post-CRM and post-CCF	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity	(i) RWA	(j) RWA density	(k) EL	(l) Provisions
PD scale	HK$'M	HK$'M		HK$'M					HK$'M		HK$'M	HK$'M
Portfolio (vii) – Retail – Small business retail exposures												
0.00 to < 0.15	76	3	82.2%	61	0.08%	9	60.7%	–	7	12%	–	
0.15 to < 0.25	73	3	90.8%	48	0.20%	10	37.9%	–	7	15%	–	
0.25 to < 0.50	413	2	67.2%	258	0.39%	11	19.6%	–	32	12%	–	
0.50 to < 0.75	467	3	101.3%	287	0.61%	13	24.4%	–	57	20%	–	
0.75 to < 2.50	1,256	4	99.5%	745	1.38%	48	45.4%	–	390	52%	5	
2.50 to < 10.00	545	1	109.4%	273	4.28%	49	70.6%	–	279	102%	9	
10.00 to < 100.00	108	–	0.0%	45	32.46%	24	83.7%	–	68	152%	12	
100.00 (Default)	31	–	0.0%	27	100.00%	14	77.7%	–	51	190%	19	
Sub-total	**2,969**	**16**	**90.4%**	**1,744**	**3.80%**	**178**	**43.9%**	**-**	**891**	**51%**	**45**	**17**
Portfolio (viii) – Other retail exposures to individuals												
0.00 to < 0.15	715	7,408	70.6%	5,944	0.06%	40,672	83.2%	–	830	14%	3	
0.15 to < 0.25	1,411	2,060	71.6%	2,886	0.17%	21,871	81.9%	–	846	29%	4	
0.25 to < 0.50	5,349	1,934	69.8%	6,699	0.33%	25,182	76.7%	–	2,882	43%	17	
0.50 to < 0.75	5,767	3,246	52.1%	7,456	0.68%	31,331	80.9%	–	5,103	68%	41	
0.75 to < 2.50	13,674	3,572	28.7%	14,699	1.41%	57,632	71.0%	–	12,021	82%	151	
2.50 to < 10.00	17,197	2,963	50.3%	18,686	4.89%	79,740	65.8%	–	17,841	95%	564	
10.00 to < 100.00	3,275	363	19.9%	3,348	25.95%	21,985	72.8%	–	4,834	144%	624	
100.00 (Default)	927	–	0.0%	926	100.00%	12,586	65.0%	–	1,027	111%	520	
Sub-total	**48,315**	**21,546**	**57.2%**	**60,644**	**4.95%**	**290,999**	**72.9%**	**-**	**45,384**	**75%**	**1,924**	**659**
Total (all portfolios subject to the IRB approaches)	**1,470,007**	**838,765**	**30.4%**	**1,725,163**	**1.26%**	**1,735,420**	**42.3%**	**1.26**	**381,882**	**22%**	**15,410**	**14,496**

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.

9 Credit risk for non-securitization exposures (continued)

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

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

	At 31 December 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)	14,250	14,250
3	Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance)	–	–
4	Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate)	18,395	18,395
5	Corporate – Specialized lending (high-volatility commercial real estate)	–	–
6	Corporate – Small-and-medium sized corporates	11,510	11,510
7	Corporate – Other corporates	168,537	168,537
8	Sovereigns	41,124	41,124
9	Sovereign foreign public sector entities	5,204	5,204
10	Multilateral development banks	–	–
11	Bank exposures – Banks	37,392	37,392
12	Bank exposures – Securities firms	6,115	6,115
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	2,430	2,430
14	Retail – Small business retail exposures	891	891
15	Retail – Residential mortgages to individuals	33,099	33,099
16	Retail – Residential mortgages to property-holding shell companies	460	460
17	Retail – Qualifying revolving retail exposures (QRRE)	29,737	29,737
18	Retail – Other retail exposures to individuals	45,384	45,384
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	11	11
26	Other – Other items	71,033	71,033
27	**Total**	**485,572**	**485,572**

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

9 Credit risk for non-securitization exposures (continued)

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

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

		(a) Amount HK$'M
1	**RWA as at end of previous reporting period (30 September 2024)**	**518,115**
2	Asset size	2,413
3	Asset quality	1,719
4	Model updates	3,878
5	Methodology and policy	(22,466)
6	Acquisitions and disposals	–
7	Foreign exchange movements	(11,846)
8	Other	(6,252)
9	**RWA as at end of reporting period (31 December 2024)**	**485,561**

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

- RWA increase 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 increase from model updates is driven by incremental risk parameters requirements,
- RWA decrease from methodology and policy is driven by removal of risk-weight floor for calculating the capital requirement of Hong Kong residential mortgage loans as permitted by the regulator,
- RWA decrease from foreign exchange movements mainly due to the depreciation of KRW, CNY and TWD in relation to HKD during the period,
- RWA decrease from other mainly from Hong Kong's credit card exposure.

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

The following table sets out the comparison between observed and predicted PD, LGD and EAD.

Observed vs. Predicted PD, LGD and EAD

2024

	PD (%)		LGD (%)		EAD Ratio
Asset Class	Observed	Predicted	Observed	Predicted	(Observed /Predicted)
Sovereigns	0.00	0.18	N/A	N/A	N/A
Banks	0.00	1.01	N/A	N/A	N/A
Corporates	2.69	3.30	23.00	44.30	0.94
Qualifying revolving retail exposures (QRRE)	0.28	0.61	66.87	82.06	0.92
Residential mortgages	0.22	0.43	8.68	16.73	0.96
Small business retail exposures	3.92	3.43	70.97	83.57	0.79
Other retail exposures to individuals	2.91	4.02	44.34	59.50	0.99

2023

	PD (%)		LGD (%)		EAD Ratio
Asset Class	Observed	Predicted	Observed	Predicted	(Observed /Predicted)
Sovereigns	0.00	0.16	N/A	N/A	N/A
Banks	0.00	0.93	N/A	N/A	N/A
Corporates	1.87	2.94	29.54	45.86	0.90
Qualifying revolving retail exposures (QRRE)	0.24	0.67	69.51	82.89	0.87
Residential mortgages	0.15	0.40	9.25	19.00	0.98
Small business retail exposures	3.42	2.88	79.84	86.28	0.78
Other retail exposures to individuals	2.45	3.48	47.89	59.46	0.97

9 Credit risk for non-securitization exposures (continued)

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

The following table sets out back-testing data to validate the reliability of PD calculations, including a comparison of the PD used to calculate capital requirements with the effective default rates of obligors under the IRB approach.

(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)
					Number of obligors				
	PD Range (as of 31 December 2023)	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	31 December 2023	31 December 2024	Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
Portfolio (i) – Sovereign			0.05%	0.18%	97	115	–	0	0.00%
	0.00 to < 0.15	AAA to BBB-			91	83			
	0.15 to < 0.25	BBB, BBB-			1	1			
	0.25 to < 0.50	BBB-, BB+, BB			0	0			
	0.50 to < 0.75	BB+, BB			1	0			
	0.75 to < 2.50	BB, BB-, B+, B			1	1			
	2.50 to < 10.00	B, B-, CCC, C			3	3			
	10.00 to < 100.00	CCC, C			0	0			
	New obligors acquired during the year	D				27			
Portfolio (ii) – Bank			0.10%	1.01%	774	918	–	0	0.34%
	0.00 to < 0.15	AAA to BBB-			347	285			
	0.15 to < 0.25	BBB, BBB-			92	75			
	0.25 to < 0.50	BBB-, BB+, BB			46	35			
	0.50 to < 0.75	BB+, BB			89	68			
	0.75 to < 2.50	BB, BB-, B+, B			141	111			
	2.50 to < 10.00	B, B-, CCC, C			45	27			
	10.00 to < 100.00	CCC, C			14	8			
	New obligors acquired during the year	D				309			
Portfolio (iii) – Corporate – Specialized Lending under supervisory slotting criteria approach (object finance and income-producing real estate)			0.45%	0.61%	211	235	–	0	0.98%
	0.00 to < 0.15	AAA to BBB-			76	69			
	0.15 to < 0.25	BBB, BBB-			18	10			
	0.25 to < 0.50	BBB-, BB+, BB			30	20			
	0.50 to < 0.75	BB+, BB			46	39			
	0.75 to < 2.50	BB, BB-, B+, B			38	20			
	2.50 to < 10.00	B, B-, CCC, C			2	1			
	10.00 to < 100.00	CCC, C			1	1			
	New obligors acquired during the year	D				75			
Portfolio (iv) – Corporate – Small-and-medium sized corporates			3.39%	4.14%	6,894	6,743	277	13	2.25%
	0.00 to < 0.15	AAA to BBB-			1	1			
	0.15 to < 0.25	BBB, BBB-			477	348			
	0.25 to < 0.50	BBB-, BB+, BB			335	261			
	0.50 to < 0.75	BB+, BB			840	649			
	0.75 to < 2.50	BB, BB-, B+, B			2,360	1,966			
	2.50 to < 10.00	B, B-, CCC, C			2,103	1,709			
	10.00 to < 100.00	CCC, C			778	606			
	New obligors acquired during the year	D				1,203			

9 Credit risk for non-securitization exposures (continued)

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

(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)
					Number of obligors				
	PD Range (as of 31 December 2023)	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	31 December 2023	31 December 2024	Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
Portfolio (v) – Corporate – Other corporates			0.64%	2.39%	5,771	6,220	70	0	0.79%
	0.00 to < 0.15	AAA to BBB-			1,334	1,146			
	0.15 to < 0.25	BBB, BBB-			990	816			
	0.25 to < 0.50	BBB-, BB+, BB			634	525			
	0.50 to < 0.75	BB+, BB			777	664			
	0.75 to < 2.50	BB, BB-, B+, B			991	782			
	2.50 to < 10.00	B, B-, CCC, C			525	432			
	10.00 to < 100.00	CCC, C			520	327			
	New obligors acquired during the year	D				1,528			
Portfolio (vi) – Retail – Qualifying revolving retail exposures			0.82%	0.61%	1,245,603	1,172,408	3,505	23	0.23%
	0.00 to < 0.15				757,079	629,192			
	0.15 to < 0.25				56,483	31,348			
	0.25 to < 0.50				101,180	86,673			
	0.50 to < 0.75				202,479	189,148			
	0.75 to < 2.50				80,339	72,784			
	2.50 to < 10.00				41,283	36,139			
	10.00 to < 100.00				6,760	4,950			
	New obligors acquired during the year					122,174			
Portfolio (vii) – Retail – Residential mortgage exposures			0.33%	0.43%	243,684	363,991	545	12	0.13%
	0.00 to < 0.15				111,369	90,137			
	0.15 to < 0.25				73,727	60,003			
	0.25 to < 0.50				31,534	25,286			
	0.50 to < 0.75				3,702	3,349			
	0.75 to < 2.50				17,956	14,632			
	2.50 to < 10.00				4,552	3,697			
	10.00 to < 100.00				844	666			
	New obligors acquired during the year					166,221			
Portfolio (viii) – Retail – Small business retail exposures			2.31%	3.43%	11,568	10,027	462	9	2.67%
	0.00 to < 0.15				323	229			
	0.15 to < 0.25				333	234			
	0.25 to < 0.50				1,319	947			
	0.50 to < 0.75				1,494	1,131			
	0.75 to < 2.50				4,861	3,614			
	2.50 to < 10.00				2,568	1,902			
	10.00 to < 100.00				670	381			
	New obligors acquired during the year					1,589			

9 Credit risk for non-securitization exposures (continued)

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

(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)
					Number of obligors				
	PD Range (as of 31 December 2023)	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	31 December 2023	31 December 2024	Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
Portfolio (ix) – Retail – Other retail exposures to individuals			5.96%	4.02%	370,776	349,804	11,235	412	2.15%
	0.00 to < 0.15				54,233	43,901			
	0.15 to < 0.25				22,571	19,581			
	0.25 to < 0.50				44,161	35,001			
	0.50 to < 0.75				34,407	28,093			
	0.75 to < 2.50				70,584	53,706			
	2.50 to < 10.00				116,981	92,957			
	10.00 to < 100.00				27,839	19,306			
	New obligors acquired during the year					57,259			

Please refer to note 9j (CRE) for the explanation on back-testing results.

o. 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 31 December 2024		(a)	(b)	(c)	(d)(i)	(d)(ii)	(d)(iii)	(d)(iv)	(d)(v)	(e)	(f)
					EAD amount						
Regulatory Categories	Remaining Maturity	On-balance sheet exposure amount HK$'M	Off-balance sheet exposure amount HK$'M	SRW	PF HK$'M	OF HK$'M	CF HK$'M	IPRE HK$'M	Total HK$'M	RWA HK$'M	Expected loss amount HK$'M
Strong^	Less than 2.5 years	15,446	1,139	50%	–	2,133	–	13,805	15,938	7,969	–
Strong	Equal to or more than 2.5 years	17,908	1,612	70%	–	12,660	–	5,926	18,586	13,010	74
Good^	Less than 2.5 years	3,009	546	70%	–	–	–	3,150	3,150	2,205	13
Good	Equal to or more than 2.5 years	4,725	328	90%	–	3,143	–	1,696	4,839	4,355	39
Satisfactory		3,520	38	115%	–	1,298	–	2,222	3,520	4,048	99
Weak		423	–	250%	–	–	–	423	423	1,058	34
Default		1,994	33	0%	–	–	–	1,994	1,994	–	997
Total		47,025	3,696		–	19,234	–	29,216	48,450	32,645	1,256

^ Use of preferential risk-weights.

Increase in total exposure was in line with the balance sheet movement during the period.

Increase in RWA was mainly driven by the increase in asset size.

10 Counterparty Credit risk

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

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

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

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

Wrong-way risk

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

Stress Testing

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

Exposure value calculation

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

Derivatives exposures are calculated using SA-CCR. Under this approach, EAD is calculated as the sum of replacement cost and potential future exposure multiplied by Alpha. Exposure for repurchase transactions and securities lending or borrowing transactions is calculated using the Financial Collateral Comprehensive Method. Supervisory volatility adjustments are applied to both collateral and exposure legs.

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

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

10 Counterparty Credit risk (continued)

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

Exposure value calculation (continued)

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

In line with market convention, the Group negotiates CSA terms for certain counterparties where the thresholds related to each party are dependent on their ECAI long-term rating. Such clauses are typically mutual in nature. As a result, a downgrade in the Group's rating would result in some counterparties seeking additional collateral calls to cover negative MTM portfolios where thresholds are lowered. As of 31 Dec 2024, the Group is not required to provide additional collateral in the case of an one-notch credit rating downgrade.

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

Credit valuation adjustments

Credit valuation adjustments (CVA) measures potential MTM loss associated with the deterioration in the creditworthiness of the counterparty. The Group applies standardised approach to calculate CVA capital charge on over-the-counter derivative contracts.

b. 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)
	At 31 December 2024	Replacement cost (RC) HK$'M	PFE	Effective EPE %	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM HK$'M	RWA HK$'M
1	SA-CCR (for derivative contracts) [1]	28,594	59,321		1.4	121,279	42,454
1a	CEM (for derivative contracts)	–	–		1.4	–	–
2	IMM (CCR) approach			–	1.4	–	–
3	Simple Approach (for SFTs)					–	–
4	Comprehensive Approach (for SFTs) [2]					275,711	4,905
5	VaR (for SFTs)					–	–
6	**Total**						**47,359**

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

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

10 Counterparty Credit risk (continued)

c. 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.

	At 31 December 2024	*(a)* *EAD post CRM* *HK$'M*	*(b)* *RWA* *HK$'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	121,260	19,882
4	**Total**	**121,260**	**19,882**

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

d. 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.

	At 31 December 2024	*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	*(j)*	*(k)*
	Risk Weight	*0%*	*10%*	*20%*	*35%*	*50%*	*75%*	*100%*	*150%*	*250%*	*Others*	*Total default risk exposure after CRM*
	Exposure class	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
3	Multilateral development bank exposures	198	–	–	–	–	–	–	–	–	–	198
6	Corporate exposures	–	–	–	–	–	–	370	–	–	–	370
8	Regulatory retail exposures	–	–	–	–	–	8	–	–	–	–	8
12	**Total**	**198**	**–**	**–**	**–**	**–**	**8**	**370**	**–**	**–**	**–**	**576**

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

10 Counterparty Credit risk (continued)

e. 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)	(b)	(c)	(d)	(e)	(f)	(g)
At 31 December 2024	EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
PD scale	HK$'M					HK$'M	
Portfolio (i) – Sovereign							
0.00 to < 0.15	23,697	0.04%	25	12.2%	0.28	458	2%
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	**23,697**	**0.04%**	**25**	**12.2%**	**0.28**	**458**	**2%**
Portfolio (ii) – Bank							
0.00 to < 0.15	237,323	0.05%	191	14.8%	0.45	9,656	4%
0.15 to < 0.25	33,185	0.22%	36	10.6%	0.46	3,232	10%
0.25 to < 0.50	2,580	0.39%	19	11.1%	0.30	352	14%
0.50 to < 0.75	6,383	0.52%	29	21.9%	0.39	2,021	32%
0.75 to < 2.50	1,613	0.92%	7	5.1%	0.02	135	8%
2.50 to < 10.00	2	3.51%	1	5.0%	1.00	–	16%
10.00 to < 100.00	2	13.77%	2	45.0%	1.00	6	230%
100.00 (Default)	–	0.00%	–	0.0%	–	–	0%
Sub-total	**281,088**	**0.09%**	**285**	**14.4%**	**0.45**	**15,402**	**5%**
Portfolio (iii) – Corporate							
0.00 to < 0.15	38,218	0.11%	321	27.1%	1.02	4,615	12%
0.15 to < 0.25	14,033	0.22%	453	50.7%	1.29	6,651	47%
0.25 to < 0.50	7,334	0.39%	149	28.8%	0.61	2,503	34%
0.50 to < 0.75	23,189	0.54%	169	28.3%	0.50	8,343	36%
0.75 to < 2.50	5,780	1.10%	130	54.1%	0.94	5,415	94%
2.50 to < 10.00	1,379	3.76%	32	61.1%	1.02	2,227	162%
10.00 to < 100.00	1,685	18.32%	18	14.7%	0.25	1,369	81%
100.00 (Default)	11	100.00%	1	14.5%	4.35	–	0%
Sub-total	**91,629**	**0.72%**	**1,273**	**33.1%**	**0.88**	**31,123**	**34%**
Total (all portfolios subject to the IRB approaches)	**396,414**	**0.23%**	**1,583**	**18.6%**	**0.54**	**46,983**	**12%**

Increase in EAD post-CRM was due to the increase in bank, corporate and sovereign exposures.

10 Counterparty Credit risk (continued)

f. 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.

	(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*
	Derivative contracts				*SFTs*	
At 31 December 2024	*Fair value of recognized collateral received*		*Fair value of posted collateral*		*Fair value of recognized collateral received*	*Fair value of posted collateral*
Exposure classes	*Segregated*	*Unsegregated*	*Segregated*	*Unsegregated*		
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
Cash – domestic currency	–	200	–	41	1,000	82,045
Cash – other currencies	–	18,903	–	27,744	23,456	98,182
Domestic sovereign debt	–	–	–	–	25,255	–
Other sovereign debt	–	11,239	–	11,361	60,046	63,457
Government agency debt	–	–	–	–	6,547	5,090
Corporate bonds	–	17,509	–	17,531	64,709	26,712
Equity securities	–	–	–	–	78,288	224
Other collateral	–	280	–	–	–	–
Total	**–**	**48,131**	**–**	**56,677**	**259,301**	**275,710**

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

g. 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.

	(a)	*(b)*
	Protection bought	*Protection sold*
At 31 December 2024	*HK$'M*	*HK$'M*
Notional amounts		
Single-name credit default swaps	–	–
Index credit default swaps	–	–
Total return swaps	198,387	20,354
Credit-related options	–	–
Other credit-related derivative contracts	26,850	10,029
Total notional amounts	**225,237**	**30,383**
Fair values		
Positive fair value (asset)	1,236	1,107
Negative fair value (liability)	(4,105)	(28)

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

10 Counterparty Credit risk (continued)

h. Exposures to CCPs (CCR8)

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

	At 31 December 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)**		**266**
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	749	15
3	*(i) OTC derivative transactions*	–	–
4	*(ii) Exchange-traded derivative contracts*	749	15
5	*(iii) Securities financing transactions*	–	–
6	*(iv) Netting sets subject to valid cross-product netting agreements*	–	–
7	Segregated initial margin	–	
8	Unsegregated initial margin	7,669	153
9	Funded default fund contributions	2,701	98
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 and RWA were mainly due to the decrease in volume of exchange-traded derivative contracts with qualifying CCPs.

11 Securitization exposures

a. Qualitative disclosures related to securitization exposure (SECA)

Securitization activities are undertaken by the Group for risk-taking purpose by various businesses acting as investors. The Group adopts the SEC-ERBA and SEC-SA to calculate the credit risk for asset securitizations in which it is an investing institution. For the Group's originated positions, these are all reported under the SEC-IRBA.

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

The Group's securitization exposures are measured in accordance with the accounting policy described in note 2(i) of the 2024 consolidated financial statements.

11 Securitization exposures (continued)

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

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

b. Securitization exposures in banking book (SEC1)

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

		(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:	**–**	**–**	**–**	**–**	**–**	**–**	**26,497**	**–**	**26,497**
2	residential mortgage	–	–	–	–	–	–	16,012	–	16,012
3	credit card	–	–	–	–	–	–	2,207	–	2,207
4	other retail exposures	–	–	–	–	–	–	8,278	–	8,278
5	re-securitization exposures	–	–	–	–	–	–	–	–	–
6	Wholesale (total) – of which:	**–**	**5,354**	**5,354**	**–**	**–**	**–**	**4,236**	**–**	**4,236**
7	loans to corporates	–	5,354	5,354	–	–	–	4,236	–	4,236
8	commercial mortgage	–	–	–	–	–	–	–	–	–
9	lease and receivables	–	–	–	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	–	–	–
11	re-securitization exposures	–	–	–	–	–	–	–	–	–

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

c. Securitization exposures in trading book (SEC2)

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

		(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*
		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:	**–**	**–**	**–**	**–**	**–**	**–**	**1,542**	**–**	**1,542**
2	residential mortgage	–	–	–	–	–	–	995	–	995
3	credit card	–	–	–	–	–	–	–	–	–
4	other retail exposures	–	–	–	–	–	–	547	–	547
5	re-securitization exposures	–	–	–	–	–	–	–	–	–
6	Wholesale (total) – of which:	**–**	**–**	**–**	**–**	**–**	**–**	**1,486**	**–**	**1,486**
7	loans to corporates	–	–	–	–	–	–	124	–	124
8	commercial mortgage	–	–	–	–	–	–	–	–	–
9	lease and receivables	–	–	–	–	–	–	–	–	–
10	other wholesale	–	–	–	–	–	–	1,362	–	1,362
11	re-securitization exposures	–	–	–	–	–	–	–	–	–

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

11 Securitization exposures (continued)

d. Securitization exposures in banking book and associated capital requirements – where the Group 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)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	SEC-FBA
1	**Total exposures**	5,312	–	–	42	–	5,354	–	–	–	1,085	–	–	–	87	–	–	–
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*	5,312	–	–	42	–	5,354	–	–	–	1,085	–	–	–	87	–	–	–
10	*Of which securitization*	5,312	–	–	42	–	5,354	–	–	–	1,085	–	–	–	87	–	–	–
11	*Of which retail underlying*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	*Of which wholesale*	5,312	–	–	42	–	5,354	–	–	–	1,085	–	–	–	87	–	–	–
13	*Of which re-securitization*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	*Of which senior*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	*Of which non-senior*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

e. Securitization exposures in banking book and associated capital requirements – where the Group acts as investor (SEC4)

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

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl IAA)	SEC-SA	SEC-FBA
1	**Total exposures**	30,491	198	44	–	–	–	25,270	5,463	–	–	4,179	819	–	–	334	66	–
2	*Traditional securitization*	30,491	198	44	–	–	–	25,270	5,463	–	–	4,179	819	–	–	334	66	–
3	*Of which securitization*	30,491	198	44	–	–	–	25,270	5,463	–	–	4,179	819	–	–	334	66	–
4	*Of which retail underlying*	26,386	111	–	–	–	–	23,840	2,657	–	–	3,925	398	–	–	314	32	–
5	*Of which wholesale*	4,105	87	44	–	–	–	1,430	2,806	–	–	254	421	–	–	20	34	–
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 SEC1 for the main drivers of the exposures.

12 Market risk

a. Qualitative disclosures related to market risk (MRA, MRB)

Our approach to Market risk can be found in the Risk Management approach section of the 2024 consolidated financial statements.

The primary categories of market risk for the Group are:

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

Trading book

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

Valuation frameworks

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

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

Management VaR

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

Regulatory VaR

Regulatory VaR is used to estimate the potential loss, from market movements, across trading book positions for which the Bank has received permission to apply the internal model approach (IMM). Regulatory VaR, including Stressed VaR and Risk-Not-in-VaR (RNIV) measures, is used to calculate market risk RWAs for positions falling under the IMM permission.

12 Market risk (continued)

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

Regulatory VaR vs Management VaR

Variable	Regulatory VaR	Management VaR
Confidence level	99%	97.5%
Historical Observation	Max (260 business days unweighted, 130 business days unweighted)	260 business days unweighted
Liquidity Horizon	1 day scaled to 10-day VaR by multiplying by the square root of 10. A more conservative multiplier is applied if statistical hypothesis testing shows that the square root of 10 multiplier is not sufficiently appropriate.	1 day
Updating Frequency	1 day	1 day
Scope	As approved by HKMA, under Internal Model Approval (IMM)	All non-structural market risk exposures across the trading and non-trading books

Hong Kong Monetary Authority ("HKMA") has granted SCBHK permission to use the Internal Models Approach (IMM) to calculate its general market risk capital charge from December 2021 onwards in selected asset classes. In addition, SCBHK has agreed with HKMA and started providing a VaR number with a shorter 6-month window to increase its responsiveness to market volatility. The 6-month VaR has been implemented since November 2022.

For December 2024, VaR contributed 24% and stressed VaR contributed 36% for SCBHK general market risk capital charge.

Backtesting

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

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

HKMA regulation specifies that a model with fewer than five backtesting exceptions in the last 250 trading days is deemed to be in the 'green zone'.

Stressed VaR

Stressed VaR applies the same model as for regulatory VaR but using a one-year historical observation period from a stressed period relevant to the trading book portfolio.

For SCBHK the stressed period applied was the 260 business days ending 30 June 2009 reflecting the Global Financial Crisis. This is the same period used for the Group stressed VaR calculation.

Risks-not-in-VaR framework

The Risks-not-in-VaR (RniV) framework is used to supplement the main VaR model in the context of estimating risks that are not captured in the model. An example of this is the use of proxies where market data is not available during the stressed period. In such instances, the RniV approach is used to quantify the capital requirement.

12 Market risk (continued)

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

Stress testing

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

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

Market risk changes

The global central banks shifted into easing cycle last year as inflation was slowing down. However, the impact of rate cuts on global growth in the coming year may be limited by the potential global trade war.

Management VaR allows SCB to manage the market risk across the trading book and most of the fair valued non-trading books. In September 2024, China's central bank unveiled the most aggressive stimulus package to revive the economy since the pandemic, the market reacted positively with a sharp rally in the bond and equity market. As a result, the trading book VaR has hit a high level as the stimulus measures have introduced additional market volatility into our portfolio. Furthermore, the diversification benefits were not high in the VaR as the risk exposures were similar across major currencies.

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

Value at risk:	2024				2023			
	Average	*High***	*Low***	*Actual**	*Average*	*High***	*Low***	*Actual**
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
Total	**181.7**	**228.6**	**143.1**	**153.6**	177.7	242.4	105.2	192.9

Trading (VaR at 97.5%, 1 day)

Value at risk:	2024				2023			
	Average	*High***	*Low***	*Actual**	*Average*	*High***	*Low***	*Actual**
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
Interest rate risk	**68.7**	**86.6**	**55.5**	**58.8**	62.4	106.4	34.1	59.0
Foreign exchange risk	**19.0**	**37.2**	**10.4**	**24.5**	18.6	37.8	7.3	21.4
Credit spread risk	**31.1**	**36.9**	**25.9**	**28.5**	35.4	46.9	26.0	33.2
Total^	**91.2**	**122.6**	**70.3**	**82.7**	75.7	134.6	40.4	82.0

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

Value at risk:	2024				2023			
	Average	*High***	*Low***	*Actual**	*Average*	*High***	*Low***	*Actual**
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
Interest rate risk^^	**123.2**	**157.6**	**97.5**	**109.6**	136.8	167.7	88.7	138.6

* Actual one day VaR at period end date.
** Highest and lowest VaR for each risk factor are independent and usually occur on different days.
^ Total Trading VaR shown in the tables above is not a sum of the component risks due to offsets between them.
^^ Includes credit spread risk arising from fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI") securities.

Total trading VaR includes Commodity risks which are immaterial in exposure

12 Market risk (continued)

b. Market risk under STM approach (MR1)

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

	At 31 December 2024	*(a)* *RWA* *HK$'M*
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	20,181
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	1,467
4	Commodity exposures	3,291
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	15,848
9	**Total**	**40,787**

Decrease in market risk RWA under STM approach was mainly due to decrease in securitization exposures, specific interest rate risk and foreign exchange (including gold) exposures.

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

The table below shows the RWA under IMM model as of December 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**	**12,741**	**43,894**	**N/A**	**N/A**	**N/A**	**56,635**
2	Movement in risk levels	1,671	2,711	N/A	N/A	N/A	4,382
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	(2)	(6)	N/A	N/A	N/A	(8)
7	Other	–	–	N/A	N/A	N/A	–
8	**RWA as at end of reporting period**	**14,410**	**46,599**	**N/A**	**N/A**	**N/A**	**61,009**

12 Market risk (continued)

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

Internal Models Approach

The results reflect only the portfolio covered by the internal model approach and are calculated at a 99 per cent confidence level, excluding RNIV and Capital add-on that also contributes to the capital charge.

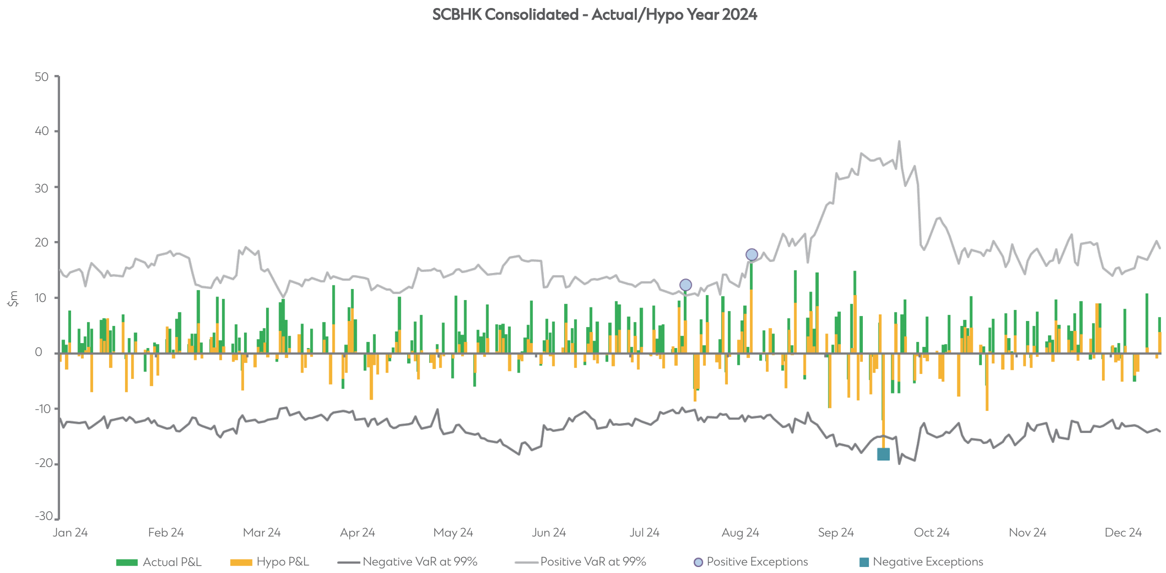
		(a) *HK$'M*
VaR (10 days – one-tailed 99% confidence interval)		
1	Maximum Value	491
2	Average Value	339
3	Minimum Value	258
4	Period End	349
Stressed VaR (10 days – one-tailed 99% confidence interval)		
5	Maximum Value	716
6	Average Value	569
7	Minimum Value	469
8	Period End	654
Incremental risk charge (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

12 Market risk (continued)

e. 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 was 1 negative exception in the previous 250 business days and 'green zone' is applied according to HKMA's regulation.

- The negative exception in Hypo P&L occurred on 4th October 2024: Markets moved in a fashion unanticipated by the model 4th October market commentary: After announcement of a large upside surprise in the US Non-Farm Payroll employment data, the market reacted strongly in anticipation of less rate cuts by the United States Federal Reserve. In addition, the demand for Hong Kong dollars soared following a rally in Chinese stocks listed in Hong Kong on hopes that Beijing's fresh stimulus measures will revive a slowing China economy.

- The positive exceptions in Actual P&L occurred on 2nd August and 23rd August 2024: Client Income, Intraday trades, and reserve adjustments

f. 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 back-tested against actual results. As of 31 December 2024, the potential shortfalls marginally exceeds accounting provisions.

13 Interest rate risk

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

Overview

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

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

Measurement of IRRBB

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

Methodology

NII and EVE sensitivities are calculated under various interest rate scenarios, including parallel and non-parallel shifts and a range of internally designed scenarios that assess vulnerabilities in the Group's business model and key behavioural assumptions under interest rate shocks and stresses. Risk Appetite limits are monitored with respect to six interest rate scenarios prescribed by the HKMA.

The model assumptions used internally do not differ from the ones set by the HKMA.

The EVE is calculated based on the assumption that expired interest rate sensitive positions are not replaced. The cash flows include commercial spread components and financial investments consider credit dependent spread components. Cash flows including commercial margins and other spread components are discounted with a risk-free rate curve per currency, such as Interbank Offered Rates ("IBORs")/Alternative Reference Rates ("ARRs") and Swap market rates. The NII sensitivity is computed based on the assumption of a constant balance sheet excluding non-rate-sensitive items.

The average repricing maturity of non-maturing deposits ("NMD") has been determined based on the stability of deposits, relationship between market interest rate and interest rate offered to the customer with consideration of the historical run off behavior. As of 31 December 2024, the Group's average and longest repricing maturity assigned to non-maturing deposits are 0.68 year and 4.5 years respectively.

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

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

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

Stress tests are performed regularly to identify structural risks to NII or EVE sensitivities under adverse but plausible interest rate scenarios.

13 Interest rate risk (continued)

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

Management of IRRBB

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

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

Repricing risk arising within Treasury is managed using a combination of on-balance sheet and derivative hedges. Derivative hedges are subject to Fair Value and Cash Flow Hedge accounting treatment where available under Hong Kong Financial Reporting Standards. Banking books' fair valued interest rate risk positions and limits are independently monitored by the Traded Risk Management ("TRM") function.

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

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

		(a)	(b)	(c)	(d)
HK$'M		ΔEVE Change in economic value of equity[1]		ΔNII Change in net interest income[1]	
	Period	31 December 2024	31 December 2023	31 December 2024	31 December 2023
1	Parallel up	13,110	7,229	(598)	(3,143)
2	Parallel down	3,082	4,290	784	3,324
3	Steepener	2,493	1,421		
4	Flattener	2,402	1,106		
5	Short rate up	6,281	2,171		
6	Short rate down	1,950	2,939		
7	**Maximum**	13,110	7,229	784	3,324
	Period	**31 December 2024**		**31 December 2023[2]**	
8	**Tier 1 capital**	174,108		164,882	

[1] Positive values of ΔEVE and ΔNII indicate losses under the respective scenarios, in accordance with HKMA's disclosure requirement
[2] Comparative data have been re-presented to align with the latest submission to the HKMA.

As of 31 December 2024, the most adverse of the six HKMA interest rate shock scenarios with regard to EVE was the "Parallel up" scenario (a constant parallel shock up across all time buckets), resulting in an adverse change of economic value of equity of HK$13,110 million (2023: HK$7,229 million), representing an effect equal to 7.5% (2023: 4.4%) of Tier 1 capital.

The more adverse of the two parallel interest rate shock scenarios with regard to NII over the next 12 months was the "Parallel down" scenario, resulting in a potential loss of HK$784 million (2023: HK$3,324 million).

The increase in EVE loss under parallel up worst case scenario and decrease in NII loss under parallel down worst case scenario was mainly due to lengthening of net asset duration.

14 Remuneration (REMA/REM1/REM2/REM3)

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

a) Information relating to the governance structure of the remuneration system

b) Information relating to the design and structure of the remuneration processes

c) Description of the ways in which current and future risks are taken into account in the remuneration processes

d) Description of the ways in which the Group seeks to link performance during a performance measurement period with levels of remuneration

e) Description of the ways in which the Group seeks to adjust remuneration to take account of longer-term performance

f) Description of the different forms of variable remuneration that the Group utilises and the rationale for using these different forms

g) Number of meetings held by the PLC Remuneration Committee during the financial year and remuneration paid to the staff

The Group adopts the remuneration policy and systems of SC PLC. Please refer to the Directors' Remuneration Report, which starts from Page 143 of the 2024 Annual Report of SC PLC for details of the PLC Remuneration Committee, the major characteristics of the remuneration system, and how risks are taken into account in the remuneration processes.

h) Aggregate quantitative information on remuneration for Senior Management and Key Personnel (Note 1) for the years ended 31 December 2024 and 31 December 2023 are as follows:

REM1: Analysis of remuneration split between fixed and variable remuneration

Remuneration amount and quantitative information			2024		2023	
			Senior management[1] HK$'M	Key personnel[1] HK$'M	Senior management[1] HK$'M	Key personnel[1] HK$'M
1	Fixed remuneration	Number of employees	29	28	21	24
2		**Total fixed remuneration**	**115**	**96**	**136**	**97**
3		Of which: cash-based	115	96	136	97
4		Of which: deferred	–	–	–	–
5		Of which: shares or other share-linked instruments	–	–	–	–
6		Of which: deferred	–	–	–	–
7		Of which: other forms	–	–	–	–
8		Of which: deferred	–	–	–	–
9	Variable remuneration[2]	Number of employees	29	28	21	24
10		**Total variable remuneration**	**199**	**84**	**176**	**103**
11		Of which: cash-based	97	42	83	55
12		Of which: deferred	48	17	43	27
13		Of which: shares or other share-linked instruments	102	42	93	48
14		Of which: deferred	62	23	57	27
15		Of which: other forms	–	–	–	–
16		Of which: deferred	–	–	–	–
17	**Total remuneration**		**314**	**180**	**312**	**200**

14 Remuneration (REMA/REM1/REM2/REM3) (continued)

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

2024

Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount HK$'M	Number of employees	Total amount HK$'M	Number of employees	Total amount HK$'M
1	Senior management	–	–	–	–	2	7
2	Key personnel	2	8	–	–	3	9

2023

Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount HK$'M	Number of employees	Total amount HK$'M	Number of employees	Total amount HK$'M
1	Senior management	–	–	–	–	1	2
2	Key personnel	–	–	–	–	1	5

REM3: Analysis of deferred remuneration

2024

Deferred and retained remuneration[2]		Total amount of outstanding deferred remuneration as of 31 Dec 2024 HK$'M	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment HK$'M	Total amount of amendment during the year due to ex post explicit adjustments HK$'M	Total amount of amendment during the year due to ex post implicit adjustments HK$'M	Total amount of deferred remuneration paid out in the financial year HK$'M
1	**Senior management**	**321**	**321**	**(6)**	**109**	**99**
2	Cash	109	109	–	–	28
3	Shares	212	212	(6)	109	71
4	Cash-linked instruments	–	–	–	–	–
5	Other	–	–	–	–	–
6	**Key personnel**	**180**	**180**	**–**	**55**	**67**
7	Cash	69	69	–	–	20
8	Shares	111	111	–	55	47
9	Cash-linked instruments	–	–	–	–	–
10	Other	–	–	–	–	–
11	**Total**	**501**	**501**	**(6)**	**164**	**166**

14 Remuneration (REMA/REM1/REM2/REM3) (continued)

REM3: Analysis of deferred remuneration (continued)

2023

	Deferred and retained remuneration[2]	Total amount of outstanding deferred remuneration as of 31 Dec 2023 HK$'M	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment HK$'M	Total amount of amendment during the year due to ex post explicit adjustments HK$'M	Total amount of amendment during the year due to ex post implicit adjustments HK$'M	Total amount of deferred remuneration paid out in the financial year HK$'M
1	**Senior management**	**300**	**300**	**(5)**	**14**	**88**
2	Cash	107	107	–	–	29
3	Shares	193	193	(5)	14	59
4	Cash-linked instruments	–	–	–	–	–
5	Other	–	–	–	–	–
6	**Key personnel**	**116**	**116**	**–**	**5**	**32**
7	Cash	43	43	–	–	11
8	Shares	73	73	–	5	21
9	Cash-linked instruments	–	–	–	–	–
10	Other	–	–	–	–	–
11	**Total**	**416**	**416**	**(5)**	**19**	**120**

1 In the HKMA CG-5 module Guideline on a Sound Remuneration System published in July 2021, Senior Management is defined as individuals who are responsible for oversight of the Group's firm-wide strategy or activities or those of the Group's material business lines (including, but not limited to, the chief executive and alternate chief executive(s), executive directors, and other senior executives with a role in the Group's business who report directly to the chief executive). Key Personnel is defined as individuals whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Group. The lists of Senior Management and Key Personnel are reviewed annually as per HKMA CG-5 requirement to reflect the prevailing organization structure.

The number of employees identified as Senior Management and Key Personnel in Year 2024 has increased compared to the preceding year. This reflects the recent activities to streamline organizational structure in the Group, which necessitated interim arrangements and hence an additional number of these Senior Management or Key Personnel had been captured for partial year of service with the Group in 2024.

2 From the 2023 year-end disclosure onwards, the Group aligns with the remuneration disclosure guidance of SC PLC. Amounts shown in REM1 would include the variable remuneration *awarded for the performance year in question,* rather than the variable remuneration actually paid or vested during the financial year.

Amounts shown in REM3 would include both deferred and retained remuneration. In this regard, vested shares (that are subject to a retention period) are included. In order to demonstrate a meaningful year-on-year comparison, the amounts for both financial years 2023 and 2024 adopted the latest disclosure approach. Therefore, the amounts for financial year 2023 displayed this year might be different from the ones shown in REM3 of the 2023 year-end disclosure.

15 Operational Risk

The Group adopts the standardized (operational risk) approach for assessing capital requirements for operational risk.

Further information regarding operational risk governance and management is set out in note 33(f) on pages 117 to 118 of the 2024 consolidated financial statements.

16 International claims

International claims are on-balance sheet exposures of counterparties based on the location of those counterparties after taking into account the transfer of risk. Recognized risk transfer refers to the reduction of exposure to a particular country by an effective transfer of credit risk to a different country. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated.

International claims on individual countries or segments, after risk transfer, amounting to 10% or more of the aggregated international claims are shown as below:

At 31 December 2024	*Banks*	*Official sector*	*Non-bank financial institution*	*Non-financial private sector*	*Total*
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	*HK$'M*
Developed countries	185,527	94,731	125,117	78,586	483,961
– of which United Kingdom (excluding Guernsey, Isle of Man and Jersey)	134,283	471	66,145	15,866	216,765
Offshore centres	33,773	4,576	29,995	86,172	154,516
– of which Hong Kong SAR	13,981	1,712	22,945	64,370	103,008
Developing Asia and Pacific	256,986	87,223	46,518	89,012	479,739
– of which China	185,963	49,324	36,748	55,738	327,773

17 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 31 December 2024 HK$'M	*% of loans and advances covered by collateral or other securities*
Gross loans and advances for use in Hong Kong		
Industrial, commercial and financial		
– Property development	14,369	61%
– Property investment	22,062	74%
– Financial concerns	27,198	27%
– Stockbrokers	1,552	19%
– Wholesale and retail trade	12,749	14%
– Manufacturing	16,371	5%
– Transport and transport equipment	7,684	14%
– Recreational activities	44	–
– Information technology	4,868	1%
– Others	18,609	9%
Individuals		
– Advances for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	925	100%
– Advances for the purchase of other residential properties	232,636	100%
– Credit card advances	33,883	–
– Others	31,667	32%
Total gross loans and advances for use in Hong Kong	424,617	66%
Trade finance	61,059	9%
Trade bills	2,391	2%
Gross loans and advances for use outside Hong Kong	480,651	45%
Gross loans and advances to customers	968,718	52%

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

17 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 advances to customers are as follows:

	Impaired loans and advances to customers HK$'M	Overdue loans and advances to customers HK$'M	Stage 3 expected credit loss provision HK$'M	Stage 1 & 2 expected credit loss provision HK$'M	Provision charge/ (release) HK$'M
At 31 December 2024					
Advances for the purchase of other residential properties	488	188	27	2	(2)
Gross loans and advances for use outside Hong Kong	12,842	8,148	9,691	2,094	2,495

18 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.

As at 31 December 2024	Gross loans and advances to customers HK$'M	Impaired loans and advances to customers HK$'M	Overdue loans and advances to customers HK$'M	Specific provisions HK$'M	General provisions HK$'M
Hong Kong	425,647	3,053	2,150	1,470	1,816
Mainland China	146,293	10,695	7,569	8,899	1,123
Taiwan	78,584	675	108	165	298
South Korea	218,886	1,652	578	960	449
Others	99,308	271	192	126	160
Total	**968,718**	**16,346**	**10,597**	**11,620**	**3,846**

19 Overdue assets

(i) Overdue loans and advances to customers

	At 31 December 2024 HK$'M	At 31 December 2024 % of loans and advances to customers
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	926	0.10%
1 year or less but over 6 months	2,091	0.22%
Over 1 year	7,580	0.78%
	10,597	1.10%

19 Overdue assets (continued)

(i) Overdue loans and advances to customers (continued)

	At 31 December 2024 HK$'M
Fair value of collateral held against the covered portion of overdue loans and advances to customers	2,086
Covered portion of overdue loans and advances to customers	1,651
Uncovered portion of overdue loans and advances to customers	8,946

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.

	At 31 December 2024 HK$'M
Stage 3 expected credit loss provision against loans and advances to customers overdue more than 3 months	8,812

(ii) Overdue loans and advances to banks

	At 31 December 2024	
	HK$'M	*% of loans and advances to banks*
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	0.01%
Total	24	0.01%

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

	At 31 December 2024 HK$'M
Stage 3 expected credit loss provision against loans and advances to banks overdue more than 3 months	24

As at 31 December 2024, there were no debt securities and other assets overdue more than 3 months.

20 Rescheduled assets

	At 31 December 2024	
	HK$'M	% of loans and advances to customers
Rescheduled loans and advances to customers	3,444	0.36%

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 19.

As at 31 December 2024, there were no rescheduled loans and advances to banks, debt securities and other assets.

21 Mainland Activities

		On-balance sheet exposure HK$'M	Off-balance sheet exposure HK$'M	Total HK$'M
At 31 December 2024				
(i)	Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	160,517	23,324	183,841
(ii)	Local governments, local government-owned entities and their subsidiaries and JVs	8,759	2,358	11,117
(iii)	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	152,038	43,918	195,956
(iv)	Other entities of central government not reported in item (i) above	9,116	319	9,435
(v)	Other entities of local governments not reported in item (ii) above	–	63	63
(vi)	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	22,261	2,853	25,114
(vii)	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	14,326	2,519	16,845
Total		367,017	75,354	442,371
Total assets after provision		2,099,780		
On-balance sheet exposures as percentage of total assets		17.48%		

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.

22 Off-balance sheet exposures

Contingent liabilities and commitments

	At 31 December 2024 HK$'M
Contractual or notional amounts	
Direct credit substitutes	9,250
Transaction-related contingencies	53,477
Trade-related contingencies	13,477
Forward asset purchases	98
Forward forward deposits placed	664
Other commitments:	
which are not unconditionally cancellable:	
with original maturity of not more than one year	13,064
with original maturity of more than one year	140,638
which are unconditionally cancellable	706,691
	937,359
Credit risk weighted amount (before 1.06 scaling factor)	73,596

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.

Acronyms

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