



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

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

For period ended  
At 30 June 2023

# Standard Chartered Bank (Hong Kong) Limited

## Table of Contents

	<i>Page</i>
1 <i>Basic of consolidation and preparation</i> .....	1
2 <i>Key prudential ratios and metrics</i> .....	3
a. <i>Key Prudential ratios (KM1)</i> .....	3
b. <i>Key metrics – LAC requirements for the Group         (at LAC consolidation group level) (KM2(A))</i> .....	4
c. <i>Key metrics – TLAC requirements for non-HK resolution entity         (at resolution group level) (KM2(B))</i> .....	5
3 <i>Overview of risk-weighted amount (“RWA”) (OV1)</i> .....	6
4 <i>Composition of regulatory capital</i> .....	7
a. <i>Composition of regulatory capital (CC1)</i> .....	7
b. <i>Reconciliation between accounting and regulatory balance sheets (CC2)</i> .....	14
c. <i>Main features of regulatory capital instruments (CCA) and non-capital         LAC debt instruments (CCA(A))</i> .....	16
d. <i>LAC composition of the bank (at LAC consolidation group level) (TLAC1(A))</i> .....	46
e. <i>Creditor ranking of the bank at legal entity level (TLAC2)</i> .....	48
5 <i>Macroprudential supervisory measures</i> .....	49
<i>Geographical distribution of credit exposures used in countercyclical capital buffer (CCyB1)</i> .....	49
6 <i>Leverage Ratio</i> .....	50
a. <i>Summary comparison of accounting asset against leverage ratio exposure measure (LR1)</i> .....	50
b. <i>Leverage ratio (LR2)</i> .....	51
7 <i>Liquidity</i> .....	52
a. <i>Liquidity Coverage Ratio – for category 1 institution (LIQ1)</i> .....	52
b. <i>Net Stable Funding Ratio – for category 1 institution (LIQ2)</i> .....	54
8 <i>Credit risk for non-securitization exposures</i> .....	57
a. <i>Credit quality of exposures (CR1)</i> .....	57
b. <i>Changes in defaulted loans and debt securities (CR2)</i> .....	58
c. <i>Overview of recognized credit risk mitigation (CR3)</i> .....	58
d. <i>Credit risk exposures and effects of recognized credit risk mitigation –         for STC approach (CR4)</i> .....	59

	Page
e. Credit risk exposures by asset classes and by risk weights – for STC approach (CR5).....	60
f. Credit risk exposures by portfolio and PD ranges – for IRB approach (CR6).....	61
g. Effects on RWA of recognized credit derivative contracts used as recognized credit risk mitigation – for IRB approach (CR7).....	64
h. RWA flow statements of credit risk exposures under IRB approach (CR8).....	65
i. Specialized lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach (CR10).....	65
9 Counterparty Credit risk.....	66
a. Analysis of counterparty default risk exposures (other than those to CCPs) by approaches (CCR1).....	66
b. CVA capital charge (CCR2).....	66
c. Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach (CCR3).....	67
d. Counterparty default risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach (CCR4).....	68
e. Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs) (CCR5).....	69
f. Credit-related derivatives contracts (CCR6).....	69
g. Exposures to CCPs (CCR8).....	70
10 Securitization exposures.....	71
a. Securitization exposures in banking book (SEC1).....	71
b. Securitization exposures in trading book (SEC2).....	71
c. Securitization exposures in banking book and associated capital requirements – where AI acts as originator (SEC3).....	72
d. Securitization exposures in banking book and associated capital requirements – where AI acts as investor (SEC4).....	73
11 Market Risk.....	74
a. Market risk under STM approach (MR1).....	74
b. RWA flow statements of market risk exposures under IMM approach (MR2).....	74
c. IMM approach values for market risk exposures (MR3).....	75
d. Comparison of VaR estimates with gains or losses (MR4).....	76
e. Market risk exposures on guaranteed retirement funds.....	76

	<i>Page</i>
12 <i>International claims</i> .....	77
13 <i>Loans and advances to customers analysed by industry sector</i> .....	78
14 <i>Loans and advances to customers by geographical location</i> .....	79
15 <i>Overdue assets</i> .....	80
16 <i>Rescheduled assets</i> .....	82
17 <i>Mainland Activities</i> .....	82
18 <i>Off-balance sheet exposures – Contingent liabilities and commitments</i> .....	83
19 <i>Foreign exchange risk</i> .....	84

## Supplementary Notes to Condensed Consolidated Interim Financial Statement (unaudited)

These notes are supplementary to and should be read in conjunction with the 2023 Condensed Consolidated Interim Financial Statements (“consolidated financial statements”). The consolidated financial statements and this supplementary notes to condensed consolidated interim financial statements (unaudited) taken together comply with the Banking (Disclosure) Rules (“Rules”) under section 60A of the Banking Ordinance and the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements - Banking Sector) Rules (“LAC Rules”) under section 19(1) of the Financial Institutions (Resolution) Ordinance (“FIRO”).

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

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

According to the Rules and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Prior period disclosures and additional disclosures as required by the Banking (Disclosure) Rules will be available on our website: [www.sc.com/hk](http://www.sc.com/hk) on or before 31 August 2023.

### 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 comprises Pembroke Aircraft Leasing Holdings Limited and Marina Leasing Limited).

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

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

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

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

## 1 Basis of consolidation and preparation (continued)

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

Name of company	Principal Activity	30 June 2023	
		Total assets HK\$'M	Total equity HK\$'M
Prunelli Asset Purchaser HK Limited	Asset-backed securitization	5,575	–
Standard Chartered Securities Korea Limited	Provision of security trading, underwriting and brokerage transactions	1,891	1,793
Standard Chartered Securities (China) Limited	Securities business	1,140	1,137
Standard Chartered Trustee (Hong Kong) Limited	Trustee, administrator and transfer agency services	168	158
Standard Chartered Securities (Hong Kong) Limited	Equity capital markets, corporate finance and institutional brokerage	134	133
Standard Chartered Trust (HK) Limited	Trustee services	15	9
Horsford Nominees Limited	Nominees services	–	–
		8,923	3,230

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

The Group uses the advanced internal ratings based ("IRB") approach for both the measurement of credit risk capital requirements and the management of credit risk for the majority of its portfolios. The Group also uses the standardized (credit risk) approach for certain insignificant portfolios exempted from IRB. For counterparty credit risk, the Group uses the standardized (counterparty credit risk) approach ("SA-CCR") to calculate its default risk exposures. For securitization exposures, the group uses the securitization internal ratings-based approach ("SEC-IRBA"), securitization external ratings-based approach ("SEC-ERBA"), securitization standardised approach ("SEC-SA") or securitization fall-back approach ("SEC-FBA") to determine credit risk for its banking book securitization exposures.

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

The Group applies the Internal Capital Adequacy Assessment Process ("ICAAP") to assess its capital demand on a current, planned and stressed basis. The assessment covers the major risks faced by the Group, in addition to credit, market and operational risks that are covered under the minimum capital requirements. The 2023 ICAAP has been approved by the Regional Asset and Liability Committee ("RALCO"), the Asia Risk Committee ("ARC") and 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 30 June 2023. The basis of calculating the Group's LAC and RWAs is in accordance with the LAC Rules, with disclosures made using standard templates issued by the HKMA on 31 October 2019.

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

## 2. Key prudential ratios and metrics

### a. Key prudential ratios (KM1)

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

	(a) At 30 June 2023 HK\$'M	(b) At 31 March 2023 HK\$'M	(c) At 31 December 2022 HK\$'M	(d) At 30 September 2022 HK\$'M	(e) At 30 June 2022 HK\$'M	
<b>Regulatory capital (amount)</b>						
1	Common Equity Tier 1 (CET1)	145,147	143,900	141,259	137,789	138,192
2	Tier 1	165,830	164,583	161,939	158,453	156,887
3	Total capital	179,557	178,391	175,443	171,411	170,582
<b>RWA (amount)</b>						
4	Total RWA	875,103	867,207	846,074	872,225	870,416
<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>						
5	CET1 ratio (%)	16.6%	16.6%	16.7%	15.8%	15.9%
6	Tier 1 ratio (%)	18.9%	19.0%	19.1%	18.2%	18.0%
7	Total capital ratio (%)	20.5%	20.6%	20.7%	19.7%	19.6%
<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>						
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.5%	0.4%	0.5%	0.5%	0.5%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	1.5%	1.5%	1.5%	1.5%	1.5%
11	Total AI-specific CET1 buffer requirements (%)	4.5%	4.4%	4.5%	4.5%	4.5%
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.1%	12.1%	12.2%	11.3%	11.4%
<b>Basel III leverage ratio</b>						
13	Total leverage ratio (LR) exposure measure	2,611,722	2,620,875	2,655,994	2,680,079	2,623,852
14	LR (%)	6.3%	6.3%	6.1%	5.9%	6.0%
<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>						
<b>Applicable to category 1 institution only:</b>						
15	Total high quality liquid assets (HQLA)	457,161	482,997	465,501	458,535	485,534
16	Total net cash outflows	205,381	277,630	287,153	300,400	345,520
17	LCR (%) <sup>1</sup>	225%	176%	163%	154%	141%
<b>Applicable to category 2 institution only:</b>						
17a	LMR (%)	NA	NA	NA	NA	NA
<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>						
<b>Applicable to category 1 institution only:</b>						
18	Total available stable funding	1,397,506	1,387,959	1,382,091	1,322,171	1,344,192
19	Total required stable funding	1,066,609	1,046,427	1,044,154	1,090,821	1,097,552
20	NSFR (%)	131%	133%	132%	121%	122%
<b>Applicable to category 2A institution only:</b>						
20a	CFR (%)	NA	NA	NA	NA	NA

<sup>1</sup> Please refer to note 7 for the key drivers of LCR% changes.

## 2 Key prudential ratios and metrics (continued)

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

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

	(a) At 30 June 2023 HK\$'M	(b) At 31 March 2023 HK\$'M	(c) At 31 December 2022 HK\$'M	(d) At 30 September 2022 HK\$'M	(e) At 30 June 2022 HK\$'M	
<b>Of the material entity at LAC consolidation group level</b>						
1	Internal loss-absorbing capacity available	199,792	198,836	195,548	196,321	195,899
2	Risk-weighted amount under the LAC Rules	875,103	867,207	846,074	872,225	870,416
3	Internal LAC risk-weighted ratio	22.8%	22.9%	23.1%	22.5%	22.5%
4	Exposure measure under the LAC Rules	2,611,722	2,620,875	2,655,994	2,680,079	2,623,852
5	Internal LAC leverage ratio	7.6%	7.6%	7.4%	7.3%	7.5%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>1</sup>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>1</sup>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied <sup>1</sup>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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

## 2. Key prudential ratios and metrics (continued)

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

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

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

	At 30 June 2023 US\$'M	At 31 March 2023 US\$'M	At 31 December 2022 US\$'M	At 30 September 2022 US\$'M	At 30 June 2022 US\$'M	
<b>Of the non-HK resolution entity at resolution group level</b>						
1	External loss-absorbing capacity available	79,847	78,424	78,480	76,135	79,150
2	Total risk-weighted amount under the relevant non-HK LAC regime	249,117	250,893	244,711	252,293	255,082
3	External loss-absorbing capacity as a percentage of risk-weighted amount	32.1%	31.3%	32.1%	30.2%	31.0%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	844,979	857,214	854,311	860,504	894,134
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	9.4%	9.1%	9.2%	8.8%	8.9%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	Yes	Yes	Yes	Yes	Yes
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied	N/A	N/A	N/A	N/A	N/A

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

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

	(a)	(b)	(c)
	Consolidated RWA <sup>1</sup>		Minimum capital requirements <sup>2</sup>
	At 30 June 2023 HK\$'M	At 31 March 2023 HK\$'M	At 30 June 2023 HK\$'M
<b>1 Credit risk for non-securitization exposures</b>	<b>593,004</b>	<b>586,096</b>	<b>50,087</b>
2 Of which STC approach	41,774	42,152	3,342
2a Of which BSC approach	-	-	-
3 Of which foundation IRB approach	-	-	-
4 Of which supervisory slotting criteria approach	31,165	24,503	2,643
5 Of which advanced IRB approach	520,065	519,441	44,102
<b>6 Counterparty default risk and default fund contributions</b>	<b>44,416</b>	<b>42,160</b>	<b>3,763</b>
7 Of which SA-CCR	40,796	36,842	3,458
7a Of which CEM	-	-	-
8 Of which IMM(CCR) approach	-	-	-
9 Of which others	3,620	5,318	305
<b>10 CVA risk</b>	<b>20,078</b>	<b>17,554</b>	<b>1,606</b>
11 Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
<b>12 Collective investment scheme (“CIS”) exposures – LTA</b>	<b>573</b>	<b>570</b>	<b>46</b>
13 CIS exposures – MBA	-	-	-
14 CIS exposures – FBA	-	-	-
14a CIS exposures – combination of approaches	-	-	-
<b>15 Settlement risk</b>	<b>622</b>	<b>148</b>	<b>53</b>
<b>16 Securitization exposures in banking book</b>	<b>7,866</b>	<b>8,548</b>	<b>630</b>
17 Of which SEC-IRBA	1,082	983	87
18 Of which SEC-ERBA (including IAA)	6,623	7,368	530
19 Of which SEC-SA	161	197	13
19a Of which SEC-FBA	-	-	-
<b>20 Market risk</b>	<b>65,958</b>	<b>74,648</b>	<b>5,276</b>
21 Of which STM approach	36,817	50,424	2,945
22 Of which IMM approach	29,141	24,224	2,331
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
<b>24 Operational risk</b>	<b>89,827</b>	<b>87,485</b>	<b>7,186</b>
24a Sovereign concentration risk	-	1,177	-
<b>25 Amounts below the thresholds for deduction (subject to 250% RW)</b>	<b>17,139</b>	<b>13,777</b>	<b>1,371</b>
<b>26 Capital floor adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
26a Deduction to RWA	111	90	9
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	111	90	9
<b>27 Total</b>	<b>839,372</b>	<b>832,073</b>	<b>70,009</b>

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

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

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

#### 4 Composition of regulatory capital

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

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

At 30 June 2023		(a)	(b)
		HK\$'M	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2)
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	65,025	(12)
2	Retained earnings	94,835	(22)
3	Disclosed reserves	1,576	(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)	142	(25)
6	<b>CET1 capital before regulatory adjustments<sup>1</sup></b>	<b>161,578</b>	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	1,396	
8	Goodwill (net of associated deferred tax liabilities)	5,606	(4)
9	Other intangible assets (net of associated deferred tax liabilities)	5,260	(5)+(6)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,515	(8)
11	Cash flow hedge reserve	357	(14)
12	Excess of total EL amount over total eligible provisions under the IRB approach	440	
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	(150)	(10)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	248	(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)	-	(2)+(3)-(28)
20	Mortgage servicing rights (net of associated deferred tax liabilities)	-	Not applicable

#### 4 Composition of regulatory capital (continued)

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

At 30 June 2023		(a) HK\$'M	(b) <i>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2)</i>
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	1,759	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	185	(23)
26b	Regulatory reserve for general banking risks	1,574	(24)
26c	Securitization exposures specified in a notice given by the MA	–	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e	Capital shortfall of regulated non-bank subsidiaries	–	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28	<b>Total regulatory deductions to CET1 capital</b>	<b>16,431</b>	
29	<b>CET1 capital</b>	<b>145,147</b>	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	20,651	(13)
31	of which: classified as equity under applicable accounting standards	20,651	
32	of which: classified as liabilities under applicable accounting standards	–	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	32	(26)
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	–	
36	<b>AT1 capital before regulatory deductions</b>	<b>20,683</b>	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	–	
38	Reciprocal cross-holdings in AT1 capital instruments	–	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	

#### 4 Composition of regulatory capital (continued)

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

At 30 June 2023		(a)	(b)
		HK\$'M	<i>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2)</i>
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	<b>Total regulatory deductions to AT1 capital</b>	-	
44	<b>AT1 capital</b>	<b>20,683</b>	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>165,830</b>	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	12,993	(11)
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	41	(27)
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	619	(29)+(30)
51	<b>Tier 2 capital before regulatory deductions</b>	<b>13,653</b>	
<b>Tier 2 capital: regulatory deductions</b>			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
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	(74)	

#### 4 Composition of regulatory capital (continued)

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

	(a)	(b)
At 30 June 2023	HK\$'M	<i>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (CC2)</i>
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	(74)	
57 <b>Total regulatory adjustments to Tier 2 capital</b>	<b>(74)</b>	
58 <b>Tier 2 capital (T2)</b>	<b>13,727</b>	
59 <b>Total regulatory capital (TC = T1 + T2)<sup>1</sup></b>	<b>179,557</b>	
60 <b>Total RWA<sup>2</sup></b>	<b>875,103</b>	
<b>Capital ratios (as a percentage of RWA)</b>		
61 <b>CET1 capital ratio</b>	<b>16.59%</b>	
62 <b>Tier 1 capital ratio</b>	<b>18.95%</b>	
63 <b>Total capital ratio</b>	<b>20.52%</b>	
64 <b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	<b>4.46%</b>	
65 of which: capital conservation buffer requirement	2.50%	
66 of which: bank specific countercyclical capital buffer requirement	0.46%	
67 of which: G-SIB or D-SIB buffer requirement	1.50%	
68 <b>CET1 (as a percentage of RWA) available after meeting minimum capital requirements</b>	<b>12.09%</b>	
<b>National minima (if different from Basel 3 minimum)</b>		
69 National CET1 minimum ratio	Not applicable	Not applicable
70 National Tier 1 minimum ratio	Not applicable	Not applicable
71 National Total capital minimum ratio	Not applicable	Not applicable
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72 Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	1,072	
73 Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	6,855	(28)
74 Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75 Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>		
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	613	(29)

<sup>1</sup> Increase in CET1 capital before regulatory adjustments and total regulatory capital were mainly due to profit accumulation.

<sup>2</sup> Increase in total RWA was mainly due to the increase in credit risk RWA and market risk RWA.

#### 4 Composition of regulatory capital (continued)

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

		(a)	(b)
At 30 June 2023		HK\$'M	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in note 4b (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	833	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC- IRBA (prior to application of cap)	6	(30)
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	3,788	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 to 1 Jan 2022)</b>			
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)	-	

#### Notes to the Template:

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

Description	At 30 June 2023	
	Hong Kong basis HK\$'M	Basel III basis HK\$'M
9 Other intangible assets (net of associated deferred tax liabilities)	5,260	5,260

#### 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.

#### 4 Composition of regulatory capital (continued)

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

Description	At 30 June 2023	
	Hong Kong basis HK\$'M	Basel III basis HK\$'M
10 <b>Deferred tax assets (net of associated deferred tax liabilities)</b>	1,515	350

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

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

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

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

#### 4 Composition of regulatory capital (continued)

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

Description	At 30 June 2023	
	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)	–	–
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##### Explanation

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

##### Remarks:

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

##### Abbreviations:

CET1: Common Equity Tier 1  
AT1: Additional Tier 1

##### Note:

Cross-references (1) to (27) are referenced to 'Reconciliation of regulatory capital to balance sheet (CC2)'.  
Cross-references (28) to (30) are referenced within the 'Composition of regulatory capital (CC1)'.

#### 4 Composition of regulatory capital (continued)

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

The following table shows differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between the Bank's balance sheet in its published financial statements and the numbers used in the composition of regulatory capital disclosure template in Template CC1 in note 4a.

	(a) Consolidated balance sheet as in published financial statements (At 30 June 2023) HK\$'M	(b) Under regulatory scope of consolidation (At 30 June 2023) HK\$'M	(c) Cross reference to note 4a (CC1)
<b>Assets</b>			
Cash and balances at central banks	52,604	52,604	
Loans and advances to banks	156,619	155,242	
Hong Kong SAR Government certificates of indebtedness	53,151	53,151	
Financial assets at fair value through profit or loss	295,802	295,802	
Investment securities	480,276	480,276	
Loans and advances to customers	1,069,356	1,069,356	
Amounts due from fellow subsidiaries	196,946	196,934	
Amounts due from immediate holding company	714	714	
Amounts due from subsidiaries of the Bank	–	349	
of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation	–	–	(1)
Investment in subsidiaries of the Bank	–	3,687	
of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation	–	3,687	(2)
Interest in an associate	11,745	3,168	
of which: significant capital investments in financial sector entities that are outside the scope of regulatory consolidation	–	3,168	(3)
Property, plant and equipment	9,738	9,695	
Goodwill and intangible assets	11,926	11,905	
of which: goodwill	–	5,606	(4)
of which: other intangible assets	–	6,299	(5)
Current tax assets	32	32	
Deferred tax assets	417	405	
of which: deferred tax liabilities relating to intangible assets	–	(1,039)	(6)
of which: deferred tax liabilities related to defined benefit pension fund net assets	–	(71)	(7)
of which: other deferred tax assets	–	1,515	(8)
Other assets	137,804	137,764	
of which: defined benefit pension fund net assets	–	319	(9)
	<b>2,477,130</b>	<b>2,471,084</b>	

## 4 Composition of regulatory capital (continued)

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

	(a) <i>Consolidated balance sheet as in published financial statements (At 30 June 2023) HK\$'M</i>	(b) <i>Under regulatory scope of consolidation (At 30 June 2023) HK\$'M</i>	(c) <i>Cross reference to note 4a (CC1)</i>
<b>Liabilities</b>			
Hong Kong SAR currency notes in circulation	53,151	53,151	
Deposits by banks	47,315	47,315	
Customer accounts	1,713,773	1,713,738	
Financial liabilities at fair value through profit or loss	174,902	174,902	
of which: gains or losses due to changes in own credit risk	–	150	(10)
Debt securities in issue	46,856	46,856	
Amounts due to immediate holding company	38,084	38,084	
of which: subordinated liabilities eligible for inclusion in regulatory capital	–	12,993	(11)
Amounts due to fellow subsidiaries	111,172	105,892	
Amounts due to subsidiaries of the Bank	–	7,416	
Current tax liabilities	1,337	1,329	
Deferred tax liabilities	974	974	
Other liabilities	98,835	98,811	
Subordinated liabilities	–	–	
of which: subordinated liabilities eligible for inclusion in regulatory capital	–	–	
	<b>2,286,399</b>	<b>2,288,468</b>	
<b>Equity</b>			
Share capital	65,025	65,025	
of which: amount eligible for CET1	–	65,025	(12)
of which: amount eligible for AT1	–	–	
Other equity instruments	20,651	20,651	
of which: amount eligible for AT1	–	20,651	(13)
Reserves	104,526	96,411	
of which: Cumulative cash flow hedge reserve that relate to the hedging of financial instruments that are not fair valued on the balance sheet	–	357	(14)
of which: Cumulative cash flow hedge reserve that relate to the hedging of financial instruments that are fair valued on the balance sheet	–	(62)	(15)
of which: FVOCI reserve – Equity	–	(104)	(16)
of which: FVOCI reserve – Debt	–	(819)	(17)
of which: Exchange reserve	–	(10,899)	(18)
of which: Share option equity reserve	–	299	(19)
of which: Own credit adjustment reserve	–	(150)	(20)
of which: Other reserves	–	12,954	(21)
of which: Retained profits	–	94,835	(22)
of which: Cumulative fair value gains arising from the revaluation of land and buildings (audited)	–	185	(23)
of which: Regulatory reserve for general banking risks	–	1,574	(24)
Non-controlling interests	529	529	
of which: portion allowable in CET1 capital	–	142	(25)
of which: portion allowable in AT1 capital	–	32	(26)
of which: portion allowable in T2 capital	–	41	(27)
<b>Total equity</b>	<b>190,731</b>	<b>182,616</b>	
<b>Total liabilities and equity</b>	<b>2,477,130</b>	<b>2,471,084</b>	

#### 4 Composition of regulatory capital (continued)

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

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

	At 30 June 2023		
	Total amount	Amount recognised in regulatory capital HK\$'M	Amount recognised in loss-absorbing capacity HK\$'M
<b>(i) Both regulatory capital and LAC requirements</b>			
<b>CET1 capital instruments</b>			
Ordinary shares:			
5,289 million issued and fully paid ordinary shares	HK\$65,025m	65,025	65,025
<b>AT1 capital instruments</b>			
Perpetual non-cumulative capital securities	US\$250m	1,952	1,952
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	1,962	1,962
<b>Tier 2 capital instruments</b>			
Floating rate Tier 2 Notes due 2029, callable from 2024	US\$450m	3,526	3,526
Floating rate Tier 2 Notes due 2031, callable from 2025	US\$250m	1,959	1,959
Fixed rate (1.20%) Tier 2 Notes due 2031, callable from 2026	EUR1,000m	7,509	7,509
<b>(ii) Only LAC (but not regulatory capital) requirements</b>			
<b>Non-capital LAC Debt Instruments</b>			
US\$1,500 million 1.456 per cent Notes due 2027	US\$1,500m	Nil	11,363
US\$1,250 million 2.608 per cent Notes due 2028	US\$1,250m	Nil	8,872

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

#### 4 Composition of regulatory capital (continued)

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

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

##### Ordinary Shares

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Common Equity Tier 1
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	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
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative

##### Footnote:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(i) Both regulatory capital and LAC requirements (continued)****Ordinary Shares (continued)**

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:**

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

##### Perpetual non-cumulative capital securities

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Additional Tier 1
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD 1,952 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD 1,952 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD250 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	13 December 2017
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	First Call Date: 13 December 2024  Included tax and regulatory redemption options  Redemption at 100% of the Capital Securities at their outstanding principal amount together with the distribution accrued but unpaid to the date fixed for redemption
16	Subsequent call dates, if applicable <i>Coupons / dividends</i>	Each dividend payment date after the First Call Date
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	5.00 per cent per annum
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A

##### Footnote:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(i) Both regulatory capital and LAC requirements (continued)****Perpetual non-cumulative capital securities (continued)**

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
31	If write-down, write-down trigger(s)	If a Non-Viability Event occurs and is continuing,  “Non-Viability Event” means the earlier of: (a) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable; and  (b) the Monetary Authority notifying the Bank in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable
32	If write-down, full or partial	Full or Partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Dated Subordinated Notes are immediately senior to Capital Securities
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

**Footnote:**

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Additional Tier 1
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD 7,031 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD 7,031 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
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	3-month USD LIBOR + 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:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

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;

“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:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(i) Both regulatory capital and LAC requirements (continued)****US\$900 million Floating Rate Undated Additional Tier 1 Capital Securities (continued)**

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

Footnote:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Additional Tier 1
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD 7,750 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD 7,750 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
<i>Coupons / dividends</i>		
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:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

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;

“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:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(i) Both regulatory capital and LAC requirements (continued)****US\$1,000 million Fixed Rate Undated Additional Tier 1 Capital Securities (continued)**

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

Footnote:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Additional Tier 1
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in 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 <i>Coupons / dividends</i>	Each distribution payment date thereafter
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	SOFR+ 4.2 per cent per annum payable quarterly in arrears
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A

##### Footnote:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

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;

“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:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(i) Both regulatory capital and LAC requirements (continued)****US\$250 million Floating rate Undated Additional Tier 1 Capital Securities (continued)**

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

**Footnote:**

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Additional Tier 1
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD1,962 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD1,962 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
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	7.75 per cent per annum
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A

###### Footnote:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

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;

“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:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(i) Both regulatory capital and LAC requirements (continued)****US\$250 million Fixed rate Undated Additional Tier 1 Capital Securities (continued)**

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

**Footnote:**

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

##### Floating rate Tier 2 Notes due 2029, callable from 2024

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Tier 2
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Other Tier 2 instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD 3,526 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD 3,526 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD450 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	24 June 2019
12	Perpetual or dated	Dated
13	Original maturity date	19 November 2029
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional call date: 19 November 2024  Early redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default  US\$ 1,000 per Calculation amount
16	Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	3-month USD LIBOR + 2.08 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A

##### Footnote:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

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

##### Footnote:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(i) Both regulatory capital and LAC requirements (continued)****Floating rate Tier 2 Notes due 2029, callable from 2024 (continued)**

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

**Footnote:**

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

###### Floating rate Tier 2 Notes due 2031, callable from 2025

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Tier 2
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Other Tier 2 instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD 1,959 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD 1,959 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
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	3-month USD LIBOR + 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:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

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;  “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:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(i) Both regulatory capital and LAC requirements (continued)****Floating rate Tier 2 Notes due 2031, callable from 2025 (continued)**

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

Footnote:

- <sup>1</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- <sup>2</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- <sup>3</sup> Include solo-consolidated

#### 4 Composition of regulatory capital (continued)

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

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

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

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Tier 2
6	Eligible at solo <sup>3</sup> /group/group & solo	Group & solo
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Other Tier 2 instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HKD 7,509 Million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD 7,509 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.  EUR 1,000 per Calculation amount
16	Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	1.2 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A

##### Footnote:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

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;

“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:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(i) Both regulatory capital and LAC requirements (continued)****Fixed rate (1.20%) Tier 2 Notes due 2031, callable from 2026 (continued)**

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

Footnote:

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(ii) Only LAC (but not regulatory capital) requirements****US\$1,500 million 1.456 per cent Notes due 2027**

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Ineligible
6	Eligible at solo <sup>3</sup> /group/group & solo	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD 11,363 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD 1,500 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
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	1.456 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A

**Footnote:**

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(ii) Only LAC (but not regulatory capital) requirements (continued)****US\$1,500 million 1.456 per cent Notes due 2027 (continued)**

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

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

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

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

**4 Composition of regulatory capital (continued)****c Main features of regulatory capital instruments (CCA) and non-capital LAC debt instruments (CCA(A)) (continued)****(ii) Only LAC (but not regulatory capital) requirements (continued)****US\$1,250 million 2.608 per cent Notes due 2028**

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	N/A
5	Post-transitional Basel III rules <sup>2</sup>	Ineligible
6	Eligible at solo <sup>3</sup> /group/group & solo	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HKD 8,872 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
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	2.608 per cent per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A

**Footnote:**

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

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

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

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:

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

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

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

#### 4 Composition of regulatory capital (continued)

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

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

		(a) HK\$'M
<b>Regulatory capital elements of internal loss-absorbing capacity and adjustments</b>		
1	Common Equity Tier 1 ("CET1") capital	145,147
2	Additional Tier 1 ("AT1") capital before LAC adjustments	20,683
3	AT1 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
4	Other adjustments	-
5	AT1 capital eligible under the LAC Rules	20,683
6	Tier 2 ("T2") capital before LAC adjustments	13,727
7	Amortized portion of T2 capital instruments that are internal LAC debt instruments issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
8	T2 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
9	Other adjustments	-
10	T2 capital eligible under the LAC Rules	13,727
11	<b>Internal loss-absorbing capacity arising from regulatory capital</b>	<b>179,557</b>
<b>Non-regulatory capital elements of internal loss-absorbing capacity</b>		
12	Internal non-capital LAC debt instruments issued directly or indirectly to, and held indirectly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	20,235
17	<b>Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments</b>	<b>20,235</b>
<b>Non-regulatory capital elements of internal loss-absorbing capacity: adjustments</b>		
18	<b>Internal loss-absorbing capacity before deductions</b>	<b>199,792</b>
19	Deductions of exposures between the material subsidiary's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for internal loss-absorbing capacity	-
20	Deduction of holdings of its own non-capital LAC liabilities	-
21	Other adjustments to internal loss-absorbing capacity	-
22	<b>Internal loss-absorbing capacity after deductions</b>	<b>199,792</b>

#### 4 Composition of regulatory capital (continued)

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

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

		(a) HK\$'M
<b>Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes</b>		
23	Risk-weighted amount under the LAC Rules	875,103
24	Exposure measure under the LAC Rules	2,611,722
<b>Internal LAC ratios and buffers</b>		
25	<b>Internal LAC risk-weighted ratio</b>	<b>22.8%</b>
26	<b>Internal LAC leverage ratio</b>	<b>7.6%</b>
27	<b>CET1 capital (as a percentage of RWA under the Banking (Capital) Rules ("BCR")) available after meeting the LAC consolidation group's minimum capital and LAC requirements</b>	<b>9.0%</b>
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%

#### 4 Composition of regulatory capital (continued)

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

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

		Creditor ranking				Total
		1 (most junior)	2	3	4 (most senior)	
1	Is a resolution entity or a non-HK resolution entity the creditor/investor? (yes or no)	Yes	Yes	Yes	Yes	
2	Description of creditor ranking (free text)	CET1 capital instruments <sup>1</sup>	AT1 capital instruments	Tier 2 capital instruments	Non capital LAC debt instruments	
3	Total capital and liabilities net of credit risk mitigation	65,025	20,652	12,994	20,235	118,906
4	Subset of row 3 that are excluded liabilities	-	-	-	-	-
5	Total capital and liabilities less excluded liabilities	65,025	20,652	12,994	20,235	118,906
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	65,025	20,652	12,994	20,235	118,906
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	-	-
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	20,235	20,235
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	12,994	-	12,994
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-
11	Subset of row 6 that is perpetual securities	65,025	20,652	-	-	85,677

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

## 5 Macprudential supervisory measures

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

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

At 30 June 2023

In HKD million

	<i>Jurisdiction (J)</i>	<i>Applicable JCCyB ratio in effect</i>	<i>Total RWA used in computation of CCyB ratio of AI</i>	<i>CCyB ratio of AI</i>	<i>CCyB amount of AI HK\$'M</i>
1	Hong Kong	1.000%	265,793		
2	Australia	1.000%	5,480		
3	France	0.500%	599		
4	Germany	0.750%	548		
5	Luxembourg	0.500%	5,128		
6	Netherlands	1.000%	967		
7	Norway	2.500%	150		
8	Sweden	2.000%	431		
9	United Kingdom	1.000%	4,401		
10	Sum <sup>1</sup>		283,497		
11	<b>Total<sup>2</sup></b>		<b>616,344</b>	<b>0.456%</b>	<b>3,992</b>

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

<sup>2</sup> The total RWAs used in the computation of the CCyB ratio in row (11) represents the total RWAs for the private sector credit exposures in all jurisdictions to which the bank is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero.

## 6 Leverage Ratio

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

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

At 30 June 2023		(a) Value under the Leverage Ratio framework (HK\$'M)
1	Total consolidated assets as per published financial statements	2,477,130
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(6,046)
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	(791)
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	21,127
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	200,558
6a	Adjustment for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(13,596)
7	Other adjustments	(66,660)
<b>8</b>	<b>Leverage ratio exposure measure</b>	<b>2,611,722</b>

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

## 6 Leverage Ratio (continued)

### b. Leverage ratio (LR2)

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

	(a)	(b)	
	At 30 June 2023 HK\$'M	At 31 March 2023 HK\$'M	
<b>On-balance sheet exposures</b>			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	2,123,839	2,099,959
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital	(16,582)	(17,075)
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b>	<b>2,107,257</b>	<b>2,082,884</b>
<b>Exposure arising from derivative contracts</b>			
4	Replacement cost associated with all derivatives contracts (where applicable net of eligible cash variation margin and / or with bilateral netting)	44,902	28,400
5	Add-on amounts for PFE associated with all derivatives contracts	92,434	84,868
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	(10,262)	(5,666)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	2,791	2,791
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	<b>Total exposures arising from derivative contract</b>	<b>129,865</b>	<b>110,393</b>
<b>Exposure arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	169,009	192,266
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	17,232	47,377
15	Agent transaction exposures	-	-
16	<b>Total exposures arising from SFTs</b>	<b>186,241</b>	<b>239,643</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	1,051,696	1,044,757
18	Less: Adjustments for conversion to credit equivalent amounts	(851,138)	(845,159)
19	<b>Off-balance sheet items</b>	<b>200,558</b>	<b>199,598</b>
<b>Capital and total exposures</b>			
20	Tier 1 capital	165,830	164,583
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	<b>2,623,921</b>	<b>2,632,518</b>
20b	<b>Adjustments for specific and collective provisions</b>	<b>(12,199)</b>	<b>(11,643)</b>
21	<b>Total exposures after adjustments for specific and collective provisions</b>	<b>2,611,722</b>	<b>2,620,875</b>
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>6.35%</b>	<b>6.28%</b>

## 7 Liquidity

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

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

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this Template for the quarter ending on 31 March 2023 and 30 June 2023 are 73 and 71.

		Q2 2023 Currency: (HK\$mil)		Q1 2023 Currency: (HK\$mil)	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)	UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
Basis of disclosure: Consolidated					
<b>A. HIGH QUALITY LIQUID ASSETS</b>					
1	Total high quality liquid assets (HQLA)		457,161		482,997
<b>B. CASH OUTFLOWS</b>					
2	Retail deposits and small business funding, of which:	823,421	63,173	805,475	62,390
3	Stable retail deposits and stable small business funding	209,151	10,458	213,120	10,656
4	Less stable retail deposits and less stable small business funding	440,044	44,004	442,329	44,233
4a	Retail term deposits and small business term funding	174,226	8,711	150,026	7,501
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	818,085	346,101	874,697	378,808
6	Operational deposits	419,475	104,300	433,821	107,881
7	Unsecured wholesale funding (other than small business funding) not covered in Row 6	392,350	235,541	437,920	267,971
8	Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period	6,260	6,260	2,956	2,956
9	Secured funding transactions (including securities swap transactions)		550		5,373
10	Additional requirements, of which:	350,898	62,574	357,452	63,455
11	Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements	26,918	26,918	26,223	26,223
12	Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions	441	441	167	167
13	Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)	323,539	35,215	331,062	37,065
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	45,310	45,310	43,633	43,633
15	Other contingent funding obligations (whether contractual or non-contractual)	690,479	2,423	683,323	2,391
16	<b>TOTAL CASH OUTFLOWS</b>		520,131		556,050
<b>C. CASH INFLOWS</b>					
17	Secured lending transactions (including securities swap transactions)	94,268	21,183	148,346	15,430
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	322,477	210,941	308,912	194,190
19	Other cash inflows	90,770	82,626	76,567	68,800
20	<b>TOTAL CASH INFLOWS</b>	507,515	314,750	533,825	278,420
<b>D. LIQUIDITY COVERAGE RATIO</b>					
21	TOTAL HQLA		457,161		482,997
22	TOTAL NET CASH OUTFLOWS		205,381		277,630
23	LCR (%)		225%		176%

## 7 Liquidity (continued)

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

#### Key Drivers

Liquidity Coverage Ratio (LCR) measures the short-term resilience of the Group's liquidity risk profile, and is sensitive to balance sheet movement and composition. The Group has maintained a strong liquidity position well above the regulatory requirement of 100% throughout Q2 of 2023. The average LCR was 225% for the quarter ending 30 Jun 2023 (31 Mar 2023: 176%), mainly as a result of increase in retail deposits, longer tenor in wholesale funding, and also shift of HQLAs to other liquid assets such as interbank placement, thereby having a positive impact on our LCR position.

#### Composition of High Quality Liquid Asset ("HQLA")

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

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

#### Concentration of Funding Sources

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

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

#### Derivatives Exposure

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

#### Currency Mismatch on LCR

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

Majority of the Group's customer deposits are denominated in HKD, USD, CNY and KRW. The Group holds higher USD denominated HQLA due to its significant market depth and ease of conversion in the event of liquidity stress. This is in line with the Alternative Liquidity Approach option prescribed by HKMA. During this period, the Group maintained an amount of HKD-denominated level 1 assets well above the regulatory requirement of 20% of its HKD-denominated total net cash outflows.

#### Liquidity management

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

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

## 7 Liquidity (continued)

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

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

Table 1: LIQ2 for Quarter ending 30 June 2023

		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: consolidated Currency: (HK\$mil)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
<b>A. Available stable funding (“ASF”) item</b>						
1	Capital:	184,306	–	–	42,416	226,721
2	Regulatory capital	184,306	–	–	12,994	197,299
2a	Minority interests not covered by row 2	–	–	–	–	–
3	Other capital instruments	–	–	–	29,422	29,422
4	Retail deposits and small business funding:	–	786,190	52,856	4,799	769,179
5	Stable deposits		182,727	2,033	487	176,009
6	Less stable deposits		603,463	50,823	4,312	593,170
7	Wholesale funding:		998,631	41,669	10,157	378,840
8	Operational deposits		399,986	–	–	199,993
9	Other wholesale funding	–	598,645	41,669	10,157	178,847
10	Liabilities with matching interdependent assets	53,151	–	–	–	–
11	Other liabilities:	85,516	59,317	10,859	17,336	22,766
12	Net derivative liabilities	–				
13	All other funding and liabilities not included in the above categories	85,516	59,317	10,859	17,336	22,766
14	<b>Total ASF</b>					<b>1,397,506</b>
<b>B. Required stable funding (“RSF”) item</b>						
15	Total HQLA for NSFR purposes				569,916	40,063
16	Deposits held at other financial institutions for operational purposes	–	16,714	–	597	8,954
17	Performing loans and securities:	45,348	605,301	103,945	760,948	884,015
18	Performing loans to financial institutions secured by Level 1 HQLA	–	39,354	3,589	–	5,730
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	11,204	252,848	17,718	80,686	138,676
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:	34,144	268,804	52,712	122,922	414,697
21	With a risk-weight of less than or equal to 35% under the STC approach	–	–	–	9,961	10,176
22	Performing residential mortgages, of which:	–	17,519	10,813	468,623	226,558
23	With a risk-weight of less than or equal to 35% under the STC approach	–	9,512	6,477	336,069	226,439

## 7 Liquidity (continued)

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

Table 1: LIQ2 for Quarter ending 30 June 2023 (continued)

		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
Basis of disclosure: consolidated Currency: (HK\$mil)						
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	26,776	19,113	88,717	98,354
25	Assets with matching interdependent liabilities	53,151	–	–	–	–
26	Other assets:	147,485	73,245	–	81	117,163
27	Physical traded commodities, including gold	627				533
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	6,703				6,515
29	Net derivative assets	11,178				11,178
30	Total derivative liabilities before adjustments for deduction of variation margin posted	31,879				1,594
31	All other assets not included in the above categories	97,098	73,245	–	81	97,343
32	Off-balance sheet items				1,024,978	16,414
33	<b>Total RSF</b>					<b>1,066,609</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>131%</b>

Table 2: LIQ2 for Quarter ending 31 March 2023

		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
Basis of disclosure: consolidated Currency: (HK\$mil)						
<b>A. Available stable funding (“ASF”) item</b>						
1	Capital:	184,709	–	–	42,955	227,664
2	Regulatory capital	184,709	–	–	13,063	197,772
2a	Minority interests not covered by row 2	–	–	–	–	–
3	Other capital instruments	–	–	–	29,892	29,892
4	Retail deposits and small business funding:	–	759,670	51,951	6,049	745,974
5	Stable deposits		187,171	2,157	488	180,350
6	Less stable deposits		572,499	49,794	5,561	565,624
7	Wholesale funding:		1,004,044	48,755	13,966	388,253
8	Operational deposits		407,098	–	–	203,549
9	Other wholesale funding	–	596,946	48,755	13,966	184,704
10	Liabilities with matching interdependent assets	55,026		–	–	–
11	Other liabilities:	94,085	33,733	8,754	21,691	26,068
12	Net derivative liabilities	1,386				
13	All other funding and liabilities not included in the above categories	92,699	33,733	8,754	21,691	26,068
14	<b>Total ASF</b>					<b>1,387,959</b>

## 7 Liquidity (continued)

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

Table 2: LIQ2 for Quarter ending 31 March 2022 (continued)

		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
Basis of disclosure: consolidated Currency: (HK\$mil)						
<b>B. Required stable funding (“RSF”) item</b>						
15	Total HQLA for NSFR purposes				630,645	38,111
16	Deposits held at other financial institutions for operational purposes	–	12,661	–	–	6,331
17	Performing loans and securities:	46,802	569,800	107,397	756,802	884,459
18	Performing loans to financial institutions secured by Level 1 HQLA	–	46,420	4,072	–	6,678
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	14,240	183,064	20,612	78,335	130,342
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:	32,562	284,141	52,929	117,311	410,837
21	With a risk-weight of less than or equal to 35% under the STC approach	–	–	–	10,584	10,612
22	Performing residential mortgages, of which:	–	16,770	12,807	476,750	236,665
23	With a risk-weight of less than or equal to 35% under the STC approach	–	10,970	6,701	350,332	236,551
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	39,405	16,977	84,407	99,937
25	Assets with matching interdependent liabilities	55,026	–	–	–	–
26	Other assets:	142,696	35,883	–	82	101,367
27	Physical traded commodities, including gold	615				523
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	5,496				5,297
29	Net derivative assets	–				–
30	Total derivative liabilities before adjustments for deduction of variation margin posted	43,512				2,176
31	All other assets not included in the above categories	93,073	35,883	–	82	93,371
32	Off-balance sheet items				1,018,006	16,161
33	<b>Total RSF</b>					<b>1,046,429</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>133%</b>

## 7 Liquidity (continued)

### b. 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 complement Liquidity Coverage Ratio (LCR) which measures short-term resilience to liquidity risk. The Group has continuously maintained a healthy NSFR ratio during the first half of 2023, and well above the regulatory requirement minimum of 100%. NSFR was 131% for the quarter ending 30 June 2023 (31 March 2023: 133%).

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

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

## 8 Credit risk for non-securitization exposures

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	Gross carrying amounts of			Of which ECL accounting provisions for credit losses <sup>1</sup> on STC approach exposures	Allocated in regulatory category of	Allocated in regulatory category of	Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
At 30 June 2023	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	Allocated in regulatory category of collective provisions HK\$'M	Allocated in regulatory category of specific provisions HK\$'M	HK\$'M
1 Loans	14,844	1,341,435	11,937	176	406	11,355	1,344,342	
2 Debt securities	–	448,083	26	–	–	26	448,057	
3 Off-balance sheet exposures	869	1,050,828	232	–	26	206	1,051,465	
<b>4 Total<sup>2</sup></b>	<b>15,713</b>	<b>2,840,346</b>	<b>12,195</b>	<b>176</b>	<b>432</b>	<b>11,587</b>	<b>2,843,864</b>	

<sup>1</sup> 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.

<sup>2</sup> Increase in total exposures was in line with the balance sheet movement during the period.

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

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

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

	(a) HK\$'M
1 <b>Defaulted loans and debt securities at end of the previous reporting period (31 December 2022)</b>	13,013
2 Loans and debt securities that have defaulted since the last reporting period	4,143
3 Returned to non-defaulted status	(59)
4 Amounts written off	(918)
5 Other changes <sup>1</sup>	(1,335)
6 <b>Defaulted loans and debt securities at end of the current reporting period (30 June 2023)</b>	<b>14,844</b>

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

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

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

At 30 June 2023	(a) <i>Exposures unsecured: carrying amount HK\$'M</i>	(b1) <i>Exposures to be secured HK\$'M</i>	(b) <i>Exposures secured by recognized collateral HK\$'M</i>	(d) <i>Exposures secured by recognized guarantees HK\$'M</i>	(f) <i>Exposures secured by recognized credit derivative contracts HK\$'M</i>
1 Loans	737,260	607,082	525,427	42,111	–
2 Debt securities	439,874	8,183	4,745	140	–
3 <b>Total</b>	<b>1,177,134</b>	<b>615,265</b>	<b>530,172</b>	<b>42,251</b>	<b>–</b>
4 Of which defaulted	11,913	2,931	1,662	159	–

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

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

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

At 30 June 2023	(a) Exposures pre-CCF and pre-CRM		(b) Exposures post-CCF and post-CRM		(c) RWA and RWA density	
	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 %
<i>Exposure classes</i>						
1 Sovereign exposures	2	16	2	–	–	0%
2 PSE exposures	–	–	730	72	160	20%
2a Of which: domestic PSEs	–	–	438	72	102	20%
2b Of which: foreign PSEs	–	–	292	–	58	20%
3 Multilateral development bank exposures	38,579	–	38,579	–	–	0%
4 Bank exposures	2,271	–	2,282	–	456	20%
5 Securities firm exposures	4	–	4	–	2	50%
6 Corporate exposures	32,441	3,624	18,417	296	14,157	76%
10 Regulatory retail exposures	15,644	48,640	14,033	–	10,525	75%
11 Residential mortgage loans	14,904	90	14,904	18	5,653	38%
12 Other exposures which are not past due exposures	19,751	38,106	8,574	1,512	10,086	100%
13 Past due exposures	521	49	521	–	735	141%
<b>15 Total</b>	<b>124,117</b>	<b>90,525</b>	<b>98,046</b>	<b>1,898</b>	<b>41,774</b>	<b>42%</b>

Increase in exposures pre-CCF and pre-CRM was mainly driven by increase in corporate exposures and regulatory retail exposures partially offset by decrease in residential mortgage loans.

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

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
30 June 2023											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	2	-	-	-	-	-	-	-	-	-	2
2 PSE exposures	-	-	802	-	-	-	-	-	-	-	802
2a Of which: domestic PSEs	-	-	510	-	-	-	-	-	-	-	510
2b Of which: foreign PSEs	-	-	292	-	-	-	-	-	-	-	292
3 Multilateral development bank exposures	38,579	-	-	-	-	-	-	-	-	-	38,579
4 Bank exposures	-	-	2,282	-	-	-	-	-	-	-	2,282
5 Securities firm exposures	-	-	-	-	4	-	-	-	-	-	4
6 Corporate exposures	-	-	3,703	-	3,188	-	11,822	-	-	-	18,713
10 Regulatory retail exposures	-	-	-	-	-	14,033	-	-	-	-	14,033
11 Residential mortgage loans	-	-	-	13,970	-	754	198	-	-	-	14,922
12 Other exposures which are not past due exposures	-	-	-	-	-	-	10,086	-	-	-	10,086
13 Past due exposures	3	-	32	-	-	-	-	486	-	-	521
<b>15 Total</b>	<b>38,584</b>	<b>-</b>	<b>6,819</b>	<b>13,970</b>	<b>3,192</b>	<b>14,787</b>	<b>22,106</b>	<b>486</b>	<b>-</b>	<b>-</b>	<b>99,944</b>

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

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

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

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

At 30 June 2023 PD scale	(a) Original on- balance sheet gross exposure HK\$'M	(b) Off- balance sheet exposures pre-CCF HK\$'M	(c) Average CCF	(d) EAD post-CRM and post-CCF HK\$'M	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity	(i) RWA HK\$'M	(j) RWA density	(k) EL HK\$'M	(l) Provisions HK\$'M
Portfolio (i) – Sovereign												
0.00 to < 0.15	465,909	9,188	26.3%	482,554	0.02%	56	45.8%	1.29	35,045	7%	51	
0.15 to < 0.25	197	–	0.0%	197	0.22%	1	45.0%	2.28	87	44%	–	
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	2,422	–	0.0%	2,422	1.17%	1	45.0%	1.00	1,897	78%	13	
2.50 to < 10.00	1,522	1,254	23.7%	182	4.29%	2	45.0%	5.00	314	173%	4	
10.00 to < 100.00	–	–	0.0%	–	0.00%	–	0.0%	–	–	0%	–	
100.00 (Default)	67	279	36.9%	169	100.00%	1	45.0%	4.97	948	560%	–	
<b>Sub-total</b>	<b>470,117</b>	<b>10,721</b>	<b>26.4%</b>	<b>485,524</b>	<b>0.07%</b>	<b>61</b>	<b>45.8%</b>	<b>1.29</b>	<b>38,291</b>	<b>8%</b>	<b>68</b>	<b>353</b>
Portfolio (ii) – Bank												
0.00 to < 0.15	294,551	128,240	9.9%	317,411	0.04%	159	44.4%	0.84	37,032	12%	61	
0.15 to < 0.25	10,689	8,600	25.7%	11,472	0.22%	48	45.0%	0.73	4,082	36%	11	
0.25 to < 0.50	322	5,740	22.5%	1,613	0.39%	19	43.0%	0.94	856	53%	3	
0.50 to < 0.75	3,632	14,683	25.3%	6,288	0.57%	51	33.3%	0.88	2,857	45%	12	
0.75 to < 2.50	4,998	5,978	32.0%	5,022	1.09%	69	36.3%	0.94	3,400	68%	19	
2.50 to < 10.00	1,036	999	23.5%	1,194	3.39%	46	40.1%	1.27	1,340	112%	16	
10.00 to < 100.00	47	81	23.4%	43	29.07%	14	23.3%	0.47	56	131%	3	
100.00 (Default)	–	–	0.0%	–	0.00%	–	0.0%	–	–	0%	–	
<b>Sub-total</b>	<b>315,275</b>	<b>164,321</b>	<b>13.4%</b>	<b>343,043</b>	<b>0.09%</b>	<b>406</b>	<b>44.0%</b>	<b>0.84</b>	<b>49,623</b>	<b>14%</b>	<b>125</b>	<b>456</b>
Portfolio (iii) – Corporate – Other												
0.00 to < 0.15	132,641	253,578	19.9%	198,767	0.08%	1,043	45.4%	1.38	38,494	19%	69	
0.15 to < 0.25	46,541	73,190	21.3%	60,824	0.22%	519	43.0%	1.05	19,870	33%	57	
0.25 to < 0.50	31,470	73,518	20.1%	48,246	0.39%	562	40.9%	1.40	22,351	46%	75	
0.50 to < 0.75	40,166	82,579	27.6%	58,205	0.56%	634	39.5%	1.10	29,822	51%	129	
0.75 to < 2.50	53,752	53,274	27.5%	60,869	1.27%	859	35.1%	1.50	38,876	64%	247	
2.50 to < 10.00	30,533	26,603	28.1%	30,574	3.91%	422	35.8%	1.29	28,062	92%	327	
10.00 to < 100.00	16,181	11,942	7.1%	5,464	16.73%	342	25.2%	1.86	4,652	85%	105	
100.00 (Default)	11,459	458	8.5%	11,042	100.00%	103	75.0%	1.16	22,078	200%	7,259	
<b>Sub-total</b>	<b>362,743</b>	<b>575,142</b>	<b>22.1%</b>	<b>473,991</b>	<b>3.11%</b>	<b>4,484</b>	<b>42.4%</b>	<b>1.31</b>	<b>204,205</b>	<b>43%</b>	<b>8,268</b>	<b>9,387</b>

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

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

At 30 June 2023 PD scale	(a) Original on-balance sheet gross exposure HK\$'M	(b) Off- balance sheet exposures pre-CCF HK\$'M	(c) Average CCF	(d) EAD post-CRM and post-CCF HK\$'M	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity	(i) RWA HK\$'M	(j) RWA density	(k) EL HK\$'M	(l) Provisions HK\$'M
Portfolio (iv) – Corporate – Small- and-medium sized corporates												
0.00 to < 0.15	1	34	11.0%	5	0.11%	2	63.3%	1.27	1	24%	–	
0.15 to < 0.25	691	1,389	41.7%	1,187	0.23%	280	23.2%	1.11	200	17%	1	
0.25 to < 0.50	701	505	21.5%	805	0.34%	293	27.7%	1.67	221	27%	1	
0.50 to < 0.75	1,980	1,635	18.1%	2,207	0.60%	367	23.9%	1.36	654	30%	3	
0.75 to < 2.50	6,590	1,652	15.0%	6,766	1.56%	1,592	28.2%	1.66	3,382	50%	28	
2.50 to < 10.00	5,936	1,132	22.7%	5,904	4.34%	757	24.9%	1.43	3,401	58%	62	
10.00 to < 100.00	1,641	215	23.7%	1,190	16.71%	192	30.6%	1.35	1,308	110%	70	
100.00 (Default)	553	77	1.7%	421	100.00%	99	37.2%	1.42	703	167%	145	
<b>Sub-total</b>	<b>18,093</b>	<b>6,639</b>	<b>22.9%</b>	<b>18,485</b>	<b>5.41%</b>	<b>3,582</b>	<b>26.7%</b>	<b>1.49</b>	<b>9,870</b>	<b>53%</b>	<b>310</b>	<b>237</b>
Portfolio (v) – Retail – QRRE												
0.00 to < 0.15	5,455	96,133	48.6%	52,177	0.07%	848,237	88.9%	–	2,123	4%	34	
0.15 to < 0.25	223	2,112	81.5%	1,945	0.19%	71,055	78.9%	–	154	8%	3	
0.25 to < 0.50	1,328	11,167	51.6%	7,088	0.30%	104,478	89.0%	–	935	13%	19	
0.50 to < 0.75	2,553	25,667	49.5%	15,246	0.68%	173,818	89.6%	–	3,875	25%	93	
0.75 to < 2.50	1,717	8,038	52.4%	5,930	1.55%	74,547	89.4%	–	2,809	47%	82	
2.50 to < 10.00	2,037	2,805	60.6%	3,736	5.04%	39,721	89.5%	–	3,908	105%	168	
10.00 to < 100.00	536	152	76.9%	653	25.07%	5,741	89.6%	–	1,385	212%	147	
100.00 (Default)	111	5	0.1%	111	100.00%	2,394	61.0%	–	92	83%	61	
<b>Sub-total</b>	<b>13,960</b>	<b>146,079</b>	<b>49.9%</b>	<b>86,886</b>	<b>0.83%</b>	<b>1,319,991</b>	<b>88.9%</b>	<b>–</b>	<b>15,281</b>	<b>18%</b>	<b>607</b>	<b>141</b>
Portfolio (vi) – Retail – Residential mortgage exposures												
0.00 to < 0.15	263,535	1,197	100.5%	264,738	0.09%	116,531	15.2%	–	32,210	12%	37	
0.15 to < 0.25	108,284	15,678	100.1%	123,972	0.19%	78,761	16.3%	–	11,544	9%	39	
0.25 to < 0.50	38,309	541	100.9%	38,855	0.44%	32,014	14.5%	–	4,346	11%	25	
0.50 to < 0.75	9,987	10	100.8%	9,997	0.57%	4,014	17.7%	–	1,878	19%	10	
0.75 to < 2.50	22,509	354	100.2%	22,864	1.17%	17,784	14.4%	–	4,672	20%	39	
2.50 to < 10.00	5,049	65	100.2%	5,115	3.82%	4,266	13.7%	–	1,952	38%	27	
10.00 to < 100.00	613	6	100.1%	619	32.56%	751	14.2%	–	441	71%	28	
100.00 (Default)	849	–	100.0%	849	100.00%	1,042	13.7%	–	672	79%	63	
<b>Sub-total</b>	<b>449,135</b>	<b>17,851</b>	<b>100.1%</b>	<b>467,009</b>	<b>0.47%</b>	<b>255,163</b>	<b>15.5%</b>	<b>–</b>	<b>57,715</b>	<b>12%</b>	<b>268</b>	<b>543</b>

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

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

At 30 June 2023 PD scale	(a) Original on-balance sheet gross exposure HK\$'M	(b) Off- balance sheet exposures pre-CCF HK\$'M	(c) Average CCF	(d) EAD post-CRM and post-CCF HK\$'M	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity	(i) RWA HK\$'M	(j) RWA density	(k) EL HK\$'M	(l) Provisions HK\$'M
Portfolio (vii) – Retail – Small business retail exposures												
0.00 to < 0.15	77	9	87.0%	74	0.07%	9	56.6%	–	8	10%	–	
0.15 to < 0.25	119	3	31.9%	80	0.20%	24	28.7%	–	9	12%	–	
0.25 to < 0.50	545	5	85.0%	382	0.38%	18	20.7%	–	49	13%	–	
0.50 to < 0.75	583	6	31.3%	383	0.62%	29	26.9%	–	84	22%	1	
0.75 to < 2.50	1,708	11	33.6%	1,152	1.42%	94	54.3%	–	729	63%	10	
2.50 to < 10.00	762	4	74.8%	491	4.31%	38	75.7%	–	538	110%	16	
10.00 to < 100.00	111	–	21.2%	57	25.65%	27	87.2%	–	92	162%	13	
100.00 (Default)	39	–	0.0%	32	100.00%	14	82.9%	–	59	188%	23	
<b>Sub-total</b>	<b>3,944</b>	<b>38</b>	<b>56.7%</b>	<b>2,651</b>	<b>3.31%</b>	<b>253</b>	<b>49.8%</b>	<b>–</b>	<b>1,568</b>	<b>59%</b>	<b>63</b>	<b>29</b>
Portfolio (viii) – Other retail exposures to individuals												
0.00 to < 0.15	1,267	10,805	79.1%	9,812	0.06%	57,867	81.2%	–	1,245	13%	4	
0.15 to < 0.25	2,076	2,587	78.3%	4,102	0.16%	22,448	80.5%	–	1,160	28%	5	
0.25 to < 0.50	9,885	5,201	61.9%	13,106	0.34%	44,426	77.0%	–	5,792	44%	35	
0.50 to < 0.75	5,896	3,258	49.4%	7,506	0.68%	31,123	79.3%	–	5,022	67%	40	
0.75 to < 2.50	19,527	5,694	39.7%	21,788	1.35%	70,068	60.0%	–	14,711	68%	177	
2.50 to < 10.00	28,783	6,983	66.0%	33,394	4.48%	111,387	62.6%	–	29,848	89%	836	
10.00 to < 100.00	4,125	542	50.4%	4,398	22.47%	25,037	72.1%	–	6,245	142%	692	
100.00 (Default)	843	1	0.0%	843	100.00%	13,707	64.0%	–	843	100%	472	
<b>Sub-total</b>	<b>72,402</b>	<b>35,071</b>	<b>64.3%</b>	<b>94,949</b>	<b>3.93%</b>	<b>376,063</b>	<b>68.5%</b>	<b>–</b>	<b>64,866</b>	<b>68%</b>	<b>2,261</b>	<b>828</b>
<b>Total (all portfolios subject to the IRB approaches)</b>	<b>1,705,669</b>	<b>955,862</b>	<b>27.9%</b>	<b>1,972,538</b>	<b>1.17%</b>	<b>1,960,003</b>	<b>40.3%</b>	<b>1.18</b>	<b>441,419</b>	<b>22%</b>	<b>11,970</b>	<b>11,974</b>

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

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

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

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

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

At 30 June 2023		(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)	13,065	13,065
3	Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance)	-	-
4	Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate)	18,100	18,100
5	Corporate – Specialized lending (high-volatility commercial real estate)	-	-
6	Corporate – Small-and-medium sized corporates	9,870	9,870
7	Corporate – Other corporates	204,205	204,205
8	Sovereigns	33,409	33,409
9	Sovereign foreign public sector entities	4,882	4,882
10	Multilateral development banks	-	-
11	Bank exposures – Banks	42,172	42,172
12	Bank exposures – Securities firms	5,001	5,001
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	2,450	2,450
14	Retail – Small business retail exposures	1,568	1,568
15	Retail – Residential mortgages to individuals	56,165	56,165
16	Retail – Residential mortgages to property-holding shell companies	1,550	1,550
17	Retail – Qualifying revolving retail exposures (QRRE)	15,281	15,281
18	Retail – Other retail exposures to individuals	64,866	64,866
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	4,109	4,109
26	Other – Other items	75,159	75,159
<b>27</b>	<b>Total</b>	<b>551,852</b>	<b>551,852</b>

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

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

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

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

	(a) Amount HK\$'M
<b>1 RWA as at end of previous reporting period (31 March 2023)</b>	<b>543,944</b>
2 Asset size	12,407
3 Asset quality	4,857
4 Model updates	(4,672)
5 Methodology and policy	-
6 Acquisitions and disposals	-
7 Foreign exchange movements	(5,307)
8 Other	-
<b>9 RWA as at end of reporting period (30 June 2023)</b>	<b>551,229</b>

The increase 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 slight credit migration during the period,
- RWA decrease from model updates mainly due to adoption of the new income producing real estate slotting model,
- RWA decrease from foreign exchange rate movement mainly due to the depreciation of KRW, CNY and TWD in relation to HKD during the period.

### i. Specialized lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach (CR10)

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

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

At 30 June 2023		(a)	(b)	(c)	(d) EAD amount					(e)	(f)
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 <sup>^</sup>	Less than 2.5 years	13,693	2,824	50%	-	566	-	14,225	14,791	7,396	-
Strong	Equal to or more than 2.5 years	6,025	816	70%	-	4,854	-	1,483	6,337	4,436	25
Good <sup>^</sup>	Less than 2.5 years	6,678	877	70%	-	196	-	6,663	6,859	4,802	27
Good	Equal to or more than 2.5 years	4,228	500	90%	-	2,465	-	2,008	4,473	4,025	36
Satisfactory		7,923	51	115%	-	6,112	-	1,811	7,923	9,111	222
Weak		546	43	250%	-	-	-	558	558	1,395	45
Default		1,601	-	0%	-	-	-	1,601	1,601	-	800
<b>Total</b>		<b>40,694</b>	<b>5,111</b>		<b>-</b>	<b>14,193</b>	<b>-</b>	<b>28,349</b>	<b>42,542</b>	<b>31,165</b>	<b>1,155</b>

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

Increase in total exposure was mainly due to adoption of the new income producing real estate slotting model.

## 9 Counterparty Credit risk

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

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

	(a)	(b)	(c)	(d)	(e)	(f)
	Replacement cost (RC)	PFE	Effective EPE	Alpha (a) used for computing default risk exposure	Default risk exposure after CRM	RWA
At 30 June 2023	HK\$'M		%		HK\$'M	HK\$'M
1 SA-CCR (for derivative contracts) <sup>1</sup>	26,842	52,050		1.4	109,424	40,796
1a CEM (for derivative contracts)	-	-		1.4	-	-
2 IMM (CCR) approach			-	1.4	-	-
3 Simple Approach (for SFTs)					-	-
4 Comprehensive Approach (for SFTs) <sup>2</sup>					169,419	3,249
5 VaR (for SFTs)					-	-
<b>6 Total</b>						<b>44,045</b>

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

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

### b. CVA capital charge (CCR2)

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

	(a)	(b)
	EAD post CRM	RWA
At 30 June 2023	HK\$'M	HK\$'M
Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1 (i) VaR (after application of multiplication factor if applicable)		-
2 (ii) Stressed VaR (after application of multiplication factor if applicable)		-
3 Netting sets for which CVA capital charge is calculated by the standardized CVA method	109,291	20,078
<b>4 Total</b>	<b>109,291</b>	<b>20,078</b>

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

## 9 Counterparty Credit risk (continued)

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

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

At 30 June 2023	(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	7	-	-	-	-	-	-	-	-	-	7
6 Corporate exposures	-	-	58	-	-	-	353	-	-	-	411
8 Regulatory retail exposures	-	-	-	-	-	3	-	-	-	-	3
<b>12 Total</b>	<b>7</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>421</b>

Decrease in total default risk exposure after CRM was mainly due to decrease in sovereign exposures and corporate exposures.

## 9 Counterparty Credit risk (continued)

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

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

At 30 June 2023 PD scale	(a) EAD post-CRM HK\$'M	(b) Average PD	(c) Number of obligors	(d) Average LGD	(e) Average maturity	(f) RWA HK\$'M	(g) RWA density
Portfolio (i) – Sovereign							
0.00 to < 0.15	27,055	0.03%	27	16.8%	0.20	349	1%
0.15 to < 0.25	–	0.00%	–	0.0%	–	–	0%
0.25 to < 0.50	–	0.00%	–	0.0%	–	–	0%
0.50 to < 0.75	–	0.00%	–	0.0%	–	–	0%
0.75 to < 2.50	–	0.00%	–	0.0%	–	–	0%
2.50 to < 10.00	–	0.00%	–	0.0%	–	–	0%
10.00 to < 100.00	–	0.00%	–	0.0%	–	–	0%
100.00 (Default)	–	0.00%	–	0.0%	–	–	0%
<b>Sub-total</b>	<b>27,055</b>	<b>0.03%</b>	<b>27</b>	<b>16.8%</b>	<b>0.20</b>	<b>349</b>	<b>1%</b>
Portfolio (ii) – Bank							
0.00 to < 0.15	145,625	0.05%	175	17.5%	0.58	8,728	6%
0.15 to < 0.25	31,342	0.22%	44	17.4%	0.78	5,948	19%
0.25 to < 0.50	680	0.39%	23	17.7%	0.27	141	21%
0.50 to < 0.75	3,478	0.60%	28	9.7%	0.53	461	13%
0.75 to < 2.50	359	1.63%	11	51.4%	0.76	380	106%
2.50 to < 10.00	12	2.67%	2	5.0%	1.00	1	12%
10.00 to < 100.00	26	13.79%	6	69.4%	1.00	81	311%
100.00 (Default)	–	0.00%	–	0.0%	–	–	0%
<b>Sub-total</b>	<b>181,522</b>	<b>0.10%</b>	<b>289</b>	<b>17.4%</b>	<b>0.61</b>	<b>15,740</b>	<b>9%</b>
Portfolio (iii) – Corporate							
0.00 to < 0.15	34,943	0.09%	379	44.7%	1.17	6,995	20%
0.15 to < 0.25	8,289	0.22%	461	48.8%	1.30	3,883	47%
0.25 to < 0.50	4,191	0.39%	144	59.1%	1.15	2,744	65%
0.50 to < 0.75	16,243	0.53%	155	31.0%	0.62	6,386	39%
0.75 to < 2.50	4,353	1.24%	120	59.1%	1.21	4,728	109%
2.50 to < 10.00	1,255	3.16%	33	45.2%	0.90	1,452	116%
10.00 to < 100.00	445	30.70%	55	46.8%	1.03	1,172	263%
100.00 (Default)	126	100.00%	4	59.8%	2.57	229	181%
<b>Sub-total</b>	<b>69,845</b>	<b>0.73%</b>	<b>1,351</b>	<b>43.8%</b>	<b>1.06</b>	<b>27,589</b>	<b>39%</b>
<b>Total (all portfolios subject to the IRB approaches)</b>	<b>278,422</b>	<b>0.25%</b>	<b>1,667</b>	<b>23.9%</b>	<b>0.68</b>	<b>43,678</b>	<b>16%</b>

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

## 9 Counterparty Credit risk (continued)

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

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

At 30 June 2023	<i>Derivative contracts</i>				<i>SFTs</i>	
	<i>Fair value of recognized collateral received</i>		<i>Fair value of posted collateral</i>		<i>Fair value of recognized collateral received</i>	<i>Fair value of posted collateral</i>
<i>Exposure classes</i>	<i>Segregated HK\$'M</i>	<i>Unsegregated HK\$'M</i>	<i>Segregated HK\$'M</i>	<i>Unsegregated HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
Cash – domestic currency	–	201	–	–	–	33,992
Cash – other currencies	–	5,100	–	16,951	27,961	90,586
Domestic sovereign debt	–	–	–	–	1,437	–
Other sovereign debt	–	6,397	–	8,308	35,228	42,584
Government agency debt	–	–	–	–	9,785	–
Corporate bonds	–	9,724	–	2,327	41,974	1,858
Equity securities	–	–	–	–	31,177	400
Other collateral	–	282	–	–	–	–
<b>Total</b>	<b>–</b>	<b>21,704</b>	<b>–</b>	<b>27,586</b>	<b>147,562</b>	<b>169,420</b>

Decrease in unsegregated collateral received for derivative contracts and collateral posted for SFTs were mainly driven by the decrease in positive fair value of derivative contracts and decrease in volume of SFTs respectively.

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

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

At 30 June 2023	<i>(a) Protection bought HK\$'M</i>	<i>(b) Protection sold HK\$'M</i>
<b>Notional amounts</b>		
Single-name credit default swaps	–	–
Index credit default swaps	–	–
Total return swaps	24,097	1,526
Credit-related options	–	–
Other credit-related derivative contracts	12,121	4,250
<b>Total notional amounts</b>	<b>36,218</b>	<b>5,776</b>
<b>Fair values</b>		
Positive fair value (asset)	496	25
Negative fair value (liability)	(120)	(10)

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

## 9 Counterparty Credit risk (continued)

### g. Exposures to CCPs (CCR8)

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

At 30 June 2023	(a) Exposure after CRM HK\$'M	(b) RWA HK\$'M
<b>1 Exposures of the AI as clearing member or client to qualifying CCPs (total)</b>		<b>371</b>
2 Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	14,905	298
3 (i) OTC derivative transactions	-	-
4 (ii) Exchange-traded derivative contracts	14,905	298
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets subject to valid cross-product netting agreements	-	-
7 Segregated initial margin	-	
8 Unsegregated initial margin	512	10
9 Funded default fund contributions	884	63
10 Unfunded default fund contributions	-	-
<b>11 Exposures of the AI as clearing member or client to non-qualifying CCPs (total)</b>		<b>-</b>
12 Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13 (i) OTC derivative transactions	-	-
14 (ii) Exchange-traded derivative contracts	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets subject to valid cross-product netting agreements	-	-
17 Segregated initial margin	-	-
18 Unsegregated initial margin	-	-
19 Funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

Increase in total RWA was mainly due to the increase in volume of exchange-traded derivative contracts.

## 10 Securitization exposures

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1 Retail (total) – of which:	-	-	-	-	-	-	31,511	-	31,511
2 residential mortgage	-	-	-	-	-	-	22,517	-	22,517
3 credit card	-	-	-	-	-	-	3,249	-	3,249
4 other retail exposures	-	-	-	-	-	-	5,745	-	5,745
5 re-securitization exposures	-	-	-	-	-	-	-	-	-
6 Wholesale (total) – of which:	-	5,726	5,726	-	-	-	5,626	-	5,626
7 loans to corporates	-	5,726	5,726	-	-	-	382	-	382
8 commercial mortgage	-	-	-	-	-	-	-	-	-
9 lease and receivables	-	-	-	-	-	-	-	-	-
10 other wholesale	-	-	-	-	-	-	5,244	-	5,244
11 re-securitization exposures	-	-	-	-	-	-	-	-	-

The decrease in exposures during the period was mainly driven by the decrease in residential mortgage exposures and commercial mortgage exposures under investor positions.

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1 Retail (total) – of which:	-	-	-	-	-	-	2,611	-	2,611
2 residential mortgage	-	-	-	-	-	-	1,519	-	1,519
3 credit card	-	-	-	-	-	-	-	-	-
4 other retail exposures	-	-	-	-	-	-	1,092	-	1,092
5 re-securitization exposures	-	-	-	-	-	-	-	-	-
6 Wholesale (total) – of which:	-	-	-	-	-	-	173	-	173
7 loans to corporates	-	-	-	-	-	-	153	-	153
8 commercial mortgage	-	-	-	-	-	-	-	-	-
9 lease and receivables	-	-	-	-	-	-	-	-	-
10 other wholesale	-	-	-	-	-	-	20	-	20
11 re-securitization exposures	-	-	-	-	-	-	-	-	-

The decrease in exposures during the period was mainly driven by the decrease in exposures under residential mortgage, other retail exposures and loans to corporates.

## 10 Securitization exposures (continued)

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
	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	5,692	-	-	34	-	5,726	-	-	-	1,082	-	-	-	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	5,692	-	-	34	-	5,726	-	-	-	1,082	-	-	-	87	-	-	-
10 Of which securitization	5,692	-	-	34	-	5,726	-	-	-	1,082	-	-	-	87	-	-	-
11 Of which retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Of which wholesale	5,692	-	-	34	-	5,726	-	-	-	1,082	-	-	-	87	-	-	-
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

## 10 Securitization exposures (continued)

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
	Exposure values (by RW bands)					Exposure values (by regulatory approach)			RWA (by regulatory approach)				Capital charge 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	36,715	127	295	-	-	-	36,081	1,056	-	-	6,623	161	-	-	530	13	-
2 Traditional securitization	36,715	127	295	-	-	-	36,081	1,056	-	-	6,623	161	-	-	530	13	-
3 Of which securitization	36,715	127	295	-	-	-	36,081	1,056	-	-	6,623	161	-	-	530	13	-
4 Of which retail underlying	31,372	40	99	-	-	-	30,554	957	-	-	5,686	146	-	-	455	12	-
5 Of which wholesale	5,343	87	196	-	-	-	5,527	99	-	-	937	15	-	-	75	1	-
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

## 11 Market risk

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

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

At 30 June 2023		(a) RWA HK\$'M
Outright product exposures		
1	Interest rate exposures (general and specific risk)	9,709
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	6,384
4	Commodity exposures	2,765
Option exposures		
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	17,959
9	<b>Total</b>	<b>36,817</b>

Increase in market risk RWA under STM approach was mainly due to increase in securitization exposures and foreign exchange (including gold) exposures.

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

The table below show the RWA under IMM model as of June 2023.

	(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	<b>RWA as at end of previous reporting period</b>	7,562	16,662	N/A	N/A	24,224
2	Movement in risk levels	5,057	(216)	N/A	N/A	4,841
3	Model updates/changes <sup>1</sup>	45	24	N/A	N/A	69
4	Methodology and policy	-	-	N/A	N/A	-
5	Acquisitions and disposals	-	-	N/A	N/A	-
6	Foreign exchange movements	3	4	N/A	N/A	7
7	Other	-	-	N/A	N/A	-
8	<b>RWA as at end of reporting period</b>	12,667	16,474	N/A	N/A	29,141

<sup>1</sup> There was a model change in Q2 on "IBOR Fallback Outstanding" items.

## 11 Market risk (continued)

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

		(a) HK\$'M
<b>VaR (10 days – one-tailed 99% confidence interval)</b>		
1	Maximum Value	496
2	Average Value	247
3	Minimum Value	103
4	Period End	267
<b>Stressed VaR (10 days – one-tailed 99% confidence interval)</b>		
5	Maximum Value	472
6	Average Value	312
7	Minimum Value	207
8	Period End	496
<b>Incremental risk charge (IRC) (99.9% confidence interval)</b>		
9	Maximum Value	N/A
10	Average Value	N/A
11	Minimum Value	N/A
12	Period End	N/A
<b>Comprehensive risk charge (CRC) (99.9% confidence interval)</b>		
13	Maximum Value	N/A
14	Average Value	N/A
15	Minimum Value	N/A
16	Period End	N/A
17	Floor	N/A

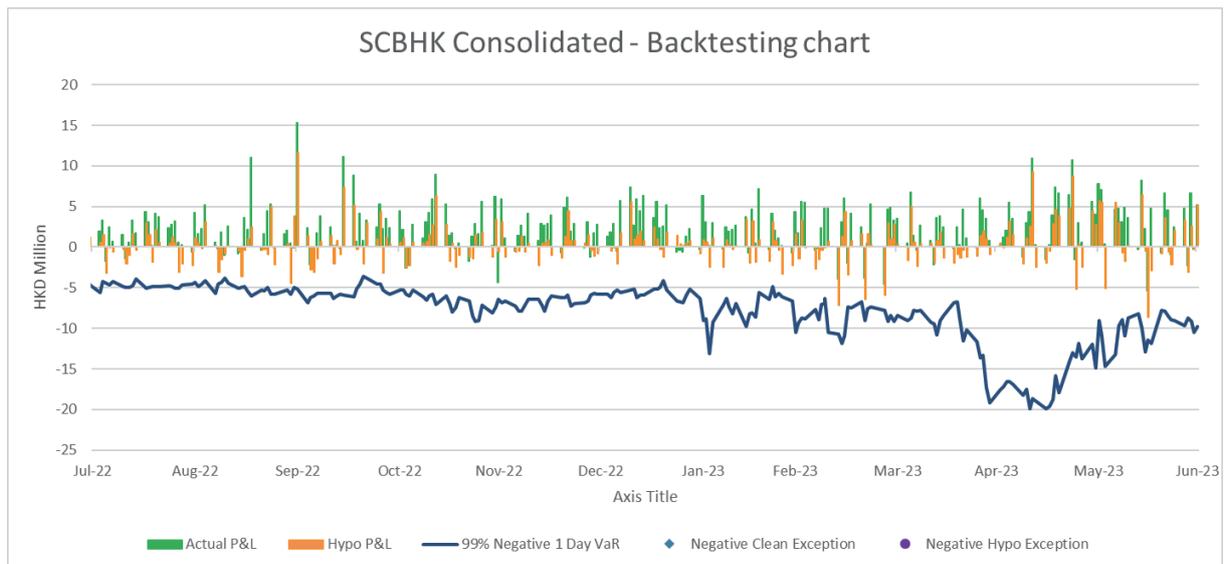
The 10-day VaR is based on square root of time from 1-day VaR as an approximation.

## 11 Market risk (continued)

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

The graphs below illustrate the performance of the VaR model used in the 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 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 with profit and loss (P&L) versus VaR (99 per cent, one day)



In total, there have been 0 SCBHK exception in the previous 250 business days which is within the 'Green zone' applied according to HKMA's regulation.

### e. Market risk exposures on guaranteed retirement funds

The capital requirement for the Group's guaranteed retirement funds is calculated based on the potential shortfall between the estimated returns from the funds and the guaranteed returns after considering accounting provisions. The projected returns are estimated using a simulation approach with a 99% confidence level. The model is backtested against actual results. As of 30 June 2023, the accounting provisions exceed the potential shortfalls, hence there are no additional capital requirements.

## 12 International claims

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

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

At 30 June 2023	Banks HK\$'M	Official sector HK\$'M	Non-bank financial institution HK\$'M	Non-financial private sector HK\$'M	Total HK\$'M
Developed countries	198,114	96,576	53,550	57,073	405,313
– of which United Kingdom (excluding Guernsey, Isle of Man and Jersey)	134,851	440	16,993	4,744	157,028
Offshore centres	16,737	10,336	31,795	99,957	158,825
– of which Hong Kong SAR	2,773	3,113	25,710	82,656	114,252
Developing Asia and Pacific	175,898	28,898	27,271	91,110	323,177
– of which China	116,541	18,633	17,182	59,533	211,889

### 13 Loans and advances to customers analysed by industry sector

The analysis of gross loans and advances to customers by industry sector is based on the categories used by the HKMA.

	At 30 June 2023 HK\$'M	% of loans and advances covered by collateral or other securities
Gross loans and advances for use in Hong Kong		
<i>Industrial, commercial and financial</i>		
– Property development	15,977	56%
– Property investment	22,542	78%
– Financial concerns	45,940	33%
– Stockbrokers	2,675	48%
– Wholesale and retail trade	12,730	15%
– Manufacturing	16,592	9%
– Transport and transport equipment	8,162	44%
– Recreational activities	31	0%
– Information technology	4,989	1%
– Others	24,784	13%
<i>Individuals</i>		
– Advances for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,008	100%
– Advances for the purchase of other residential properties	251,286	100%
– Credit card advances	32,031	0%
– Others	30,495	34%
<i>Total gross loans and advances for use in Hong Kong</i>	469,242	67%
Trade finance	70,533	19%
Trade bills	1,700	4%
Gross loans and advances for use outside Hong Kong	539,784	51%
Gross loans and advances to customers	1,081,259	56%

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

### 13 Loans and advances to customers analysed by industry sector (continued)

The amount of impaired and overdue loans and advances to customers and expected credit loss provision for industry sectors which constitute not less than 10% of the Bank and its subsidiaries' total loans and advances to customers are as follows:

	<i>Impaired loans and advances to customers HK\$'M</i>	<i>Overdue loans and advances to customers HK\$'M</i>	<i>Stage 3 expected credit loss provision HK\$'M</i>	<i>Stage 1 &amp; 2 expected credit loss provision HK\$'M</i>	<i>Provision charge/ (release) HK\$'M</i>
At 30 June 2023					
Advances for the purchase of other residential properties	303	151	4	3	1
Gross loans and advances for use outside Hong Kong	11,741	3,384	6,427	2,063	1,298

### 14 Loans and advances to customers by geographical location

The analysis of gross loans and advances to customers by geographical location is in accordance with the location of counterparties, after taking into account of any recognised risk transfer.

	<i>Total gross loans and advances to customers HK\$'M</i>	<i>Impaired loans and advances to customers HK\$'M</i>	<i>Overdue loans and advances to customers HK\$'M</i>	<i>Stage 3 expected credit loss provision HK\$'M</i>	<i>Stage 1 &amp; 2 expected credit loss provision HK\$'M</i>
At 30 June 2023					
Hong Kong	470,900	5,643	3,317	3,885	1,748
Mainland China	148,804	7,074	2,365	3,794	866
Taiwan	74,973	704	61	160	268
South Korea	301,563	1,215	162	462	527
Others	85,019	184	59	96	97
<b>Total</b>	<b>1,081,259</b>	<b>14,820</b>	<b>5,964</b>	<b>8,397</b>	<b>3,506</b>

## 15 Overdue assets

## (i) Overdue loans and advances to customers

	<i>At 30 June 2023</i>	
	<i>HK\$'M</i>	<i>% of loans and advances to customers</i>
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
6 months or less but over 3 months	693	0.06%
1 year or less but over 6 months	2,752	0.25%
Over 1 year	2,519	0.23%
	<u>5,964</u>	<u>0.54%</u>

	<i>At 30 June 2023 HK\$'M</i>
Fair value of collateral held against the covered portion of overdue loans and advances to customers	<u>1,226</u>
Covered portion of overdue loans and advances to customers	970
Uncovered portion of overdue loans and advances to customers	<u>4,994</u>

The covered portion of overdue loans and advances to customers represents the amount of collateral held against outstanding balances. It does not include any collateral held over and above outstanding exposures.

The collateral held in respect of overdue loans and advances to customers consists of cash, properties, securities and government guarantee.

	<i>At 30 June 2023 HK\$'M</i>
Stage 3 expected credit loss provision against loans and advances to customers overdue more than 3 months	<u>4,305</u>

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

	<i>At 30 June 2023</i>	
	<i>HK\$'M</i>	<i>% of loans and advances to banks</i>
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
6 months or less but over 3 months	1	0.00%
1 year or less but over 6 months	23	0.02%
Over 1 year	-	-
	<u>24</u>	<u>0.02%</u>

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

	<i>At 30 June 2023 HK\$'M</i>
Stage 3 expected credit loss provision against loans and advances to banks overdue more than 3 months	<u>2</u>

As at 30 June 2023, there were no debt securities and other assets overdue more than 3 months.

**Repossessed collateral**

As at 30 June 2023, the amount of assets obtained by taking possession of collateral held as security was as follows:

	<i>At 30 June 2023 HK\$'M</i>
Property, plant and equipment	<u>29</u>

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

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

## 16 Rescheduled assets

	<i>At 30 June 2023</i>	
	<i>HK\$'M</i>	<i>% of loans and advances to customers</i>
Rescheduled loans and advances to customers	3,234	0.30%

Rescheduled loans and advances are those loans and advances, which have been restructured or renegotiated because of a deterioration in the financial position of the borrowers, or the inability of the borrowers to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Group. Rescheduled loans and advances to customers are stated net of any loans and advances that have subsequently become overdue for over 3 months and reported as overdue loans and advances in note 15.

As at 30 June 2023, there were no rescheduled loans and advances to banks, debt securities and other assets.

## 17 Mainland Activities

	<i>On-balance sheet exposure HK\$'M</i>	<i>Off-balance sheet exposure HK\$'M</i>	<i>Total HK\$'M</i>
<i>At 30 June 2023</i>			
(i) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	130,031	26,232	156,263
(ii) Local governments, local government-owned entities and their subsidiaries and JVs	7,915	2,234	10,149
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	157,648	45,006	202,654
(iv) Other entities of central government not reported in item (i) above	6,357	1,986	8,343
(v) Other entities of local governments not reported in item (ii) above	374	81	455
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	18,506	1,347	19,853
(vii) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	17,599	4,429	22,028
<b>Total</b>	<b>338,430</b>	<b>81,315</b>	<b>419,745</b>
Total assets after provision	1,874,524		
On-balance sheet exposures as percentage of total assets	18.05%		

The off-balance sheet exposure represents the amount at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contractual amounts do not represent future cash flows.

The note is compiled in accordance with the completion instructions of the return of Mainland activities ("MA(BS)20"), and hence only relates to the Bank and SCB China.

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

	At 30 June 2023 HK\$'M
Contractual or notional amounts	
Direct credit substitutes	13,753
Transaction-related contingencies	50,608
Trade-related contingencies	15,575
Forward asset purchases	198
Forward forward deposits placed	1,071
Other commitments:	
which are not unconditionally cancellable:	
with original maturity of not more than one year	38,703
with original maturity of more than one year	140,497
which are unconditionally cancellable	791,292
	<u>1,051,697</u>
Credit risk weighted amount (before 1.06 scaling factor)	<u>73,277</u>

Contingent liabilities and commitments are credit-related instruments, which include letters of credit, guarantees and commitments to extend credit. The risk involved is similar to the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client defaults. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

## 19 Foreign exchange risk

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

	<i>Consolidated At 30 June 2023 HK\$'M</i>
<b>US dollars exposure</b>	
Spot assets	633,547
Spot liabilities	(718,601)
Forward purchases	2,253,866
Forward sales	(2,162,025)
Net options position (note)	1,961
Net long non-structural position	8,748
<b>Chinese Renminbi exposure</b>	
Spot assets	358,153
Spot liabilities	(368,817)
Forward purchases	1,185,594
Forward sales	(1,170,845)
Net option position (note)	(1,092)
Net long non-structural position	2,993
<b>South Korean Won</b>	
Spot assets	509,501
Spot liabilities	(476,265)
Forward purchases	1,166,895
Forward sales	(1,205,530)
Net option position (note)	(1,109)
Net short non-structural position	(6,508)

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

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

	<i>At 30 June 2023 HK\$'M</i>
US dollars	29,642
Chinese Renminbi	31,588
South Korean Won	18,966

## Acronyms

AI	Authorized institution	PD	Probability of default
AIRB	Advanced internal ratings-based approach	PF	Project finance
ALCO	Asset and Liability Committee	PFE	Potential future exposure
ASA	Alternative standardized approach	PRC	People's Republic of China
ASF	Available stable funding	PVA	Prudential Valuation Adjustments
AT1	Additional tier 1	PSE	Public sector entity
Bank	Standard Chartered Bank (Hong Kong) Limited	QRRE	Qualifying revolving retail exposures
BCBS	Basel Committee on Banking Supervision	RC	Replacement cost
BCR	Banking (Capital) Rules	RSF	Required stable funding
BDR	Banking (Disclosure) Rules	RW	Risk-weight
BIA	Basic indicator approach	RWA	Risk-weighted asset/risk-weighted amount
BSC	Basic approach	S&P	Standard & Poor's
CCF	Credit conversion factor	SA-CCR	Standardized approach for counterparty credit risk
CCP	Central counterparty	SEC-ERBA	Securitization external ratings-based approach
CCR	Counterparty credit risk	SEC-FBA	Securitization fall back approach
CCyB	Countercyclical capital buffer	SEC-IRBA	Securitization internal ratings-based approach
CEM	Current exposure method	SEC-SA	Securitization standardized approach
CET1	Common equity tier 1	SFT	Securities financing transaction
CF	Commodities finance	SME	Small and Medium Enterprises
CIS	Collective investment scheme	SRW	Supervisory risk-weights
CRC	Comprehensive risk charge	STC	Standardized (credit risk) approach
CRM	Credit risk mitigation	STM	Standardized (market risk) approach
CVA	Credit valuation adjustment	STO	Standardized (operational risk) approach
D-SIB	Domestic systematically important authorized institution	VaR	Value at risk
DTAs	Deferred tax assets		
EAD	Exposure at default		
EL	Expected loss		
EPE	Expected positive exposure		
FBA	Fall-back approach		
G-SIB	Global systematically important bank		
HKMA	Hong Kong Monetary Authority		
HVCRE	High-volatility commercial real estate		
HQLA	High quality liquid assets		
IMM	Internal models approach		
IMM (CCR)	Internal models (counterparty credit risk) approach		
ICAAP	Internal Capital Adequacy Assessment Process		
IPRE	Income-producing real estate		
IRB	Internal ratings-based approach		
IRC	Incremental risk charge		
JCCyB	Jurisdictional countercyclical capital buffer		
JVs	Joint ventures		
LAC	Loss-absorbing capacity		
LCR	Liquidity coverage ratio		
LGD	Loss given default		
LMR	Liquidity Maintenance Ratio		
LR	Leverage Ratio		
LTA	Look through approach		
MBA	Mandate-based approach		
MSRs	Mortgage servicing rights		
N/A	Not applicable		
NSFR	Net stable funding ratio		
OF	Object finance		
OTC	Over-the-counter		