

Standard Chartered Bank  
(Hong Kong) Limited

Unaudited Quarterly  
Regulatory Disclosure

For the quarter ended  
31 March 2018

**Standard Chartered Bank (Hong Kong) Limited**  
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The following are quarterly disclosures required by Banking (Disclosure) Rules under section 60A of Banking Ordinance.

## 1 Key capital ratios disclosures

### **Capital adequacy ratio and capital base**

The following tables show the capital ratios and capital buffer requirements as contained in the 'Capital Adequacy Ratio' return required to be submitted to the HKMA on a consolidated basis under the requirements of section 3C(1) of the BCR.

	<i>Consolidated</i>	
	<i>At 31 March 18</i>	<i>At 31 December 17</i>
Common equity tier 1 (CET1) capital ratio	<b>13.6%</b>	<b>13.5%</b>
Tier 1 capital ratio	<b>15.0%</b>	<b>15.0%</b>
Total capital ratio	<b>18.1%</b>	<b>18.2%</b>
Leverage ratio	<b>5.6%</b>	<b>5.4%</b>
	<i>HK\$'M</i>	<i>HK\$'M</i>
<b>Capital base</b>		
CET1 capital	55,813	51,836
Additional Tier 1 ("AT1") capital	5,830	5,830
Total Tier 1 capital	61,643	57,666
Tier 2 capital	12,563	12,535
<b>Total capital base</b>	<b>74,206</b>	<b>70,201</b>
Total Risk-weighted amount	410,247	385,071
Leverage ratio exposure	1,103,049	1,077,378
<b>Capital buffers requirements</b>		
Capital conservation buffer ratio	1.9%	1.3%
Countercyclical capital buffer ratio	1.4%	0.9%
Higher loss absorbency ratio	0.8%	0.8%
Total capital buffers	<b>4.1%</b>	<b>3.0%</b>

## 2 Overview of risk management and RWA (OV1)

The following table sets out an overview of capital requirements in terms of a detailed breakdowns of RWAs for credit risk (before any applicable scaling factor of 1.06), market risk and operational risk. Minimum capital requirement represents the amount of capital required to be held for that risk based on its RWAs after any applicable scaling factor multiplied by 8%.

	Consolidated RWA		Minimum capital requirements
	At 31 March 18 HK\$'M	At 31 December 17 HK\$'M	At 31 March 18 HK\$'M
1 Credit risk for non-securitization exposures	<b>295,970</b>	<b>288,742</b>	<b>24,954</b>
2 – Of which STC approach	29,981	26,878	2,398
2a – Of which BSC approach	–	–	–
3 – Of which IRB approach	265,989	261,864	22,556
4 Counterparty credit risk	<b>9,952</b>	<b>8,239</b>	<b>824</b>
5 – Of which SA-CCR	–	–	–
5a – Of which CEM	9,952	8,239	824
6 – Of which IMM(CCR) approach	–	–	–
7 Equity exposures in banking book under the market-based approach	–	–	–
8 CIS exposures – LTA	–	–	–
9 CIS exposures – MBA	–	–	–
10 CIS exposures – FBA	–	–	–
11 Settlement risk	<b>24</b>	<b>10</b>	<b>2</b>
12 Securitization exposures in banking book	<b>2,992</b>	<b>1,186</b>	<b>254</b>
13 Of which Securitization Internal Ratings – Based Approach (SEC – IRBA)	–	–	–
14 Of which Securitization External Ratings – Based Approach (SEC – ERBA)	2,992	1,186	254
15 Of which Securitization Standardized Approach (SEC – SA)	–	–	–
16 Market risk	<b>24,528</b>	<b>18,654</b>	<b>1,962</b>
17 – Of which STM approach	23,849	17,993	1,908
18 – Of which IMM approach	679	661	54

**2 Overview of risk management and RWA (OV1) (continued)**

	<i>Consolidated RWA</i>		<i>Minimum capital requirements</i>
	<i>At 31 March 18 HK\$'M</i>	<i>At 31 December 17 HK\$'M</i>	<i>At 31 March 18 HK\$'M</i>
19 Operational risk	<b>40,892</b>	<b>41,224</b>	<b>3,271</b>
20 – Of which BIA approach	–	–	–
21 – Of which STO approach	40,892	41,224	3,271
21a – Of which ASA approach	–	–	–
22 – Of which AMA approach	N/A	N/A	N/A
23 Amounts below the thresholds for deduction (subject to 250% RW)	<b>8,619</b>	<b>11,483</b>	<b>690</b>
24 Capital floor adjustment	<b>11,179</b>	–	<b>894</b>
24a Deduction to RWA	<b>(393)</b>	<b>(523)</b>	<b>(31)</b>
24b – Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	(202)	(333)	(16)
24c – Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	(191)	(190)	(15)
25 Total	<b>393,763</b>	<b>369,015</b>	<b>32,820</b>

### 3 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 December 2017)</b>	<b>261,864</b>
2 Asset size	2,939
3 Asset quality	(2,008)
4 Model updates	2,213
5 Methodology and policy	–
6 Acquisitions and disposals	–
7 Foreign exchange movements	981
8 Other	–
<b>9 RWA as at end of reporting period (31 March 2018)</b>	<b>265,989</b>

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

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

	(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
<b>1 RWA as at end of previous reporting period (31 December 2017)</b>	–	–	–	–	661	661
2 Movement in risk levels	–	–	–	–	–	–
3 Model updates/changes	–	–	–	–	–	–
4 Methodology and policy	–	–	–	–	–	–
5 Acquisitions and disposals	–	–	–	–	–	–
6 Foreign exchange movements	–	–	–	–	–	–
7 Other	–	–	–	–	18	18
<b>8 RWA as at end of reporting period (31 March 2018)</b>	–	–	–	–	<b>679</b>	<b>679</b>

## 5 Regulatory capital disclosures – Capital instruments

The following is a summary of the group's common equity tier 1 ('CET1') capital, additional tier 1 ('AT1') capital and tier 2 capital instruments.

	<i>At 31 March 2018</i>	
	<i>Total amount</i>	<i>Amount recognised in regulatory capital HK\$'M</i>
<b>CET1 capital instruments</b>		
Ordinary shares:		
1,937,138,640 issued and fully paid ordinary shares	HK\$16,378m	16,378
<b>AT1 capital instruments</b>		
Perpetual non-cumulative convertible preference shares	US\$500m	3,878
Perpetual non-cumulative capital securities	US\$250m	1,952
<b>Tier 2 capital instruments</b>		
Subordinated loan due 2020	US\$750m	3,939
Fixed rate (4.30%) subordinated loan due 2026, callable from 2021	US\$800m	6,281

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

## 5 Regulatory capital disclosures – Capital instruments (continued)

### 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
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>#</sup>	N/A
5	Post-transitional Basel III rules <sup>+</sup>	Common Equity Tier 1
6	Eligible at solo*/group/group & solo	Group & solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD16,378 Million
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1 July 2004 (780 Million shares) 29 June 2005 (451 Million shares) 29 October 2010 (706 Million 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	The Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.
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	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	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
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Preference Shares are immediately senior to Ordinary Shares
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

#### Footnote:

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

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

\* Include solo-consolidated



## 5 Regulatory capital disclosures – Capital instruments (continued)

### Perpetual non-cumulative convertible preference 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
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>#</sup>	N/A
5	Post-transitional Basel III rules <sup>+</sup>	Additional Tier 1
6	Eligible at solo*/group/group & solo	Group & solo
7	Instrument type (types to be specified by each jurisdiction)	Preference Shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD 3,878 Million
9	Par value of instrument	10 perpetual non-cumulative convertible preference shares at aggregate issue price of USD500 Million and a Liquidation Preference of USD500 Million
10	Accounting classification	Shareholders' equity
11	Original date of issuance	30 December 2014
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: 31 December 2019 Included tax and regulatory redemption options Redemption at 100% of the prevailing Liquidation Preference together with uncanceled but unpaid dividends
16	Subsequent call dates, if applicable	Each dividend payment date after the First Call Date
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	6.25 per cent per annum payable semi-annually in arrears
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Convertible
24	If convertible, conversion 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.
25	If convertible, fully or partially	Fully
26	If convertible, conversion rate	Each Preference Share to 12,500,000 A Shares at the USD4.00 per A Share "A Shares" means Class A Ordinary Shares in the share capital of the Bank
27	If convertible, mandatory or optional conversion	Mandatory
28	If convertible, specify instrument type convertible into	Common Equity Tier 1
29	If convertible, specify issuer of instrument it converts into	Standard Chartered Bank (Hong Kong) Limited
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
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Dated Subordinated Notes are immediately senior to Preference Shares
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

**Footnote:**

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

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

\* Include solo-consolidated

## 5 Regulatory capital disclosures – Capital instruments (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
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>#</sup>	N/A
5	Post-transitional Basel III rules <sup>*</sup>	Additional Tier 1
6	Eligible at solo*/group/group & solo	Group & solo
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	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	Each dividend payment date after the First Call Date
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	5.00 per cent per annum payable semi-annually 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	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
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
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>#</sup>Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

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

\* Include solo-consolidated

## 5 Regulatory capital disclosures – Capital instruments (continued)

### Subordinated loan due 2020

1	Issuer	Standard Chartered Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0520042416 (ISIN Code)
3	Governing law(s) of the instrument	The Notes are governed by and construed in accordance with English Law, except for the provisions relating to the subordination of Subordinated Notes to be issued by SCBHK which will be governed by, and construed in accordance with, Hong Kong Law
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>#</sup>	Tier 2
5	Post-transitional Basel III rules <sup>+</sup>	Ineligible
6	Eligible at solo*/group/group & solo	Group & solo
7	Instrument type (types to be specified by each jurisdiction)	Other Tier 2 instruments
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD 3,939 Million
9	Par value of instrument	Issue price at 99.485 per cent of the Aggregate Nominal Amount of USD750 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	24 June 2010
12	Perpetual or dated	Dated
13	Original maturity date	24 June 2020
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	The notes may, at any time, be redeemed at par for taxation reasons
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	5.875 per cent per annum payable semi-annually in arrears
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	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
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Creditors are immediately senior to the Dated Subordinated Notes
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	The terms and conditions do not have a provision that requires the instrument to fully absorb losses at the point of non-viability

**Footnote:**

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

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

\* Include solo-consolidated

## 5 Regulatory capital disclosures – Capital instruments (continued)

### Fixed rate (4.30%) subordinated loan due 2026, callable from 2021

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
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>#</sup>	N/A
5	Post-transitional Basel III rules <sup>*</sup>	Tier 2
6	Eligible at solo*/group/group & solo	Group & solo
7	Instrument type (types to be specified by each jurisdiction)	Other Tier 2 instruments
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD 6,281 Million
9	Par value of instrument	Issue price at 100 per cent of the Aggregate Nominal Amount of USD800 Million
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	19 December 2016
12	Perpetual or dated	Dated
13	Original maturity date	19 December 2026
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	First Call Date: 20 December 2021 Included tax and regulatory redemption options Redemption at 100% of the Subordinated Notes at their outstanding principal amount together with interest accrued but unpaid to the date fixed for redemption.
16	Subsequent call dates, if applicable	Each interest payment date after the First Call Date
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	4.30 per cent per annum payable quarterly in arrears
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
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
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Creditors 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>#</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

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

\* Include solo-consolidated