



**The Bank of East Asia, Limited**  
東亞銀行有限公司

Banking Disclosure Statement  
For the period ended  
30 June 2020

(Unaudited)

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## **Introduction**

### **Purpose**

The information contained in this document is for The Bank of East Asia, Limited (“the Bank”) and its subsidiaries (together “the Group”), and is prepared in accordance with the Banking (Disclosure) Rules (“BDR”), Part 6 of the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (“LAC Rules”), and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

These banking disclosures are governed by the Group’s disclosure policy, which has been approved by the Board. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the banking disclosure statement is not required to be externally audited, the document has been subject to independent review in accordance with the Group’s policies on disclosure and its financial reporting and governance processes.

### **Basis of preparation**

Except where indicated otherwise, the financial information contained in this Banking Disclosure Statement has been prepared on the basis of regulatory scope of consolidation specified by the HKMA to the Bank. The basis of consolidation for regulatory purposes is different from that for accounting purposes.

### **The banking disclosure statement**

The HKMA has implemented the final standards on the Revised Pillar 3 Disclosure Requirements issued by the Basel Committee on Banking Supervision in January 2015, and also incorporated the BCBS Pillar 3 disclosure requirements – consolidated and enhanced framework finalized in March 2017 in the latest BDR and the LAC Rules. These disclosures are supplemented by specific additional requirements of the HKMA set out in the BDR and the LAC Rules. The banking disclosure statement includes the information required under the BDR and the LAC Rules.

According to the BDR and the LAC Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates.

**Template KM1: Key prudential ratios**

(HK\$ million)		30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019
<b>Regulatory capital (amount)</b>						
1	Common Equity Tier 1 (CET1)	76,716	71,217	75,313	74,468	73,715
2	Tier 1	90,679	85,180	89,276	89,503	83,673
3	Total capital	103,213	94,446	98,625	102,786	97,885
<b>RWA (amount)</b>						
4	Total RWA	466,193	474,198	484,195	470,728	482,430
<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>						
5	CET1 ratio (%)	16.46%	15.02%	15.55%	15.82%	15.28%
6	Tier 1 ratio (%)	19.45%	17.96%	18.44%	19.01%	17.34%
7	Total capital ratio (%)	22.14%	19.92%	20.37%	21.84%	20.29%
<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>						
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.421%	0.432%	0.882%	1.131%	1.090%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	1.000%	1.000%	1.000%	1.000%	1.000%
11	Total AI-specific CET1 buffer requirements (%)	3.921%	3.932%	4.382%	4.631%	4.590%
12	CET1 available after meeting the AI's minimum capital requirements (%)	11.96%	10.52%	11.05%	11.32%	10.78%
<b>Basel III leverage ratio</b>						
13	Total leverage ratio (LR) exposure measure	857,730	851,204	873,419	860,919	895,940
14	LR (%)	10.57%	10.01%	10.22%	10.40%	9.34%
<b>Liquidity Coverage Ratio (LCR)</b>						
15	Total high quality liquid assets (HQLA)	61,983	64,319	55,748	50,688	54,771
16	Total net cash outflows	34,988	36,700	31,825	30,499	32,049
17	LCR (%)	177.68%	178.13%	175.72%	166.91%	171.72%
<b>Net Stable Funding Ratio (NSFR)</b>						
18	Total available stable funding	512,156	502,865	525,048	513,923	537,746
19	Total required stable funding	445,902	449,941	464,523	461,568	467,499
20	NSFR (%)	114.86%	111.76%	113.03%	111.34%	115.03%

### Template OV1: Overview of RWA

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 30<sup>th</sup> June 2020 and 31<sup>st</sup> March 2020 respectively:

(HK\$ million)		(a)	(b)	(c)
		RWA		Minimum capital requirements
		June 2020	March 2020	June 2020
1	<b>Credit risk for non-securitization exposures</b>	<b>368,479</b>	<b>371,548</b>	<b>31,074</b>
2	Of which STC approach	36,050	39,150	2,884
3	Of which foundation IRB approach	309,604	309,497	26,254
4	Of which supervisory slotting criteria approach	22,825	22,901	1,936
6	<b>Counterparty default risk and default fund contributions</b>	<b>3,398</b>	<b>3,566</b>	<b>281</b>
7a	Of which CEM	1,906	2,229	160
7b	Of which CEM (such a risk to CCPs which is not included in row 7a)	254	257	21
9	Of which others	1,238	1,080	100
10	CVA risk	942	886	75
11	Equity positions in banking book under the simple risk-weight method and internal models method	16,383	15,364	1,389
15	Settlement risk	0	0	0
16	<b>Securitization exposures in banking book</b>	<b>0</b>	<b>0</b>	<b>0</b>
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0
20	<b>Market risk</b>	<b>11,049</b>	<b>13,217</b>	<b>884</b>
21	Of which STM approach	1,145	2,552	92
22	Of which IMM approach	9,904	10,665	792
24	Operational risk	32,589	35,104	2,607
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	14,623	16,112	1,240
26	Capital floor adjustment	0	0	0
26a	<b>Deduction to RWA</b>	<b>3,187</b>	<b>3,554</b>	<b>255</b>
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	109	409	9
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	3,078	3,145	246
27	<b>Total</b>	<b>444,276</b>	<b>452,243</b>	<b>37,295</b>

The minimum capital requirements presented in this template are after application of the 1.06 scaling factor, where applicable.

**Template CC1: Composition of regulatory capital**

At 30 June 2020

		Amount (HK\$ Million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (Cross-referenced to Template CC2)
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	41,528	(10) + (14)
2	Retained earnings	27,646	(11)
3	Disclosed reserves	18,015	(15) + (16) + (17)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	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)	-	
6	<b>CET1 capital before regulatory adjustments</b>	87,189	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	7	
8	Goodwill (net of associated deferred tax liabilities)	1,460	(4)
9	Other intangible assets (net of associated deferred tax liabilities)	12	(5)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,738	(6)
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	(19)	(7) + (8)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
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)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable

**Template CC1: Composition of regulatory capital** (continued)

At 30 June 2020

		Amount (HK\$ Million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (Cross-referenced to Template CC2)
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	7,275	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	5,596	(2) + (3)
26b	Regulatory reserve for general banking risks	1,679	(12)
26c	Securitization exposures specified in a notice given by the Monetary Authority	-	
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>	10,473	
29	<b>CET1 capital</b>	76,716	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	13,963	(18)
31	of which: classified as equity under applicable accounting standards	13,963	
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)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	<b>AT1 capital before regulatory deductions</b>	13,963	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	



**Template CC1: Composition of regulatory capital** (continued)

At 30 June 2020

	Amount (HK\$ Million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (Cross-referenced to Template CC2)
43	-	
<b>43</b>	<b>-</b>	
44	13,963	
<b>44</b>	<b>13,963</b>	
45	90,679	
<b>45</b>	<b>90,679</b>	
<b>Tier 2 capital: instruments and provisions</b>		
46	8,489	(9)
47	-	
48	-	
49	-	
50	1,527	(13) - (1)
51	10,016	
<b>Tier 2 capital: regulatory deductions</b>		
52	-	
53	-	
54	-	
54a	-	
55	-	
55a	-	
56	(2,518)	
56a	(2,518)	[(2) + (3)] X 45%
56b	-	
57	(2,518)	
<b>57</b>	<b>(2,518)</b>	
58	12,534	
<b>58</b>	<b>12,534</b>	
59	103,213	
<b>59</b>	<b>103,213</b>	

**Template CC1: Composition of regulatory capital** (continued)  
At 30 June 2020

		Amount (HK\$ Million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (Cross-referenced to Template CC2)
60	<b>Total RWA</b>	466,193	
<b>Capital ratios (as a percentage of RWA)</b>			
61	<b>CET1 capital ratio</b>	16.46%	
62	<b>Tier 1 capital ratio</b>	19.45%	
63	<b>Total capital ratio</b>	22.14%	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	3.921%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.421%	
67	of which: higher loss absorbency requirement	1.000%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	11.96%	
<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	5,743	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	5,849	
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)	565	
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	455	
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)	1,072	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	2,323	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable

**Template CC1: Composition of regulatory capital** (continued)

At 30 June 2020

		Amount (HK\$ Million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation (Cross-referenced to Template CC2)
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

**Template CC1: Composition of regulatory capital** (continued)

Notes to the Template

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

	Description	Hong Kong basis (HK\$ Million)	Basel III basis (HK\$ Million)
9	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	12	12
	<p><u>Explanation</u></p> <p>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.</p>		
10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	1,738	246
	<p><u>Explanation</u></p> <p>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.</p>		
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>	-	-
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant LAC 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.</p>		

**Template CC1: Composition of regulatory capital** (continued)

Notes to the Template (continued)

	Description	Hong Kong basis (HK\$ Million)	Basel III basis (HK\$ Million)
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>	-	-
	<p><u>Explanation</u> For the purpose of determining the total amount of significant LAC 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.</p>		
39	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u> 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 LAC 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.</p>		
54	<b>Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)</b>	-	-
	<p><u>Explanation</u> 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 LAC investments in Tier 2 capital instruments and noncapital LAC liabilities 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.</p>		
<p>Remarks: The amount of the 10% threshold and 5% 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.</p>			

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

**Template CC2: Reconciliation of regulatory capital to balance sheet**

Balance Sheet Reconciliation	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
	30/06/2020 HK\$ Mn	30/06/2020 HK\$ Mn	
<b>Assets</b>			
Cash and balances with banks and other financial institutions	40,462	40,411	
Placements with banks and other financial institutions	63,990	63,957	
Trade bills	10,842	10,842	
Trading assets	1,270	1,270	
Financial assets designated at fair value through profit or loss	-	-	
Derivative assets	5,637	5,637	
Loans and advances to customers	496,372	496,070	
of which: impairment allowances reflected in regulatory capital		(1,102)	(1)
Excess of total EL amount over total eligible provisions under the IRB Approach		-	
Investment securities	160,526	136,840	
Investments in subsidiaries	-	3,499	
Investments in associates	8,481	4,488	
<b>Fixed assets</b>			
- Investment properties	5,202	5,083	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		3,739	(2)
- Other property and equipment	7,685	7,424	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		1,857	(3)
- ROU assets	954	962	
Goodwill and intangible assets	1,918	1,472	
of which: goodwill		1,460	(4)
intangible assets		12	(5)
Deferred tax assets	1,738	1,738	
of which: deferred tax assets		1,738	(6)
Other assets	43,636	41,179	
<b>Total assets</b>	<b>848,713</b>	<b>820,872</b>	
<b>Liabilities</b>			
Deposits and balances of banks and other financial institutions	36,791	36,791	
Deposits from customers	552,558	552,558	
Trading liabilities	10	10	
Derivative liabilities	10,456	10,450	
Certificates of deposit issued			
- At fair value through profit or loss	19,137	19,137	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		(19)	(7)
- At amortised cost	39,534	39,534	
Current taxation	1,526	1,406	
Debt securities issued			
- At fair value through profit or loss	-	-	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		-	(8)
- At amortised cost	4,365	4,365	
Deferred tax liabilities	176	99	
Other liabilities	62,317	40,525	
Loan capital - at amortised cost	14,845	14,845	
of which: portion eligible for Tier 2 capital instruments		8,489	(9)
<b>Total liabilities</b>	<b>741,715</b>	<b>719,720</b>	
<b>Shareholders' Equity</b>			
Share capital	41,528	41,528	
of which: paid-in share capital		41,528	(10)
Reserves	51,169	45,661	
of which: retained earnings		27,646	(11)
of which: regulatory reserve earmarked		1,679	(12)
regulatory reserve for general banking risks		425	(13)
share premium		-	(14)
accumulated other comprehensive income		1,837	(15)
exchange revaluation reserve		(2,072)	(16)
other reserves		18,250	(17)
Additional equity instruments	13,963	13,963	(18)
Non-controlling interests	338	-	
of which: portion not eligible for inclusion in regulatory capital		-	
<b>Total shareholders' equity</b>	<b>106,998</b>	<b>101,152</b>	
<b>Total liabilities and shareholders' equity</b>	<b>848,713</b>	<b>820,872</b>	

**Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer (“CCyB”)**

The following table presents the geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures as at 30<sup>th</sup> June 2020:

		a	c	d	e
	<b>Geographical breakdown by Jurisdiction (J)</b>	<b>Applicable JCCyB ratio in effect</b>	<b>RWA used in computation of CCyB ratio</b>	<b>AI-specific CCyB ratio</b>	<b>CCyB amount</b>
		(%)	(HK\$ Million)	(%)	(HK\$ Million)
1	Hong Kong SAR	1.000%	150,429		
2	Luxembourg	0.250%	115		
	Sum of above		150,544		
	Total (including those exposures in jurisdictions with zero JCCyB ratio)		357,256	0.421%	1,963

**Template LR1: Summary comparison of accounting assets against Leverage Ratio (“LR”) exposure measure**

At 30 Jun 2020

	Item	Value under Leverage Ratio framework (HK\$ Million)
1	Total consolidated assets as per published financial statements	848,713
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(46,178)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4	Adjustments for derivative contracts	12,279
5	Adjustment for SFTs (i.e. repos and similar secured lending)	19,299
6	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	39,507
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(5,399)
7	Other adjustments	(10,491)
8	<b>Leverage ratio exposure measure</b>	<b>857,730</b>



**Template LR2: Leverage ratio (“LR”)**

		(HK\$ Million)	
		At 30 Jun 2020	At 31 Mar 2020
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	802,535	807,288
2	Less: Asset amounts deducted in determining Tier 1 capital	(10,491)	(13,601)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	792,044	793,687
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	5,627	6,516
5	Add-on amounts for PFE associated with all derivative contracts	12,128	8,003
6	Gross-up for derivatives collateral provided 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 derivative contracts	(5,554)	(5,472)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	78	78
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	<b>Total exposures arising from derivative contracts</b>	12,279	9,125
<b>Exposures arising from securities financing transactions (SFTs)</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	18,011	12,420
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	1,288	754
15	Agent transaction exposures	-	-
16	<b>Total exposures arising from SFTs</b>	19,299	13,174
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	199,018	189,479
18	Less: Adjustments for conversion to credit equivalent amounts	(159,511)	(150,005)
19	<b>Off-balance sheet items</b>	39,507	39,474
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	90,679	85,180
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	863,129	855,460
20b	<b>Adjustments for specific and collective provisions</b>	(5,399)	(4,256)
21	<b>Total exposures after adjustments for specific and collective provisions</b>	857,730	851,204
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>10.57%</b>	<b>10.01%</b>

**Template LIQ1: Liquidity Coverage Ratio (“LCR”)**

(HK\$ Million)		Quarter ending on 30 June 2020		Quarter ending on 31 March 2020	
Number of data points used in calculating the average value of the LCR and related components set out in this template		71		74	
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)	Unweighted value (average)	Weighted value (average)
<b>A. High Quality Liquid Assets (HQLA)</b>					
1	Total HQLA		61,983		64,319
<b>B. Cash Outflows</b>					
2	Retail deposits and small business funding, of which:	285,228	21,178	290,183	21,601
3	<i>Stable retail deposits and stable small business funding</i>	46,219	1,420	46,034	1,418
4	<i>Less stable retail deposits and less stable small business funding</i>	156,159	15,616	159,497	15,950
4a	<i>Retail term deposits and small business term funding</i>	82,850	4,142	84,652	4,233
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the institution, of which:	149,264	88,672	141,551	83,471
6	<i>Operational deposits</i>	0	0	0	0
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	138,114	77,522	131,363	73,283
8	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	11,150	11,150	10,188	10,188
9	Secured funding transactions (including securities swap transactions)		501		499
10	Additional requirements, of which:	79,511	12,107	82,679	11,623
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	3,694	3,694	2,723	2,723
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	0	0	0	0
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	75,817	8,413	79,956	8,900
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	7,083	7,083	6,045	6,045
15	Other contingent funding obligations (whether contractual or non-contractual)	109,388	1,738	115,206	2,056
16	<b>Total Cash Outflows</b>		131,279		125,295
<b>C. Cash Inflows</b>					
17	Secured lending transactions (including securities swap transactions)	851	459	1,086	285
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	146,850	92,140	137,303	82,852
19	Other cash inflows	5,854	5,298	6,155	5,788
20	<b>Total Cash Inflows</b>	153,555	97,897	144,544	88,925
<b>D. Liquidity Coverage Ratio</b>					
			Adjusted value		Adjusted value
21	<b>Total HQLA</b>		61,983		64,319
22	<b>Total Net Cash Outflows</b>		34,988		36,700
23	<b>LCR (%)</b>		177.68%		178.13%

This is the standard disclosure template that a category 1 institution must use for the purposes of making its liquidity information disclosures under section 16FK or 103A (where applicable) of the Banking (Disclosure) Rules.

## Template LIQ1: Liquidity Coverage Ratio (“LCR”) (continued)

### **Main drivers of LCR results**

The Liquidity Coverage Ratio (“LCR”), which came into effect on 1st January, 2015, promotes the short-term resilience of the Group’s liquidity risk by requiring that the Group hold sufficient high quality liquid assets (“HQLAs”) to survive under a pre-defined stress scenario over a period of 30 days. It is expressed as a percentage, of the amount of a category 1 institution’s HQLAs to the amount of the institution’s “total net cash outflows” over 30 calendar days. The Banking (Liquidity) Rules require that Group meets the minimum LCR of not less than 100% starting from 1st January, 2019.

The total net cash outflows is the total cash outflows offset by the total cash inflows. Total cash outflows mainly consist of customer deposits which are the Group’s main source of stable funding. Total cash inflows mainly come from maturing assets such as money market placements, loans and securities within 30 calendar days.

The Group’s LCR is well above the regulatory limit of 100% throughout the second quarter of 2020. The average LCR increased from 172% for the second quarter of 2019 to 178% for the second quarter of 2020 mainly resulted from comparably higher average holdings of high quality liquid assets.

### **Composition of HQLA**

The HQLAs for fulfilling the LCR consist of cash, exchange fund bills and notes, high quality government debt securities and other equivalent liquid marketable assets. The majority of HQLAs are denominated in Hong Kong dollars. The classification of HQLAs among level 1, 2A or 2B is based on the credit rating of securities and a number of market factors in determining the degree of readiness of monetizing the assets in short period of time. The Group’s liquid assets are predominately classified as level 1 assets.

### **Concentration of Funding Sources**

The Group has strengthened the deposit base by retaining loyal customers and maintaining customer relationships. The Group balances funding among retail, small business, and wholesale funding to avoid concentration in any one source. Professional markets are accessed through the issuance of certificates of deposit, medium-term notes, subordinated debt, money market placement, and borrowing for the purposes of providing additional funding, maintaining a presence in local money markets, and optimizing asset and liability maturities.

### **Currency mismatch in the LCR**

Majority of the Group’s customer deposits are denominated in HKD, USD and RMB. The Bank held an amount of HKD-denominated level 1 assets that was not less than 20% of its HKD-denominated total net cash outflows. The Group manages the composition of its HQLA by currency through funding swaps. There is no significant currency mismatch in the Bank’s LCR at respective levels of consolidation.

### **Degree of centralization of liquidity management**

The Asset and Liability Management Committee is delegated by the Board to oversee the Group’s liquidity risk management. The Asset and Liability Management Committee sets the strategy, policy, and limits for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Regular meetings are held to review the compliance status of the monitoring matrix established and the need for any change in strategy and policy. Liquidity is managed daily by the Capital Markets & Liquidity Management Department under the Treasury Markets Division of the Group within the set limits. The Asset & Liability Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to liquidity risk. The Internal Audit Division performs periodic reviews to ensure that the liquidity risk management functions are carried out effectively.

**Template LIQ2: Net Stable Funding Ratio (“NSFR”)**

(HK\$ Million)		Quarter ended 30 Jun 2020				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		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	
<b>A. Available stable funding (“ASF”) item</b>						
1	Capital:	103,250	4,786	15	10,173	113,430
2	Regulatory capital	103,250	0	0	8,530	111,780
2a	Minority interests not covered by row 2	0	0	0	0	0
3	Other capital instruments	0	4,786	15	1,643	1,650
4	Retail deposits and small business funding:		288,471	5,457	2,104	270,610
5	Stable deposits		78,568	858	95	75,549
6	Less stable deposits		209,903	4,599	2,009	195,061
7	Wholesale funding:		269,706	22,075	11,271	114,561
8	Operational deposits		0	0	0	0
9	Other wholesale funding	0	269,706	22,075	11,271	114,561
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	30,953	44,089	12,675	7,217	13,555
12	Net derivative liabilities	354				
13	All other funding and liabilities not included in the above categories	30,599	44,089	12,675	7,217	13,555
14	<b>Total ASF</b>					512,156
<b>B. Required stable funding (“RSF”) item</b>						
15	Total HQLA for NSFR purposes		127,690			24,711
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	9,038	222,942	67,222	324,984	371,519
18	Performing loans to financial institutions secured by Level 1 HQLA	0	525	0	0	52
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	115,152	7,543	8,626	29,670
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:	8,558	96,329	50,044	175,883	229,962
21	With a risk-weight of less than or equal to 35% under the STC approach	0	143	0	0	71
22	Performing residential mortgages, of which:	0	4,697	3,273	116,106	84,413
23	With a risk-weight of less than or equal to 35% under the STC approach	0	3,959	2,765	91,312	62,715
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	480	6,239	6,362	24,369	27,422
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	43,022	22,168	5,101	102	45,772
27	Physical traded commodities, including gold	437				372
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	1,793				1,560
29	Net derivative assets	0				0
30	Total derivative liabilities before deduction of variation margin posted	10,450				522
31	All other assets not included in the above categories	30,342	22,168	5,101	102	43,318
32	Off-balance sheet items			184,181		3,900
33	<b>Total RSF</b>					445,902
34	<b>Net Stable Funding Ratio (%)</b>					114.86%

Template LIQ2: Net Stable Funding Ratio (“NSFR”) (continued)

(HK\$ Million)		Quarter ended 31 Mar 2020				
		(a)	(b)	(c)	(d)	(e)
<b>Basis of disclosure: consolidated</b>		<b>Unweighted value by residual maturity</b>				<b>Weighted amount</b>
		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:	100,148	4,806	0	5,573	105,721
2	Regulatory capital	100,148	0	0	3,935	104,083
2a	Minority interests not covered by row 2	0	0	0	0	0
3	Other capital instruments	0	4,806	0	1,638	1,638
4	Retail deposits and small business funding:		288,126	5,606	2,108	270,139
5	Stable deposits		72,726	703	7	69,764
6	Less stable deposits		215,400	4,903	2,101	200,375
7	Wholesale funding:		263,512	23,272	9,842	109,672
8	Operational deposits		0	0	0	0
9	Other wholesale funding	0	263,512	23,272	9,842	109,672
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	29,791	52,183	24,473	5,096	17,333
12	Net derivative liabilities	0				
13	All other funding and liabilities not included in the above categories	29,791	52,183	24,473	5,096	17,333
14	<b>Total ASF</b>					502,865
<b>B. Required stable funding (“RSF”) item</b>						
15	Total HQLA for NSFR purposes		120,076			18,942
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	9,214	228,125	60,144	337,797	382,271
18	Performing loans to financial institutions secured by Level 1 HQLA	0	547	0	0	55
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	111,462	10,406	7,097	29,020
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:	8,595	103,654	43,125	178,774	232,653
21	With a risk-weight of less than or equal to 35% under the STC approach	0	144	0	0	72
22	Performing residential mortgages, of which:	0	4,362	3,284	118,819	86,162
23	With a risk-weight of less than or equal to 35% under the STC approach	0	3,657	2,779	93,288	63,855
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	619	8,100	3,329	33,107	34,381
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	43,694	21,755	4,276	202	44,866
27	Physical traded commodities, including gold	415				353
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	1,570				1,370
29	Net derivative assets	64				64
30	Total derivative liabilities before deduction of variation margin posted	11,156				558
31	All other assets not included in the above categories	30,489	21,755	4,276	202	42,521
32	Off-balance sheet items			190,767		3,862
33	<b>Total RSF</b>					449,941
34	<b>Net Stable Funding Ratio (%)</b>					111.76%

### **Template CR1: Credit quality of exposures**

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 30<sup>th</sup> June 2020:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
(HK\$ million)								
1	Loans	6,474	609,908	5,106	818	341	3,947	611,276
2	Debt securities	-	135,587	376	0	4	372	135,211
3	Off-balance sheet exposures	14	198,787	98	0	5	93	198,703
4	<b>Total</b>	<b>6,488</b>	<b>944,282</b>	<b>5,580</b>	<b>818</b>	<b>350</b>	<b>4,412</b>	<b>945,190</b>

**Template CR2: Changes in defaulted loans and debt securities**

The table below provides 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 for the period from 31<sup>st</sup> December 2019 to 30<sup>th</sup> June 2020:

(HK\$ million)		(a)
		Amount
1	<b>Defaulted loans and debt securities at end of the previous reporting period (31<sup>st</sup> December 2019)</b>	<b>6,189</b>
2	Loans and debt securities that have defaulted since the last reporting period	1,835
3	Returned to non-defaulted status	(57)
4	Amounts written off	(1,206)
5	Other changes*	(273)
6	<b>Defaulted loans and debt securities at end of the current reporting period (30<sup>th</sup> June 2020)</b>	<b>6,488</b>

\* Other changes include loan repayment, disposal of the impaired loans and exchange rate difference

**Template CR3: Overview of recognised credit risk mitigation**

The following table presents the extent of credit risk exposures covered by different types of recognised CRM as at 30<sup>th</sup> June 2020:

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts
(HK\$ million)						
1	Loans	321,587	289,689	289,201	488	0
2	Debt securities	97,122	38,089	0	38,089	0
<b>3</b>	<b>Total</b>	<b>418,709</b>	<b>327,778</b>	<b>289,201</b>	<b>38,577</b>	<b>0</b>
4	Of which defaulted	78	3,066	3,066	0	0



**Template CR4: Credit risk exposures and effects of recognised credit risk mitigation – for STC approach**

The following table illustrates the effect of any recognised CRM (including recognised collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 30<sup>th</sup> June 2020:

	Exposure Classes	(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount (HK\$ Mn)	Off-balance sheet amount (HK\$ Mn)	On-balance sheet amount (HK\$ Mn)	Off-balance sheet amount (HK\$ Mn)	RWA (HK\$ Mn)	RWA density
1	Sovereign exposures	57,936	0	58,041	0	547	0.94%
2	PSE exposures	408	261	554	256	138	17.03%
2a	Of which: domestic PSEs	4	193	150	222	87	23.43%
2b	Of which: foreign PSEs	404	68	404	34	51	11.60%
3	Multilateral development bank exposures	1,517	0	1,517	0	0	0.00%
4	Bank exposures	1,131	24	671	5	135	20.00%
5	Securities firm exposures	8,669	6,219	5,434	12	2,723	50.00%
6	Corporate exposures	9,118	2,545	6,188	14	5,516	88.94%
7	CIS exposures	0	0	0	0	0	-
8	Cash items	0	0	0	0	0	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	-
10	Regulatory retail exposures	24,591	11,094	23,607	9	17,713	75.00%
11	Residential mortgage loans	7,756	602	7,233	72	3,161	43.27%
12	Other exposures which are not past due exposures	13,749	3,321	5,957	26	5,983	100.00%
13	Past due exposures	106	0	106	0	134	125.89%
14	Significant exposures to commercial entities	0	0	0	0	0	-
15	<b>Total</b>	<b>124,981</b>	<b>24,066</b>	<b>109,308</b>	<b>394</b>	<b>36,050</b>	<b>32.86%</b>

**Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach**

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 30<sup>th</sup> June 2020:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Risk Weight												
Exposure Class		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	55,307	0	2,734	0	0	0	0	0	0	0	58,041
2	PSE exposures	184	0	583	0	43	0	0	0	0	0	810
2a	Of which: domestic PSEs	0	0	329	0	43	0	0	0	0	0	372
2b	Of which: foreign PSEs	184	0	254	0	0	0	0	0	0	0	438
3	Multilateral development bank exposures	1,517	0	0	0	0	0	0	0	0	0	1,517
4	Bank exposures	0	0	676	0	0	0	0	0	0	0	676
5	Securities firm exposures	0	0	0	0	5,446	0	0	0	0	0	5,446
6	Corporate exposures	0	0	486	0	594	0	5,122	0	0	0	6,202
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Cash items	0	0	0	0	0	0	0	0	0	0	0
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0	0	0	0	0	0
10	Regulatory retail exposures	0	0	0	0	0	23,616	0	0	0	0	23,616
11	Residential mortgage loans	0	0	0	6,258	0	306	741	0	0	0	7,305
12	Other exposures which are not past due exposures	0	0	0	0	0	0	5,983	0	0	0	5,983
13	Past due exposures	0	0	0	0	0	0	51	55	0	0	106
14	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
15	<b>Total</b>	<b>57,008</b>	<b>0</b>	<b>4,479</b>	<b>6,258</b>	<b>6,083</b>	<b>23,922</b>	<b>11,897</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>109,702</b>

**Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach**

The following table presents the main parameters of internal models used for the calculation of credit risk capital requirements under the IRB approach at 30<sup>th</sup> June 2020:

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Bank	0.00 to <0.15	68,894	68	27.78%	68,914	0.06%	219	46.36%		20,308	29.47%	19	
	0.15 to <0.25	17,429	1,212	37.29%	18,081	0.22%	91	45.32%		11,208	61.99%	19	
	0.25 to <0.50	23,828	198	20.00%	23,946	0.34%	85	45.29%		16,866	70.44%	37	
	0.50 to <0.75	8,191	251	20.00%	8,241	0.52%	28	45.00%		7,356	89.26%	19	
	0.75 to <2.50	2,669	605	77.04%	3,135	0.84%	23	44.98%		3,018	96.25%	12	
	2.50 to <10.00	109	0	-	109	5.65%	2	45.00%		171	156.00%	3	
	10.00 to <100.00	0	0	-	0	-	0	-		0	-	0	
	100.00 (Default)	0	0	-	0	-	0	-		0	-	0	
	<b>Sub-total</b>	<b>121,120</b>	<b>2,334</b>	<b>43.98%</b>	<b>122,426</b>	<b>0.20%</b>	<b>448</b>	<b>45.87%</b>		<b>58,927</b>	<b>48.13%</b>	<b>109</b>	<b>44</b>
Corporate – small-and-medium sized corporates	0.00 to <0.15	4,245	1,874	57.37%	7,337	0.06%	40	43.37%		1,280	17.45%	2	
	0.15 to <0.25	17,373	2,218	44.96%	18,861	0.21%	120	40.66%		6,249	33.13%	16	
	0.25 to <0.50	3,601	984	39.94%	3,144	0.34%	76	38.98%		1,278	40.63%	4	
	0.50 to <0.75	3,487	1,411	54.77%	3,676	0.52%	102	37.04%		1,741	47.36%	7	
	0.75 to <2.50	10,175	2,677	12.58%	10,775	1.42%	401	38.77%		7,527	69.86%	59	
	2.50 to <10.00	10,232	3,998	11.15%	8,493	5.50%	691	36.74%		8,282	97.52%	171	
	10.00 to <100.00	1,444	67	48.09%	2,672	21.34%	50	37.59%		3,752	140.44%	192	
	100.00 (Default)	2,174	0	-	2,174	100.00%	293	37.63%		1,460	67.13%	868	
	<b>Sub-total</b>	<b>52,731</b>	<b>13,229</b>	<b>30.64%</b>	<b>57,132</b>	<b>6.02%</b>	<b>1,773</b>	<b>39.48%</b>		<b>31,569</b>	<b>55.26%</b>	<b>1,319</b>	<b>1,241</b>

**Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach** (continued)

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Corporate – other (including purchased corporate receivables)	0.00 to <0.15	103,333	29,622	38.02%	133,866	0.08%	520	43.81%		34,407	25.70%	46	
	0.15 to <0.25	92,825	28,689	26.24%	101,422	0.20%	509	42.99%		43,916	43.30%	87	
	0.25 to <0.50	34,802	17,943	17.73%	32,404	0.34%	209	41.78%		18,307	56.50%	46	
	0.50 to <0.75	16,004	11,343	18.45%	18,466	0.52%	142	36.82%		11,143	60.34%	35	
	0.75 to <2.50	46,535	16,801	15.61%	40,002	1.16%	349	34.62%		32,365	80.91%	157	
	2.50 to <10.00	17,514	14,095	2.52%	14,665	5.37%	235	23.48%		12,805	87.32%	188	
	10.00 to <100.00	7,244	178	9.16%	3,865	34.40%	30	38.51%		8,013	207.29%	520	
	100.00 (Default)	2,892	139	10.60%	2,907	100.00%	89	41.15%		2,392	82.28%	1,383	
<b>Sub-total</b>	<b>321,149</b>	<b>118,810</b>	<b>22.79%</b>	<b>347,597</b>	<b>1.73%</b>	<b>2,083</b>	<b>41.01%</b>		<b>163,348</b>	<b>46.99%</b>	<b>2,462</b>	<b>3,373</b>	
Retail – QRRE	0.00 to <0.15	42	11,363	59.42%	6,794	0.14%	515,947	91.87%		497	7.31%	9	
	0.15 to <0.25	33	287	61.18%	209	0.24%	9,480	91.77%		24	11.46%	1	
	0.25 to <0.50	2,957	19,217	61.09%	14,697	0.35%	393,610	91.87%		2,282	15.53%	48	
	0.50 to <0.75	135	1,684	81.06%	1,500	0.59%	59,168	90.59%		347	23.12%	8	
	0.75 to <2.50	491	2,109	68.72%	1,940	1.45%	90,644	90.29%		873	45.03%	25	
	2.50 to <10.00	865	1,272	74.96%	1,818	5.20%	36,676	91.24%		2,025	111.38%	86	
	10.00 to <100.00	30	19	95.52%	48	25.68%	1,107	91.40%		114	238.49%	11	
	100.00 (Default)	50	1	0.00%	50	100.00%	35,518	91.27%		245	492.23%	26	
<b>Sub-total</b>	<b>4,603</b>	<b>35,952</b>	<b>62.45%</b>	<b>27,056</b>	<b>0.94%</b>	<b>1,142,150</b>	<b>91.64%</b>		<b>6,407</b>	<b>23.68%</b>	<b>214</b>	<b>92</b>	

**Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach** (continued)

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to <0.15	7,673	176	100.00%	7,849	0.10%	2,052	32.19%		1,779	22.66%	3	
	0.15 to <0.25	34,056	275	100.00%	34,331	0.23%	17,217	22.55%		6,794	19.79%	18	
	0.25 to <0.50	66,277	41	100.00%	66,318	0.34%	22,885	15.41%		14,033	21.16%	35	
	0.50 to <0.75	1,593	0	-	1,593	0.64%	999	30.07%		445	27.94%	3	
	0.75 to <2.50	1,872	0	100.00%	1,872	1.28%	1,887	11.55%		425	22.68%	3	
	2.50 to <10.00	1,062	0	100.00%	1,062	7.00%	845	28.40%		1,172	110.40%	21	
	10.00 to <100.00	834	0	-	834	18.33%	619	20.83%		949	113.82%	36	
	100.00 (Default)	327	0	-	327	100.00%	182	20.18%		649	198.31%	20	
<b>Sub-total</b>	<b>113,694</b>	<b>492</b>	<b>100.00%</b>	<b>114,186</b>	<b>0.79%</b>	<b>46,686</b>	<b>19.03%</b>		<b>26,246</b>	<b>22.99%</b>	<b>139</b>	<b>804</b>	
Retail – small business retail exposures	0.00 to <0.15	0	0	-	0	-	0	-		0	-	0	
	0.15 to <0.25	57	0	-	57	0.25%	23	30.07%		8	14.01%	0	
	0.25 to <0.50	86	0	100.00%	86	0.34%	39	12.42%		6	7.13%	0	
	0.50 to <0.75	26	12	100.00%	38	0.57%	55	63.51%		18	48.38%	0	
	0.75 to <2.50	538	25	100.00%	563	1.41%	364	21.93%		138	24.45%	2	
	2.50 to <10.00	16	1	100.00%	17	4.35%	27	54.81%		13	78.71%	0	
	10.00 to <100.00	5	0	-	5	14.71%	5	18.75%		2	32.97%	0	
	100.00 (Default)	3	1	0.00%	3	100.00%	4	40.63%		9	273.44%	1	
<b>Sub-total</b>	<b>731</b>	<b>39</b>	<b>98.22%</b>	<b>769</b>	<b>1.74%</b>	<b>517</b>	<b>24.29%</b>		<b>194</b>	<b>25.20%</b>	<b>3</b>	<b>6</b>	

**Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach** (continued)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD Scale	Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Other retail exposures to individuals	0.00 to <0.15	75	14	59.37%	83	0.04%	49	71.80%		8	9.21%	0	
	0.15 to <0.25	162	2	100.00%	164	0.25%	436	31.31%		24	14.44%	0	
	0.25 to <0.50	70	146	68.83%	171	0.35%	245	90.53%		91	53.16%	1	
	0.50 to <0.75	2,202	188	99.05%	2,388	0.53%	830	69.96%		1,237	51.82%	9	
	0.75 to <2.50	4,245	31	77.19%	4,269	1.67%	12,173	49.07%		2,553	59.80%	37	
	2.50 to <10.00	1,477	70	87.65%	1,538	4.89%	5,398	54.00%		1,229	79.90%	43	
	10.00 to <100.00	300	1	60.04%	301	26.60%	1,071	47.13%		337	111.98%	38	
	100.00 (Default)	138	0	-	138	100.00%	539	55.46%		106	77.14%	78	
<b>Sub-total</b>	<b>8,669</b>	<b>452</b>	<b>84.74%</b>	<b>9,052</b>	<b>4.18%</b>	<b>20,741</b>	<b>56.12%</b>		<b>5,585</b>	<b>61.69%</b>	<b>206</b>	<b>128</b>	
<b>Total (sum of all portfolios)</b>	<b>622,697</b>	<b>171,308</b>	<b>32.41%</b>	<b>678,218</b>	<b>1.66%</b>	<b>1,214,398</b>	<b>40.26%</b>		<b>292,276</b>	<b>43.09%</b>	<b>4,452</b>	<b>5,688</b>	

**Template CR7: Effects on RWA of recognised credit derivative contracts used as recognised credit risk mitigation – for IRB approach**

The following table presents the effect of recognised credit derivative contracts on the calculation of credit risk capital requirements under the IRB approach as at 30<sup>th</sup> June 2020:

(HK\$ million)		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialised lending under supervisory slotting criteria approach (project finance)	97	97
2	Corporate – Specialised lending under supervisory slotting criteria approach (object finance)	1,143	1,143
3	Corporate – Specialised lending under supervisory slotting criteria approach (commodities finance)	0	0
4	Corporate – Specialised lending under supervisory slotting criteria approach (income-producing real estate)	21,585	21,585
5	Corporate – Specialised lending (high-volatility commercial real estate)	0	0
6	Corporate – Small-and-medium sized corporates	31,569	31,569
7	Corporate – Other corporates	163,348	163,348
8	Sovereigns	0	0
9	Sovereign foreign public sector entities	0	0
10	Multilateral development banks	0	0
11	Bank exposures – Banks	58,927	58,927
12	Bank exposures – Securities firms	0	0
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	0	0
14	Retail – Small business retail exposures	194	194
15	Retail – Residential mortgages to individuals	24,815	24,815
16	Retail – Residential mortgages to property-holding shell companies	1,431	1,431
17	Retail – Qualifying revolving retail exposures (QRRE)	6,407	6,407
18	Retail – Other retail exposures to individuals	5,585	5,585
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	16,383	16,383
20	Equity – Equity exposures under market-based approach (internal models method)	0	0
21	Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment)	0	0
22	Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment)	0	0
23	Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures)	0	0
24	Equity – Equity exposures under PD/LGD approach (other equity exposures)	0	0
25	Equity – Equity exposures associated with equity investments in funds (CIS exposures)	0	0
25a	Equity – Specified equity exposures to financial sector entities and commercial entities	14,623	14,623
26	Other – Cash items	339	339
27	Other – Other items	16,989	16,989
<b>28</b>	<b>Total</b>	<b>363,435</b>	<b>363,435</b>

**Template CR8: RWA flow statements of credit risk exposures under IRB approach**

The following table presents a flow statement explaining variations in the RWA for credit risk determined under the IRB approach for the period from 31<sup>st</sup> March 2020 to 30<sup>th</sup> June 2020:

(HK\$ million)		(a)
		Amount
<b>1</b>	<b>RWA as at end of previous reporting period</b>	<b>363,874</b>
2	Asset size	-2,849
3	Asset quality	1,978
4	Model updates	0
5	Methodology and policy	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	455
8	Other	-23
<b>9</b>	<b>RWA as at end of reporting period</b>	<b>363,435</b>



**Template CR10: Specialised lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach**

**I. Specialised Lending under supervisory slotting criteria approach – HVCRE**

The following table presents quantitative information in respect of specialised lending – HVCRE under the supervisory slotting criteria approach as at 30<sup>th</sup> June 2020:

Supervisory Rating Grade	Remaining Maturity	(a)	(b)	(c)	(d)	(e)	(f)
		On-balance sheet exposure amount (HK\$ Mn)	Off-balance sheet exposure amount (HK\$ Mn)	SRW	EAD amount (HK\$ Mn)	RWA (HK\$ Mn)	Expected loss amount (HK\$ Mn)
Strong ^	Less than 2.5 years	0	0	70%	0	0	0
Strong	Equal to or more than 2.5 years	0	0	95%	0	0	0
Good ^	Less than 2.5 years	0	0	95%	0	0	0
Good	Equal to or more than 2.5 years	0	0	120%	0	0	0
Satisfactory		0	0	140%	0	0	0
Weak		0	0	250%	0	0	0
Default		0	0	0%	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>

^ Use of preferential risk-weights.

**Template CR10: Specialised lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach** (continued)

**II. Specialised Lending under supervisory slotting criteria approach – Other than HVCRE**

The following table presents quantitative information in respect of specialised lending – other than HVCRE under the supervisory slotting criteria approach as at 30<sup>th</sup> June 2020:

Supervisory Rating Grade	Remaining Maturity	(a)	(b)	(c)	EAD amount (HK\$ Mn)					(e)	(f)
		On-balance sheet exposure amount (HK\$ Mn)	Off-balance sheet exposure amount (HK\$ Mn)	SRW	PF	OF	CF	IPRE	Total	RWA (HK\$ Mn)	Expected loss amount (HK\$ Mn)
Strong ^	Less than 2.5 years	0	0	50%	0	0	0	0	0	0	0
Strong	Equal to or more than 2.5 years	26,383	3,618	70%	138	850	0	27,646	28,634	20,044	115
Good ^	Less than 2.5 years	0	0	70%	0	0	0	0	0	0	0
Good	Equal to or more than 2.5 years	653	27	90%	0	8	0	665	673	606	5
Satisfactory		5	0	115%	0	0	0	5	5	5	0
Weak		868	0	250%	0	216	0	652	868	2,170	70
Default		457	0	0%	0	0	0	569	569	0	284
<b>Total</b>		<b>28,366</b>	<b>3,645</b>		<b>138</b>	<b>1,074</b>	<b>0</b>	<b>29,537</b>	<b>30,749</b>	<b>22,825</b>	<b>474</b>

^ Use of preferential risk-weights.

**III. Equity exposures under the simple risk-weight method**

The following table presents quantitative information in respect of equity exposures under the simple risk-weight method as at 30<sup>th</sup> June 2020:

Categories	(a)	(b)	(c)	(d)	(e)
	On-balance sheet exposure amount (HK\$ Mn)	Off-balance sheet exposure amount (HK\$ Mn)	SRW	EAD amount (HK\$ Mn)	RWA (HK\$ Mn)
Publicly traded equity exposures	3	0	300%	3	9
All other equity exposures	4,093	0	400%	4,093	16,374
<b>Total</b>	<b>4,096</b>	<b>0</b>		<b>4,096</b>	<b>16,383</b>

**Template CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches**

The following table presents a comprehensive breakdown of counterparty 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 as at 30<sup>th</sup> June 2020:

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC) (HK\$ Mn)	PFE (HK\$ Mn)	Effective EPE (HK\$ Mn)	Alpha ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM (HK\$ Mn)	RWA (HK\$ Mn)
1	SA-CCR (for derivative contracts)	0	0		1.4	0	0
1a	CEM	2,468	3,600		N/A	5,046	1,906
2	IMM (CCR) Approach			0	N/A	0	0
3	Simple Approach (for SFTs)					0	0
4	Comprehensive Approach (for SFTs)					9,699	303
5	VaR (for SFTs)					0	0
<b>6</b>	<b>Total</b>						<b>2,209</b>

**Template CCR2: CVA capital charge**

The following table presents information on portfolios subject to the CVA capital charge and the CVA calculations based on standardised CVA method and advanced CVA method as at 30<sup>th</sup> June 2020:

(HK\$ million)		(a)	(b)
		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	0	0
1	(i) VaR (after application of multiplication factor if applicable)		0
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		0
3	Netting sets for which CVA capital charge is calculated by the standardised CVA method	3,656	942
<b>4</b>	<b>Total</b>	<b>3,656</b>	<b>942</b>

**Template CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach**

The following table presents a breakdown of default risk exposures as at 30<sup>th</sup> June 2020, 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, irrespective of the approach used to determine the amount of default risk exposures:

(HK\$ million)		(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
Risk Weight		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
Exposure Class		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	710	0	0	0	0	0	0	0	0	0	710
2	PSE exposures	0	0	0	0	0	0	0	0	0	0	0
2a	Of which: domestic PSEs	0	0	0	0	0	0	0	0	0	0	0
2b	Of which: foreign PSEs	0	0	0	0	0	0	0	0	0	0	0
3	Multilateral development bank exposures	0	0	0	0	0	0	0	0	0	0	0
4	Bank exposures	0	0	466	0	45	0	0	0	0	0	511
5	Securities firm exposures	0	0	0	0	1	0	0	0	0	0	1
6	Corporate exposures	0	0	0	0	0	0	55	0	0	0	55
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Regulatory retail exposures	0	0	0	0	0	40	0	0	0	0	40
9	Residential mortgage loans	0	0	0	0	0	0	0	0	0	0	0
10	Other exposures which are not past due exposures	0	0	0	0	0	0	164	0	0	0	164
11	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
12	<b>Total</b>	<b>710</b>	<b>0</b>	<b>466</b>	<b>0</b>	<b>46</b>	<b>40</b>	<b>219</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,481</b>

**Template CCR4: Counterparty default risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach**

The Bank applies two internal rating models at the group level for estimating the obligor PD of its counterparty default risk portfolio under the foundation IRB approach, with the bank model applied to bank obligors and the corporate model applied to corporate obligors. For each of the regulatory portfolios disclosed in this template, 100% of the RWAs are covered by the internal rating models described.

The following table presents all the relevant parameters used for the calculation of counterparty default risk capital requirements for exposures subject to the foundation IRB approach (other than those to CCPs) as at 30<sup>th</sup> June 2020:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	PD Scale	EAD post-CRM (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density
Bank	0.00 to <0.15	1,769	0.09%	54	42.29%		618	34.94%
	0.15 to <0.25	10,181	0.20%	27	5.43%		539	5.30%
	0.25 to <0.50	245	0.34%	21	45.00%		178	72.87%
	0.50 to <0.75	62	0.52%	7	45.00%		58	92.54%
	0.75 to <2.50	121	1.31%	9	45.00%		151	123.97%
	2.50 to <10.00	0	2.93%	1	45.00%		0	127.54%
	10.00 to <100.00	0	-	0	-		0	-
	100.00 (Default)	0	-	0	-		0	-
	<b>Sub-total</b>	<b>12,378</b>	<b>0.20%</b>	<b>119</b>	<b>12.07%</b>		<b>1,544</b>	<b>12.47%</b>
Corporate	0.00 to <0.15	499	0.09%	25	42.08%		126	25.32%
	0.15 to <0.25	45	0.21%	22	30.74%		15	32.80%
	0.25 to <0.50	82	0.34%	20	34.34%		36	44.49%
	0.50 to <0.75	48	0.52%	16	32.24%		25	50.83%
	0.75 to <2.50	140	1.31%	59	21.51%		70	49.81%
	2.50 to <10.00	61	5.55%	52	11.04%		20	33.80%
	10.00 to <100.00	0	-	0	-		0	-
	100.00 (Default)	0	-	0	-		0	-
	<b>Sub-total</b>	<b>875</b>	<b>0.71%</b>	<b>194</b>	<b>34.78%</b>		<b>292</b>	<b>33.42%</b>
<b>Total (sum of all portfolios)</b>		<b>13,253</b>	<b>0.23%</b>	<b>313</b>	<b>13.56%</b>		<b>1,836</b>	<b>13.85%</b>

**Template CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)**

The following table presents a breakdown of all types of collateral posted or recognised collateral received to support or reduce the exposures to counterparty default risk exposures as at 30th June 2020 in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP:

(HK\$ million)	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	0	1,745	0	345	0	28
Cash – other currencies	0	72,951	0	6,624	7,843	460
Debt securities	0	0	0	0	461	9,211
Equity securities	0	353	0	0	24	0
Other collateral	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>75,049</b>	<b>0</b>	<b>6,969</b>	<b>8,328</b>	<b>9,699</b>

**Template CCR6: Credit-related derivatives contracts**

The following table presents the amount of credit-related derivative contracts as at 30<sup>th</sup> June 2020, broken down into credit protection bought and credit protection sold:

(HK\$ million)	(a)	(b)
	Protection bought	Protection sold
<b>Notional amounts</b>		
Credit default swaps	0	0
Total return swaps	0	0
Other credit-related derivative contracts	0	0
<b>Total notional amounts</b>	<b>0</b>	<b>0</b>
<b>Fair values</b>		
Positive fair value (asset)	0	0
Negative fair value (liability)	0	0



**Template MR1: Market risk under Standardised (market risk) approach (STM approach)**

The table below provides the components of the market risk capital requirements calculated using the STM approach exposures as at 30<sup>th</sup> June 2020:

(HK\$ million)	RWA
Outright product exposures	
Interest rate exposures (general and specific risk)	462
Equity exposures (general and specific risk)	683
Option exposures	-
Securitization exposures	-
<b>Total</b>	<b>1,145</b>

**Template MR2: RWA flow statements of market risk exposures under IMM approach**

The table below presents a flow statement explaining variations in the RWA for market risk determined under the IMM approach for the period from 31<sup>st</sup> March 2020 to 30<sup>th</sup> June 2020:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)
		VaR	Stressed VaR	IRC	CRC	Other	Total RWA
<b>1</b>	<b>RWA as at end of previous reporting period</b>	<b>2,921</b>	<b>7,744</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,665</b>
1a	Regulatory adjustment	1,749	5,589	0	0	0	7,338
1b	RWA as at day-end of previous reporting period	1,172	2,155	0	0	0	3,327
2	Movement in risk levels	-99	-147	0	0	0	-246
3	Model updates/changes	0	0	0	0	0	0
4	Methodology and policy	0	0	0	0	0	0
5	Acquisitions and disposals	0	0	0	0	0	0
6	Foreign exchange movements	-1	11	0	0	0	10
7	Other	62	35	0	0	0	97
7a	RWA as at day-end of reporting period	1,134	2,054	0	0	0	3,188
7b	Regulatory adjustment	2,326	4,390	0	0	0	6,716
<b>8</b>	<b>RWA as at end of reporting period</b>	<b>3,460</b>	<b>6,444</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,904</b>

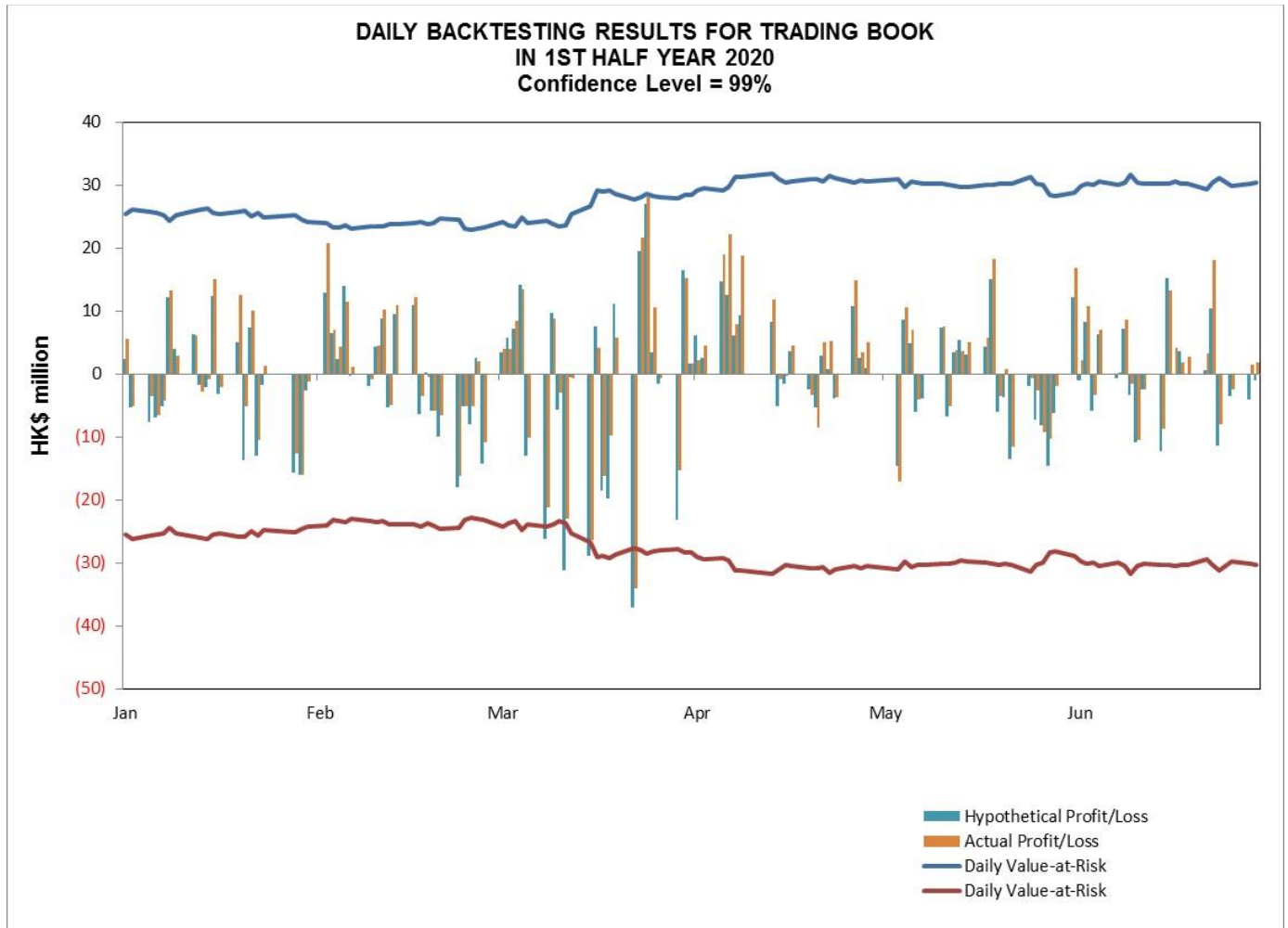
### **Template MR3: IMM approach values for market risk exposures**

The table below discloses the values resulting from the different types of models used for computing the regulatory market risk capital requirement at the group-wide level, before any additional capital charge is applied:

(HK\$ million)		(a)
		Value
<b>VaR (10 days – one-tailed 99% confidence interval)</b>		
1	Maximum Value	99
2	Average Value	85
3	Minimum Value	69
4	Period End	91
<b>Stressed VaR (10 days – one-tailed 99% confidence interval)</b>		
5	Maximum Value	240
6	Average Value	190
7	Minimum Value	148
8	Period End	164
<b>Incremental risk charge (IRC) (99.9% confidence interval)</b>		
9	Maximum Value	0
10	Average Value	0
11	Minimum Value	0
12	Period End	0
<b>Comprehensive risk charge (CRC) (99.9% confidence interval)</b>		
13	Maximum Value	0
14	Average Value	0
15	Minimum Value	0
16	Period End	0
17	Floor	0

### Template MR4: Comparison of VaR estimates with gains or losses

The graph below presents a comparison of the results of estimates from the key VaR model for calculating market risk capital requirements with both hypothetical and actual trading outcomes:



Four exceptions are noted in VaR Back-testing against hypothetical P/L on 9 March 2020, 12 March 2020, 16 March 2020 and 23 March 2020 with excess amount HKD 1.9 million, HKD 7.6 million, HKD 2.1 million and HKD 9.4 million respectively. One exception is noted in VaR Back-testing against actual P/L on 23 March 2020 with excess amount HKD 6.5 million.

Above mentioned exceptions were due to severe and adverse movements in equity market during global outbreak of COVID-19, which exceeded the prediction from the VaR model.

The actual P/L is the P/L arising from trading activities in the trading book, which excludes reserves, commissions and fees. The hypothetical P/L is calculated by the change of trading book portfolio value assuming the end of day position remains unchanged.

**Template KM2: Key metrics – LAC requirements for resolution entities (at LAC consolidation group level)**

(HK\$ million)		30 Jun 2020	31 Mar 2020 <sup>1</sup>	31 Dec 2019 <sup>1</sup>	30 Sep 2019 <sup>1</sup>	30 Jun 2019 <sup>1</sup>
<b>Of the resolution entity at LAC consolidation group level</b>						
1	External loss-absorbing capacity available	90,447	N.A	N.A	N.A	N.A
2	Risk-weighted amount under the LAC Rules	466,193	N.A	N.A	N.A	N.A
3	External LAC risk-weighted ratio	19.40%	N.A	N.A	N.A	N.A
4	Exposure measure under the LAC Rules	857,730	N.A	N.A	N.A	N.A
5	External LAC leverage ratio	10.54%	N.A	N.A	N.A	N.A
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>2</sup>	N.A	N.A	N.A	N.A	N.A
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>2</sup>	N.A	N.A	N.A	N.A	N.A
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>2</sup>	N.A	N.A	N.A	N.A	N.A

Footnotes:

- 1 The LAC disclosure for the Group commences on 30 June 2020 in accordance with the LAC Rules, accordingly the prior periods' ratios are not available.
- 2 The subordination exemptions under Section 11 of the FSB TLAC Term Sheet do not apply in Hong Kong under the LAC Rules.

**Template TLAC1: LAC composition of resolution entity (at LAC consolidation group level)**

		(a)
		Amount (HK\$ Million)
At 30 June 2020		
<b>Regulatory capital elements of external loss-absorbing capacity and adjustments</b>		
1	Common Equity Tier 1 ("CET1") capital	76,716
2	Additional Tier 1 ("AT1") capital before LAC adjustments	13,963
3	AT1 capital instruments ineligible as external loss-absorbing capacity as issued by a member of the resolution entity's LAC consolidation group other than the resolution entity	-
4	Other adjustments <sup>1</sup>	(8,895)
5	AT1 capital eligible under the LAC Rules	5,068
6	Tier 2 ("T2") capital before LAC adjustments	12,534
7	Amortized portion of T2 capital instruments that are external LAC debt instruments issued by the resolution entity	-
8	T2 capital instruments ineligible as external loss-absorbing capacity as issued by a member of the resolution entity's LAC consolidation group other than the resolution entity	-
9	Other adjustments <sup>2</sup>	(3,871)
10	T2 capital eligible under the LAC Rules	8,663
11	<b>External loss-absorbing capacity arising from regulatory capital</b>	<b>90,447</b>
<b>Non-regulatory capital elements of external loss-absorbing capacity</b>		
12	External non-capital LAC debt instruments issued directly by the resolution entity and that meet subordination requirements set out in the LAC Rules	-
17	<b>External loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments</b>	<b>-</b>
<b>Non-regulatory capital elements of external loss-absorbing capacity: adjustments</b>		
18	<b>External loss-absorbing capacity before deductions</b>	<b>90,447</b>
19	Deductions of exposures between the resolution entity's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for external loss-absorbing capacity	-
20	Deduction of holdings of its own non-capital LAC liabilities	-
21	Other adjustments to external loss-absorbing capacity	-
22	<b>External loss-absorbing capacity after deductions</b>	<b>90,447</b>
<b>Risk-weighted amount and exposure measure under the LAC Rules for external loss-absorbing capacity purposes</b>		
23	Risk-weighted amount under the LAC Rules	466,193
24	Exposure measure under the LAC Rules	857,730
<b>External LAC ratios and buffers</b>		
25	<b>External LAC risk-weighted ratio</b>	<b>19.40%</b>

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Template TLAC1: LAC composition of resolution entity (at LAC consolidation group level) (continued)

At 30 June 2020		(a)
		Amount (HK\$ Million)
26	<b>External LAC leverage ratio</b>	10.54%
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>	11.96%
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)	3.921%
29	Of which: capital conservation buffer requirement	2.500%
30	Of which: institution-specific countercyclical capital buffer requirement	0.421%
31	Of which: higher loss absorbency requirement	1.000%

Footnotes:

- 1 The amount deducted in row 4 represents the US\$650 million and the US\$500 million perpetual non-cumulative Additional Tier 1 undated capital securities which had not obtained HKMA acknowledgement as qualifying for LAC at 30 June 2020.
- 2 The amount deducted in row 9 represents the US\$600 million and the US\$500 million Tier 2 dated subordinated notes which had not obtained HKMA acknowledgement as qualifying for LAC at 30 June 2020.

**Template TLAC3: Resolution entity – creditor ranking at legal entity level**

(HK\$ Million)		Creditor ranking			Sum of values in columns 1 to 3
		1 (most junior)	2	3 (most senior)	
1	Description of creditor ranking	Ordinary Shares	AT1 instruments	T2 instruments	
2	Total capital and liabilities net of credit risk mitigation	41,528	13,963	8,489	63,980
3	Subset of row 2 that are excluded liabilities	-	-	-	-
4	Total capital and liabilities less excluded liabilities	41,528	13,963	8,489	63,980
5	Subset of row 4 that are eligible as external loss-absorbing capacity	41,528	5,068	4,618	51,214
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	-	-	-	-
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	-	-	-	-
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	-	-	4,618	4,618
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-
10	Subset of row 5 that is perpetual securities	41,528	5,068	-	46,596



**Table CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments**

**Section (i) Only regulatory capital (but not LAC) requirements**

		(1)	(2)	(3)	(4)
		<b>US\$650 million Additional Tier 1 issued in 2015</b>	<b>US\$500 million Additional Tier 1 issued in 2017</b>	<b>US\$600 million Tier 2 due 2020</b>	<b>US\$500 million Tier 2 due 2026</b>
1	Issuer	The Bank of East Asia, Limited ("BEA")	BEA	BEA	BEA
2	Unique identifier - ISIN	XS1326527246	XS1615078141	XS0521073428	XS1508842256
3	Governing law(s) of the instrument	England (Subordination governed by Hong Kong laws)	England (Subordination governed by Hong Kong laws)	England (Subordination governed by Hong Kong laws)	England (Subordination governed by Hong Kong laws)
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.	N.A.	N.A.	N.A.
	<i>Regulatory treatment</i>				
4	Transitional Basel III rules#	N.A.	N.A.	Tier 2	N.A.
5	Post-transitional Basel III rules+	Additional Tier 1	Additional Tier 1	Ineligible	Tier 2
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Solo and group	Solo and group	Solo and group	Solo and group
6a	Eligible at solo* / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	N.A.	N.A.	N.A.	N.A.
7	Instrument type	Perpetual non-cumulative Additional Tier 1 capital securities	Perpetual non-cumulative Additional Tier 1 capital securities	Tier 2 notes	Tier 2 notes
8	Amount recognised in regulatory capital (at 30/6/2020)	HK\$8,895 Mn		HK\$3,871 Mn	
8a	Amount recognised in loss-absorbing capacity (at 30/6/2020)	N.A.		N.A.	
9	Par value of instrument	Issue price: US\$650 million : 100%	Issue price: US\$500 million : 100%	Issue price : US\$450 million: 99.04% US\$150 million: 100.102%	Issue price : US\$500 million: 99.838%
10	Accounting classification	Equity	Equity	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	2nd December, 2015	18th May, 2017	US\$450 million: 16th July, 2010 US\$150 million: 23rd July, 2010	3rd November, 2016
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	No maturity	No maturity	16th July, 2020	3rd November, 2026
14	Issuer call subject to prior supervisory approval	Yes	Yes	No	Yes
15	Optional call date, contingent call dates and redemption price	First call date : 2nd December, 2020  Included tax and regulatory call options  Redemptions in whole at 100% with accrued dividends, final amount subject to adjustment following occurrence of a Non- Viability Event	First call date : 18th May, 2022  Included tax and regulatory call options  Redemptions in whole at 100% with accrued dividends, final amount subject to adjustment following occurrence of a Non- Viability Event	No issuer call option  Included tax and regulatory call options  Redemptions in whole at 100% with accrued interests	One-off call date: 3rd November, 2021  Included tax and regulatory call options  Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following occurrence of a Non- Viability Event
16	Subsequent call dates, if applicable	Any payment dates thereafter first call date	Any payment dates thereafter first call date	N.A.	N.A.
	<i>Coupons / dividends</i>				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Up to 1st December, 2020 : 5.5% p.a. Thereafter and every 5 years thereafter reset at : 5-year U.S. Treasury + 3.834%	Up to 17th May, 2022 : 5.625% p.a. Thereafter and every 5 years thereafter reset at : 5-year U.S. Treasury + 3.682%	6.125% p.a.	Up to 2nd Nov, 2021: 4% p.a. Thereafter reset at : 5-year U.S. Treasury + 2.7%

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

**Section (i) Only regulatory capital (but not LAC) requirements (continued)**

		(1)	(2)	(3)	(4)
		US\$650 million Additional Tier 1 issued in 2015	US\$500 million Additional Tier 1 issued in 2017	US\$600 million Tier 2 due 2020	US\$500 million Tier 2 due 2026
19	Existence of a dividend stopper	Yes	Yes	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N.A.	N.A.	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	N.A.	N.A.	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.	N.A.	N.A.	N.A.
30	Write-down feature	Yes	Yes	No	Yes
31	If write-down, write-down trigger(s)	Occurrence of a "Non-Viability Event", which means the earlier of: (i) the HKMA notifying BEA in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which BEA would become non-viable; and (ii) the HKMA notifying BEA 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 BEA would become non-viable.	Occurrence of a "Non-Viability Event", which means the earlier of: (i) the HKMA notifying BEA in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which BEA would become non-viable; and (ii) the HKMA notifying BEA 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 BEA would become non-viable.	N.A.	Occurrence of a "Non-Viability Event", which means the earlier of: (i) the HKMA notifying BEA in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which BEA would become non-viable; and (ii) the HKMA notifying BEA 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 BEA would become non-viable.
32	If write-down, full or partial	Partial	Partial	N.A.	Partial
33	If write-down, permanent or temporary	Permanent	Permanent	N.A.	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.	N.A.	N.A.
34a	Type of subordination	Contractual	Contractual	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Immediately subordinated to unsecured senior notes / indebtedness and subordinated Tier 2 notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness and subordinated Tier 2 notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness
36	Non-compliant transitioned features	No	No	Yes	No
37	If yes, specify non-compliant features	N.A.	N.A.	Absence of non-viability loss absorption criteria	N.A.

Footnotes:

- # Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules  
+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules  
\* Include solo-consolidated

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

**Section (ii) Both regulatory capital and LAC requirements**

		(5)	(6)	(7)
		<b>Ordinary Shares</b>	<b>US\$650 million Additional Tier 1 issued in 2019</b>	<b>US\$600 million Tier 2 due 2030</b>
1	Issuer	BEA	BEA	BEA
2	Unique identifier - ISIN	HK0023000190	XS2049804896	XS2168040744
3	Governing law(s) of the instrument	Hong Kong	England (Subordination governed by Hong Kong laws)	England (Subordination governed by Hong Kong laws)
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.	N.A.	N.A.
<i>Regulatory treatment</i>				
4	Transitional Basel III rules#	N.A.	N.A.	N.A.
5	Post-transitional Basel III rules+	Common Equity Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Solo and group	Solo and group	Solo and group
6a	Eligible at solo* / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type	Ordinary shares	Perpetual non-cumulative Additional Tier 1 capital securities	Tier 2 notes
8	Amount recognised in regulatory capital (at 30/6/2020)	HK\$41,528 Mn	HK\$5,068 Mn	HK\$4,618 Mn
8a	Amount recognised in loss-absorbing capacity (at 30/6/2020)	HK\$41,528 Mn	HK\$5,068 Mn	HK\$4,618 Mn
9	Par value of instrument	N.A.	Issue price: US\$650 million : 100%	Issue price : US\$600 million: 99.592%
10	Accounting classification	Equity	Equity	Liability – amortised cost
11	Original date of issuance	Since incorporation	19th September, 2019	29th May, 2020
12	Perpetual or dated	N.A.	Perpetual	Dated
13	Original maturity date	N.A.	No maturity	29th May, 2030
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption price	N.A.	First call date : 19th September, 2024  Included tax and regulatory call options  Redemptions in whole at 100% with accrued dividends, final amount subject to adjustment following occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power	One-off call date: 29th May, 2025  Included tax and regulatory call options  Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power
16	Subsequent call dates, if applicable	N.A.	Any payment dates thereafter first call date	N.A.
<i>Coupons / dividends</i>				
17	Fixed or floating dividend/coupon	N.A.	Fixed	Fixed
18	Coupon rate and any related index	N.A.	Up to 18th September, 2024: 5.875% p.a. Thereafter and every 5 years thereafter reset at : 5-year U.S. Treasury + 4.257%	Up to 29th May, 2025: 4% p.a. Thereafter reset at 5-year U.S. Treasury + 3.75%

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

**Section (ii) Both regulatory capital and LAC requirements (continued)**

		(5)	(6)	(7)
		Ordinary Shares	US\$650 million Additional Tier 1 issued in 2019	US\$600 million Tier 2 due 2030
19	Existence of a dividend stopper	No	Yes	No
20	Fully discretionary, partially discretionary or mandatory	N.A.	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N.A.	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	N.A.	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.	N.A.	N.A.
30	Write-down feature	No	Yes	Yes
31	If write-down, write-down trigger(s)	N.A.	Occurrence of a "Non-Viability Event", which means the earlier of: (i) the HKMA notifying BEA in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which BEA would become non-viable; and (ii) the HKMA notifying BEA 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 BEA would become non-viable.	Occurrence of a "Non-Viability Event", which means the earlier of: (i) the HKMA notifying BEA in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which BEA would become non-viable; and (ii) the HKMA notifying BEA 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 BEA would become non-viable.
32	If write-down, full or partial	N.A.	Partial	Partial
33	If write-down, permanent or temporary	N.A.	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.	N.A.
34a	Type of subordination	Contractual	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N.A.	Immediately subordinated to unsecured senior notes / indebtedness, non-preferred loss absorbing capacity notes / indebtedness and subordinated Tier 2 notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness and non-preferred loss absorbing capacity notes / indebtedness
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N.A.	N.A.	N.A.

There is no capital instrument meeting only LAC (but not regulatory capital) requirements.

Footnotes:

- # Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- + Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- \* Include solo-consolidated

Remarks: The Table CCA(A) has been subsequently updated on 16th July, 2020 due to the redemption of the US\$600 million Tier 2 notes due 2020 on 16th July, 2020.

### International Claims

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognised risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only countries constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

(HK\$ million)	30/06/2020					Total claims
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
<u>Counterparty country/ jurisdiction</u>						
Developed countries	27,762	821	8,769	26,157	-	63,509
Offshore centres	16,035	189	10,119	67,287	-	93,630
- of which: Hong Kong	6,879	186	7,715	59,085	-	73,865
Developing Asia and Pacific	48,479	4,580	6,233	111,391	-	170,683
- of which: China	23,888	4,578	5,250	101,130	-	134,846

(HK\$ million)	31/12/2019					Total claims
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
<u>Counterparty country/ jurisdiction</u>						
Developed countries	32,481	1,461	4,819	24,747	-	63,508
Offshore centres	14,895	1,199	9,711	60,838	-	86,643
- of which: Hong Kong	4,689	1,196	6,342	53,639	-	65,866
Developing Asia and Pacific	41,395	5,561	6,293	110,952	-	164,201
- of which: China	24,771	5,559	5,413	101,334	-	137,077

The above figures are computed in accordance with the HKMA's guidelines on the return of international banking statistics and the Banking (Disclosure) Rules in respect of the reporting period on the consolidated basis.

### **Mainland Activities**

The table below summaries the non-bank Mainland China exposure of the Bank's Hong Kong Office and the Bank's Mainland subsidiary banks categorised by types of counterparties:

<u>Type of counterparties</u>	30/06/2020		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn
1. Central government, central government owned entities and their subsidiaries and joint ventures	28,553	2,224	30,777
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	13,972	499	14,471
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	137,352	11,737	149,089
4. Other entities of central government not reported in item 1 above	6,988	493	7,481
5. Other entities of local governments not reported in item 2 above	5,192	2	5,194
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,055	1,385	5,440
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	39,929	3,087	43,016
<b>Total</b>	<b>236,041</b>	<b>19,427</b>	<b>255,468</b>
Total assets after provision	764,523		
On-balance sheet exposures as percentage of total assets	30.9%		

Mainland Activities (Continued)

	31/12/2019		Total
	On-balance sheet exposure	Off-balance sheet exposure	
	HK\$ Mn	HK\$ Mn	HK\$ Mn
<u>Type of counterparties</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures	27,595	3,301	30,896
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	14,503	402	14,905
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	147,908	8,869	156,777
4. Other entities of central government not reported in item 1 above	6,178	253	6,431
5. Other entities of local governments not reported in item 2 above	5,462	3	5,465
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,904	1,260	5,164
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	41,385	3,144	44,529
Total	<u>246,935</u>	<u>17,232</u>	<u>264,167</u>
Total assets after provision	<u>787,635</u>		
On-balance sheet exposures as percentage of total assets	<u>31.4%</u>		

The above figures are disclosed in accordance with the return relating to Mainland activities the Bank submitted to the HKMA pursuant to section 63 of the Banking Ordinance in respect of the reporting period, which are computed on the consolidated basis as required by the HKMA for its regulatory purposes.

### Currency Concentration

The net non-structural position or net structural position in a particular foreign currency is disclosed when the position in that currency constitutes 10% or more of the total net position or total net structural position in all foreign currencies respectively. The net option position is calculated in the basis of the delta-weighted position of all foreign currency option contracts.

	30/6/2020						
	USD HK\$ Mn	JPY HK\$ Mn	EUR HK\$ Mn	RMB HK\$ Mn	MOP HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	227,880	1,700	10,605	213,351	1,375	69,261	524,172
Spot liabilities	(211,480)	(931)	(3,654)	(213,359)	(1,147)	(62,828)	(493,399)
Forward purchases	124,291	1,903	1,609	96,536	-	8,518	232,857
Forward sales	(137,581)	(2,627)	(8,474)	(98,112)	-	(15,007)	(261,801)
Net options position	(1,610)	-	2	1,508	-	(14)	(114)
Net long/(short) non-structural position	<u>1,500</u>	<u>45</u>	<u>88</u>	<u>(76)</u>	<u>228</u>	<u>(70)</u>	<u>1,715</u>
	31/12/2019						
	USD HK\$ Mn	JPY HK\$ Mn	EUR HK\$ Mn	RMB HK\$ Mn	MOP HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	212,490	1,865	8,617	232,104	1,224	72,651	528,951
Spot liabilities	(202,136)	(716)	(4,140)	(234,431)	(1,104)	(62,474)	(505,001)
Forward purchases	156,893	1,241	1,018	132,662	-	6,732	298,546
Forward sales	(163,466)	(2,349)	(5,332)	(132,936)	-	(16,716)	(320,799)
Net options position	(2,216)	(1)	2	2,785	-	8	578
Net long/(short) non-structural position	<u>1,565</u>	<u>40</u>	<u>165</u>	<u>184</u>	<u>120</u>	<u>201</u>	<u>2,275</u>



**Currency Concentration (Continued)**

	30/6/2020				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	<u>(12,869)</u>	<u>15,252</u>	<u>2,169</u>	<u>945</u>	<u>5,497</u>
	31/12/2019				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	<u>(12,365)</u>	<u>15,550</u>	<u>2,281</u>	<u>975</u>	<u>6,441</u>

The above figures are disclosed in accordance with the return relating to foreign currency positions the Bank submitted to the HKMA pursuant to section 63 of the Banking Ordinance in respect of the reporting period, which are computed on consolidated basis as required by the HKMA for its regulatory purposes.

**Capital Buffer****Countercyclical Capital Buffer Ratio**

	<u>30/6/2020</u>	<u>31/12/2019</u>
	%	%
Countercyclical capital buffer ratio	0.421	0.882

The relevant disclosures pursuant to section 16FG of the Banking (Disclosure) Rules can be found in Template CCyB1 in this Banking Disclosure Statement.

**Capital Conservation Buffer Ratio**

Under section 3M of the Capital Rules, the capital conservation buffer ratio for calculating the Bank's buffer level is 2.5% from 2019 onwards.

**Higher Loss Absorbency Ratio**

The HKMA has designated the Bank as a domestic systematically important authorised institution ("D-SIB"). Under section 3V of the Capital Rules, the higher loss absorbency ratio applicable to the Bank is 1% for 2019 onwards.

## **Glossary**

<u>Abbreviations</u>	<u>Descriptions</u>
BCR	Banking (Capital) Rules
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CEM	Current Exposure Method
CF	Commodities Finance
CIS	Collective Investment Scheme
CRC	Comprehensive Risk Charge
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorised Institution
EAD	Exposure at Default
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
FSB	Financial Stability Board
G-SIB	Global Systemically Important Authorised Institution
HVCRE	High-Volatility Commercial Real Estate
IAA	Internal Assessment Approach
IMM (CCR) Approach	Internal Models (Counterparty Credit Risk) Approach
IMM Approach	Internal Models Approach
IPRE	Income-Producing Real Estate
IRB Approach	Internal Ratings-Based Approach
IRC	Incremental Risk Charge
LAC	Loss-absorbing Capacity
LAC Rules	Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements –Banking Sector) Rules
LGD	Loss Given Default
OF	Object Finance
PD	Probability Of Default
PF	Project Finance
PFE	Potential Future Exposure
PSE	Public Sector Entity
QRRE	Qualifying Revolving Retail Exposures
RW	Risk Weight
RWA	Risk-Weighted Amount
SA-CCR	Standardised Approach for measuring Counterparty Credit Risk Exposures
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-Back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach

**Glossary** (continued)

<u>Abbreviations</u>	<u>Descriptions</u>
SFT	Securities Financing Transaction
SRW	Supervisory Risk Weight
STC Approach	Standardized (Credit Risk) Approach
STM Approach	Standardized (Market Risk) Approach
TLAC	Total Loss-absorbing Capacity
VaR	Value-at-Risk