



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

Banking Disclosure Statement
For the period ended
30 June 2021

(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 (“BCBS”) 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 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	83,395	82,206	81,784	79,234	76,716
2	Tier 1	97,363	96,174	95,752	93,197	90,679
3	Total capital	110,451	108,835	108,421	105,822	103,213
RWA (amount)						
4	Total RWA	492,165	494,167	494,542	466,225	466,193
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	16.94%	16.64%	16.54%	16.99%	16.46%
6	Tier 1 ratio (%)	19.78%	19.46%	19.36%	19.99%	19.45%
7	Total capital ratio (%)	22.44%	22.02%	21.92%	22.70%	22.14%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.384%	0.394%	0.388%	0.418%	0.421%
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 (%)	3.884%	3.894%	3.888%	3.918%	3.921%
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.44%	12.14%	12.04%	12.49%	11.96%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	900,572	876,662	879,956	851,139	857,730
14	LR (%)	10.81	10.97%	10.88%	10.95%	10.57%
Liquidity Coverage Ratio (LCR)						
15	Total high quality liquid assets (HQLA)	67,380	65,582	70,848	55,567	61,983
16	Total net cash outflows	38,227	34,865	39,217	31,697	34,988
17	LCR (%)	177.32%	189.39%	183.84%	175.94%	177.68%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	542,465	536,156	540,767	523,787	512,156
19	Total required stable funding	474,589	453,739	455,969	449,753	445,902
20	NSFR (%)	114.30%	118.16%	118.60%	116.46%	114.86%

The movement of total high quality liquid assets (HQLA) between the periods was mainly contributed by the fluctuation in the average holding of central bank reserve in level 1 HQLA.

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 30th June 2021 and 31st March 2021 respectively:

(HK\$ million)		(a)	(b)	(c)
		RWA		Minimum capital requirements
		June 2021	March 2021	June 2021
1	Credit risk for non-securitization exposures	383,154	390,325	32,339
2	Of which STC approach	31,707	33,174	2,537
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	330,241	334,023	28,004
4	Of which supervisory slotting criteria approach	21,206	23,128	1,798
5	Of which advanced IRB approach	0	0	0
6	Counterparty default risk and default fund contributions	4,059	3,875	334
7	Of which SA-CCR approach	3,702	0	305
7a	Of which CEM	0	2,932	0
8	Of which IMM(CCR) approach	0	0	0
8a	Of which counterparty default risk to CCPs in respect of derivative contracts	236	179	19
9	Of which others	121	764	10
10	CVA risk	1,587	1,371	127
11	Equity positions in banking book under the simple risk-weight method and internal models method	20,894	16,181	1,772
12	Collective investment scheme ("CIS") exposures – LTA*	N/A	N/A	N/A
13	CIS exposures – MBA*	N/A	N/A	N/A
14	CIS exposures – FBA*	N/A	N/A	N/A
14a	CIS exposures – combination of approaches*	N/A	N/A	N/A
15	Settlement risk	0	0	0
16	Securitization exposures in banking book	0	0	0
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	Market risk	14,672	14,385	1,174
21	Of which STM approach	3,216	2,786	257
22	Of which IMM approach	11,456	11,599	917
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	N/A	N/A	N/A
24	Operational risk	32,053	32,367	2,564
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	15,447	15,307	1,310
26	Capital floor adjustment	0	0	0
26a	Deduction to RWA	3,088	3,072	247
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	133	57	11
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	2,955	3,015	236
27	Total	468,778	470,739	39,373

* Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect.

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 2021		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	41,599	(10) + (14)
2	Retained earnings	29,949	(11)
3	Disclosed reserves	22,926	(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	CET1 capital before regulatory adjustments	94,474	
CET1 capital: regulatory deductions			
7	Valuation adjustments	5	
8	Goodwill (net of associated deferred tax liabilities)	1,460	(4)
9	Other intangible assets (net of associated deferred tax liabilities)	13	(5)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,950	(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	(46)	(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

Template CC1: Composition of regulatory capital (continued)

At 30 June 2021

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
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	7,697	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	5,373	(2) + (3)
26b	Regulatory reserve for general banking risks	2,324	(12)
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	Total regulatory deductions to CET1 capital	11,079	
29	CET1 capital	83,395	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	13,968	(18)
31	of which: classified as equity under applicable accounting standards	13,968	
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	AT1 capital before regulatory deductions	13,968	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	

Template CC1: Composition of regulatory capital (continued)

At 30 June 2021

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	13,968	
45	Tier 1 capital (T1 = CET1 + AT1)	97,363	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	8,514	(9)
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	2,156	(13) - (1)
51	Tier 2 capital before regulatory deductions	10,670	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(2,418)	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(2,418)	[(2) + (3)] X 45%

Template CC1: Composition of regulatory capital (continued)

At 30 June 2021

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	Total regulatory adjustments to Tier 2 capital	(2,418)	
58	Tier 2 capital (T2)	13,088	
59	Total regulatory capital (TC = T1 + T2)	110,451	
60	Total RWA	492,165	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	16.94%	
62	Tier 1 capital ratio	19.78%	
63	Total capital ratio	22.44%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.884%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.384%	
67	of which: higher loss absorbency requirement	1.000%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	12.44%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	6,307	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	6,179	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	551	
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	419	

Template CC1: Composition of regulatory capital (continued)

At 30 June 2021

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)	1,737	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	2,479	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

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	Other intangible assets (net of associated deferred tax liabilities)	13	13
	<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	Deferred tax assets (net of associated deferred tax liabilities)	1,950	287
	<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	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<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	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<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	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<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	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)	-	-
	<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
	30/6/2021 HK\$ Mn	30/6/2021 HK\$ Mn	
Assets			
Cash and balances with banks	60,370	60,324	
Placements with and advances to banks	50,728	50,669	
Trade bills	11,464	11,464	
Trading assets	4,126	4,126	
Derivative assets	5,231	5,231	
Loans and advances to customers	530,833	529,986	
of which: collective impairment allowances reflected in regulatory capital		(1,485)	(1)
Excess of total EL amount over total eligible provisions under the IRB Approach		-	
Investment securities	141,205	139,842	
Investments in subsidiaries	-	3,488	
Investments in associates/joint ventures	9,051	4,818	
Fixed assets			
- Investment properties	4,975	4,912	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		3,461	(2)
- Other property and equipment	7,968	7,680	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		1,912	(3)
ROU assets	825	835	
Goodwill and intangible assets	1,905	1,473	
of which: goodwill		1,460	(4)
other intangible assets		13	(5)
Deferred tax assets	1,950	1,950	
of which: deferred tax assets		1,950	(6)
Other assets			
- Assets held for sale	30,630	38	
- Others	39,248	38,464	
Total Assets	900,509	865,300	
Liabilities			
Deposits and balances of banks	31,326	31,326	
Deposits from customers	598,588	598,588	
Trading liabilities	1	1	
Derivative liabilities	8,116	8,116	
Certificates of deposit issued			
- Designated at fair value through profit or loss	29,925	29,925	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		(51)	(7)
- At amortised cost	33,143	33,143	
Current taxation	861	786	
Debt securities issued			
- Designated at fair value through profit or loss	460	460	
of which: gains and losses due to changes in own credit risk on fair valued liabilities	-	5	(8)
- At amortised cost	4,944	4,944	
Deferred tax liabilities	649	561	
Other liabilities			
- Liabilities held for sale	27,739	-	
- Others	39,920	38,677	
Loan capital - at amortised cost	10,331	10,331	
of which: portion eligible for Tier 2 capital instruments		8,514	(9)
Total Liabilities	786,003	756,858	
Equity			
Share capital	41,599	41,599	
of which: paid-in share capital		41,599	(10)
Reserves	58,652	52,875	
of which: retained earnings		29,949	(11)
of which: regulatory reserve earmarked		2,324	(12)
regulatory reserve for general banking risks		671	(13)
share premium		-	(14)
accumulated other comprehensive income		3,848	(15)
exchange revaluation reserve		848	(16)
other reserves		18,230	(17)
Additional equity instruments	13,968	13,968	(18)
Non-controlling interests	287	-	
of which: portion not eligible for inclusion in regulatory capital	-	-	
Total Equity	114,506	108,442	
Total Equity and Liabilities	900,509	865,300	

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 30th June 2021:

		a	c	d	e
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		(%)	(HK\$ Million)	(%)	(HK\$ Million)
1	Hong Kong SAR	1.000%	143,041		
2	Luxembourg	0.500%	287		
3	Norway	1.000%	3		
	Sum of above		143,331		
	Total (including those exposures in jurisdictions with zero JCCyB ratio)		373,158	0.384%	1,890

The geographical locations of exposures to private sector obligors are determined on an ultimate risk basis according to the residency or registered offices of the obligors in general. To the extent that credit risk has been mitigated by means of a guarantee or credit derivative contract recognized for capital adequacy ratio calculation purposes, the exposure will be allocated to the location of the credit protection provider under the recognized guarantee or the recognized credit derivative contract. If the location of the obligor cannot be determined without disproportionate effort, the credit exposure should be allocated to the jurisdiction where it is booked.

Template LR1: Summary comparison of accounting assets against leverage ratio exposure measure

At 30 Jun 2021

	Item	Value under Leverage Ratio framework (HK\$ million)
1	Total consolidated assets as per published financial statements	900,509
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(41,982)
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	9,120
5	Adjustment for SFTs (i.e. repos and similar secured lending)	6,483
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	42,270
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(4,703)
7	Other adjustments	(11,125)
8	Leverage ratio exposure measure	900,572

Template LR2: Leverage ratio (“LR”)

		(HK\$ million)	
		At 30 Jun 2021	At 31 Mar 2021
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	858,508	835,547
2	Less: Asset amounts deducted in determining Tier 1 capital	(11,125)	(10,712)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	847,383	824,835
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	1,714	7,098
5	Add-on amounts for PFE associated with all derivative contracts	12,845	3,760
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(5,439)	(6,862)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	78
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	Total exposures arising from derivative contracts	9,120	4,074
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	6,181	10,504
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	302	416
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	6,483	10,920
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	225,627	224,543
18	Less: Adjustments for conversion to credit equivalent amounts	(183,357)	(182,715)
19	Off-balance sheet items	42,270	41,828
Capital and total exposures			
20	Tier 1 capital	97,363	96,174
20a	Total exposures before adjustments for specific and collective provisions	905,256	881,657
20b	Adjustments for specific and collective provisions	(4,684)	(4,995)
21	Total exposures after adjustments for specific and collective provisions	900,572	876,662
Leverage ratio			
22	Leverage ratio	10.81%	10.97%

The increase in total leverage ratio exposure measures by HK\$23,910 million is mainly attributed to increase in loans and advances to customers.

Template LIQ1: Liquidity Coverage Ratio (“LCR”)

(HK\$ million)		Quarter ending on 30 June 2021		Quarter ending on 31 March 2021	
Number of data points used in calculating the average value of the LCR and related components set out in this template		71		73	
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)	Unweighted value (average)	Weighted value (average)
A. High Quality Liquid Assets (HQLA)					
1	Total HQLA		80,116		76,794
B. Cash Outflows					
2	Retail deposits and small business funding, of which:	279,942	22,048	285,712	22,342
3	<i>Stable retail deposits and stable small business funding</i>	51,561	1,585	51,461	1,581
4	<i>Less stable retail deposits and less stable small business funding</i>	180,866	18,087	180,967	18,097
4a	<i>Retail term deposits and small business term funding</i>	47,515	2,376	53,284	2,664
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the institution, of which:	152,907	87,212	145,403	84,429
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>	146,211	80,516	137,828	76,854
8	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	6,696	6,696	7,575	7,575
9	Secured funding transactions (including securities swap transactions)		659		7
10	Additional requirements, of which:	83,707	12,445	81,579	12,154
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	3,936	3,936	4,133	4,133
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>	79,771	8,509	77,446	8,021
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	7,761	7,761	7,338	7,338
15	Other contingent funding obligations (whether contractual or non-contractual)	127,536	1,762	118,070	1,912
16	Total Cash Outflows		131,887		128,182
C. Cash Inflows					
17	Secured lending transactions (including securities swap transactions)	1,074	1,073	1,926	1,926
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	147,204	88,173	146,261	87,306
19	Other cash inflows	5,257	4,935	5,614	5,196
20	Total Cash Inflows	153,535	94,181	153,801	94,428
D. Liquidity Coverage Ratio		Adjusted value		Adjusted value	
21	Total HQLA		67,380		65,582
22	Total Net Cash Outflows		38,227		34,865
23	LCR (%)		177.32%		189.39%

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 2021. The average LCR decreased from 189% for the first quarter of 2021 to 177% for the second quarter mainly resulted from comparably higher average cash outflows from customer deposits which outweighed the impact of the increase in holdings of high quality liquid assets. The average LCR was maintained at similar level of over 170% when comparing the ratio for the second quarter of 2021 year-on-year.

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 2021				
		(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	
A. Available stable funding (“ASF”) item						
1	Capital:	110,130	3,939	16	6,435	116,573
2	Regulatory capital	110,130	3,939	0	4,633	114,763
2a	Minority interests not covered by row 2	0	0	0	0	0
3	Other capital instruments	0	0	16	1,802	1,810
4	Retail deposits and small business funding:		291,568	0	0	266,598
5	Stable deposits		83,728	0	0	79,542
6	Less stable deposits		207,840	0	0	187,056
7	Wholesale funding:		308,927	21,576	13,088	136,552
8	Operational deposits		0	0	0	0
9	Other wholesale funding	0	308,927	21,576	13,088	136,552
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	34,743	36,560	21,754	11,865	22,742
12	Net derivative liabilities	1,477				
13	All other funding and liabilities not included in the above categories	33,266	36,560	21,754	11,865	22,742
14	Total ASF					542,465
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		139,389			25,862
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	8,922	234,840	73,623	341,345	396,997
18	Performing loans to financial institutions secured by Level 1 HQLA	0	0	0	0	0
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1	110,547	12,190	10,599	33,277
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:	8,239	110,638	57,224	178,751	242,873
21	With a risk-weight of less than or equal to 35% under the STC approach	0	473	0	0	237
22	Performing residential mortgages, of which:	0	5,763	3,338	114,607	84,106
23	With a risk-weight of less than or equal to 35% under the STC approach	0	4,433	2,802	89,304	61,665
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	682	7,892	871	37,388	36,741
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	41,326	24,989	3,517	2	47,321
27	Physical traded commodities, including gold	0				0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	1,911				1,663
29	Net derivative assets	0				0
30	Total derivative liabilities before adjustments for deduction of variation margin posted	8,116				406
31	All other assets not included in the above categories	31,299	24,989	3,517	2	45,252
32	Off-balance sheet items			207,529		4,409
33	Total RSF					474,589
34	Net Stable Funding Ratio (%)					114.30%

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

(HK\$ million)		Quarter ended 31 Mar 2021				
		(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	
A. Available stable funding (“ASF”) item						
1	Capital:	108,802	209	3,912	6,412	117,170
2	Regulatory capital	108,802	127	3,912	4,636	115,394
2a	Minority interests not covered by row 2	0	0	0	0	0
3	Other capital instruments	0	82	0	1,776	1,776
4	Retail deposits and small business funding:		294,589	0	0	269,328
5	Stable deposits		83,945	0	0	79,748
6	Less stable deposits		210,644	0	0	189,580
7	Wholesale funding:		302,554	20,390	12,744	128,558
8	Operational deposits		0	0	0	0
9	Other wholesale funding	0	302,554	20,390	12,744	128,558
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	29,087	34,390	21,550	10,325	21,100
12	Net derivative liabilities	2,933				
13	All other funding and liabilities not included in the above categories	26,154	34,390	21,550	10,325	21,100
14	Total ASF					536,156
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		150,069			26,907
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	8,516	247,208	56,286	328,065	379,476
18	Performing loans to financial institutions secured by Level 1 HQLA	0	833	0	0	83
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	118,874	8,531	10,690	32,786
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:	7,959	111,762	42,833	171,650	229,966
21	With a risk-weight of less than or equal to 35% under the STC approach	0	216	0	0	108
22	Performing residential mortgages, of which:	0	5,363	3,370	114,581	83,732
23	With a risk-weight of less than or equal to 35% under the STC approach	0	4,238	2,856	90,140	62,138
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	557	10,376	1,552	31,144	32,909
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	42,056	20,488	1,632	122	43,205
27	Physical traded commodities, including gold	0				0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	1,899				1,652
29	Net derivative assets	0				0
30	Total derivative liabilities before adjustments for deduction of variation margin posted	9,493				475
31	All other assets not included in the above categories	30,664	20,488	1,632	122	41,078
32	Off-balance sheet items			212,070		4,151
33	Total RSF					453,739
34	Net Stable Funding Ratio (%)					118.16%

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 30th June 2021:

		(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)
(HK\$ million)		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	6,458	649,290	4,313	406	502	3,405	651,435
2	Debt securities	0	140,890	292	0	10	282	140,598
3	Off-balance sheet exposures	0	225,627	64	0	5	59	225,563
4	Total	6,458	1,015,807	4,669	406	517	3,746	1,017,596

Definition of default

A credit exposure is defined as defaulted if borrower is displaying a definable weakness which is likely to jeopardize repayment, including but not limiting to:

- past due status has been over 90 days;
- borrower is put under receivership by other financial institutions;
- borrower is petitioned for winding-up or bankruptcy; or
- other significant deficiencies of borrower business are present which threaten the borrower's cash flow and payment capability.

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 31st December 2020 to 30th June 2021:

(HK\$ million)		(a)
		Amount
1	Defaulted loans and debt securities at end of the previous reporting period (31st December 2020)	6,465
2	Loans and debt securities that have defaulted since the last reporting period	2,015
3	Returned to non-defaulted status	(27)
4	Amounts written off	(1,283)
5	Other changes*	(712)
6	Defaulted loans and debt securities at end of the current reporting period (30th June 2021)	6,458

* 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 30th June 2021:

		(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	359,959	291,476	291,421	55	0
2	Debt securities	94,949	45,649	0	45,649	0
3	Total	454,908	337,125	291,421	45,704	0
4	Of which defaulted	588	2,874	2,874	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 30th June 2021:

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	67,197	0	67,332	0	566	0.84%
2 PSE exposures	644	108	682	187	136	15.70%
2a Of which: domestic PSEs	141	108	179	187	73	20.00%
2b Of which: foreign PSEs	503	0	503	0	63	12.57%
3 Multilateral development bank exposures	2,264	0	2,264	0	0	0.00%
4 Bank exposures	293	0	293	0	128	43.86%
5 Securities firm exposures	9,448	1,039	3,907	12	1,960	50.00%
6 Corporate exposures	8,507	2,831	5,253	164	5,089	93.96%
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	23,868	15,929	22,841	8	17,137	75.00%
11 Residential mortgage loans	7,054	670	6,768	78	2,820	41.19%
12 Other exposures which are not past due exposures	14,852	2,378	3,793	28	3,821	100.00%
13 Past due exposures	49	0	49	0	50	101.21%
14 Significant exposures to commercial entities	0	0	0	0	0	-
15 Total	134,176	22,955	113,182	477	31,707	27.90%

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 30th June 2021:

(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	64,502	0	2,830	0	0	0	0	0	0	0	67,332
2	PSE exposures	187	0	682	0	0	0	0	0	0	0	869
2a	Of which: domestic PSEs	0	0	366	0	0	0	0	0	0	0	366
2b	Of which: foreign PSEs	187	0	316	0	0	0	0	0	0	0	503
3	Multilateral development bank exposures	2,264	0	0	0	0	0	0	0	0	0	2,264
4	Bank exposures	0	0	60	0	233	0	0	0	0	0	293
5	Securities firm exposures	0	0	0	0	3,919	0	0	0	0	0	3,919
6	Corporate exposures	0	0	440	0	104	0	4,719	154	0	0	5,417
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	22,849	0	0	0	0	22,849
11	Residential mortgage loans	0	0	0	6,094	0	262	490	0	0	0	6,846
12	Other exposures which are not past due exposures	0	0	0	0	0	0	3,821	0	0	0	3,821
13	Past due exposures	0	0	0	0	0	0	48	1	0	0	49
14	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
15	Total	66,953	0	4,012	6,094	4,256	23,111	9,078	155	0	0	113,659

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

The following tables present the main parameters of internal models used for the calculation of credit risk capital requirements under the foundation and retail IRB approaches respectively at 30th June 2021:

Foundation IRB Approach

	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 (Year)	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Bank	0.00 to <0.15	57,389	20	38.33%	57,396	0.06%	187	46.63%	2.5	17,446	30.40%	17	
	0.15 to <0.25	14,860	427	20.01%	14,945	0.19%	49	45.52%	2.5	8,498	56.86%	13	
	0.25 to <0.50	27,253	762	30.19%	27,538	0.32%	105	45.26%	2.5	20,128	73.09%	39	
	0.50 to <0.75	4,142	96	20.00%	4,162	0.52%	19	45.00%	2.5	3,656	87.86%	10	
	0.75 to <2.50	3,939	442	77.92%	4,284	0.84%	21	45.00%	2.5	4,653	108.60%	16	
	2.50 to <10.00	39	0	-	39	6.96%	1	45.00%	2.5	66	168.51%	1	
	10.00 to <100.00	0	0	-	0	-	0	-	-	0	-	0	
	100.00 (Default)	0	0	-	0	-	0	-	-	0	-	0	
	Sub-total	107,622	1,747	39.33%	108,364	0.20%	382	46.00%	2.5	54,447	50.24%	96	21
Corporate – small-and-medium sized corporates	0.00 to <0.15	5,781	948	32.39%	9,408	0.07%	37	43.00%	2.5	1,742	18.52%	3	
	0.15 to <0.25	10,843	2,241	43.81%	14,773	0.20%	128	41.43%	2.5	4,949	33.50%	12	
	0.25 to <0.50	4,637	932	48.98%	4,802	0.34%	79	38.61%	2.5	1,968	40.98%	6	
	0.50 to <0.75	5,452	778	22.67%	4,295	0.54%	105	25.49%	2.5	1,439	33.51%	6	
	0.75 to <2.50	13,695	5,182	21.33%	13,315	1.35%	437	39.77%	2.5	9,313	69.95%	71	
	2.50 to <10.00	10,375	5,215	8.23%	8,251	5.55%	695	35.50%	2.5	7,872	95.40%	165	
	10.00 to <100.00	1,449	116	7.56%	1,239	27.84%	34	30.89%	2.5	1,587	128.12%	100	
	100.00 (Default)	646	0	-	646	100.00%	282	36.59%	-	411	63.54%	236	
	Sub-total	52,878	15,412	22.48%	56,729	3.00%	1,797	38.71%	2.5	29,281	51.62%	599	602

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

Foundation 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 (Year)	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Corporate – other (including purchased corporate receivables)	0.00 to <0.15	115,045	30,600	25.11%	148,102	0.08%	520	43.04%	2.5	37,782	25.51%	50	
	0.15 to <0.25	101,022	34,753	21.04%	107,514	0.20%	512	43.00%	2.5	47,743	44.41%	95	
	0.25 to <0.50	50,189	22,483	15.48%	52,818	0.34%	292	40.27%	2.5	28,669	54.28%	72	
	0.50 to <0.75	21,463	11,513	16.76%	20,638	0.54%	143	38.63%	2.5	13,960	67.64%	43	
	0.75 to <2.50	48,136	25,629	13.38%	36,855	1.12%	365	40.29%	2.5	34,204	92.81%	164	
	2.50 to <10.00	24,440	19,681	4.45%	19,639	4.82%	274	26.38%	2.5	18,508	94.24%	245	
	10.00 to <100.00	3,154	95	67.65%	2,219	25.81%	20	43.31%	2.5	4,892	220.49%	251	
	100.00 (Default)	4,850	0	-	4,850	100.00%	89	42.80%		6,136	126.52%	2,059	
Sub-total	368,299	144,754	17.12%	392,635	1.89%	2,215	41.33%	2.5	191,894	48.87%	2,979	4,219	
Total (sum of all portfolios)	528,799	161,913	17.87%	557,728	1.67%	4,394	41.97%	2.5	275,622	49.42%	3,674	4,842	

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

Retail IRB Approach

	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 (Year)	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Retail – QRRE	0.00 to <0.15	70	12,107	59.47%	7,270	0.14%	534,867	91.87%		532	7.31%	9	
	0.15 to <0.25	34	281	60.47%	204	0.24%	9,091	91.81%		23	11.52%	1	
	0.25 to <0.50	2,891	16,984	61.30%	13,302	0.35%	337,178	91.87%		2,067	15.54%	43	
	0.50 to <0.75	142	1,721	79.31%	1,507	0.60%	58,294	90.64%		352	23.33%	8	
	0.75 to <2.50	518	2,018	68.75%	1,906	1.44%	102,593	90.31%		854	44.82%	25	
	2.50 to <10.00	803	1,179	74.48%	1,681	5.17%	32,272	91.21%		1,864	110.93%	79	
	10.00 to <100.00	8	4	116.52%	12	22.09%	227	90.92%		27	221.92%	2	
	100.00 (Default)	43	0	-	43	100.00%	36,855	91.42%		223	514.97%	22	
Sub-total	4,509	34,294	62.45%	25,925	0.88%	1,111,377	91.64%		5,942	22.92%	189	78	
Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to <0.15	11,579	1,104	100.00%	12,683	0.11%	2,871	34.28%		2,938	23.17%	5	
	0.15 to <0.25	24,062	1,421	100.00%	25,483	0.23%	14,450	21.92%		4,555	17.88%	13	
	0.25 to <0.50	71,844	52	100.00%	71,896	0.34%	23,875	14.91%		15,663	21.78%	37	
	0.50 to <0.75	3,506	0	-	3,506	0.64%	1,611	30.49%		993	28.33%	7	
	0.75 to <2.50	1,784	15	100.00%	1,799	1.13%	1,744	11.34%		413	22.97%	2	
	2.50 to <10.00	655	0	100.00%	655	7.00%	632	29.99%		763	116.55%	14	
	10.00 to <100.00	453	0	-	453	15.97%	340	18.07%		434	95.75%	15	
	100.00 (Default)	276	0	-	276	100.00%	217	22.52%		634	230.11%	14	
Sub-total	114,159	2,592	100.00%	116,751	0.65%	45,740	19.07%		26,393	22.61%	107	804	

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

Retail 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 (Year)	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Retail – small business retail exposures	0.00 to <0.15	0	0	-	0	-	0	-		0	-	0	
	0.15 to <0.25	45	0	-	45	0.25%	16	30.07%		6	14.01%	0	
	0.25 to <0.50	78	0	100.00%	78	0.34%	34	12.42%		6	7.13%	0	
	0.50 to <0.75	16	9	100.00%	25	0.55%	37	73.57%		14	55.53%	0	
	0.75 to <2.50	504	23	100.00%	527	1.41%	331	21.46%		126	24.01%	2	
	2.50 to <10.00	10	1	100.00%	11	3.91%	23	54.55%		9	77.19%	0	
	10.00 to <100.00	1	0	-	1	56.00%	3	31.32%		1	77.14%	0	
	100.00 (Default)	3	0	-	3	100.00%	3	33.34%		10	340.98%	0	
Sub-total	657	33	100.00%	690	1.71%	447	23.49%		172	24.88%	2	5	
Other retail exposures to individuals	0.00 to <0.15	10	22	59.37%	23	0.10%	45	79.36%		5	19.97%	0	
	0.15 to <0.25	143	4	100.00%	147	0.24%	415	31.90%		22	14.64%	0	
	0.25 to <0.50	72	143	66.03%	167	0.35%	232	91.64%		89	53.73%	0	
	0.50 to <0.75	2,000	118	96.62%	2,114	0.52%	556	70.98%		1,109	52.46%	8	
	0.75 to <2.50	3,921	58	81.28%	3,968	1.72%	11,370	47.06%		2,302	58.02%	34	
	2.50 to <10.00	1,153	50	85.33%	1,195	5.17%	4,460	53.32%		955	79.88%	37	
	10.00 to <100.00	121	0	62.51%	121	28.91%	868	63.77%		187	154.41%	23	
	100.00 (Default)	220	0	-	220	100.00%	520	41.08%		574	261.26%	110	
Sub-total	7,640	395	79.73%	7,955	4.99%	18,466	55.19%		5,243	65.91%	212	154	
Total (sum of all portfolios)	126,965	37,314	65.27%	151,321	0.92%	1,176,030	33.42%		37,750	24.95%	510	1,041	

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 30th June 2021:

(HK\$ million)		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialised lending under supervisory slotting criteria approach (project finance)	87	87
2	Corporate – Specialised lending under supervisory slotting criteria approach (object finance)	1,041	1,041
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)	20,078	20,078
5	Corporate – Specialised lending (high-volatility commercial real estate)	0	0
6	Corporate – Small-and-medium sized corporates	29,281	29,281
7	Corporate – Other corporates	191,894	191,894
8	Sovereigns	0	0
9	Sovereign foreign public sector entities	0	0
10	Multilateral development banks	0	0
11	Bank exposures – Banks	54,447	54,447
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	172	172
15	Retail – Residential mortgages to individuals	25,020	25,020
16	Retail – Residential mortgages to property-holding shell companies	1,373	1,373
17	Retail – Qualifying revolving retail exposures (QRRE)	5,942	5,942
18	Retail – Other retail exposures to individuals	5,243	5,243
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	20,894	20,894
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	15,447	15,447
26	Other – Cash items	388	388
27	Other – Other items	16,481	16,481
28	Total	387,788	387,788

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 31st March 2021 to 30th June 2021:

(HK\$ million)		(a)
		Amount
1	RWA as at end of previous reporting period	388,639
2	Asset size	5,689
3	Asset quality	-7,104
4	Model updates	0
5	Methodology and policy	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	898
8	Other	-334
9	RWA as at end of reporting period	387,788

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 30th June 2021:

		(a)	(b)	(c)	(d)	(e)	(f)
Supervisory Rating Grade	Remaining Maturity	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
Total		0	0		0	0	0

^ 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 30th June 2021:

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)
					PF	OF	CF	IPRE	Total		
Strong ^	Less than 2.5 years	16,030	1,772	50%	0	3	0	17,319	17,322	8,661	0
Strong	Equal to or more than 2.5 years	11,181	1,646	70%	124	478	0	11,814	12,416	8,691	50
Good ^	Less than 2.5 years	70	26	70%	0	33	0	56	89	62	0
Good	Equal to or more than 2.5 years	704	0	90%	0	213	0	491	704	634	6
Satisfactory		0	0	115%	0	0	0	0	0	0	0
Weak		1,263	0	250%	0	196	0	1,067	1,263	3,158	101
Default		59	0	0%	0	0	0	120	120	0	60
Total		29,307	3,444		124	923	0	30,867	31,914	21,206	217

^ 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 30th June 2021:

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	725	0	300%	725	2,174
All other equity exposures	4,680	0	400%	4,680	18,720
Total	5,405	0		5,405	20,894

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 30th June 2021:

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC) (HK\$ Mn)	PFE (HK\$ Mn)	Effective EPE (HK\$ Mn)	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM (HK\$ Mn)	RWA (HK\$ Mn)
1	SA-CCR approach (for derivative contracts)	1,226	3,428		1.4	6,516	3,702
1a	CEM (for derivative contracts)	0	0		1.4	0	0
2	IMM (CCR) Approach			0	N/A	0	0
3	Simple Approach (for SFTs)					0	0
4	Comprehensive Approach (for SFTs)					5,525	102
5	VaR (for SFTs)					0	0
6	Total						3,804

Pursuant to the coming into operation of the Banking (Capital) (Amendment) Rules 2020 on 30th June 2021, the Bank adopts the newly implemented SA-CCR approach to calculate default risk exposure in respect of derivative contracts. The switch of calculation methodology has contributed to notable variances in the Bank's default risk exposure and hence RWA in respect of derivative contracts between the current and previous reporting periods

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 30th June 2021:

(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	6,516	1,587
4	Total	6,516	1,587

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 30th June 2021, 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)
Exposure Class	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	0	0	0	0	0	0	0	0	0	0	0
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	8	0	2,324	0	0	0	0	0	2,332
5	Securities firm exposures	0	0	0	0	40	0	0	0	0	0	40
6	Corporate exposures	0	0	0	0	0	0	202	0	0	0	202
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Regulatory retail exposures	0	0	0	0	0	131	0	0	0	0	131
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	321	0	0	0	321
11	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
12	Total	0	0	8	0	2,364	131	523	0	0	0	3,026

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

The Bank applies internal rating models for estimating the obligor PD of its entire counterparty default risk portfolio under the foundation IRB approach, with the bank model applied to bank obligors and two corporate models applied to corporate obligors operating in Mainland China and those outside Mainland China respectively at the group level.

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 30th June 2021:

Foundation IRB Approach

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		EAD post-CRM (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK\$ Mn)	RWA density
Bank	0.00 to <0.15	2,617	0.08%	38	20.33%	1.3	385	14.71%
	0.15 to <0.25	506	0.18%	18	44.59%	2.5	280	55.42%
	0.25 to <0.50	4,270	0.26%	27	5.21%	0.7	315	7.38%
	0.50 to <0.75	46	0.52%	5	45.00%	2.5	42	92.35%
	0.75 to <2.50	171	0.88%	8	45.00%	2.5	190	111.16%
	2.50 to <10.00	0	-	0	-	-	0	-
	10.00 to <100.00	0	-	0	-	-	0	-
	100.00 (Default)	0	-	0	-	-	0	-
	Sub-total	7,610	0.21%	96	14.16%	1.1	1,212	15.93%
Corporate	0.00 to <0.15	674	0.09%	14	45.00%	2.5	192	28.49%
	0.15 to <0.25	318	0.22%	18	45.00%	2.5	164	51.55%
	0.25 to <0.50	145	0.34%	11	45.00%	2.5	87	59.72%
	0.50 to <0.75	89	0.54%	6	45.00%	2.5	69	77.91%
	0.75 to <2.50	47	1.23%	11	45.00%	2.5	46	96.28%
	2.50 to <10.00	77	4.14%	22	45.00%	2.5	112	145.46%
	10.00 to <100.00	45	35.00%	1	45.00%	2.5	111	246.25%
	100.00 (Default)	0	-	0	-	-	0	-
	Sub-total	1,395	1.57%	83	45.00%	2.5	781	55.94%
Total (sum of all portfolios)		9,005	0.42%	179	18.94%	1.3	1,993	22.13%

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 2021 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	3,637	0	459	0	7
Cash – other currencies	0	25,013	0	8,314	5,811	0
Debt securities	0	11	0	0	0	6,118
Equity securities	0	141	0	0	4	0
Other collateral	0	6	0	0	0	0
Total	0	28,808	0	8,773	5,815	6,125

Template CCR6: Credit-related derivatives contracts

The following table presents the amount of credit-related derivative contracts as at 30th June 2021, broken down into credit protection bought and credit protection sold:

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

Template CCR8: Exposures to CCPs

The following table provides a comprehensive breakdown of exposures to both qualifying and non-qualifying CCPs and the respective RWAs as at 30th June 2021, covering all types of credit risk exposures (including default risk exposures to the CCPs, credit risk exposures arising from initial margins posted, and default fund contributions made, to the CCPs):

(HK\$ million)		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		255
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	11,783	236
3	(i) OTC derivative transactions	5,791	116
4	(ii) Exchange-traded derivative contracts	5,992	120
5	(iii) Securities financing transactions	0	0
6	(iv) Netting sets subject to valid cross-product netting agreements	0	0
7	Segregated initial margin	0	
8	Unsegregated initial margin	0	0
9	Funded default fund contributions	133	19
10	Unfunded default fund contributions	0	0
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		0
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	0	0
13	(i) OTC derivative transactions	0	0
14	(ii) Exchange-traded derivative contracts	0	0
15	(iii) Securities financing transactions	0	0
16	(iv) Netting sets subject to valid cross-product netting agreements	0	0
17	Segregated initial margin	0	
18	Unsegregated initial margin	0	0
19	Funded default fund contributions	0	0
20	Unfunded default fund contributions	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 30th June 2021:

(HK\$ million)	RWA
Outright product exposures	
Interest rate exposures (general and specific risk)	2,545
Equity exposures (general and specific risk)	671
Option exposures	-
Securitization exposures	-
Total	3,216

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 31st March 2021 to 30th June 2021:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)
		VaR	Stressed VaR	IRC	CRC	Other	Total RWA
1	RWA as at end of previous reporting period	4,032	7,567	0	0	0	11,599
1a	Regulatory adjustment	2,791	5,478	0	0	0	8,269
1b	RWA as at day-end of previous reporting period	1,241	2,089	0	0	0	3,330
2	Movement in risk levels	102	261	0	0	0	363
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	8	0	0	0	0	8
7	Other	-51	-81	0	0	0	-132
7a	RWA as at day-end of reporting period	1,300	2,269	0	0	0	3,569
7b	Regulatory adjustment	2,764	5,123	0	0	0	7,887
8	RWA as at end of reporting period	4,064	7,392	0	0	0	11,456

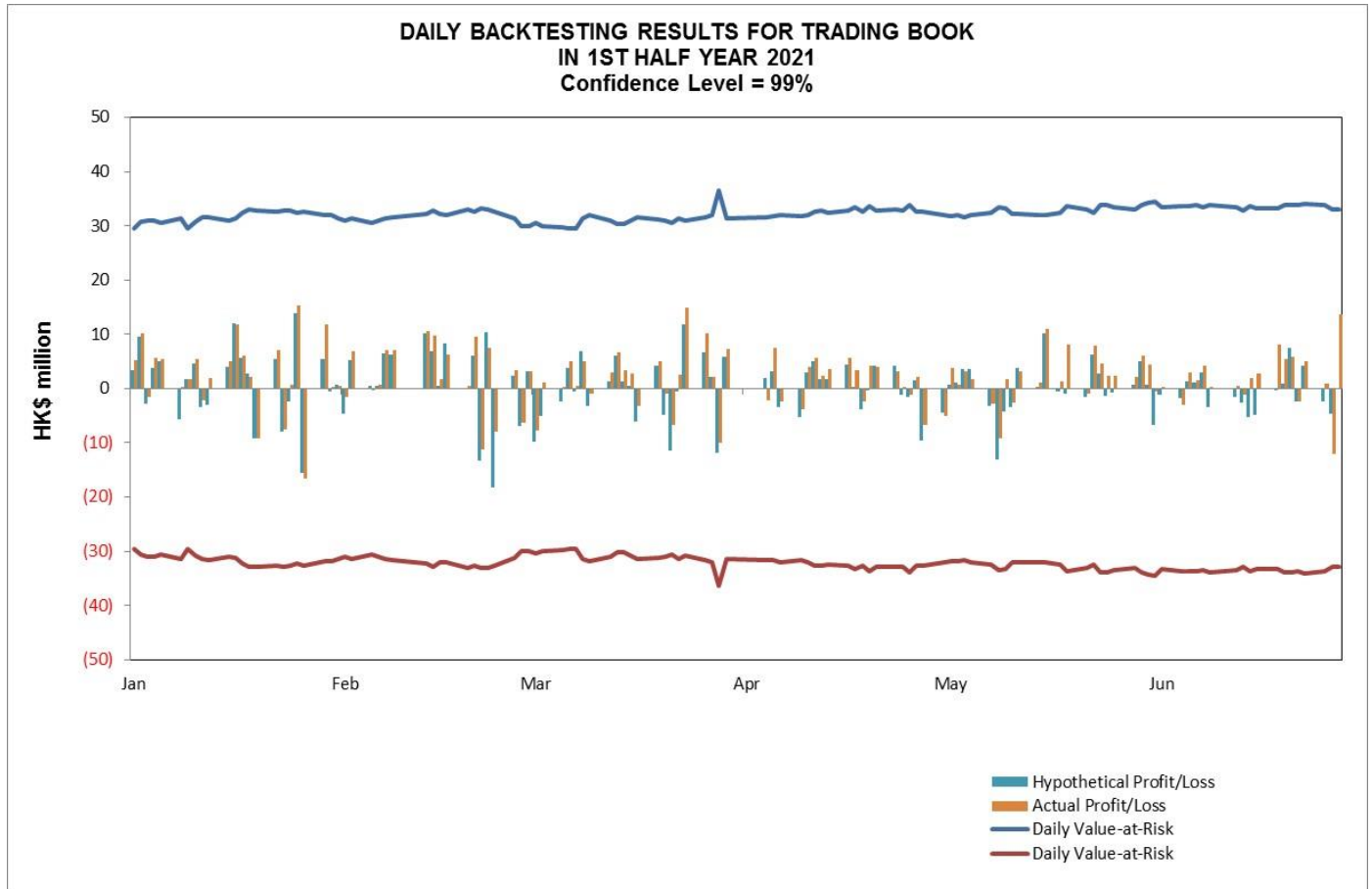
Template MR3: IMM approach values for market risk exposures

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 in the 1st half year of 2021:

(HK\$ million)		(a)
		Value
VaR (10 days – one-tailed 99% confidence interval)		
1	Maximum Value	122
2	Average Value	108
3	Minimum Value	96
4	Period End	104
Stressed VaR (10 days – one-tailed 99% confidence interval)		
5	Maximum Value	236
6	Average Value	199
7	Minimum Value	167
8	Period End	182
Incremental risk charge (IRC) (99.9% confidence interval)		
9	Maximum Value	0
10	Average Value	0
11	Minimum Value	0
12	Period End	0
Comprehensive risk charge (CRC) (99.9% confidence interval)		
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:



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 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020
Of the resolution entity at LAC consolidation group level						
1	External loss-absorbing capacity available	102,691	101,071	100,669	93,055	90,447
2	Risk-weighted amount under the LAC Rules	492,165	494,167	494,542	466,225	466,193
3	External LAC risk-weighted ratio	20.87%	20.45%	20.36%	19.96%	19.40%
4	Exposure measure under the LAC Rules	900,572	876,662	879,956	851,139	857,730
5	External LAC leverage ratio	11.40%	11.53%	11.44%	10.93%	10.54%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	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? ¹	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 ¹	N.A	N.A	N.A	N.A	N.A

Footnotes:

- 1 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)
At 30 June 2021		Amount (HK\$ Million)
	Regulatory capital elements of external loss-absorbing capacity and adjustments	
1	Common Equity Tier 1 ("CET1") capital	83,395
2	Additional Tier 1 ("AT1") capital before LAC adjustments	13,968
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 ¹	(3,879)
5	AT1 capital eligible under the LAC Rules	10,089
6	Tier 2 ("T2") capital before LAC adjustments	13,088
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 ²	(3,881)
10	T2 capital eligible under the LAC Rules	9,207
11	External loss-absorbing capacity arising from regulatory capital	102,691
	Non-regulatory capital elements of external loss-absorbing capacity	
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	External loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments	-
	Non-regulatory capital elements of external loss-absorbing capacity: adjustments	
18	External loss-absorbing capacity before deductions	102,691
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	External loss-absorbing capacity after deductions	102,691
	Risk-weighted amount and exposure measure under the LAC Rules for external loss-absorbing capacity purposes	
23	Risk-weighted amount under the LAC Rules	492,165
24	Exposure measure under the LAC Rules	900,572
	External LAC ratios and buffers	
25	External LAC risk-weighted ratio	20.87%

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

At 30 June 2021		(a)
		Amount (HK\$ Million)
26	External LAC leverage ratio	11.40%
27	CET1 capital (as a percentage of RWA under the Banking (Capital) Rules (“BCR”)) available after meeting the LAC consolidation group’s minimum capital and LAC requirements	12.44%
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)	3.884%
29	Of which: capital conservation buffer requirement	2.500%
30	Of which: institution-specific countercyclical capital buffer requirement	0.384%
31	Of which: higher loss absorbency requirement	1.000%

Footnotes:

- 1 The amount deducted in row 4 represents 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 2021.
- 2 The amount deducted in row 9 represents the US\$500 million Tier 2 dated subordinated notes which had not obtained HKMA acknowledgement as qualifying for LAC at 30 June 2021.

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	41,599	13,968	8,514	64,081
3	Subset of row 2 that are excluded liabilities	-	-	-	-
4	Total capital and liabilities less excluded liabilities	41,599	13,968	8,514	64,081
5	Subset of row 4 that are eligible as external loss-absorbing capacity	41,599	10,089	4,633	56,321
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	-	-	4,633	4,633
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-
10	Subset of row 5 that is perpetual securities	41,599	10,089	-	51,688

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)
		US\$500 million Additional Tier 1 issued in 2017	US\$500 million Tier 2 due 2026
1	Issuer	BEA	BEA
2	Unique identifier - ISIN	XS1615078141	XS1508842256
3	Governing law(s) of the instrument	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.
<i>Regulatory treatment</i>			
4	Transitional Basel III rules#	N.A.	N.A.
5	Post-transitional Basel III rules+	Additional Tier 1	Tier 2
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	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.
7	Instrument type	Perpetual non-cumulative Additional Tier 1 capital securities	Tier 2 notes
8	Amount recognised in regulatory capital (at 30/06/2021)	HK\$3,879 Mn	HK\$3,881 Mn
8a	Amount recognised in loss-absorbing capacity (at 30/06/2021)	N.A.	N.A.
9	Par value of instrument	Issue price: US\$500 million : 100%	Issue price : US\$500 million: 99.838%
10	Accounting classification	Equity	Liability – amortised cost
11	Original date of issuance	18th May, 2017	3rd November, 2016
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	3rd November, 2026
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	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	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	N.A.
<i>Coupons / dividends</i>			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	Up to 17th May, 2022 : 5.625% p.a. Thereafter and every 5 years thereafter reset at : 5-year U.S. Treasury + 3.682%	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)
		US\$500 million Additional Tier 1 issued in 2017	US\$500 million Tier 2 due 2026
19	Existence of a dividend stopper	Yes	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non-cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.	N.A.
30	Write-down feature	Yes	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.
32	If write-down, full or partial	Partial	Partial
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.
34a	Type of subordination	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
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N.A.	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

		(3)	(4)	(5)	(6)
		Ordinary Shares	US\$650 million Additional Tier 1 issued in 2019	US\$650 million Additional Tier 1 issued in 2020	US\$600 million Tier 2 due 2030
1	Issuer	BEA	BEA	BEA	BEA
2	Unique identifier - ISIN	HK0023000190	XS2049804896	XS2222027364	XS2168040744
3	Governing law(s) of the instrument	Hong Kong	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power 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.	N.A.	N.A.
5	Post-transitional Basel III rules+	Common Equity Tier 1	Additional 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	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	Solo and LAC consolidation group
7	Instrument type	Ordinary shares	Perpetual non-cumulative Additional Tier 1 capital securities	Perpetual non-cumulative Additional Tier 1 capital securities	Tier 2 notes
8	Amount recognised in regulatory capital (at 30/06/2021)	HK\$41,599 Mn	HK\$5,068 Mn	HK\$5,021 Mn	HK\$4,633 Mn
8a	Amount recognised in loss-absorbing capacity (at 30/06/2021)	HK\$41,599 Mn	HK\$5,068 Mn	HK\$5,021 Mn	HK\$4,633 Mn
9	Par value of instrument	N.A.	Issue price: US\$650 million : 100%	Issue price: US\$650 million : 100%	Issue price : US\$600 million: 99.592%
10	Accounting classification	Equity	Equity	Equity	Liability – amortised cost
11	Original date of issuance	Since incorporation	19th September, 2019	21st October, 2020	29th May, 2020
12	Perpetual or dated	N.A.	Perpetual	Perpetual	Dated
13	Original maturity date	N.A.	No maturity	No maturity	29th May, 2030
14	Issuer call subject to prior supervisory approval	No	Yes	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	First call date : 21st October, 2025 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	Any payment dates thereafter first call date	N.A.
<i>Coupons / dividends</i>					
17	Fixed or floating dividend/coupon	N.A.	Fixed	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 21st October, 2025 : 5.825% p.a. Thereafter and every 5 years thereafter reset at : 5-year U.S. Treasury + 5.527%	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)

		(3)	(4)	(5)	(6)
		Ordinary Shares	US\$650 million Additional Tier 1 issued in 2019	US\$650 million Additional Tier 1 issued in 2020	US\$600 million Tier 2 due 2030
19	Existence of a dividend stopper	No	Yes	Yes	No
20	Fully discretionary, partially discretionary or mandatory	N.A.	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-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	No	Yes	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.	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	Partial
33	If write-down, permanent or temporary	N.A.	Permanent	Permanent	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).	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, 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	No
37	If yes, specify non-compliant features	N.A.	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

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)	30/06/2021					Total claims
	Non-bank private sector					
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
<u>Counterparty country/ jurisdiction</u>						
Developed countries	39,883	100	7,771	28,165	-	75,919
Offshore centres	8,369	283	15,266	68,528	-	92,446
- of which: Hong Kong	4,516	280	12,156	60,256	-	77,208
Developing Asia and Pacific	32,189	3,126	9,914	131,531	-	176,760
- of which: China	11,965	3,123	8,852	121,110	-	145,050

(HK\$ million)	31/12/2020					Total claims
	Non-bank private sector					
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
<u>Counterparty country/ jurisdiction</u>						
Developed countries	39,595	113	8,964	25,323	-	73,995
Offshore centres	8,686	316	11,989	70,669	-	91,660
- of which: Hong Kong	4,559	312	8,828	62,008	-	75,707
Developing Asia and Pacific	50,339	3,581	9,565	118,420	-	181,905
- of which: China	20,362	3,578	8,306	108,551	-	140,797

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:

	30/06/2021		Total
	On-balance sheet exposure	Off-balance sheet exposure	
<u>Type of counterparties</u>	HK\$ Mn	HK\$ Mn	HK\$ Mn
1. Central government, central government owned entities and their subsidiaries and joint ventures	31,888	711	32,599
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	19,670	1,194	20,864
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	163,434	11,768	175,202
4. Other entities of central government not reported in item 1 above	7,926	365	8,291
5. Other entities of local governments not reported in item 2 above	4,696	4	4,700
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,412	944	7,356
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	33,427	2,416	35,843
Total	267,453	17,402	284,855
Total assets after provision	810,944		
On-balance sheet exposures as percentage of total assets	33.0%		

Mainland Activities (Continued)

	31/12/2020		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	29,219	966	30,185
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	13,458	2,028	15,486
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	137,407	10,679	148,086
4. Other entities of central government not reported in item 1 above	7,992	108	8,100
5. Other entities of local governments not reported in item 2 above	4,617	1	4,618
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,388	823	6,211
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	41,317	2,941	44,258
Total	<u>239,398</u>	<u>17,546</u>	<u>256,944</u>
Total assets after provision	<u>805,424</u>		
On-balance sheet exposures as percentage of total assets	<u>29.7%</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.

	30/06/2021			
	USD HK\$ Mn	RMB HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	230,960	237,913	90,883	559,756
Spot liabilities	(207,241)	(240,040)	(76,036)	(523,317)
Forward purchases	69,251	48,166	11,244	128,661
Forward sales	(87,085)	(47,172)	(25,429)	(159,686)
Net options position	(2,472)	785	(2)	(1,689)
Net long/(short) non-structural position	<u>3,413</u>	<u>(348)</u>	<u>660</u>	<u>3,725</u>

	31/12/2020			
	USD HK\$ Mn	RMB HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	239,817	224,882	83,489	548,188
Spot liabilities	(222,120)	(223,899)	(68,472)	(514,491)
Forward purchases	70,284	41,295	10,392	121,971
Forward sales	(82,468)	(44,263)	(24,678)	(151,409)
Net options position	(2,795)	2,397	13	(385)
Net long/(short) non-structural position	<u>2,718</u>	<u>412</u>	<u>744</u>	<u>3,874</u>

Currency Concentration (Continued)

	30/6/2021				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	<u>(12,906)</u>	<u>16,721</u>	<u>2,336</u>	<u>995</u>	<u>7,146</u>
	31/12/2020				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	<u>(12,883)</u>	<u>16,503</u>	<u>2,376</u>	<u>991</u>	<u>6,987</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>30/6/2021</u>	<u>31/12/2020</u>
	%	%
Countercyclical capital buffer ratio	0.384	0.388

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>
AI	Authorised Institution
BCR	Banking (Capital) Rules
BSC Approach	Basic Approach
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
DTA	Deferred Tax Asset
EAD	Exposure at Default
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
FBA	Fall-back Approach
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
LTA	Look-through Approach
MBA	Mandate-based Approach
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

Glossary (continued)

<u>Abbreviations</u>	<u>Descriptions</u>
RWA	Risk-Weighted Amount
SA-CCR	Standardised Approach for Counterparty Credit Risk
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-Back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
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