



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

Banking Disclosure Statement
For the period ended
30 June 2022

(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 2022	31 Mar 2022 (restated)	31 Dec 2021	30 Sep 2021	30 Jun 2021
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	81,321	85,773	86,487	85,872	83,395
2	Tier 1	91,411	99,741	100,455	99,840	97,363
3	Total capital	104,576	108,387	109,717	112,530	110,451
RWA (amount)						
4	Total RWA	517,057	519,831	507,309	502,753	492,165
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	15.73%	16.50%	17.05%	17.08%	16.94%
6	Tier 1 ratio (%)	17.68%	19.19%	19.80%	19.86%	19.78%
7	Total capital ratio (%)	20.23%	20.85%	21.63%	22.38%	22.44%
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 (%)	0.375%	0.375%	0.378%	0.377%	0.384%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	1.000%	1.000%	1.000%
11	Total AI-specific CET1 buffer requirements (%)	2.875%	2.875%	3.878%	3.877%	3.884%
12	CET1 available after meeting the AI's minimum capital requirements (%)	11.23%	12.00%	12.55%	12.58%	12.44%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	953,153	954,225	941,722	936,913	900,572
14	LR (%)	9.59%	10.45%	10.67%	10.66%	10.81%
Liquidity Coverage Ratio (LCR)						
15	Total high quality liquid assets (HQLA)	74,777	70,068	71,546	62,974	67,380
16	Total net cash outflows	40,285	38,168	39,506	34,890	38,227
17	LCR (%)	187.52%	184.24%	182.36%	180.93%	177.32%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	561,199	555,434	562,512	546,194	542,465
19	Total required stable funding	493,241	489,753	486,536	490,941	474,589
20	NSFR (%)	113.78%	113.41%	115.62%	111.25%	114.30%

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.

Certain figures related to regulatory capital ratios were restated for the position at 31 March 2022 as a result of a revision made to the Tier 2 capital and the deduction from the RWA.

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 2022 and 31st March 2022 respectively:

(HK\$ million)		(a)	(b)	(c)
		RWA		Minimum capital requirements
		June 2022	March 2022	June 2022
1	Credit risk for non-securitization exposures	419,156	419,328	35,389
2	Of which STC approach	32,282	29,622	2,582
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	360,948	364,774	30,608
4	Of which supervisory slotting criteria approach	25,926	24,932	2,199
5	Of which advanced IRB approach	0	0	0
6	Counterparty default risk and default fund contributions	4,884	4,284	409
7	Of which SA-CCR approach	4,570	3,943	384
7a	Of which CEM	0	0	0
8	Of which IMM(CCR) approach	0	0	0
8a	Of which counterparty default risk to CCPs in respect of derivative contracts	281	265	22
9	Of which others	33	76	3
10	CVA risk	1,225	1,013	98
11	Equity positions in banking book under the simple risk-weight method and internal models method	18,439	18,036	1,564
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	7,082	10,072	567
21	Of which STM approach	432	541	35
22	Of which IMM approach	6,650	9,531	532
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	29,950	30,344	2,396
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	13,886	14,323	1,178
26	Capital floor adjustment	0	0	0
26a	Deduction to RWA**	2,953	3,093	236
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	142	0
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	2,953	2,951	236
27	Total	491,669	494,307	41,365

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

** Comparative figure of Item 26b and the corresponding totals have been restated as a result of a revision made to the Tier 2 capital and the deduction from the RWA.

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 2022		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	41,791	(10) + (14)
2	Retained earnings	29,877	(11)
3	Disclosed reserves	20,613	(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	92,281	
CET1 capital: regulatory deductions			
7	Valuation adjustments	1	
8	Goodwill (net of associated deferred tax liabilities)	1,460	(4)
9	Other intangible assets (net of associated deferred tax liabilities)	11	(5)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,768	(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	23	(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 2022

		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)	5,369	(2) + (3)
26b	Regulatory reserve for general banking risks	2,328	(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	10,960	
29	CET1 capital	81,321	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	10,090	(18)
31	of which: classified as equity under applicable accounting standards	10,090	
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	10,090	
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 2022

		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	10,090	
45	Tier 1 capital (T1 = CET1 + AT1)	91,411	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	8,591	(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	2,158	(13) - (1)
51	Tier 2 capital before regulatory deductions	10,749	
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	(2,416)	
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	(2,416)	[(2) + (3)] X 45%

Template CC1: Composition of regulatory capital (continued)

At 30 June 2022

		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	(2,416)	
58	Tier 2 capital (T2)	13,165	
59	Total regulatory capital (TC = T1 + T2)	104,576	
60	Total RWA	517,057	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	15.73%	
62	Tier 1 capital ratio	17.68%	
63	Total capital ratio	20.23%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.875%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.375%	
67	of which: higher loss absorbency requirement	N/A	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	11.23%	
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	5,577	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	5,554	
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)	310	
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	412	

Template CC1: Composition of regulatory capital (continued)

At 30 June 2022

		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)	1,848	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	2,691	
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)	11	11
	<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)	1,768	111
	<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
	30/6/2022 HK\$ Mn	30/6/2022 HK\$ Mn	
Assets			
Cash and balances with banks	54,817	54,777	
Placements with and advances to banks	67,128	67,123	
Trade bills	3,071	3,071	
Trading assets	672	672	
Derivative assets	8,783	8,783	
Loans and advances to customers	546,421	546,168	
of which: collective impairment allowances reflected in regulatory capital		(1,466)	(1)
Excess of total EL amount over total eligible provisions under the IRB Approach		-	
Investment securities	150,471	150,325	
Investments in subsidiaries	-	2,953	
Investments in associates/joint ventures	8,669	4,665	
Fixed assets			
- Investment properties	4,994	4,908	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		3,457	(2)
- Other property and equipment	7,677	7,448	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		1,912	(3)
ROU assets	872	883	
Goodwill and intangible assets	1,878	1,472	
of which: goodwill		1,460	(4)
other intangible assets		11	(5)
Deferred tax assets	1,769	1,768	
of which: deferred tax assets		1,768	(6)
Other assets			
- Assets held for sale	2,264	31	
- Others	48,725	48,536	
Total Assets	908,211	903,583	
Liabilities			
Deposits and balances of banks	34,531	34,531	
Deposits from customers	644,564	644,564	
Trading liabilities	27	27	
Derivative liabilities	3,651	3,651	
Certificates of deposit issued			
- Designated at fair value through profit or loss	25,586	25,586	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		23	(7)
- At amortised cost	21,071	21,071	
Current taxation	1,144	1,131	
Debt securities issued			
- Designated at fair value through profit or loss	824	824	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		-	(8)
- At amortised cost	2,323	2,323	
Deferred tax liabilities	266	230	
Other liabilities			
- Liabilities held for sale	1,637	-	
- Others	54,004	55,016	
Loan capital - at amortised cost	12,258	12,258	
of which: portion eligible for Tier 2 capital instruments		8,591	(9)
Total Liabilities	801,886	801,212	
Equity			
Share capital	41,791	41,791	
of which: paid-in share capital		41,791	(10)
Reserves	54,177	50,490	
of which: retained earnings		29,877	(11)
of which: regulatory reserve earmarked		2,328	(12)
regulatory reserve for general banking risks		692	(13)
share premium		-	(14)
accumulated other comprehensive income		2,634	(15)
exchange revaluation reserve		(312)	(16)
other reserves		18,291	(17)
Additional equity instruments	10,090	10,090	(18)
Non-controlling interests	267	-	
of which: portion not eligible for inclusion in regulatory capital		-	
Total Equity	106,325	102,371	
Total Equity and Liabilities	908,211	903,583	

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 2022:

		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%	153,429		
2	Luxembourg	0.500%	136		
3	Norway	1.000%	10		
	Sum of above		153,575		
	Total (including those exposures in jurisdictions with zero JCCyB ratio)		409,285	0.375%	1,939

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 2022

	Item	Value under Leverage Ratio framework (HK\$ million)
1	Total consolidated assets as per published financial statements	908,211
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(17,779)
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	20,869
5	Adjustment for SFTs (i.e. repos and similar secured lending)	9,835
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	48,635
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(5,681)
7	Other adjustments	(10,937)
8	Leverage ratio exposure measure	953,153

Template LR2: Leverage ratio (“LR”)

		(HK\$ million)	
		At 30 Jun 2022	At 31 Mar 2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	890,420	890,985
2	Less: Asset amounts deducted in determining Tier 1 capital	(10,937)	(10,858)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	879,483	880,127
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)	8,984	4,744
5	Add-on amounts for PFE associated with all derivative contracts	12,764	12,234
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	(879)	(854)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	Total exposures arising from derivative contracts	20,869	16,124
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	9,733	16,215
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	102	302
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	9,835	16,517
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	307,594	285,969
18	Less: Adjustments for conversion to credit equivalent amounts	(258,959)	(239,194)
19	Off-balance sheet items	48,635	46,775
Capital and total exposures			
20	Tier 1 capital	91,411	99,741
20a	Total exposures before adjustments for specific and collective provisions	958,822	959,543
20b	Adjustments for specific and collective provisions	(5,669)	(5,318)
21	Total exposures after adjustments for specific and collective provisions	953,153	954,225
Leverage ratio			
22	Leverage ratio	9.59%	10.45%

Template LIQ1: Liquidity Coverage Ratio (“LCR”)

(HK\$ million)		Quarter ending on 30 June 2022		Quarter ending on 31 March 2022	
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		88,986		84,808
B. Cash Outflows					
2	Retail deposits and small business funding, of which:	290,157	22,453	285,369	22,421
3	<i>Stable retail deposits and stable small business funding</i>	49,771	1,533	51,103	1,572
4	<i>Less stable retail deposits and less stable small business funding</i>	177,995	17,800	182,706	18,271
4a	<i>Retail term deposits and small business term funding</i>	62,391	3,120	51,560	2,578
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the institution, of which:	155,383	89,667	165,224	94,201
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>	148,566	82,850	157,576	86,553
8	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	6,817	6,817	7,648	7,648
9	Secured funding transactions (including securities swap transactions)		588		25
10	Additional requirements, of which:	92,986	14,801	96,412	13,836
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	5,114	5,114	3,753	3,753
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>	87,872	9,687	92,659	10,083
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	11,409	11,409	8,152	8,152
15	Other contingent funding obligations (whether contractual or non-contractual)	138,453	2,052	138,427	2,034
16	Total Cash Outflows		140,970		140,669
C. Cash Inflows					
17	Secured lending transactions (including securities swap transactions)	4,432	4,431	2,949	2,948
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	153,356	93,178	155,781	97,908
19	Other cash inflows	3,965	3,815	4,355	4,080
20	Total Cash Inflows	161,753	101,424	163,085	104,936
D. Liquidity Coverage Ratio					
21	Total HQLA		Adjusted value 74,777		Adjusted value 70,068
22	Total Net Cash Outflows		40,285		38,168
23	LCR (%)		187.52%		184.24%

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 2022. The average LCR increased from 177% for the second quarter of 2021 to 188% for the second quarter of 2022 mainly resulted from comparably higher average holdings of high quality liquid assets. The average LCR was maintained at similar level of over 180% in the last four quarters.

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 2022				
		(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:	104,359	53	16	10,291	114,658
2	Regulatory capital	104,359	53	0	8,534	112,893
2a	Minority interests not covered by row 2	0	0	0	0	0
3	Other capital instruments	0	0	16	1,757	1,765
4	Retail deposits and small business funding:		314,189	0	0	286,870
5	Stable deposits		82,003	0	0	77,903
6	Less stable deposits		232,186	0	0	208,967
7	Wholesale funding:		318,600	44,777	9,691	142,445
8	Operational deposits		0	0	0	0
9	Other wholesale funding	0	318,600	44,777	9,691	142,445
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	45,497	28,488	13,665	10,394	17,226
12	Net derivative liabilities	76				
13	All other funding and liabilities not included in the above categories	45,421	28,488	13,665	10,394	17,226
14	Total ASF					561,199
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		151,397			32,195
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	7,754	247,318	78,147	342,730	405,073
18	Performing loans to financial institutions secured by Level 1 HQLA	0	1,793	0	0	179
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1	113,746	13,561	14,693	38,536
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:	7,486	122,828	58,284	177,575	247,976
21	With a risk-weight of less than or equal to 35% under the STC approach	0	341	0	0	171
22	Performing residential mortgages, of which:	0	4,698	3,312	119,921	88,574
23	With a risk-weight of less than or equal to 35% under the STC approach	0	3,680	2,617	86,860	59,607
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	267	4,253	2,990	30,541	29,808
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	36,473	32,822	6,704	1	51,317
27	Physical traded commodities, including gold	0				0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	2,281				1,972
29	Net derivative assets	0				0
30	Total derivative liabilities before adjustments for deduction of variation margin posted	3,651				183
31	All other assets not included in the above categories	30,541	32,822	6,704	1	49,162
32	Off-balance sheet items			293,126		4,656
33	Total RSF					493,241
34	Net Stable Funding Ratio (%)					113.78%

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

(HK\$ million)		Quarter ended 31 Mar 2022				
		(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:	112,629	149	0	6,526	119,155
2	<i>Regulatory capital</i>	112,629	64	0	4,676	117,305
2a	<i>Minority interests not covered by row 2</i>	0	0	0	0	0
3	<i>Other capital instruments</i>	0	85	0	1,850	1,850
4	Retail deposits and small business funding:		301,387	0	0	275,443
5	<i>Stable deposits</i>		83,895	0	0	79,700
6	<i>Less stable deposits</i>		217,492	0	0	195,743
7	Wholesale funding:		333,898	32,123	9,277	140,803
8	<i>Operational deposits</i>		0	0	0	0
9	<i>Other wholesale funding</i>	0	333,898	32,123	9,277	140,803
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	44,540	37,223	18,491	10,787	20,033
12	<i>Net derivative liabilities</i>	0				
13	<i>All other funding and liabilities not included in the above categories</i>	44,540	37,223	18,491	10,787	20,033
14	Total ASF					555,434
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		156,832			32,060
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	7,684	263,566	63,960	347,518	404,518
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	0	949	0	0	95
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	0	128,740	8,650	14,114	37,751
20	<i>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:</i>	7,346	122,800	50,255	177,926	244,129
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	0	349	0	0	174
22	<i>Performing residential mortgages, of which:</i>	0	6,420	3,520	121,678	90,430
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	0	3,583	2,793	89,874	61,606
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	338	4,657	1,535	33,800	32,113
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	34,875	32,088	3,976	1	48,541
27	<i>Physical traded commodities, including gold</i>	0				0
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	2,062				1,787
29	<i>Net derivative assets</i>	13				13
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	3,880				194
31	<i>All other assets not included in the above categories</i>	28,920	32,088	3,976	1	46,547
32	Off-balance sheet items		267,564			4,634
33	Total RSF					489,753
34	Net Stable Funding Ratio (%)					113.41%

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 2022:

		(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	8,702	666,362	4,953	473	445	4,035	670,111
2	Debt securities	132	148,887	476	0	5	471	148,543
3	Off-balance sheet exposures	646	306,948	315	0	79	236	307,279
4	Total	9,480	1,122,197	5,744	473	529	4,742	1,125,933

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 2021 to 30th June 2022:

(HK\$ million)		(a)
		Amount
1	Defaulted loans and debt securities at end of the previous reporting period (31st December 2021)	5,975
2	Loans and debt securities that have defaulted since the last reporting period	4,722
3	Returned to non-defaulted status	(143)
4	Amounts written off	(1,208)
5	Other changes*	(512)
6	Defaulted loans and debt securities at end of the current reporting period (30th June 2022)	8,834

* 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 2022:

		(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	406,371	263,740	178,872	84,868	0
2	Debt securities	145,315	3,228	0	3,228	0
3	Total	551,686	266,968	178,872	88,096	0
4	Of which defaulted	3,931	1,427	1,427	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 2022:

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	66,057	0	66,114	0	588	0.89%
2 PSE exposures	521	111	680	193	141	16.12%
2a Of which: domestic PSEs	60	108	219	192	83	20.13%
2b Of which: foreign PSEs	461	3	461	1	58	12.57%
3 Multilateral development bank exposures	2,342	0	2,342	0	0	0.00%
4 Bank exposures	140	0	140	0	28	20.00%
5 Securities firm exposures	2,986	2,053	1,507	12	760	50.00%
6 Corporate exposures	7,531	3,203	5,183	715	5,734	97.22%
7 CIS exposures	0	0	0	0	0	-
8 Cash items	0	0	0	0	0	-
9 Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	-
10 Regulatory retail exposures	24,234	83,597	23,374	5	17,534	75.00%
11 Residential mortgage loans	5,674	686	5,437	118	2,179	39.24%
12 Other exposures which are not past due exposures	14,203	1,513	5,229	12	5,241	100.00%
13 Past due exposures	70	38	70	0	77	111.23%
14 Significant exposures to commercial entities	0	0	0	0	0	-
15 Total	123,758	91,201	110,076	1,055	32,282	29.05%

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 2022:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Exposure Class	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
	1	Sovereign exposures	63,174	0	2,940	0	0	0	0	0	0	0	66,114
2	PSE exposures	172	0	699	0	2	0	0	0	0	0	873
2a	Of which: domestic PSEs	0	0	409	0	2	0	0	0	0	0	411
2b	Of which: foreign PSEs	172	0	290	0	0	0	0	0	0	0	462
3	Multilateral development bank exposures	2,342	0	0	0	0	0	0	0	0	0	2,342
4	Bank exposures	0	0	140	0	0	0	0	0	0	0	140
5	Securities firm exposures	0	0	0	0	1,519	0	0	0	0	0	1,519
6	Corporate exposures	0	0	25	0	288	0	5,585	0	0	0	5,898
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Cash items	0	0	0	0	0	0	0	0	0	0	0
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0	0	0	0	0	0
10	Regulatory retail exposures	0	0	0	0	0	23,379	0	0	0	0	23,379
11	Residential mortgage loans	0	0	0	5,113	0	207	235	0	0	0	5,555
12	Other exposures which are not past due exposures	0	0	0	0	0	0	5,241	0	0	0	5,241
13	Past due exposures	3	0	0	0	0	0	46	21	0	0	70
14	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
15	Total	65,691	0	3,804	5,113	1,809	23,586	11,107	21	0	0	111,131

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 2022:

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	68,668	591	20.61%	68,790	0.07%	186	46.02%	2.5	21,605	31.41%	21	
	0.15 to <0.25	21,472	907	15.48%	21,627	0.20%	81	45.00%	2.5	12,663	58.55%	20	
	0.25 to <0.50	14,760	309	20.00%	14,822	0.34%	44	45.78%	2.5	11,070	74.69%	23	
	0.50 to <0.75	4,352	135	20.40%	4,380	0.53%	16	47.00%	2.5	3,615	82.55%	11	
	0.75 to <2.50	4,157	393	74.63%	4,436	0.92%	26	45.00%	2.5	4,917	110.84%	18	
	2.50 to <10.00	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	10.00 to <100.00	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	100.00 (Default)	0	0	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
Sub-total	113,409	2,335	27.61%	114,055	0.18%	353	45.79%	2.5	53,870	47.23%	93	26	
Corporate – small-and-medium sized corporates	0.00 to <0.15	7,554	1,834	53.83%	11,635	0.07%	43	41.89%	2.5	2,174	18.69%	4	
	0.15 to <0.25	6,166	2,417	53.62%	10,456	0.23%	120	42.76%	2.5	3,765	36.01%	10	
	0.25 to <0.50	8,085	806	26.24%	9,640	0.33%	83	39.93%	2.5	4,075	42.27%	13	
	0.50 to <0.75	5,625	937	25.70%	4,825	0.52%	90	28.29%	2.5	1,709	35.42%	7	
	0.75 to <2.50	11,682	4,551	6.03%	9,761	1.36%	408	41.10%	2.5	7,090	72.64%	55	
	2.50 to <10.00	11,179	4,182	2.24%	7,766	5.14%	696	37.97%	2.5	7,675	98.83%	152	
	10.00 to <100.00	946	32	0.00%	845	25.53%	27	40.91%	2.5	1,436	169.91%	88	
	100.00 (Default)	96	0		96	100.00%	279	44.49%		113	117.73%	39	
Sub-total	51,333	14,759	21.03%	55,024	1.70%	1,746	39.82%	2.5	28,037	50.95%	368	411	

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	130,456	33,603	23.54%	155,768	0.08%	542	43.71%	2.5	40,035	25.70%	53	
	0.15 to <0.25	102,529	33,716	19.87%	114,875	0.20%	553	43.01%	2.5	50,955	44.36%	100	
	0.25 to <0.50	45,392	24,719	8.52%	47,938	0.33%	269	42.86%	2.5	28,123	58.67%	68	
	0.50 to <0.75	24,558	13,727	8.66%	25,500	0.52%	156	38.83%	2.5	17,052	66.87%	52	
	0.75 to <2.50	54,032	36,093	6.77%	38,628	1.24%	443	37.99%	2.5	34,823	90.15%	176	
	2.50 to <10.00	28,658	15,274	3.05%	24,436	4.93%	257	25.55%	2.5	21,905	89.65%	293	
	10.00 to <100.00	11,134	140	99.97%	10,155	14.57%	40	38.10%	2.5	17,632	173.62%	592	
	100.00 (Default)	7,845	609	99.99%	8,454	100.00%	92	41.96%		11,989	141.82%	3,038	
Sub-total	404,604	157,881	13.66%	425,754	2.88%	2,352	41.40%	2.5	222,514	52.26%	4,372	5,653	
Total (sum of all portfolios)	569,346	174,975	14.47%	594,833	2.25%	4,451	42.10%	2.5	304,422	51.18%	4,833	6,090	

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	49	12,432	59.42%	7,436	0.14%	476,740	91.87%		544	7.31%	10	
	0.15 to <0.25	30	297	60.14%	209	0.24%	9,098	91.85%		24	11.56%	0	
	0.25 to <0.50	2,767	16,388	61.35%	12,820	0.35%	326,090	91.87%		1,989	15.51%	41	
	0.50 to <0.75	132	1,869	77.18%	1,574	0.60%	79,094	90.74%		370	23.50%	9	
	0.75 to <2.50	419	1,804	69.11%	1,665	1.40%	83,937	90.28%		730	43.87%	21	
	2.50 to <10.00	740	1,157	73.55%	1,591	5.14%	30,755	91.19%		1,759	110.51%	75	
	10.00 to <100.00	3	3	77.66%	6	29.24%	105	91.40%		15	250.36%	2	
	100.00 (Default)	42	0		42	100.00%	37,961	91.50%		224	538.78%	20	
Sub-total	4,182	33,950	62.33%	25,343	0.85%	1,043,780	91.65%		5,655	22.31%	178	84	
Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to <0.15	19,273	1,141	100.00%	20,414	0.11%	4,103	38.80%		5,021	24.60%	9	
	0.15 to <0.25	31,207	612	100.00%	31,819	0.23%	15,671	22.46%		6,150	19.33%	17	
	0.25 to <0.50	63,629	46	100.00%	63,675	0.34%	21,711	14.70%		14,034	22.04%	32	
	0.50 to <0.75	1,618	9	100.00%	1,627	0.64%	984	30.07%		455	27.94%	3	
	0.75 to <2.50	1,577	4	100.00%	1,581	1.05%	1,604	11.04%		360	22.77%	2	
	2.50 to <10.00	500	0	100.00%	500	7.02%	547	29.97%		583	116.64%	11	
	10.00 to <100.00	529	0		529	17.29%	331	20.48%		580	109.69%	21	
	100.00 (Default)	279	0		279	100.00%	223	22.61%		649	232.12%	14	
Sub-total	118,612	1,812	100.00%	120,424	0.62%	45,174	21.10%		27,832	23.11%	109	875	

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	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
	0.15 to <0.25	29	0		29	0.25%	13	30.07%		4	14.01%	0	
	0.25 to <0.50	59	0	100.00%	59	0.34%	29	12.42%		4	7.13%	0	
	0.50 to <0.75	9	10	100.00%	19	0.54%	32	82.41%		12	61.91%	0	
	0.75 to <2.50	520	29	100.00%	549	1.41%	323	20.77%		128	23.37%	2	
	2.50 to <10.00	6	1	100.00%	7	3.73%	16	53.88%		5	75.55%	0	
	10.00 to <100.00	1	0		1	56.00%	3	31.89%		1	78.54%	0	
	100.00 (Default)	0	0		0	100.00%	1	17.03%		0	212.88%	0	
Sub-total	624	40	100.00%	664	1.32%	417	22.56%			154	23.22%	2	4
Other retail exposures to individuals	0.00 to <0.15	9	25	59.37%	23	0.10%	42	83.22%		5	20.68%	0	
	0.15 to <0.25	120	2	100.00%	122	0.24%	355	38.41%		20	16.88%	0	
	0.25 to <0.50	86	180	66.89%	207	0.35%	272	91.72%		111	53.80%	1	
	0.50 to <0.75	1,701	107	95.55%	1,803	0.52%	500	70.08%		932	51.68%	7	
	0.75 to <2.50	3,729	53	81.70%	3,773	1.67%	10,336	45.99%		2,116	56.10%	30	
	2.50 to <10.00	762	48	85.13%	803	5.00%	3,565	53.64%		641	79.76%	23	
	10.00 to <100.00	125	0	59.37%	125	28.51%	868	61.87%		188	149.74%	23	
	100.00 (Default)	210	0		210	100.00%	466	39.92%		537	255.18%	128	
Sub-total	6,742	415	77.97%	7,066	5.09%	16,404	54.44%			4,550	64.39%	212	170
Total (sum of all portfolios)	130,160	36,217	64.44%	153,497	0.87%	1,105,775	34.29%			38,191	24.88%	501	1,133

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 2022:

(HK\$ million)		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialised lending under supervisory slotting criteria approach (project finance)	121	121
2	Corporate – Specialised lending under supervisory slotting criteria approach (object finance)	930	930
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)	24,875	24,875
5	Corporate – Specialised lending (high-volatility commercial real estate)	0	0
6	Corporate – Small-and-medium sized corporates	28,037	28,037
7	Corporate – Other corporates	222,514	222,514
8	Sovereigns	0	0
9	Sovereign foreign public sector entities	0	0
10	Multilateral development banks	0	0
11	Bank exposures – Banks	53,870	53,870
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	154	154
15	Retail – Residential mortgages to individuals	26,559	26,559
16	Retail – Residential mortgages to property-holding shell companies	1,273	1,273
17	Retail – Qualifying revolving retail exposures (QRRE)	5,655	5,655
18	Retail – Other retail exposures to individuals	4,550	4,550
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	18,439	18,439
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	13,886	13,886
26	Other – Cash items	341	341
27	Other – Other items	17,995	17,995
28	Total	419,199	419,199

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 2022 to 30th June 2022:

(HK\$ million)		(a)
		Amount
1	RWA as at end of previous reporting period	422,065
2	Asset size	9,004
3	Asset quality	-6,521
4	Model updates	0
5	Methodology and policy	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	-5,267
8	Other	-82
9	RWA as at end of reporting period	419,199

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 2022:

		(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 2022:

Supervisory Rating Grade	Remaining Maturity	(a)	(b)	(c)	EAD amount (HK\$ Mn)					(e)	(f)
		On-balance sheet exposure amount (HK\$ Mn)	Off-balance sheet exposure amount (HK\$ Mn)	SRW	PF	OF	CF	IPRE	Total	RWA (HK\$ Mn)	Expected loss amount (HK\$ Mn)
Strong ^	Less than 2.5 years	19,943	2,206	50%	0	106	0	21,605	21,711	10,856	0
Strong	Equal to or more than 2.5 years	12,086	2,864	70%	173	204	0	13,557	13,934	9,754	56
Good ^	Less than 2.5 years	495	29	70%	0	0	0	517	517	362	2
Good	Equal to or more than 2.5 years	671	0	90%	0	266	0	405	671	604	5
Satisfactory		0	0	115%	0	0	0	0	0	0	0
Weak		1,638	102	250%	0	198	0	1,542	1,740	4,350	139
Default		195	0	0%	0	0	0	232	232	0	116
Total		35,028	5,201		173	774	0	37,858	38,805	25,926	318

^ 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 2022:

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	567	0	300%	567	1,701
All other equity exposures	4,184	0	400%	4,184	16,738
Total	4,751	0		4,751	18,439

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 2022:

		(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)	1,477	3,989		1.4	7,652	4,570
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)					8,973	28
5	VaR (for SFTs)					0	0
6	Total						4,598

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 2022:

(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	7,652	1,225
4	Total	7,652	1,225

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 2022, 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	3	0	100	0	0	0	0	0	103
5	Securities firm exposures	0	0	0	0	65	0	0	0	0	0	65
6	Corporate exposures	0	0	0	0	0	0	226	0	0	0	226
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Regulatory retail exposures	0	0	0	0	0	125	0	0	0	0	125
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	258	0	0	0	258
11	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
12	Total	0	0	3	0	165	125	484	0	0	0	777

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 2022:

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	5,769	0.07%	49	22.05%	1.4	888	15.38%
	0.15 to <0.25	1,616	0.18%	28	44.17%	2.4	859	53.16%
	0.25 to <0.50	1,599	0.34%	16	17.75%	1.2	467	29.23%
	0.50 to <0.75	157	0.53%	7	45.00%	2.3	120	76.12%
	0.75 to <2.50	5,277	0.85%	8	3.17%	0.6	415	7.87%
	2.50 to <10.00	462	4.41%	3	45.00%	2.4	779	168.60%
	10.00 to <100.00	0	.	.	.	.	0	.
	100.00 (Default)	0	.	.	.	.	0	.
	Sub-total	14,880	0.52%	111	18.25%	1.3	3,528	23.71%
Corporate	0.00 to <0.15	537	0.07%	27	45.00%	2.5	142	26.51%
	0.15 to <0.25	300	0.20%	27	45.00%	2.5	141	47.12%
	0.25 to <0.50	39	0.33%	22	45.00%	2.5	25	63.04%
	0.50 to <0.75	2	0.52%	12	45.00%	2.5	1	58.66%
	0.75 to <2.50	62	0.92%	61	45.00%	2.5	59	96.04%
	2.50 to <10.00	27	4.17%	70	45.00%	2.5	40	145.59%
	10.00 to <100.00	0	.	2	.	.	0	.
	100.00 (Default)	0	.	.	.	.	0	.
	Sub-total	967	0.29%	221	45.00%	2.5	408	42.19%
Total (sum of all portfolios)		15,847	0.51%	332	19.88%	1.4	3,936	24.84%

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 2022 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	4,999	0	170	0	38
Cash – other currencies	0	78,307	0	1,980	7,515	0
Debt securities	0	2	0	0	1,790	9,170
Equity securities	0	136	0	0	30	0
Other collateral	0	0	0	0	0	0
Total	0	83,444	0	2,150	9,335	9,208

Template CCR6: Credit-related derivatives contracts

The following table presents the amount of credit-related derivative contracts as at 30th June 2022, 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 2022, 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)		286
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	14,025	281
3	(i) OTC derivative transactions	9,490	190
4	(ii) Exchange-traded derivative contracts	4,535	91
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	76	5
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 2022:

(HK\$ million)	RWA
Outright product exposures	
Interest rate exposures (general and specific risk)	10
Equity exposures (general and specific risk)	422
Option exposures	-
Securitization exposures	-
Total	432

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 2022 to 30th June 2022:

(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	3,402	6,129	0	0	0	9,531
1a	Regulatory adjustment	2,642	4,276	0	0	0	6,918
1b	RWA as at day-end of previous reporting period	760	1,853	0	0	0	2,613
2	Movement in risk levels	-252	-653	0	0	0	-905
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	-6	11	0	0	0	5
7	Other	5	8	0	0	0	13
7a	RWA as at day-end of reporting period	507	1,219	0	0	0	1,726
7b	Regulatory adjustment	1,419	3,505	0	0	0	4,924
8	RWA as at end of reporting period	1,926	4,724	0	0	0	6,650

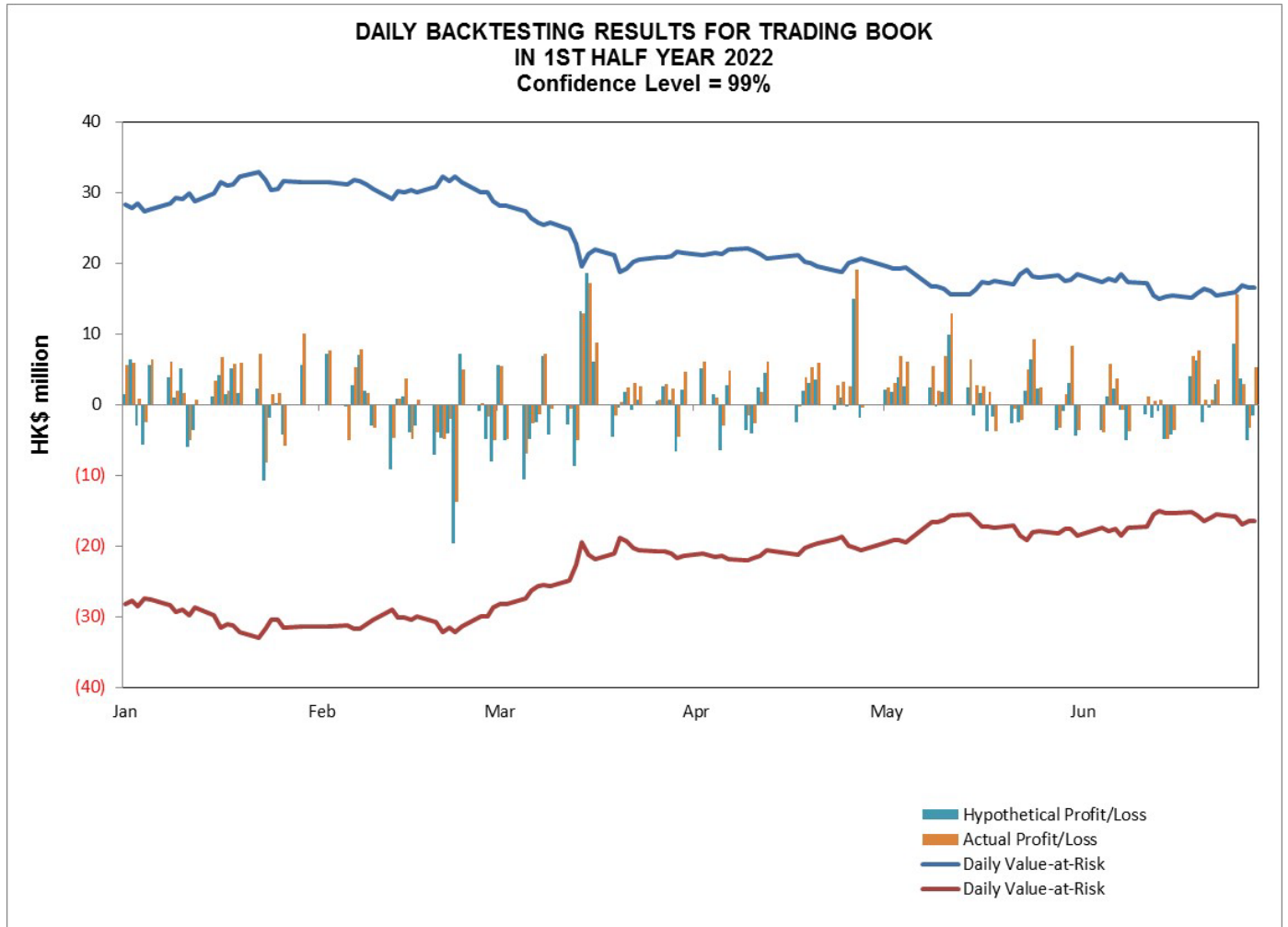
Template MR3: IMM approach values for market risk exposures

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 2022:

(HK\$ million)		(a)
		Value
VaR (10 days – one-tailed 99% confidence interval)		
1	Maximum Value	114
2	Average Value	71
3	Minimum Value	41
4	Period End	41
Stressed VaR (10 days – one-tailed 99% confidence interval)		
5	Maximum Value	183
6	Average Value	145
7	Minimum Value	97
8	Period End	98
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 2022	31 Mar 2022 (restated)	31 Dec 2021	30 Sep 2021	30 Jun 2021
Of the resolution entity at LAC consolidation group level						
1	External loss-absorbing capacity available	104,576	104,508	105,838	104,757	102,691
2	Risk-weighted amount under the LAC Rules	517,057	519,831	507,309	502,753	492,165
3	External LAC risk-weighted ratio	20.23%	20.10%	20.86%	20.84%	20.87%
4	Exposure measure under the LAC Rules	953,153	954,225	941,722	936,913	900,572
5	External LAC leverage ratio	10.97%	10.95%	11.24%	11.18%	11.40%
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.

Certain figures were restated for the position at 31 March 2022 as a result of a revision made to the Tier 2 capital and the deduction from the RWA.

A non-capital loss-absorbing capacity debt instrument with face value of USD250 million was traded on 28th June, 2022 and issued on 7th July, 2022. This is not included in this interim disclosure template but has been included in the financial statement as at 30th June, 2022.

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

		(a)
At 30 June 2022		Amount (HK\$ Million)
	Regulatory capital elements of external loss-absorbing capacity and adjustments	
1	Common Equity Tier 1 ("CET1") capital	81,321
2	Additional Tier 1 ("AT1") capital before LAC adjustments	10,090
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	-
5	AT1 capital eligible under the LAC Rules	10,090
6	Tier 2 ("T2") capital before LAC adjustments	13,165
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	-
10	T2 capital eligible under the LAC Rules	13,165
11	External loss-absorbing capacity arising from regulatory capital	104,576
	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	104,576
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	104,576
	Risk-weighted amount and exposure measure under the LAC Rules for external loss-absorbing capacity purposes	
23	Risk-weighted amount under the LAC Rules	517,057
24	Exposure measure under the LAC Rules	953,153
	External LAC ratios and buffers	
25	External LAC risk-weighted ratio	20.23%

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

At 30 June 2022		(a)
		Amount (HK\$ Million)
26	External LAC leverage ratio	10.97%
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	11.23%
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)	2.875%
29	Of which: capital conservation buffer requirement	2.500%
30	Of which: institution-specific countercyclical capital buffer requirement	0.375%
31	Of which: higher loss absorbency requirement	N/A

A non-capital loss-absorbing capacity debt instrument with face value of USD250 million was traded on 28th June, 2022 and issued on 7th July, 2022. This is not included in this interim disclosure template but has been included in the financial statement as at 30th June, 2022.

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	41,791	10,090	8,591	60,472
3	Subset of row 2 that are excluded liabilities	-	-	-	-
4	Total capital and liabilities less excluded liabilities	41,791	10,090	8,591	60,472
5	Subset of row 4 that are eligible as external loss-absorbing capacity	41,791	10,090	8,591	60,472
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	-	-	8,591	8,591
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-
10	Subset of row 5 that is perpetual securities	41,791	10,090	-	51,881

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

Section (i) Both regulatory capital and LAC requirements

		(1)	(2)	(3)	(4)	(5)
		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	US\$500 million Tier 2 due 2032
1	Issuer	BEA	BEA	BEA	BEA	BEA
2	Unique identifier - ISIN	HK0023000190	XS2049804896	XS2222027364	XS2168040744	XS2423359459
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)	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.	N.A.
<i>Regulatory treatment</i>						
4	Transitional Basel III rules#	N.A.	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	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	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	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	Tier 2 notes
8	Amount recognised in regulatory capital (at 30/06/2022)	HK\$41,791 Mn	HK\$5,069 Mn	HK\$5,021 Mn	HK\$4,687 Mn	HK\$3,904 Mn
8a	Amount recognised in loss-absorbing capacity (at 30/06/2022)	HK\$41,791 Mn	HK\$5,069 Mn	HK\$5,021 Mn	HK\$4,687 Mn	HK\$3,904 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%	Issue price : US\$500 million: 99.846%
10	Accounting classification	Equity	Equity	Equity	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	Since incorporation	19th September, 2019	21st October, 2020	29th May, 2020	22nd April, 2022
12	Perpetual or dated	N.A.	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	N.A.	No maturity	No maturity	29th May, 2030	22nd April, 2032
14	Issuer call subject to prior supervisory approval	No	Yes	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	One-off call date: 22nd April, 2027 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.	N.A.
<i>Coupons / dividends</i>						
17	Fixed or floating dividend/coupon	N.A.	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	N.A.	Up to 19th 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%	Up to 22nd April, 2027: 4.875% p.a. Thereafter reset at 5-year U.S. Treasury + 2.30%

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

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

		(1)	(2)	(3)	(4)	(5)
		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	US\$500 million Tier 2 due 2032
19	Existence of a dividend stopper	No	Yes	Yes	No	No
20	Fully discretionary, partially discretionary or mandatory	N.A.	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N.A.	N.A.	N.A.	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.	N.A.	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.	N.A.	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.	N.A.	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	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.	N.A.
30	Write-down feature	No	Yes	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.	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	Partial
33	If write-down, permanent or temporary	N.A.	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.	N.A.	N.A.	N.A.
34a	Type of subordination	Contractual	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 notes / indebtedness and subordinated Tier 2 notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness, non-preferred loss absorbing notes / indebtedness and subordinated Tier 2 notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness and non-preferred loss absorbing notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness and non-preferred loss absorbing notes / indebtedness
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	N.A.	N.A.	N.A.	N.A.	N.A.

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

A non-capital loss-absorbing capacity ("NCLAC") debt instrument with face value of USD250 million was traded on 28th June, 2022 and issued on 7th July, 2022. This is not included in this interim disclosure template but has been included in the financial statement as at 30th June, 2022. The Table CCA(A) was subsequently updated for including this NCLAC instrument and posted to the Regulatory Disclosure section of the BEA's website in July 2022.

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)	30/06/2022					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	39,427	93	6,836	29,631	-	75,987
Offshore centres	10,647	319	16,051	68,773	-	95,790
- of which: Hong Kong	8,419	317	13,059	60,324	-	82,119
Developing Asia and Pacific	37,827	3,601	7,142	120,920	-	169,490
- of which: Mainland China	22,546	3,341	6,331	115,723	-	147,941

(HK\$ million)	31/12/2021					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	48,378	100	7,032	27,183	-	82,693
Offshore centres	8,263	271	15,712	62,491	-	86,737
- of which: Hong Kong	4,639	269	12,291	55,182	-	72,381
Developing Asia and Pacific	37,812	3,760	7,884	122,095	-	171,551
- of which: Mainland China	21,493	3,758	7,019	117,448	-	149,718

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

Mainland Activities

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

<u>Type of counterparties</u>	30/06/2022		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn
1. Central government, central government owned entities and their subsidiaries and joint ventures	33,959	793	34,752
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	21,937	1,396	23,333
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	175,514	12,927	188,441
4. Other entities of central government not reported in item 1 above	7,483	403	7,886
5. Other entities of local governments not reported in item 2 above	6,370	629	6,999
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	7,226	939	8,165
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	36,611	1,987	38,598
Total	289,100	19,074	308,174
Total assets after provision	844,904		
On-balance sheet exposures as percentage of total assets	34.2%		

Mainland Activities (Continued)

	31/12/2021		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	33,504	978	34,482
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	20,204	1,714	21,918
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	173,537	13,282	186,819
4. Other entities of central government not reported in item 1 above	9,776	41	9,817
5. Other entities of local governments not reported in item 2 above	6,597	28	6,625
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,399	623	7,022
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	34,957	1,998	36,955
Total	284,974	18,664	303,638
Total assets after provision	846,389		
On-balance sheet exposures as percentage of total assets	33.7%		

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.

	30/06/2022				
	USD HK\$ Mn	RMB HK\$ Mn	MOP HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	245,542	239,699	1,215	87,468	573,924
Spot liabilities	(226,282)	(243,305)	(925)	(77,110)	(547,622)
Forward purchases	60,469	40,424	-	14,806	115,699
Forward sales	(77,707)	(36,537)	-	(25,209)	(139,453)
Net options position	(207)	(3)	-	(16)	(226)
Net long/(short) non- structural position	<u>1,815</u>	<u>278</u>	<u>290</u>	<u>(61)</u>	<u>2,322</u>

	31/12/2021				
	USD HK\$ Mn	RMB HK\$ Mn	MOP HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	250,133	244,343	1,289	87,229	582,994
Spot liabilities	(227,188)	(245,657)	(994)	(73,701)	(547,540)
Forward purchases	55,460	34,083	-	11,518	101,061
Forward sales	(75,554)	(33,215)	-	(24,718)	(133,487)
Net options position	84	(19)	-	14	79
Net long/(short) non- structural position	<u>2,935</u>	<u>(465)</u>	<u>295</u>	<u>342</u>	<u>3,107</u>

Currency Concentration (continued)

	30/06/2022				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	(9,144)	16,306	2,223	958	10,343

	31/12/2021				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	(12,983)	17,014	2,335	985	7,351

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>30/6/2022</u>	<u>31/12/2021</u>
	%	%
Countercyclical capital buffer ratio	0.375	0.378

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”) up to 31st December 2021. Under section 3V of the Capital Rules, the higher loss absorbency ratio applicable to the Bank is 1% for 2019 to 2021.

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 Approach	Internal Models Approach
IMM (CCR) Approach	Internal Models (Counterparty Credit Risk) 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
OTC	Over-the-counter
PD	Probability Of Default
PF	Project Finance
PFE	Potential Future Exposure
PSE	Public Sector Entity
QRRE	Qualifying Revolving Retail Exposures

Glossary (continued)

<u>Abbreviations</u>	<u>Descriptions</u>
RW	Risk Weight
RWA	Risk-Weighted Amount
SA-CCR Approach	Standardized (Counterparty Credit Risk) Approach
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