

Regulatory Disclosures

30 June 2021



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KM1: Key prudential ratios

		At 30 June 2021	At 31 March 2021	At 31 December 2020	At 30 September 2020	At 30 June 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	45,718,021	44,952,826	44,036,800	43,142,456	42,131,955
2	Tier 1	55,032,911	54,267,716	53,351,690	52,457,346	51,446,845
3	Total capital	67,840,101	66,868,827	65,817,172	64,833,017	63,696,709
	RWA (amount)					
4	Total RWA	363,861,555	354,130,047	341,754,242	330,482,971	318,440,326
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	12.56%	12.69%	12.89%	13.05%	13.23%
6	Tier 1 ratio (%)	15.12%	15.32%	15.61%	15.87%	16.16%
7	Total capital ratio (%)	18.64%	18.88%	19.26%	19.62%	20.00%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.60%	0.59%	0.61%	0.62%	0.63%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.10%	3.09%	3.11%	3.12%	3.13%
12	CET1 available after meeting the AI's minimum capital requirements (%)	8.06%	8.19%	8.39%	8.55%	8.73%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	561,949,256	549,373,836	533,313,515	507,920,400	498,847,697
14	LR (%)	9.79%	9.88%	10.00%	10.33%	10.31%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	63,608,577	71,250,987	70,322,081	67,437,447	65,988,015
16	Total net cash outflows	42,073,053	43,901,089	47,143,977	41,650,976	44,120,681
17	LCR (%)	151.97%	164.15%	149.77%	162.49%	150.00%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	334,563,003	326,173,550	315,982,721	306,570,174	303,380,824
19	Total required stable funding	286,151,482	278,338,523	267,972,856	261,322,481	252,823,944
20	NSFR (%)	116.92%	117.19%	117.92%	117.31%	120.00%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

OV1: Overview of RWA

		RWA		Minimum capital requirements
		At 30 June 2021	At 31 March 2021	At 30 June 2021
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	341,265,447	336,951,576	27,301,236
2	Of which STC approach	341,265,447	336,951,576	27,301,236
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	1,414,223	758,748	113,138
7	Of which SA-CCR approach	1,265,031	N/A	101,203
7a	Of which CEM	-	583,382	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	149,192	175,366	11,935
10	CVA risk	591,275	263,963	47,302
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
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	-	-	-
16	Securitization exposures in banking book	84,153	144,768	6,732
17	Of which SEC - IRBA	-	-	-
18	Of which SEC - ERBA (including IAA)	-	-	-
19	Of which SEC - SA	84,153	144,768	6,732
19a	Of which SEC - FBA	-	-	-
20	Market risk	5,074,825	3,948,275	405,986
21	Of which STM approach	5,074,825	3,948,275	405,986
22	Of which IMM approach	-	-	-
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	15,754,925	15,776,000	1,260,394
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	3,620,543	15,250	289,643
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	3,943,836	3,728,533	315,507
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	186,990	-	14,959
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	3,756,846	3,728,533	300,548
27	Total	363,861,555	354,130,047	29,108,924

N/A: Not applicable until the respective policy frameworks take effect

CC1: Composition of regulatory capital

		At 30 June 2021	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	3,144,517	(5)
2	Retained earnings	42,201,188	(6)
3	Disclosed reserves	10,334,563	(8)+(9)+ (10)+(11)
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 deductions	55,680,268	
CET1 capital: regulatory deductions			
7	Valuation adjustments	113	Not applicable
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	459,134	(2)
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 securitisation transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	332	(1)+(3)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
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	9,502,668	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	6,830,628	(7)+(8)
26b	Regulatory reserve for general banking risks	2,672,040	(10)
26c	Securitisation 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	9,962,247	

CC1: Composition of regulatory capital (continued)

		At 30 June 2021	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
29	CET1 capital	45,718,021	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	9,314,890	
31	of which: classified as equity under applicable accounting standards	9,314,890	(12)
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	9,314,890	
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)	-	
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	9,314,890	
45	Tier 1 capital (T1 = CET1 + AT1)	55,032,911	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	5,403,602	(4)
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	4,329,805	Not applicable
51	Tier 2 capital before regulatory deductions	9,733,407	
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	(3,073,783)	
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	(3,073,783)	(7)+(8) *45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	

CC1: Composition of regulatory capital (continued)

		At 30 June 2021	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
57	Total regulatory adjustments to Tier 2 capital	(3,073,783)	
58	Tier 2 capital (T2)	12,807,190	
59	Total regulatory capital (TC = T1 + T2)	67,840,101	
60	Total RWA	363,861,555	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	12.56%	
62	Tier 1 capital ratio	15.12%	
63	Total capital ratio	18.64%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.10%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.60%	
67	of which: higher loss absorbency requirement	-	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	8.06%	
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	536,422	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	1,448,217	
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)	4,516,795	
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	4,329,805	
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)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 capital instruments subject to phase-out arrangements	Not applicable	Not applicable
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable	Not applicable
82	Current cap on AT1 capital instruments subject to phase-out arrangements	-	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on Tier 2 capital instruments subject to phase-out arrangements	-	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	-	

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:

Row No.	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
9	Other intangible assets (net of associated deferred tax liability) <u>Explanation</u> 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.	-	-
10	Deferred tax assets (net of associated deferred tax liabilities) <u>Explanation</u> 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 realised 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.	459,134	-
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) <u>Explanation</u> 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.	-	-

CC1: Composition of regulatory capital (continued)

Row No.	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
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 non-capital 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

CC2: Reconciliation of regulatory capital to balance sheet

	At 30 June 2021		Reference
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
	HK\$'000	HK\$'000	
ASSETS			
Cash and balances with banks and other financial institutions	50,654,536	50,654,536	
Placements with banks and other financial institutions maturing between one and twelve months	6,662,878	6,662,878	
Financial assets at fair value through profit or loss	25,295,949	25,295,949	
Derivative financial instruments	855,783	855,783	
- of which: debit valuation adjustments in respect of derivative contracts		58	(1)
Advances and other accounts	293,088,526	293,088,526	
Financial investments	134,972,231	134,972,231	
Interests in subsidiaries	-	6,100	
Investment properties	327,610	327,610	
Properties, plant and equipment	8,587,090	8,587,090	
Deferred tax assets	459,134	459,134	(2)
Other assets	2,298,794	2,298,217	
Total assets	523,202,531	523,208,054	
LIABILITIES			
Deposits and balances from banks and other financial institutions	30,960,677	30,960,677	
Financial liabilities at fair value through profit or loss	5,500,850	5,500,850	
Derivative financial instruments	942,791	942,791	
- of which: debit valuation adjustments in respect of derivative contracts		274	(3)
Deposits from customers	365,468,679	365,491,232	
Debt securities and certificates of deposit in issue	27,717,735	27,717,735	
Other accounts and provisions	20,841,034	20,840,652	
Current tax liabilities	462,883	462,794	
Deferred tax liabilities	877,399	869,040	
Subordinated liabilities	5,427,125	5,427,125	
- of which: included in Tier 2 Capital		5,403,602	(4)
Total liabilities	458,199,173	458,212,896	

CC2: Reconciliation of regulatory capital to balance sheet (continued)

	At 30 June 2021		Reference
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
	HK\$'000	HK\$'000	
EQUITY			
Share capital	3,144,517	3,144,517	(5)
Reserves	52,543,951	52,535,751	
- Retained earnings	42,154,805	42,201,188	(6)
- of which: cumulative fair value gains arising from the revaluation of investment properties		455,287	(7)
- Premises revaluation reserve	6,429,924	6,375,341	(8)
- Reserve for fair value changes through other comprehensive income	618,377	618,377	(9)
- Regulatory reserve	2,672,040	2,672,040	(10)
- Translation reserve	668,805	668,805	(11)
Additional equity instruments	9,314,890	9,314,890	(12)
Total equity	<u>65,003,358</u>	<u>64,995,158</u>	
Total liabilities and equity	<u>523,202,531</u>	<u>523,208,054</u>	

CCA: Main features of regulatory capital instruments

		CET1 Capital Ordinary shares	USD Non- Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
1	Issuer	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable	XS1618163452	XS2080210011
3	Governing law(s) of the instrument	Hong Kong Laws	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.
	<i>Regulatory treatment</i>			
4	Transitional Basel III rules [#]	Not Applicable	Not Applicable	Not Applicable
5	Post-transitional Basel III rules ⁺	Common Equity Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo*/group/solo and group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 capital instruments	Other Tier 2 instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$3,145 million	HK\$9,315million	HK\$5,404million
9	Par value of instrument	No par value (refer to Note 1 for details)	US\$1.2billion	US\$700million
10	Accounting classification	Shareholders' equity	Equity instruments	Liability-amortised cost
11	Original date of issuance	1 July 1948 (refer to Note 2 for details)	2 June 2017	20 November 2019
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	Not Applicable	20 November 2029
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not Applicable	First call date: 2 June 2022 (Redemptions in whole at 100%)	One-off call date: 20 November 2024. Additional optional redemption in whole at 100% of principal amount with accrued interest for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non-Viability Event. Redemption subject to prior written consent of the Hong Kong Monetary Authority ("HKMA").
16	Subsequent call dates, if applicable	Not Applicable	any distribution payment date thereafter	Not Applicable
	<i>Coupons / dividends</i>			
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary shares	USD Non- Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
18	Coupon rate and any related index	Not Applicable	Year 1-5: 5.00% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread	3.80% p.a. Fixed until 20 November 2024 and thereafter reset to a new fixed rate equal to the sum of the then prevailing U.S. Treasury Rate and the Spread at Pricing.
19	Existence of a dividend stopper	No	Yes	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	No	Yes	Yes
31	If write-down, write-down trigger(s)	Not Applicable	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	Not Applicable	Full or Partial	Full or Partial
33	If write-down, permanent or temporary	Not Applicable	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Not Applicable	Depositors, bank's unsubordinated creditors, creditors of Tier 2 capital and all other subordinated indebtedness of the Bank stated to rank senior to the Capital Securities.	The rights of the holders will, in the event of the winding up of the Bank, rank (i) subordinate and junior in right of payment to, and of all claims of, (a) all depositors and unsubordinated creditors of the Issuer, and (b) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Notes or rank senior to the Notes by operation of law or contract; (ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of, (a) the holders of Junior Obligations, and (b) holders of Tier 1 Capital Instruments.
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	Not Applicable	Not Applicable	Not Applicable

Footnote:

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*

Note 1 : Pursuant to the Hong Kong Companies Ordinance (Chapter 622) which has commenced operation on 3 March 2014, all shares issued by a company incorporated in Hong Kong before, on and after that commencement date shall have no par value and the relevant concept of authorised share capital is abolished, the balance of the share premium account as at 3 March 2014 has been transferred to share capital.

Note 2: Several issuances of ordinary shares have been made since the first issuance in 1948. The last issuance was in 2009.

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer

Geographical breakdown by Jurisdiction (J)		At 30 June 2021			
		Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		%	HK\$'000	%	HK\$'000
1	Hong Kong SAR	1.00%	177,450,050		
2	Sum		177,450,050		
3	Total		296,044,371	0.60%	1,774,501

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

		Value under the LR framework
		At 30 June 2021
		HK\$'000
1	Total consolidated assets as per published financial statements	523,202,531
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	5,523
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	1,415,762
5	Adjustment for SFTs (i.e. repos and similar secured lending)	167,198
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	47,508,094
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(387,992)
7	Other adjustments	(9,961,860)
8	Leverage ratio exposure measure	561,949,256

LR2: Leverage ratio

		At 30 June 2021	At 31 March 2021
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	518,664,810	517,483,533
2	Less: Asset amounts deducted in determining Tier 1 capital	(9,961,973)	(9,723,145)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	508,702,837	507,760,388
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)	694,539	582,435
5	Add-on amounts for PFE associated with all derivative contracts	1,920,359	650,816
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	(343,353)	(20,989)
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	2,271,545	1,212,262
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	7,390,871	6,171,073
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	167,198	251,903
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	7,558,069	6,422,976
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	172,495,718	151,625,031
18	Less: Adjustments for conversion to credit equivalent amounts	(124,987,624)	(114,029,297)
19	Off-balance sheet items	47,508,094	37,595,734
Capital and total exposures			
20	Tier 1 capital	55,032,911	54,267,716
20a	Total exposures before adjustments for specific and collective provisions	566,040,545	552,991,360
20b	Adjustments for specific and collective provisions	(4,091,289)	(3,617,524)
21	Total exposures after adjustments for specific and collective provisions	561,949,256	549,373,836
Leverage ratio			
22	Leverage ratio	9.79%	9.88%

LIQ1: Liquidity Coverage Ratio – for category 1 institution

Number of data points used in calculating the average value of the LCR and related components set out in this template: 71		For the quarter ended At 30 June 2021	
		UNWEIGHTED VALUE (Average) HK\$'000	WEIGHTED VALUE (Average) HK\$'000
Basis of disclosure: consolidated			
A. HQLA			
1	Total HQLA		63,608,577
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	159,599,920	10,815,529
3	<i>Stable retail deposits and stable small business funding</i>	28,527,405	855,822
4	<i>Less stable retail deposits and less stable small business funding</i>	61,325,237	6,132,524
4a	<i>Retail term deposits and small business term funding</i>	69,747,278	3,827,183
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:	112,000,138	59,596,142
6	<i>Operational deposits</i>	12,791,083	3,018,526
7	<i>Unsecured wholesale funding (other than small business funding) not</i>	98,222,233	55,590,794
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	986,822	986,822
9	Secured funding transactions (including securities swap transactions)		1,300,263
10	Additional requirements, of which:	40,983,889	9,604,705
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	3,140,551	3,140,551
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	37,843,338	6,464,154
14	Contractual lending obligations (not otherwise covered in Section B) and	4,761,217	4,761,217
15	Other contingent funding obligations (whether contractual or non-contractual)	133,861,192	3,133,554
16	TOTAL CASH OUTFLOWS		89,211,410
C. CASH INFLOWS			
17	Secured lending transactions (including securities swap transactions)	1,962,345	1,962,345
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial	62,896,109	38,912,983
19	Other cash inflows	6,724,167	6,263,029
20	TOTAL CASH INFLOWS	71,582,621	47,138,357
D. LIQUIDITY COVERAGE RATIO			ADJUSTED VALUE
21	TOTAL HQLA		63,608,577
22	TOTAL NET CASH OUTFLOWS		42,073,053
23	LCR (%)		151.97%

LIQ1: Liquidity Coverage Ratio – for category 1 institution (continued)

Notes:

The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.

The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.

The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.

The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

In the second quarter of 2021, the Group has maintained a healthy liquidity position. The LCR remained stable and there was no material change compared with the last quarter. The average LCR of the second quarter of 2021 was 151.97%. The average HKD level 1 HQLA to HKD net cash outflow ratio of the second quarter of 2021 was 130.93%, well above the regulatory requirement of 20%. The ratios have maintained at stable and healthy levels.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks and non-financial corporate debt securities. In the second quarter of 2021, the majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposit which are the Group's primary source of funds, together with deposit and balance from bank and other financial institution. To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, were minimal to the LCR.

Majority of the Group's customer deposits are denominated in HKD, USD and RMB. As the supply of HKD denominated HQLA in the market is relatively limited, the Group swaps surplus HKD funding into USD and other foreign currencies, part of funding are deployed to investment in HQLA.

LIQ2: Net Stable Funding Ratio – for category 1 institution

At 30 June 2021 Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity HK\$'000	<6 months or repayable on demand HK\$'000	6 months to < 12 months HK\$'000	12 months or more HK\$'000	
A. Available stable funding (“ASF”) item						
1	Capital:	66,839,913	-	-	5,403,602	72,243,515
2	Regulatory capital	66,839,913	-	-	5,403,602	72,243,515
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	147,643,555	11,230,694	1,026,801	145,502,726
5	Stable deposits	-	29,782,006	-	-	28,292,906
6	Less stable deposits	-	117,861,549	11,230,694	1,026,801	117,209,820
7	Wholesale funding:	-	203,473,147	35,838,823	13,189,338	98,393,761
8	Operational deposits	-	13,886,878	-	-	6,943,439
9	Other wholesale funding	-	189,586,269	35,838,823	13,189,338	91,450,322
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	3,972,099	12,738,781	7,496,447	14,824,761	18,423,001
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	3,972,099	12,738,781	7,496,447	14,824,761	18,423,001
14	Total ASF					334,563,003
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		103,223,403			10,011,113
16	Deposits held at other financial institutions for operational purposes	-	256,548	-	-	128,274
17	Performing loans and securities:	1,977,841	129,021,110	57,951,335	219,630,367	258,320,924
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,337	64,892,057	15,084,715	8,741,272	26,018,775
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:	1,976,504	59,105,365	35,873,213	135,346,099	164,213,501
21	With a risk-weight of less than or equal to 35% under the STC approach	-	500,007	-	-	250,004
22	Performing residential mortgages, of which:	-	792,927	807,257	32,115,114	25,966,493
23	With a risk-weight of less than or equal to 35% under the STC approach	-	343,410	341,230	10,657,230	7,269,519
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	4,230,761	6,186,150	43,427,882	42,122,155
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	15,660,407	1,706,574	199,371	-	15,745,857
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	Net derivative assets	212,164	-	-	-	212,164
30	Total derivative liabilities before adjustments for deduction of variation margin posted	469,153	-	-	-	23,458
31	All other assets not included in the above categories	14,979,090	1,706,574	199,371	-	15,510,235
32	Off-balance sheet items			172,495,719		1,945,314
33	Total RSF					286,151,482
34	Net Stable Funding Ratio (%)					116.92%

LIQ2: Net Stable Funding Ratio – for category 1 institution (continued)

At 31 March 2021 Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity HK\$'000	<6 months or repayable on demand HK\$'000	6 months to < 12 months HK\$'000	12 months or more HK\$'000	
A. Available stable funding (“ASF”) item						
1	Capital:	65,637,870	-	-	5,408,764	71,046,634
2	Regulatory capital	65,637,870	-	-	5,408,764	71,046,634
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	146,017,519	12,283,215	969,263	144,872,349
5	Stable deposits	-	28,648,508	-	-	27,216,083
6	Less stable deposits	-	117,369,011	12,283,215	969,263	117,656,266
7	Wholesale funding:	-	221,873,320	18,527,215	11,093,625	91,652,058
8	Operational deposits	-	12,787,613	-	-	6,393,807
9	Other wholesale funding	-	209,085,707	18,527,215	11,093,625	85,258,251
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	3,955,539	11,693,911	10,965,672	13,571,506	18,602,509
12	Net derivative liabilities	54,765	-	-	-	-
13	All other funding and liabilities not included in the above categories	3,900,774	11,693,911	10,965,672	13,571,506	18,602,509
14	Total ASF					326,173,550
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		98,255,905			9,223,920
16	Deposits held at other financial institutions for operational purposes	-	150,855	-	-	75,428
17	Performing loans and securities:	1,846,697	135,929,737	54,472,117	217,230,078	254,607,137
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	73,118,390	11,473,791	6,127,570	22,832,224
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:	1,846,697	56,211,409	38,254,069	140,716,851	168,411,755
21	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
22	Performing residential mortgages, of which:	-	717,092	738,906	29,021,930	23,259,891
23	With a risk-weight of less than or equal to 35% under the STC approach	-	340,286	345,388	10,683,740	7,287,268
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	5,882,846	4,005,351	41,363,727	40,103,267
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	12,739,835	1,978,573	183,323	-	12,567,015
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	Net derivative assets	-	-	-	-	-
30	Total derivative liabilities before deduction of variation margin posted	729,792	-	-	-	36,490
31	All other assets not included in the above categories	12,010,043	1,978,573	183,323	-	12,530,525
32	Off-balance sheet items			151,625,032		1,865,023
33	Total RSF					278,338,523
34	Net Stable Funding Ratio (%)					117.19%

LIQ2: Net Stable Funding Ratio – for category 1 institution (continued)

Notes:

The above disclosures are made pursuant to the section 16FL and 103AB of Banking (Disclosure) Rules. The items disclosed are measured according to the methodology and instructions set out in the Stable Funding Position Return (MA(BS)26) and the requirements set out in Banking (Liquidity) Rules.

Net Stable Funding Ratio (“NSFR”) is defined as the amount of available stable funding (“ASF”) relative to the amount of required stable funding (“RSF”). The ratio is calculated after applying the respective ASF or RSF factors required under the Stable Funding Position Return (MA(BS)26). It requires banks to maintain a stable funding profile in relation to the composition of banks’ assets and off-balance sheet activities.

The Group has maintained a healthy liquidity position. The NSFR of the first and second quarters were 117.19% and 116.92% respectively. The ratio remained stable and well above the regulatory requirement of 100% throughout the first half of 2021. The weighted amount of ASF items mainly consists of retail and corporate deposits which are the Group’s primary source of funds, together with regulatory capital. The weighted amount of RSF items mainly consists of loans to customers and investments in debt securities.

CR1: Credit quality of exposures

Defaulted exposures are exposures which are overdue for more than 90 days or have been rescheduled.

		30 June 2021						
		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
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	2,114,388	367,607,158	3,654,554	2,243,460	1,361,777	-	366,066,992
2	Debt securities	251,723	134,394,698	181,339	181,335	4	-	134,465,082
3	Off-balance sheet exposures	-	65,018,269	387,878	-	383,838	-	64,630,391
4	Total	2,366,111	567,020,125	4,223,771	2,424,795	1,745,619	-	565,162,465

CR2: Changes in defaulted loans and debt securities

		HK\$'000
1	Defaulted loans and debt securities as at 31 December 2020	833,323
2	Loans and debt securities that have defaulted since the last reporting period	1,848,079
3	Returned to non-defaulted status	(245,991)
4	Amounts written off	(72,311)
5	Other changes	3,011
6	Defaulted loans and debt securities as at 30 June 2021	2,366,111

CR3: Overview of recognised credit risk mitigation

		At 30 June 2021				
		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\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	337,961,814	28,105,178	21,869,124	6,236,054	-
2	Debt securities	133,738,437	726,645	-	726,645	-
3	Total	471,700,251	28,831,823	21,869,124	6,962,699	-
4	Of which defaulted	357,717	83,635	80,516	3,119	-

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

Exposure classes		At 30 June 2021					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1	Sovereign exposures	66,722,330	811	66,767,786	811	1,522,173	2.28%
2	PSE exposures	4,179,481	100,000	4,996,323	29,441	524,821	10.44%
2a	<i>Of which: domestic PSEs</i>	1,777,824	100,000	2,594,666	29,441	524,821	20.00%
2b	<i>Of which: foreign PSEs</i>	2,401,657	-	2,401,657	-	-	0.00%
3	Multilateral development bank exposures	651,503	-	651,503	-	-	0.00%
4	Bank exposures	97,696,053	1,611,044	99,592,740	1,623,714	38,298,620	37.84%
5	Securities firm exposures	780,680	757,600	858,847	-	429,424	50.00%
6	Corporate exposures	265,689,002	161,198,483	243,752,971	17,888,672	248,165,959	94.85%
7	CIS exposures	-	-	-	-	-	N/A
8	Cash items	590,314	-	590,314	-	-	0.00%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	N/A
10	Regulatory retail exposures	18,593,064	6,544,573	18,263,889	531,059	14,096,211	75.00%
11	Residential mortgage loans	33,724,640	9,981	33,348,761	5	15,845,700	47.52%
12	Other exposures which are not past due exposures	23,603,319	2,273,227	21,620,847	137,267	21,758,114	100.00%
13	Past due exposures	445,826	-	445,826	-	624,425	140.06%
14	Significant exposures to commercial entities	-	-	-	-	-	N/A
15	Total	512,676,212	172,495,719	490,889,807	20,210,969	341,265,447	66.77%

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

STC approach

Risk Weight		At 30 June 2021										Total credit risk exposures amount (post CCF and post CRM)
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1	Sovereign exposures	63,967,196	-	1,599,035	-	-	-	1,202,366	-	-	-	66,768,597
2	PSE exposures	2,401,657	-	2,624,107	-	-	-	-	-	-	-	5,025,764
2a	<i>Of which: domestic PSEs</i>	-	-	2,624,107	-	-	-	-	-	-	-	2,624,107
2b	<i>Of which: foreign PSEs</i>	2,401,657	-	-	-	-	-	-	-	-	-	2,401,657
3	Multilateral development bank exposures	651,503	-	-	-	-	-	-	-	-	-	651,503
4	Bank exposures	-	-	41,372,308	-	59,639,976	-	204,170	-	-	-	101,216,454
5	Securities firm exposures	-	-	-	-	858,847	-	-	-	-	-	858,847
6	Corporate exposures	-	-	-	-	30,859,659	-	226,873,695	3,908,289	-	-	261,641,643
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	590,314	-	-	-	-	-	-	-	-	-	590,314
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	18,794,948	-	-	-	-	18,794,948
11	Residential mortgage loans	-	-	-	11,000,257	20,432,328	546,942	1,369,239	-	-	-	33,348,766
12	Other exposures which are not past due exposures	-	-	-	-	-	-	21,758,114	-	-	-	21,758,114
13	Past due exposures	9	-	3,110	-	-	-	80,516	362,191	-	-	445,826
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	67,610,679	-	45,598,560	11,000,257	111,790,810	19,341,890	251,488,100	4,270,480	-	-	511,100,776

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

		At 30 June 2021					
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1	SA-CCR approach (for derivative contracts)	500,483	1,251,884		1.4	2,453,313	1,265,031
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach				Not applicable	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					479,045	149,192
5	VaR (for SFTs)					-	-
6	Total						1,414,223

CCR2: CVA capital charge

		At 30 June 2021	
		EAD post CRM	RWA
		HK\$'000	HK\$'000
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardised CVA method	2,434,225	591,275
4	Total	2,434,225	591,275

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

STC approach

Risk Weight Exposure class		At 30 June 2021										Total default risk exposure HK\$'000
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	774,247	-	1,796,466	-	18,809	-	-	-	2,589,522
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	340,818	-	-	-	340,818
7	CIS exposure	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	2,018	-	-	-	-	2,018
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	774,247	-	1,796,466	2,018	359,627	-	-	-	2,932,358

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

	At 30 June 2021					
	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		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	323,998	-	343,353	7,390,871	-
Government bonds	-	-	-	-	-	-
Other bonds	-	-	-	-	-	7,869,916
Total	-	323,998	-	343,353	7,390,871	7,869,916

CCR6: Credit-related derivatives contracts

	At 30 June 2021	
	Protection bought	Protection sold
	HK\$'000	HK\$'000
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

SEC1: Securitization exposures in banking book

		At 30 June 2021								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Retail (total) – of which:	-	-	-	-	-	-	-	-	-
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	-	-	-
4	other retail exposures	-	-	-	-	-	-	-	-	-
5	re-securitization exposures	-	-	-	-	-	-	-	-	-
6	Wholesale (total) – of which:	-	-	-	-	-	-	561,020	-	561,020
7	loans to corporates	-	-	-	-	-	-	561,020	-	561,020
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other wholesale	-	-	-	-	-	-	-	-	-
11	re-securitization exposures	-	-	-	-	-	-	-	-	-

SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor

		At 30 June 2021																
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC- IRBA	SEC- ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC- IRBA	SEC- ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC- IRBA	SEC- ERBA (incl. IAA)	SEC-SA	SEC-FBA
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Total exposures	561,020	-	-	-	-	-	-	561,020	-	-	-	84,153	-	-	-	6,732	-
2	Traditional securitization	561,020	-	-	-	-	-	-	561,020	-	-	-	84,153	-	-	-	6,732	-
3	Of which securitization	561,020	-	-	-	-	-	-	561,020	-	-	-	84,153	-	-	-	6,732	-
4	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which wholesale	561,020	-	-	-	-	-	-	561,020	-	-	-	84,153	-	-	-	6,732	-
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MR1: Market risk under STM approach

		At 30 June 2021
		RWA
		HK\$'000
Outright product exposures		
1	Interest rate exposures (general and specific risk)	892,562
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	4,142,988
4	Commodity exposures	39,275
Option exposures		
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitisation exposures	-
9	Total	5,074,825