



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

Banking Disclosure Statement
For the period ended
30 June 2019

(Unaudited)

Table of contents

Introduction.....	1
Template KM1 - Key prudential ratios.....	2
Template OV1: Overview of RWA	3
Template CC1: Composition of regulatory capital	4
Template CC2: Reconciliation of regulatory capital to balance sheet	11
Table CCA: Main features of regulatory capital instruments	12
Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer (“CCyB”).....	15
Template LR1: Summary comparison of accounting assets against Leverage Ratio (“LR”) exposure measure.....	16
Template LR2: Leverage ratio (“LR”)	17
Template LIQ1: Liquidity Coverage Ratio (“LCR”).....	18
Template LIQ2: Net Stable Funding Ratio (“NSFR”)	20
Template CR1: Credit quality of exposures.....	22
Template CR2: Changes in defaulted loans and debt securities.....	23
Template CR3: Overview of recognised credit risk mitigation.....	24
Template CR4: Credit risk exposures and effects of recognised credit risk mitigation – for STC approach	25
Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach.....	26
Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach.....	27
Template CR7: Effects on RWA of recognised credit derivative contracts used as recognised credit risk mitigation – for IRB approach.....	31
Template CR8: RWA flow statements of credit risk exposures under IRB approach	32
Template CR10: Specialised lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach	33
Template CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches	35
Template CCR2: CVA capital charge.....	36
Template CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach.....	37
Template CCR4: Counterparty default risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach.....	38
Template CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)	39
Template CCR6: Credit-related derivatives contracts.....	40
Template SEC1: Securitization exposures in banking book.....	41
Template SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator.....	42
Template SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor.....	43
Template MR1: Market risk under Standardised (market risk) approach (STM approach)	44
Template MR2: RWA flow statements of market risk exposures under IMM approach	45

Table of contents

Template MR3: IMM approach values for market risk exposures	46
Template MR4: Comparison of VaR estimates with gains or losses	47
International Claims	48
Mainland Activities	49
Currency Concentration	51
Capital Buffer	53
Countercyclical Capital Buffer Ratio	53
Capital Conservation Buffer Ratio	53
Higher Loss Absorbency Ratio	53
Glossary	54

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”) and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

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

Basis of preparation

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

The banking disclosure statement

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

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

Template KM1 - Key prudential ratios

(HK\$ million)		30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	73,715	75,825	74,513	73,408	74,207
2	Tier 1	83,673	85,783	84,825	83,720	84,519
3	Total capital	97,885	100,128	99,027	97,773	99,560
RWA (amount)						
4	Total RWA	482,430	501,233	475,714	472,509	486,098
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	15.28%	15.13%	15.66%	15.54%	15.27%
6	Tier 1 ratio (%)	17.34%	17.11%	17.83%	17.72%	17.39%
7	Total capital ratio (%)	20.29%	19.98%	20.82%	20.69%	20.48%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500%	2.500%	1.875%	1.875%	1.875%
9	Countercyclical capital buffer requirement (%)	1.090%	1.007%	0.774%	0.791%	0.767%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	1.000%	1.000%	0.750%	0.750%	0.750%
11	Total AI-specific CET1 buffer requirements (%)	4.590%	4.507%	3.399%	3.416%	3.392%
12	CET1 available after meeting the AI's minimum capital requirements (%)	10.78%	10.63%	11.16%	11.04%	10.77%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	895,940	897,695	862,745	848,746	854,259
14	LR (%)	9.34%	9.56%	9.83%	9.86%	9.89%
Liquidity Coverage Ratio (LCR)						
15	Total high quality liquid assets (HQLA)	54,771	56,872	60,377	58,874	59,450
16	Total net cash outflows	32,049	33,876	33,879	38,865	42,086
17	LCR (%)	171.72%	169.82%	180.47%	152.98%	144.80%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	537,746	537,846	538,482	527,549	523,942
19	Total required stable funding	467,499	479,956	458,754	457,841	452,299
20	NSFR (%)	115.03%	112.06%	117.38%	115.23%	115.84%

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 2019 and 31st March 2019 respectively:

(HK\$ million)		(a)	(b)	(c)
		RWA		Minimum capital requirements
		June 2019	March 2019	June 2019
1	Credit risk for non-securitization exposures	374,906	390,383	31,548
2	Of which STC approach	50,841	51,914	4,067
3	Of which foundation IRB approach	299,568	314,832	25,403
4	Of which supervisory slotting criteria approach	24,497	23,637	2,078
6	Counterparty default risk and default fund contributions	4,205	4,326	350
7a	Of which CEM	2,573	3,074	218
7b	Of which CEM (such a risk to CCPs which is not included in row 7a)	219	233	17
9	Of which others	1,413	1,019	115
10	CVA risk	936	1,098	75
11	Equity positions in banking book under the simple risk-weight method and internal models method	16,406	15,364	1,391
15	Settlement risk	0	0	0
16	Securitization exposures in banking book	3	19	0
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA	3	19	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0
20	Market risk	17,619	21,319	1,409
21	Of which STM approach	3,773	6,782	302
22	Of which IMM approach	13,846	14,537	1,107
24	Operational risk	33,589	32,894	2,687
25	Amounts below the thresholds for deduction (subject to 250% RW)	16,610	16,826	1,409
26	Capital floor adjustment	0	0	0
26a	Deduction to RWA	3,442	3,414	275
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	331	310	26
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	3,111	3,104	249
27	Total	460,832	478,815	38,594

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 2019		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	41,194	(11) + (15)
2	Retained earnings	25,521	(12)
3	Disclosed reserves	20,646	(16) + (17) + (18)
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	87,361	
CET1 capital: regulatory deductions			
7	Valuation adjustments	12	
8	Goodwill (net of associated deferred tax liabilities)	1,460	(5)
9	Other intangible assets (net of associated deferred tax liabilities)	13	(6)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,565	(7)
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	(3)	(8) + (9)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable

Template CC1: Composition of regulatory capital (continued)

At 30 June 2019

		Amount (HK\$ Million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	10,599	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	5,657	(3) + (4)
26b	Regulatory reserve for general banking risks	4,942	(13)
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	13,646	
29	CET1 capital	73,715	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	8,894	(19)
31	of which: classified as equity under applicable accounting standards	8,894	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	1,064	HK\$3,544 Mn (as of 31 Dec 2012) x 30%
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	9,958	
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	-	

Template CC1: Composition of regulatory capital (continued)

At 30 June 2019

		Amount (HK\$ Million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	9,958	
45	Tier 1 capital (T1 = CET1 + AT1)	83,673	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	7,803	(10)
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	937	
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	2,927	(1) + (2) + (14)
51	Tier 2 capital before regulatory deductions	11,667	
	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	(2,545)	
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	(2,545)	[(3) + (4)] X 45%
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	(2,545)	
58	Tier 2 capital (T2)	14,212	
59	Total regulatory capital (TC = T1 + T2)	97,885	
60	Total RWA	482,430	

Template CC1: Composition of regulatory capital (continued)

At 30 June 2019

		Amount (HK\$ Million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	15.28%	
62	Tier 1 capital ratio	17.34%	
63	Total capital ratio	20.29%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	4.590%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	1.090%	
67	of which: higher loss absorbency requirement	1.000%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	10.78%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	6,558	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	6,644	
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)	968	
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	637	
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)	3,689	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	2,289	
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

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

Template CC1: Composition of regulatory capital (continued)

At 30 June 2019

		Amount (HK\$ Million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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>	1,064	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	1,423	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	4,059	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

Notes to the Template

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

	Description	Hong Kong basis (HK\$ Million)	Basel III basis (HK\$ Million)
9	Other intangible assets (net of associated deferred tax liabilities)	13	13
	<p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10	Deferred tax assets (net of associated deferred tax liabilities)	1,565	5
	<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>		

	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></p> <p>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></p> <p>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></p> <p>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:</p> <p>The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.</p>			

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

Template CC2: Reconciliation of regulatory capital to balance sheet

Balance Sheet Reconciliation	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
	30/06/2019 HK\$ Mn	30/06/2019 HK\$ Mn	
Assets			
Cash and balances with banks and other financial institutions	52,823	52,763	
Placements with banks and other financial institutions	69,720	69,684	
Trade bills	12,826	12,826	
Trading assets	4,131	4,130	
Financial assets designated at fair value through profit or loss	-	-	
Derivative assets	6,141	6,141	
Loans and advances to customers	506,099	505,823	
of which: collective impairment allowances reflected in regulatory capital		(91)	(1)
excess of total EL amount over total eligible provisions under the IRB Approach		(2,289)	(2)
Investment securities	157,212	136,795	
Investments in subsidiaries	-	3,472	
Investments in associates	9,675	5,266	
Fixed assets			
- Investment properties	5,266	5,139	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		3,909	(3)
- Other property and equipment	7,873	7,623	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		1,748	(4)
- ROU assets	1,083	1,092	
Goodwill and intangible assets	1,933	1,473	
of which: goodwill		1,460	(5)
intangible assets		13	(6)
Deferred tax assets	1,565	1,565	
of which: deferred tax assets		1,565	(7)
Other assets	40,431	38,159	
Total assets	876,778	851,951	
Liabilities			
Deposits and balances of banks and other financial institutions	36,057	36,057	
Deposits from customers	582,105	582,105	
Trading liabilities	38	38	
Derivative liabilities	8,139	8,123	
Certificates of deposit issued			
- At fair value through profit or loss	20,275	20,275	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		(3)	(8)
- At amortised cost	43,628	43,628	
Current taxation	1,682	1,634	
Debt securities issued			
- At fair value through profit or loss	109	109	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		-	(9)
- At amortised cost	2,997	2,997	
Deferred tax liabilities	583	391	
Other liabilities	61,984	43,659	
Loan capital - at amortised cost	14,193	14,193	
of which: portion eligible for Tier 2 capital instruments		8,740	(10)
Total liabilities	771,790	753,209	
Shareholders' Equity			
Share capital	41,194	41,194	
of which: paid-in share capital		41,194	(11)
Reserves	52,061	46,167	
of which: retained earnings		25,521	(12)
of which: regulatory reserve earmarked		4,942	(13)
regulatory reserve for general banking risks		547	(14)
share premium		-	(15)
accumulated other comprehensive income		3,149	(16)
forex unrealised gains and losses		(751)	(17)
other reserves		18,248	(18)
Additional equity instruments	8,894	8,894	(19)
Non-controlling interests	2,839	2,487	
of which: portion not eligible for inclusion in regulatory capital		2,487	
Total shareholders' equity	104,988	98,742	
Total liabilities and shareholders' equity	876,778	851,951	

Table CCA: Main features of regulatory capital instruments

		Ordinary Shares	US\$318.3 million Hybrid Tier 1	US\$650 million Additional Tier 1	US\$500 million Additional Tier 1	US\$600 million Tier 2 due 2020	US\$500 million Tier 2 due 2024	US\$500 million Tier 2 due 2026
1	Issuer	The Bank of East Asia, Limited ("BEA")	1. Notes issued by BEA. 2. Preference shares issued by Innovate Holdings Limited ("Innovate"), a wholly-owned subsidiary of BEA	BEA	BEA	BEA	BEA	BEA
2	Unique identifier - ISIN	HK0023000190	1. Stapled unit (notes as component part of the unit) : XS0462883603 2. Preference shares : XS0462885053	XS1326527246	XS1615078141	XS0521073428	XS1138687162	XS1508842256
3	Governing law(s) of the instrument	Hong Kong	1. Notes: England (subordination governed by Hong Kong laws) 2. Preference shares : British Virgin Islands	England (Subordination governed by Hong Kong laws)	England (Subordination governed by Hong Kong laws)	England (subordination governed by Hong Kong laws)	England (subordination governed by Hong Kong laws)	England (subordination governed by Hong Kong laws)
<i>Regulatory treatment</i>								
4	Transitional Basel III rules#	N.A.	Additional Tier 1	N.A.	N.A.	Tier 2	N.A.	N.A.
5	Post-transitional Basel III rules+	Common Equity Tier 1	Ineligible	Additional Tier 1	Additional Tier 1	Ineligible	Tier 2	Tier 2
6	Eligible at solo*/group/group & solo	Solo and group	Solo and group	Solo and group	Solo and group	Solo and group	Solo and group	Solo and group
7	Instrument type	Ordinary shares	Stapled instrument : Tier 2 notes and perpetual non-cumulative preference share	Perpetual non-cumulative Additional Tier 1 capital securities	Perpetual non-cumulative Additional Tier 1 capital securities	Tier 2 notes	Tier 2 notes	Tier 2 notes
8	Amount recognised in regulatory capital	HK\$41,194 Mn	HK\$1,064 Mn	HK\$5,016 Mn	HK\$3,878 Mn	Total for Tier 2 instruments : HK\$8,740 Mn		
9	Par value of instrument	N.A.	Issue price : US\$500 million: 100%	Issue price: US\$650 million : 100%	Issue price: US\$500 million : 100%	Issue price : US\$450 million: 99.04% US\$150 million: 100.102%	Issue price : US\$500 million: 99.608%	Issue price : US\$500 million: 99.838%
10	Accounting classification	Equity	Solo level: Liability – fair value option Group level: Non-controlling interest	Equity	Equity	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	Since incorporation	5th November, 2009	2nd December, 2015	18th May, 2017	US\$450 million: 16th July, 2010 US\$150 million: 23rd July, 2010	20th November, 2014	3rd November, 2016
12	Perpetual or dated	N.A.	Notes : dated Preference shares : perpetual	Perpetual	Perpetual	Dated	Dated	Dated

Table CCA: Main features of regulatory capital instruments (continued)

		Ordinary Shares	US\$318.3 million Hybrid Tier 1	US\$650 million Additional Tier 1	US\$500 million Additional Tier 1	US\$600 million Tier 2 due 2020	US\$500 million Tier 2 due 2024	US\$500 million Tier 2 due 2026
13	Original maturity date	N.A.	Notes : 5th November, 2059 Preference shares : No maturity	No maturity	No maturity	16th July, 2020	20th November, 2024	3rd November, 2026
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N.A.	First call date : 5th November, 2019 Included tax and regulatory call options Redemptions in whole at 100% with accrued and unpaid dividends	First call date : 2nd December, 2020 Included tax and regulatory call options Redemptions in whole at 100% with accrued dividends	First call date : 18th May, 2022 Included tax and regulatory call options Redemptions in whole at 100% with accrued dividends	No issuer call option Included tax and regulatory call options Redemptions in whole at 100% with accrued interests	One-off call date: 20th November, 2019 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	One-off call date: 3rd November, 2021 Included tax and regulatory call options Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following occurrence of a Non-Viability Event
16	Subsequent call dates, if applicable	N.A.	Any payment dates thereafter first call date	Any payment dates thereafter first call date	Any payment dates thereafter first call date	N.A.	N.A.	N.A.
<i>Coupons / dividends</i>								
17	Fixed or floating dividend/coupon	N.A.	Fixed to floating	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	N.A.	Up to 4th Nov., 2019 : 8.5% p.a. Thereafter : 3-month U.S. LIBOR + 7.3605% p.a.	Up to 1st December, 2020 : 5.5% p.a. Thereafter and every 5 years thereafter reset at : 5-year U.S. Treasury + 3.834%	Upto 17th May, 2022 : 5.625% p.a. Thereafter and every 5 years thereafter reset at : 5-year U.S. Treasury + 3.682%	6.125% p.a.	Up to 19th Nov, 2019: 4.25% p.a. Thereafter reset at : 5-year U.S. Treasury + 2.7%	Up to 2nd Nov, 2021: 4% p.a. Thereafter reset at : 5-year U.S. Treasury + 2.7%
19	Existence of a dividend stopper	No	No	Yes	Yes	No	No	No
20	Fully discretionary, partially discretionary or mandatory	N.A.	Both the interest on notes and the dividend on preference shares are partially discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	Yes	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Interest on notes : cumulative Dividend on preference shares : non-cumulative	Non-cumulative	Non-cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N.A.	In case of substitution events, the notes will be transferred to Innovate whereas the preference shares will be converted into preference shares of BEA	N.A.	N.A.	N.A.	N.A.	N.A.

Table CCA: Main features of regulatory capital instruments (continued)

		Ordinary Shares	US\$318.3 million Hybrid Tier 1	US\$650 million Additional Tier 1	US\$500 million Additional Tier 1	US\$600 million Tier 2 due 2020	US\$500 million Tier 2 due 2024	US\$500 million Tier 2 due 2026
25	If convertible, fully or partially	N.A.	Fully	N.A.	N.A.	N.A.	N.A.	N.A.
26	If convertible, conversion rate	N.A.	1 : 1	N.A.	N.A.	N.A.	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	Mandatory	N.A.	N.A.	N.A.	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	Additional Tier 1	N.A.	N.A.	N.A.	N.A.	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.	BEA	N.A.	N.A.	N.A.	N.A.	N.A.
30	Write-down feature	No	No	Yes	Yes	No	Yes	Yes
31	If write-down, write-down trigger(s)	N.A.	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.	N.A.	Occurrence of a "Non-Viability Event", which means the earlier of: (i) the HKMA notifying BEA in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which BEA would become non-viable; and (ii) the HKMA notifying BEA in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which BEA would become non-viable.	Occurrence of a "Non-Viability Event", which means the earlier of: (i) the HKMA notifying BEA in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which BEA would become non-viable; and (ii) the HKMA notifying BEA in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which BEA would become non-viable.
32	If write-down, full or partial	N.A.	N.A.	Partial	Partial	N.A.	Partial	Partial
33	If write-down, permanent or temporary	N.A.	N.A.	Permanent	Permanent	N.A.	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
35	Position in subordination hierarchy in liquidation	N.A.	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness and subordinated Tier 2 notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness and subordinated Tier 2 notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness
36	Non-compliant transitioned features	No	Yes	No	No	Yes	No	No
37	If yes, specify non-compliant features	N.A.	Coupon step-up and absence of non-viability loss absorption criteria	N.A.	N.A.	Absence of non-viability loss absorption criteria	N.A.	N.A.

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

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

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 2019:

		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 (Note)
		(%)	(HK\$ Million)	(%)	(HK\$ Million)
1	Hong Kong SAR	2.500%	148,834		
2	Norway	2.000%	-		
3	United Kingdom	1.000%	15,717		
4	Sweden	2.000%	26		
	Sum of above		164,577		
	Total (including those exposures in jurisdictions with zero JCCyB ratio)		355,845	1.090%	5,258

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

At 30 June 2019

	Item	Value under Leverage Ratio framework (HK\$ Million)
1	Total consolidated assets as per published financial statements	876,778
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(36,580)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4	Adjustments for derivative contracts	16,190
5	Adjustment for SFTs (i.e. repos and similar secured lending)	12,352
6	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	46,556
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(5,707)
7	Other adjustments	(13,649)
8	Leverage ratio exposure measure	895,940

Template LR2: Leverage ratio (“LR”)

		(HK\$ Million)	
		At 30 Jun 2019	At 31 Mar 2019
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	840,198	855,822
2	Less: Asset amounts deducted in determining Tier 1 capital	(13,649)	(12,604)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	826,549	843,218
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)	6,188	6,936
5	Add-on amounts for PFE associated with all derivative contracts	12,750	5,739
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(2,826)	(1,753)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	78	118
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	16,190	11,040
Exposures arising from securities financing transactions (SFTs)			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	11,796	782
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	556	1
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	12,352	783
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	211,598	204,301
18	Less: Adjustments for conversion to credit equivalent amounts	(165,042)	(158,870)
19	Off-balance sheet items	46,556	45,431
Capital and total exposures			
20	Tier 1 capital	83,673	85,783
20a	Total exposures before adjustments for specific and collective provisions	901,647	900,472
20b	Adjustments for specific and collective provisions	(5,707)	(2,777)
21	Total exposures after adjustments for specific and collective provisions	895,940	897,695
Leverage ratio			
22	Leverage ratio	9.34%	9.56%

Template LIQ1: Liquidity Coverage Ratio (“LCR”)

(HK\$ Million)		Quarter ending on 30 June 2019		Quarter ending on 31 March 2019	
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		54,771		56,872
B. Cash Outflows					
2	Retail deposits and small business funding, of which:	303,233	22,095	308,295	22,549
3	<i>Stable retail deposits and stable small business funding</i>	44,862	1,383	45,093	1,390
4	<i>Less stable retail deposits and less stable small business funding</i>	155,861	15,586	159,979	15,998
4a	<i>Retail term deposits and small business term funding</i>	102,510	5,126	103,223	5,161
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the institution, of which:	141,105	79,311	137,657	76,153
6	<i>Operational deposits</i>	-	-	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	133,589	71,795	127,768	66,264
8	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	7,516	7,516	9,889	9,889
9	Secured funding transactions (including securities swap transactions)		-		513
10	Additional requirements, of which:	89,544	11,653	86,142	11,690
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	2,449	2,449	2,360	2,360
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>	87,095	9,204	83,782	9,330
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	8,070	8,070	6,599	6,599
15	Other contingent funding obligations (whether contractual or non-contractual)	118,024	2,444	119,471	2,628
16	Total Cash Outflows		123,573		120,132
C. Cash Inflows					
17	Secured lending transactions (including securities swap transactions)	3,666	3,584	2,481	2,344
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	145,927	86,310	136,873	81,052
19	Other cash inflows	6,979	6,426	5,908	5,488
20	Total Cash Inflows	156,572	96,320	145,262	88,884
D. Liquidity Coverage Ratio			Adjusted value	Adjusted value	
21	Total HQLA		54,771		56,872
22	Total Net Cash Outflows		32,049		33,876
23	LCR (%)		171.72%		169.82%

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.

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

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 2019. The average LCR increased from 145% for the second quarter of 2018 to 172% for the second quarter of 2019 mainly resulted from comparably higher cash inflows from money market placements and loans.

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 2019				
		(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:	97,723	6,480	15	10,490	108,221
2	Regulatory capital	97,723	3,923	0	3,924	101,647
2a	Minority interests not covered by row 2	0	0	0	0	0
3	Other capital instruments	0	2,557	15	6,566	6,574
4	Retail deposits and small business funding:		303,495	7,864	2,931	286,795
5	Stable deposits		72,058	748	18	69,184
6	Less stable deposits		231,437	7,116	2,913	217,611
7	Wholesale funding:		272,589	32,444	10,781	125,769
8	Operational deposits		0	0	0	0
9	Other wholesale funding	0	272,589	32,444	10,781	125,769
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	35,164	38,113	28,175	2,873	16,961
12	Net derivative liabilities	0				
13	All other funding and liabilities not included in the above categories	35,164	38,113	28,175	2,873	16,961
14	Total ASF					537,746
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		114,523			8,341
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	11,432	243,948	66,216	348,179	406,042
18	Performing loans to financial institutions secured by Level 1 HQLA	133	176	0	0	151
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	108,490	5,514	2,989	22,019
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:	9,937	119,104	50,876	190,961	255,753
21	With a risk-weight of less than or equal to 35% under the STC approach	0	163	0	0	81
22	Performing residential mortgages, of which:	0	4,940	3,266	108,309	79,031
23	With a risk-weight of less than or equal to 35% under the STC approach	0	4,068	2,773	85,673	59,107
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	1,362	11,238	6,560	45,920	49,088
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	42,304	24,463	5,609	86	48,494
27	Physical traded commodities, including gold	384				327
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	753				651
29	Net derivative assets	954				954
30	Total derivative liabilities before deduction of variation margin posted	8,125				N / A
31	All other assets not included in the above categories	32,088	24,463	5,609	86	46,562
32	Off-balance sheet items			213,877		4,622
33	Total RSF					467,499
34	Net Stable Funding Ratio (%)					115.03%

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

(HK\$ Million)		Quarter ended 31 Mar 2019				
		(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:	98,741	0	6,482	8,649	110,630
2	<i>Regulatory capital</i>	98,741	0	3,921	3,917	104,618
2a	<i>Minority interests not covered by row 2</i>	0	0	0	0	0
3	<i>Other capital instruments</i>	0	0	2,561	4,732	6,012
4	Retail deposits and small business funding:		309,349	6,121	2,552	290,146
5	<i>Stable deposits</i>		72,953	427	14	69,726
6	<i>Less stable deposits</i>		236,396	5,694	2,538	220,420
7	Wholesale funding:		278,015	27,665	12,974	126,817
8	<i>Operational deposits</i>		0	0	0	0
9	<i>Other wholesale funding</i>	0	278,015	27,665	12,974	126,817
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	36,440	51,772	14,349	3,079	10,253
12	<i>Net derivative liabilities</i>	0				
13	<i>All other funding and liabilities not included in the above categories</i>	36,440	51,772	14,349	3,079	10,253
14	Total ASF					537,846
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		105,751			7,443
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	11,246	234,401	73,083	364,516	420,609
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	136	75	0	0	144
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	0	102,523	11,705	2,216	23,447
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>	9,560	120,785	51,885	198,042	262,797
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	0	264	0	0	132
22	<i>Performing residential mortgages, of which:</i>	0	4,441	3,440	108,008	78,776
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	0	3,598	2,888	84,856	58,399
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	1,550	6,577	6,053	56,250	55,445
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	42,212	29,554	3,196	3	47,522
27	<i>Physical traded commodities, including gold</i>	338				288
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	709				614
29	<i>Net derivative assets</i>	542				542
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	8,628				N / A
31	<i>All other assets not included in the above categories</i>	31,995	29,554	3,196	3	46,078
32	Off-balance sheet items			208,084		4,382
33	Total RSF					479,956
34	Net Stable Funding Ratio (%)					112.06%

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 2019:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	8,335	637,935	5,197	291	114	4,792	641,073
2	Debt securities	0	137,896	69	0	3	66	137,827
3	Off-balance sheet exposures	0	211,321	100	0	6	94	211,221
4	Total	8,335	987,152	5,366	291	123	4,952	990,121

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 2018 to 30th June 2019:

(HK\$ million)		(a)
		Amount
1	Defaulted loans and debt securities at end of the previous reporting period (31st December 2018)	3,492
2	Loans and debt securities that have defaulted since the last reporting period	8,361
3	Returned to non-defaulted status	(56)
4	Amounts written off	(2,038)
5	Other changes*	(1,424)
6	Defaulted loans and debt securities at end of the current reporting period (30th June 2019)	8,335

* 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 2019:

		(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	339,001	302,072	300,249	1,823	0
2	Debt securities	104,783	33,044	0	33,044	0
3	Total	443,784	335,116	300,249	34,867	0
4	Of which defaulted	685	3,679	3,679	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 2019:

	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	75,355	0	75,355	0	1,470	1.95%
2	PSE exposures	411	264	520	238	127	16.83%
2a	Of which: domestic PSEs	0	193	109	202	75	24.10%
2b	Of which: foreign PSEs	411	71	411	36	52	11.78%
3	Multilateral development bank exposures	784	0	784	0	0	0.00%
4	Bank exposures	4,576	0	4,576	0	966	21.11%
5	Securities firm exposures	6,159	979	2,310	12	1,161	50.00%
6	Corporate exposures	9,358	2,897	6,764	40	6,466	95.04%
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	38,299	11,372	37,459	15	28,105	75.00%
11	Residential mortgage loans	9,422	959	8,918	208	4,519	49.52%
12	Other exposures which are not past due exposures	14,327	3,596	7,920	32	7,952	100.00%
13	Past due exposures	67	0	67	0	75	111.15%
14	Significant exposures to commercial entities	0	0	0	0	0	-
15	Total	158,758	20,067	144,673	545	50,841	35.01%

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 2019:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Risk Weight												Total credit risk exposures amount (post CCF and post CRM)
Exposure Class		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
1	Sovereign exposures	68,006	0	7,349	0	0	0	0	0	0	0	75,355
2	PSE exposures	184	0	531	0	43	0	0	0	0	0	758
2a	Of which: domestic PSEs	0	0	268	0	43	0	0	0	0	0	311
2b	Of which: foreign PSEs	184	0	263	0	0	0	0	0	0	0	447
3	Multilateral development bank exposures	784	0	0	0	0	0	0	0	0	0	784
4	Bank exposures	0	0	4,407	0	169	0	0	0	0	0	4,576
5	Securities firm exposures	0	0	0	0	2,322	0	0	0	0	0	2,322
6	Corporate exposures	0	0	394	0	45	0	6,365	0	0	0	6,804
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	37,474	0	0	0	0	37,474
11	Residential mortgage loans	0	0	0	6,955	0	346	1,825	0	0	0	9,126
12	Other exposures which are not past due exposures	0	0	0	0	0	0	7,952	0	0	0	7,952
13	Past due exposures	0	0	0	0	0	0	52	15	0	0	67
14	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
15	Total	68,974	0	12,681	6,955	2,579	37,820	16,194	15	0	0	145,218

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

The following table presents the main parameters of internal models used for the calculation of credit risk capital requirements under the IRB approach at 30th June 2019:

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Bank	0.00 to <0.15	66,247	14	21.63%	66,341	0.06%	229	46.30%		20,159	30.39%	19	
	0.15 to <0.25	15,007	315	19.02%	15,556	0.19%	67	45.70%		8,928	57.40%	14	
	0.25 to <0.50	44,371	603	14.75%	44,498	0.37%	152	45.00%		32,745	73.59%	74	
	0.50 to <0.75	0	0	-	0	-	0	-		0	-	0	
	0.75 to <2.50	3,160	555	81.05%	3,610	1.00%	26	45.00%		3,957	109.60%	16	
	2.50 to <10.00	765	0	-	765	4.32%	5	45.00%		1,095	143.22%	15	
	10.00 to <100.00	65	0	-	65	10.18%	1	45.00%		127	194.34%	3	
	100.00 (Default)	0	0	-	0	-	0	-		0	-	0	
	Sub-total	129,615	1,487	40.49%	130,835	0.24%	480	45.74%		67,011	51.22%	141	145
Corporate – small-and-medium sized corporates	0.00 to <0.15	15,500	949	50.10%	18,014	0.07%	60	38.17%		3,071	17.05%	5	
	0.15 to <0.25	2,238	651	48.54%	1,968	0.19%	60	38.28%		685	34.82%	1	
	0.25 to <0.50	6,943	1,634	51.03%	8,570	0.30%	132	39.39%		3,240	37.80%	10	
	0.50 to <0.75	2,277	764	24.94%	3,655	0.54%	94	39.87%		1,929	52.77%	8	
	0.75 to <2.50	13,259	2,063	37.31%	14,090	1.39%	424	37.00%		9,279	65.85%	72	
	2.50 to <10.00	12,827	2,433	14.44%	12,191	5.11%	743	35.22%		11,140	91.38%	220	
	10.00 to <100.00	1,620	29	29.43%	1,629	12.69%	41	35.03%		1,977	121.40%	72	
	100.00 (Default)	1,023	0	-	1,023	100.00%	301	41.27%		3,306	323.11%	182	
	Sub-total	55,687	8,523	34.56%	61,140	3.45%	1,855	37.56%		34,627	56.64%	570	866

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

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Corporate – other (including purchased corporate receivables)	0.00 to <0.15	127,417	40,113	41.66%	155,217	0.08%	641	41.81%		37,823	24.37%	51	
	0.15 to <0.25	56,437	19,500	24.23%	64,030	0.18%	366	40.42%		24,485	38.24%	46	
	0.25 to <0.50	54,127	27,747	31.59%	58,902	0.30%	314	39.78%		28,876	49.02%	69	
	0.50 to <0.75	19,180	13,451	7.87%	19,072	0.54%	154	34.89%		11,738	61.54%	36	
	0.75 to <2.50	29,981	16,062	13.00%	26,951	1.25%	306	34.80%		21,273	78.93%	117	
	2.50 to <10.00	18,914	16,885	3.76%	15,071	5.05%	268	25.15%		13,041	86.53%	182	
	10.00 to <100.00	4,335	686	0.22%	2,094	23.14%	29	21.12%		2,147	102.56%	97	
	100.00 (Default)	6,308	0	-	6,308	100.00%	99	42.53%		3,154	50.00%	3,585	
Sub-total	316,699	134,444	25.28%	347,645	2.42%	2,177	39.45%		142,537	41.00%	4,183	6,610	
Retail – QRRE	0.00 to <0.15	38	12,020	59.40%	7,179	0.14%	488,254	91.87%		525	7.31%	9	
	0.15 to <0.25	33	228	61.89%	175	0.24%	7,815	91.75%		20	11.43%	0	
	0.25 to <0.50	3,029	20,958	60.77%	15,764	0.35%	423,548	91.87%		2,445	15.51%	51	
	0.50 to <0.75	179	1,826	79.94%	1,639	0.59%	57,741	90.64%		379	23.11%	9	
	0.75 to <2.50	589	2,786	66.25%	2,434	1.37%	99,111	90.59%		1,047	42.99%	30	
	2.50 to <10.00	903	1,413	73.56%	1,942	5.22%	39,539	91.30%		2,169	111.68%	93	
	10.00 to <100.00	17	21	84.07%	35	24.97%	644	91.12%		80	231.70%	8	
	100.00 (Default)	44	0	0.00%	44	100.00%	34,202	91.44%		221	504.33%	22	
Sub-total	4,832	39,252	62.11%	29,212	0.90%	1,150,854	91.66%		6,886	23.57%	222	115	

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

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to <0.15	6,731	151	100.00%	6,882	0.10%	1,835	26.78%		1,486	21.60%	2	
	0.15 to <0.25	39,909	1,469	100.00%	41,378	0.23%	18,963	20.50%		8,295	20.05%	20	
	0.25 to <0.50	53,516	210	100.00%	53,726	0.34%	20,104	13.95%		10,482	19.51%	26	
	0.50 to <0.75	1,690	0	-	1,690	0.64%	1,390	30.07%		472	27.94%	3	
	0.75 to <2.50	1,804	39	100.00%	1,843	1.34%	1,975	11.63%		395	21.41%	3	
	2.50 to <10.00	914	0	100.00%	914	6.97%	809	31.40%		1,114	121.83%	20	
	10.00 to <100.00	693	0	-	693	17.83%	548	19.74%		744	107.41%	28	
	100.00 (Default)	279	0	-	279	100.00%	132	18.69%		546	195.87%	10	
Sub-total	105,536	1,869	100.00%	107,405	0.73%	45,756	17.71%		23,534	21.91%	112	1,259	
Retail – small business retail exposures	0.00 to <0.15	0	0	-	0	-	0	-		0	-	0	
	0.15 to <0.25	50	0	-	50	0.25%	24	28.56%		6	13.29%	0	
	0.25 to <0.50	72	2	100.00%	74	0.34%	38	12.42%		5	7.13%	0	
	0.50 to <0.75	34	12	100.00%	46	0.55%	100	65.39%		23	49.24%	0	
	0.75 to <2.50	548	25	100.00%	573	1.40%	369	22.42%		143	24.89%	2	
	2.50 to <10.00	25	2	100.00%	27	4.31%	34	52.44%		21	75.38%	1	
	10.00 to <100.00	6	0	-	6	10.88%	9	22.01%		2	37.85%	0	
	100.00 (Default)	1	1	0.00%	1	100.00%	3	70.36%		0	1.41%	1	
Sub-total	736	42	98.32%	777	1.45%	577	25.53%		200	25.76%	4	10	

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

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Other retail exposures to individuals	0.00 to <0.15	571	15	59.37%	580	0.03%	163	70.00%		42	7.29%	0	
	0.15 to <0.25	310	11	100.00%	321	0.21%	332	64.36%		83	25.80%	0	
	0.25 to <0.50	70	133	67.44%	160	0.36%	240	91.55%		86	53.87%	0	
	0.50 to <0.75	1,810	148	98.51%	1,956	0.54%	969	65.45%		950	48.56%	7	
	0.75 to <2.50	4,051	189	96.61%	4,233	1.64%	11,600	46.85%		2,402	56.75%	34	
	2.50 to <10.00	2,084	63	84.31%	2,137	4.97%	5,828	51.73%		1,653	77.36%	63	
	10.00 to <100.00	147	0	59.37%	147	25.10%	788	60.59%		204	138.72%	23	
	100.00 (Default)	146	0	-	146	100.00%	1,022	56.80%		178	121.34%	81	
Sub-total	9,189	559	87.83%	9,680	3.83%	20,942	54.75%		5,598	57.83%	208	172	
Total (sum of all portfolios)	622,294	186,176	34.54%	686,694	1.79%	1,222,641	39.50%		280,393	40.83%	5,440	9,177	

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 2019:

(HK\$ million)		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialised lending under supervisory slotting criteria approach (project finance)	108	108
2	Corporate – Specialised lending under supervisory slotting criteria approach (object finance)	786	786
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)	23,603	23,603
5	Corporate – Specialised lending (high-volatility commercial real estate)	0	0
6	Corporate – Small-and-medium sized corporates	34,627	34,627
7	Corporate – Other corporates	142,537	142,537
8	Sovereigns	0	0
9	Sovereign foreign public sector entities	0	0
10	Multilateral development banks	0	0
11	Bank exposures – Banks	66,246	66,246
12	Bank exposures – Securities firms	765	765
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	0	0
14	Retail – Small business retail exposures	200	200
15	Retail – Residential mortgages to individuals	22,138	22,138
16	Retail – Residential mortgages to property-holding shell companies	1,396	1,396
17	Retail – Qualifying revolving retail exposures (QRRE)	6,886	6,886
18	Retail – Other retail exposures to individuals	5,598	5,598
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	16,406	16,406
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	16,610	16,610
26	Other – Cash items	24	24
27	Other – Other items	19,151	19,151
28	Total	357,081	357,081

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 2019 to 30th June 2019:

(HK\$ million)		(a)
		Amount
1	RWA as at end of previous reporting period	370,659
2	Asset size	-17,040
3	Asset quality	5,833
4	Model updates	0
5	Methodology and policy	0
6	Acquisitions and disposals	-8
7	Foreign exchange movements	-2,542
8	Other	179
9	RWA as at end of reporting period	357,081

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 2019:

		(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 2019:

Supervisory Rating Grade	Remaining Maturity	(a)	(b)	(c)	EAD amount (HK\$ Mn)					(e)	(f)
		On-balance sheet exposure amount (HK\$ Mn)	Off-balance sheet exposure amount (HK\$ Mn)	SRW	PF	OF	CF	IPRE	Total	RWA (HK\$ Mn)	Expected loss amount (HK\$ Mn)
Strong ^	Less than 2.5 years	0	0	50%	0	0	0	0	0	0	0
Strong	Equal to or more than 2.5 years	27,258	5,325	70%	154	1,061	0	29,914	31,129	21,790	125
Good ^	Less than 2.5 years	0	0	70%	0	0	0	0	0	0	0
Good	Equal to or more than 2.5 years	874	21	90%	0	8	0	881	889	801	7
Satisfactory		0	0	115%	0	0	0	0	0	0	0
Weak		762	0	250%	0	14	0	748	762	1,906	61
Default		400	9	0%	0	0	0	415	415	0	207
Total		29,294	5,355		154	1,083	0	31,958	33,195	24,497	400

^ 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 2019:

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	75	0	300%	75	226
All other equity exposures	4,045	0	400%	4,045	16,180
Total	4,120	0		4,120	16,406

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

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 2019:

		(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 (for derivative contracts)	0	0		1.4	0	0
1a	CEM	2,322	4,505		N/A	5,060	2,573
2	IMM (CCR) Approach			0	N/A	0	0
3	Simple Approach (for SFTs)					0	0
4	Comprehensive Approach (for SFTs)					8,244	456
5	VaR (for SFTs)					0	0
6	Total						3,029

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

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 2019:

(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	4,446	936
4	Total	4,446	936

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 2019, 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	2	0	22	0	0	0	0	0	24
5	Securities firm exposures	0	0	0	0	1	0	0	0	0	0	1
6	Corporate exposures	0	0	0	0	0	0	67	0	0	0	67
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Regulatory retail exposures	0	0	0	0	0	22	0	0	0	0	22
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	49	0	0	0	49
11	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
12	Total	0	0	2	0	23	22	116	0	0	0	163

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

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

The following table presents all the relevant parameters used for the calculation of counterparty default risk capital requirements for IRB exposures (other than those to CCPs) as at 30th June 2019:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	PD Scale	EAD post-CRM (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity	RWA (HK\$ Mn)	RWA density
Bank	0.00 to <0.15	3,161	0.08%	56	30.93%		764	24.18%
	0.15 to <0.25	7,523	0.20%	33	11.88%		846	11.24%
	0.25 to <0.50	1,427	0.33%	33	23.47%		594	41.62%
	0.50 to <0.75	0	-	0	-		0	-
	0.75 to <2.50	300	0.96%	11	45.00%		346	115.14%
	2.50 to <10.00	39	3.34%	3	45.00%		61	156.69%
	10.00 to <100.00	0	-	0	-		0	-
	100.00 (Default)	0	-	0	-		0	-
	Sub-total	12,450	0.21%	136	18.95%		2,611	20.97%
Corporate	0.00 to <0.15	223	0.09%	36	35.71%		51	22.81%
	0.15 to <0.25	63	0.19%	21	21.48%		13	21.43%
	0.25 to <0.50	140	0.27%	31	36.17%		59	42.29%
	0.50 to <0.75	65	0.54%	23	26.10%		29	44.46%
	0.75 to <2.50	75	1.34%	55	11.51%		18	24.37%
	2.50 to <10.00	124	5.09%	62	25.05%		103	82.93%
	10.00 to <100.00	1	10.09%	2	3.06%		0	13.18%
	100.00 (Default)	0	-	1	-		0	-
	Sub-total	691	1.23%	231	28.99%		273	39.57%
Total (sum of all portfolios)	13,141	0.26%	367	19.47%		2,884	21.95%	

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 2019 in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP:

(HK\$ million)	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	0	3,087	0	178	0	92
Cash – other currencies	0	96,220	0	3,566	7,562	0
Debt securities	0	0	0	0	0	8,152
Equity securities	0	170	0	0	73	0
Other collateral	0	0	0	2	0	0
Total	0	99,477	0	3,746	7,635	8,244

Template CCR6: Credit-related derivatives contracts

The following table presents the amount of credit-related derivative contracts as at 30th June 2019, 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 SEC1: Securitization exposures in banking book

The table below presents a breakdown of securitization exposures in the banking book as at 30th June 2019:

(HK\$ million)		(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
1	Retail (total) – of which:	-	-	-	-	-	-	8	-	8
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	-	-	-
4	other retail exposures	-	-	-	-	-	-	8	-	8
5	re-securitization exposures	-	-	-	-	-	-	-	-	-
6	Wholesale (total) – of which:	-	-	-	-	-	-	-	-	-
7	loans to corporates	-	-	-	-	-	-	-	-	-
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other wholesale	-	-	-	-	-	-	-	-	-
11	re-securitization exposures	-	-	-	-	-	-	-	-	-

Template SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator

The following table presents securitization exposures in the banking book where the Bank Group acts as an originating institution of securitization transactions and the associated capital requirements as at 30th June 2019:

		(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	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA	SEC-SA	SEC-FBA
(HK\$ million)																		
1	Total exposures	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Traditional securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Of which securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Of which retail	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Of which wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Of which re-securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Of which senior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Of which non-senior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Synthetic securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Of which securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Of which retail	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Of which wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Of which re-securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Of which senior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Of which non-senior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

The following table presents securitization exposures in the banking book where the Bank Group acts as an investing institution of securitization transactions and the associated capital requirements as at 30th June 2019:

	(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	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA	SEC-SA	SEC-FBA
(HK\$ million)																																		
1	Total exposures	0	8	0	0	0	8	0	0	0	3	0	0	0	0	0	0																	
2	Traditional securitization	0	8	0	0	0	8	0	0	0	3	0	0	0	0	0	0																	
3	Of which securitization	0	8	0	0	0	8	0	0	0	3	0	0	0	0	0	0																	
4	Of which retail	0	8	0	0	0	8	0	0	0	3	0	0	0	0	0	0																	
5	Of which wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
6	Of which re-securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
7	Of which senior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
8	Of which non-senior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
9	Synthetic securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
10	Of which securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
11	Of which retail	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
12	Of which wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
13	Of which re-securitization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
14	Of which senior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
15	Of which non-senior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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 2019:

(HK\$ million)	RWA
Outright product exposures	
Interest rate exposures (general and specific risk)	1,939
Equity exposures (general and specific risk)	1,834
Option exposures	-
Securitization exposures	-
Total	3,773

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 2019 to 30th June 2019:

(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	3,635	10,902	0	0	0	14,537
1a	Regulatory adjustment	2,298	7,172	0	0	0	9,470
1b	RWA as at day-end of previous reporting period	1,337	3,730	0	0	0	5,067
2	Movement in risk levels	-210	-452	0	0	0	-662
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	-2	-18	0	0	0	-20
7	Other	-37	-17	0	0	0	-54
7a	RWA as at day-end of reporting period	1,088	3,243	0	0	0	4,331
7b	Regulatory adjustment	2,618	6,897	0	0	0	9,515
8	RWA as at end of reporting period	3,706	10,140	0	0	0	13,846

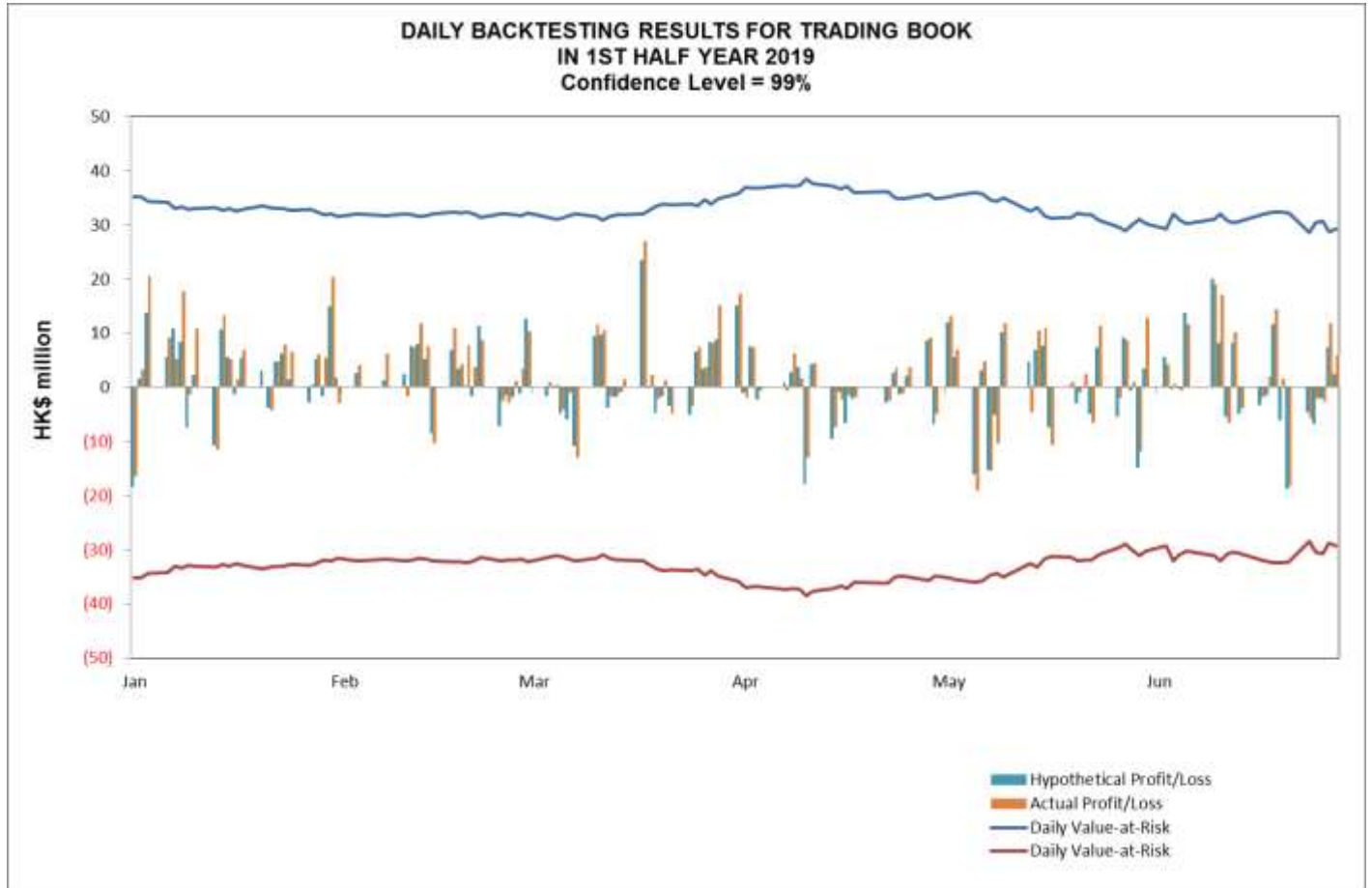
Template MR3: IMM approach values for market risk exposures

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

(HK\$ million)		(a)
		Value
VaR (10 days – one-tailed 99% confidence interval)		
1	Maximum Value	119
2	Average Value	98
3	Minimum Value	85
4	Period End	87
Stressed VaR (10 days – one-tailed 99% confidence interval)		
5	Maximum Value	315
6	Average Value	280
7	Minimum Value	241
8	Period End	259
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.

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)	30/6/2019					Total claims
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
<u>Counterparty country/ jurisdiction</u>						
Developed countries	29,402	3,946	4,678	24,009	-	62,035
Offshore centres	13,085	2,093	7,845	67,058	-	90,081
- of which: Hong Kong	9,141	2,090	4,219	59,213	-	74,663
Developing Asia and Pacific	48,725	5,843	8,498	105,379	-	168,445
- of which: China	25,121	5,816	6,993	96,604	-	134,534

(HK\$ million)	31/12/2018					Total claims
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
<u>Counterparty country/ jurisdiction</u>						
Developed countries	37,965	197	7,294	17,817	-	63,273
Offshore centres	7,388	2,072	6,137	65,648	-	81,245
- of which: Hong Kong	4,720	2,069	4,386	56,114	-	67,289
Developing Asia and Pacific	40,348	3,937	10,175	103,268	-	157,728
- of which: China	24,761	3,831	8,512	97,012	-	134,116

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

Mainland Activities

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

	30/6/2019		Total
	On-balance sheet exposure	Off-balance sheet exposure	
<u>Type of counterparties</u>	HK\$ Mn	HK\$ Mn	HK\$ Mn
1. Central government, central government owned entities and their subsidiaries and joint ventures	24,074	3,904	27,978
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	17,081	850	17,931
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	173,577	10,740	184,317
4. Other entities of central government not reported in item 1 above	6,284	548	6,832
5. Other entities of local governments not reported in item 2 above	4,314	120	4,434
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,147	603	4,750
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	39,876	3,415	43,291
Total	<u>269,353</u>	<u>20,180</u>	<u>289,533</u>
Total assets after provision	<u>803,536</u>		
On-balance sheet exposures as percentage of total assets	<u>33.5%</u>		

Mainland Activities (Continued)

	31/12/2018		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	32,173	4,327	36,500
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	18,020	615	18,635
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	173,067	11,813	184,880
4. Other entities of central government not reported in item 1 above	5,441	246	5,687
5. Other entities of local governments not reported in item 2 above	4,237	120	4,357
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,715	375	5,090
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	39,019	2,240	41,259
Total	<u>276,672</u>	<u>19,736</u>	<u>296,408</u>
Total assets after provision	<u>772,097</u>		
On-balance sheet exposures as percentage of total assets	<u>35.8%</u>		

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

Currency Concentration

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

	30/6/2019						
	USD HK\$ Mn	JPY HK\$ Mn	EUR HK\$ Mn	RMB HK\$ Mn	MOP HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	226,908	5,413	7,913	270,382	1,219	71,785	583,620
Spot liabilities	(206,558)	(3,120)	(5,633)	(271,145)	(1,182)	(65,531)	(553,169)
Forward purchases	236,734	3,614	6,012	205,055	-	8,724	460,139
Forward sales	(252,560)	(5,799)	(8,088)	(208,916)	-	(14,791)	(490,154)
Net options position	(4,375)	(2)	3	4,611	-	(26)	211
Net long/(short) non- structural position	<u>149</u>	<u>106</u>	<u>207</u>	<u>(13)</u>	<u>37</u>	<u>161</u>	<u>647</u>
	31/12/2018						
	USD HK\$ Mn	JPY HK\$ Mn	EUR HK\$ Mn	RMB HK\$ Mn	MOP HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	212,810	1,571	6,412	258,066	1,061	74,673	554,593
Spot liabilities	(190,629)	(884)	(4,901)	(262,525)	(908)	(68,531)	(528,378)
Forward purchases	276,356	2,959	6,348	244,093	-	8,481	538,237
Forward sales	(289,323)	(3,571)	(7,847)	(248,000)	-	(14,471)	(563,212)
Net options position	(7,372)	(2)	(1)	7,487	-	(20)	92
Net long/(short) non- structural position	<u>1,842</u>	<u>73</u>	<u>11</u>	<u>(879)</u>	<u>153</u>	<u>132</u>	<u>1,332</u>

Currency Concentration (Continued)

	30/6/2019				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	(6,974)	15,826	2,267	968	12,087

	31/12/2018				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	(6,989)	13,801	2,226	936	9,974

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 interim reporting period, which are computed on consolidated basis as required by the HKMA for its regulatory purposes.

Capital Buffer**Countercyclical Capital Buffer Ratio**

	<u>30/6/2019</u>	<u>31/12/2018</u>
	%	%
Countercyclical capital buffer ratio	1.090	0.774

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% for 2019 and 1.875% for 2018.

Higher Loss Absorbency Ratio

The HKMA has designated the Bank as a domestic systematically important authorised institution ("D-SIB"). Under section 3V of the Capital Rules, the higher loss absorbency ratio applicable to the Bank is 1% for 2019 and 0.75% for 2018.

Glossary

<u>Abbreviations</u>	<u>Descriptions</u>
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
EAD	Exposure At Default
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
HVCRE	High-Volatility Commercial Real Estate
IMM (CCR) Approach	Internal Models (Counterparty Credit Risk) Approach
IMM Approach	Internal Models Approach
IPRE	Income-Producing Real Estate
IRB Approach	Internal Ratings-Based Approach
IRC	Incremental Risk Charge
LGD	Loss Given Default
OF	Object Finance
PD	Probability Of Default
PF	Project Finance
PFE	Potential Future Exposure
PSE	Public Sector Entity
QRRE	Qualifying Revolving Retail Exposures
RW	Risk Weight
RWA	Risk Weighted Asset
SA-CCR	Standardised Approach (Counterparty Credit Risk)
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
SRW	Specific Risk-Weight
STC Approach	Standardized (Credit Risk) Approach
STM Approach	Standardized (Market Risk) Approach
VaR	Value-At-Risk