



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

Banking Disclosure Statement  
For the period ended  
30 June 2023

(Unaudited)

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## **Introduction**

### **Purpose**

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

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

### **Basis of preparation**

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

### **The banking disclosure statement**

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

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

**Template KM1: Key prudential ratios**

(HK\$ million)		30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Regulatory capital (amount)</b>						
1	Common Equity Tier 1 (CET1)	82,132	83,173	81,282	79,950	81,321
2	Tier 1	92,222	93,262	91,372	90,039	91,411
3	Total capital	104,726	105,821	103,420	103,263	104,576
<b>RWA (amount)</b>						
4	Total RWA	490,121	505,329	514,873	515,331	517,057
<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>						
5	CET1 ratio (%)	16.76%	16.46%	15.79%	15.51%	15.73%
6	Tier 1 ratio (%)	18.82%	18.46%	17.75%	17.47%	17.68%
7	Total capital ratio (%)	21.37%	20.94%	20.09%	20.04%	20.23%
<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>						
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.415%	0.426%	0.415%	0.377%	0.375%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	2.915%	2.926%	2.915%	2.877%	2.875%
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.26%	11.96%	11.29%	11.01%	11.23%
<b>Basel III leverage ratio</b>						
13	Total leverage ratio (LR) exposure measure	917,707	933,047	935,197	930,819	953,153
14	LR (%)	10.05%	10.00%	9.77%	9.67%	9.59%
<b>Liquidity Coverage Ratio (LCR)</b>						
15	Total high quality liquid assets (HQLA)	69,422	70,676	65,694	63,656	74,777
16	Total net cash outflows	33,389	38,934	33,274	35,670	40,285
17	LCR (%)	208.87%	182.93%	197.74%	179.08%	187.52%
<b>Net Stable Funding Ratio (NSFR)</b>						
18	Total available stable funding	577,415	577,024	568,204	550,694	561,199
19	Total required stable funding	480,463	492,581	489,801	488,612	493,241
20	NSFR (%)	120.18%	117.14%	116.01%	112.71%	113.78%

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

### Template OV1: Overview of RWA

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 30<sup>th</sup> June 2023 and 31<sup>st</sup> March 2023 respectively:

(HK\$ million)		(a)	(b)	(c)
		RWA <sup>1</sup>		Minimum capital requirements <sup>1</sup>
		June 2023	March 2023	June 2023
1	<b>Credit risk for non-securitization exposures</b>	<b>390,126</b>	<b>407,092</b>	<b>32,943</b>
2	Of which STC approach	29,056	29,485	2,324
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	336,457	350,688	28,532
4	Of which supervisory slotting criteria approach	24,613	26,919	2,087
5	Of which advanced IRB approach	0	0	0
6	<b>Counterparty default risk and default fund contributions</b>	<b>3,332</b>	<b>3,963</b>	<b>277</b>
7	Of which SA-CCR approach	2,956	3,528	246
7a	Of which CEM	0	0	0
8	Of which IMM(CCR) approach	0	0	0
8a	Of which counterparty default risk to CCPs in respect of derivative contracts	292	285	23
9	Of which others	84	150	8
10	CVA risk	1,078	1,368	86
11	Equity positions in banking book under the simple risk-weight method and internal models method	13,965	14,099	1,184
12	Collective investment scheme ("CIS") exposures – LTA*	0	0	0
13	CIS exposures – MBA*	128	128	11
14	CIS exposures – FBA*	8,628	8,849	732
14a	CIS exposures – combination of approaches*	0	0	0
15	Settlement risk	0	0	0
16	<b>Securitization exposures in banking book</b>	<b>0</b>	<b>0</b>	<b>0</b>
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0
20	<b>Market risk</b>	<b>4,540</b>	<b>4,084</b>	<b>363</b>
21	Of which STM approach	670	529	54
22	Of which IMM approach	3,870	3,555	309
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	N/A	N/A	N/A
24	Operational risk	32,483	31,360	2,599
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	11,783	12,309	999
26	Capital floor adjustment	3,052	0	244
26a	<b>Deduction to RWA</b>	<b>2,853</b>	<b>2,864</b>	<b>228</b>
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	0	0
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	2,853	2,864	228
27	<b>Total</b>	<b>466,262</b>	<b>480,388</b>	<b>39,210</b>

1. In this table, RWAs for credit risk which are calculated under the IRB approach and form part of item 3, 4, 7, 9, 11, 13, 14, 25 are before the application of the 1.06 scaling factor. Minimum capital requirement represents the amount of capital required to be held for that risk based on its RWAs after any applicable scaling factor multiplied by 8%.

**Template CC1: Composition of regulatory capital**

At 30 June 2023		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	41,878	(10) + (14)
2	Retained earnings	31,855	(11)
3	Disclosed reserves	18,959	(15) + (16) + (17)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	<b>CET1 capital before regulatory adjustments</b>	92,692	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	1	
8	Goodwill (net of associated deferred tax liabilities)	1,460	(4)
9	Other intangible assets (net of associated deferred tax liabilities)	10	(5)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,828	(6)
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	3	(7) + (8)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable

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

At 30 June 2023

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	7,258	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	5,187	(2) + (3)
26b	Regulatory reserve for general banking risks	2,071	(12)
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	<b>Total regulatory deductions to CET1 capital</b>	10,560	
29	<b>CET1 capital</b>	82,132	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	10,090	(18)
31	of which: classified as equity under applicable accounting standards	10,090	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	<b>AT1 capital before regulatory deductions</b>	10,090	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	

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

At 30 June 2023

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	<b>Total regulatory deductions to AT1 capital</b>	-	
44	<b>AT1 capital</b>	10,090	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	92,222	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	8,589	(9)
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,581	(13) - (1)
51	<b>Tier 2 capital before regulatory deductions</b>	10,170	
<b>Tier 2 capital: regulatory deductions</b>			
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	(2,334)	
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	(2,334)	[(2) + (3)] X 45%

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

At 30 June 2023

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	(2,334)	
58	<b>Tier 2 capital (T2)</b>	12,504	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	104,726	
60	<b>Total RWA</b>	490,121	
<b>Capital ratios (as a percentage of RWA)</b>			
61	<b>CET1 capital ratio</b>	16.76%	
62	<b>Tier 1 capital ratio</b>	18.82%	
63	<b>Total capital ratio</b>	21.37%	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	2.915%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.415%	
67	of which: higher loss absorbency requirement	N/A	
68	<b>CET1 (as a percentage of RWA) available after meeting minimum capital requirements</b>	12.26%	
<b>National minima (if different from Basel 3 minimum)</b>			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	3,998	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	4,713	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	260	
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	375	

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

At 30 June 2023

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	1,321	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	2,529	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

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

Notes to the Template

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

	Description	Hong Kong basis (HK\$ Million)	Basel III basis (HK\$ Million)
9	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	10	10
	<p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	1,828	(1)
	<p><u>Explanation</u></p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
18	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

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

Notes to the Template (continued)

	Description	Hong Kong basis (HK\$ Million)	Basel III basis (HK\$ Million)
19	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
39	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
54	<b>Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)</b>	-	-
	<p><u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the CET (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and noncapital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
<p>Remarks: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.</p>			

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

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

Balance Sheet Reconciliation	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
	30/06/2023 HK\$ Mn	30/06/2023 HK\$ Mn	
<b>Assets</b>			
Cash and balances with banks	43,444	43,402	
Placements with and advances to banks	58,308	58,171	
Trade bills	1,460	1,460	
Trading assets	3,840	3,840	
Derivative assets	12,028	12,028	
Loans and advances to customers	526,235	526,024	
of which: collective impairment allowances reflected in regulatory capital		(1,113)	(1)
Excess of total EL amount over total eligible provisions under the IRB Approach		-	
Investment securities	157,887	157,777	
Investments in subsidiaries	-	2,234	
Investments in associates/joint ventures	8,782	4,521	
Fixed assets			
- Investment properties	5,144	4,625	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		3,279	(2)
- Other property and equipment	7,382	7,263	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		1,908	(3)
ROU assets	794	803	
Goodwill and intangible assets	1,858	1,470	
of which: goodwill		1,460	(4)
other intangible assets		10	(5)
Deferred tax assets	1,828	1,828	
of which: deferred tax assets		1,828	(6)
Other assets			
- Assets held for sale	29	29	
- Others	43,050	42,904	
<b>Total Assets</b>	<b>872,069</b>	<b>868,379</b>	
<b>Liabilities</b>			
Deposits and balances of banks	25,975	25,975	
Deposits from customers	625,722	625,722	
Trading liabilities	1	1	
Derivative liabilities	4,777	4,777	
Certificates of deposit issued			
- Designated at fair value through profit or loss	18,127	18,127	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		3	(7)
- At amortised cost	18,461	18,461	
Current taxation	1,586	1,599	
Debt securities issued			
- Designated at fair value through profit or loss	825	825	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		-	(8)
- At amortised cost	683	683	
Deferred tax liabilities	438	395	
Other liabilities			
- Liabilities held for sale	-	-	
- Others	52,402	53,279	
Loan capital - at amortised cost	15,753	15,753	
of which: portion eligible for Tier 2 capital instruments		8,589	(9)
<b>Total Liabilities</b>	<b>764,750</b>	<b>765,597</b>	
<b>Equity</b>			
Share capital	41,878	41,878	
of which: paid-in share capital		41,878	(10)
Reserves	55,104	50,814	
of which: retained earnings		31,855	(11)
of which: regulatory reserve earmarked		2,071	(12)
regulatory reserve for general banking risks		468	(13)
share premium		-	(14)
accumulated other comprehensive income		3,075	(15)
exchange revaluation reserve		(2,460)	(16)
other reserves		18,344	(17)
Additional equity instruments	10,090	10,090	(18)
Non-controlling interests	247	-	
of which: portion not eligible for inclusion in regulatory capital		-	
<b>Total Equity</b>	<b>107,319</b>	<b>102,782</b>	
<b>Total Equity and Liabilities</b>	<b>872,069</b>	<b>868,379</b>	

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

The following table presents the geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures as at 30<sup>th</sup> June 2023:

		a	c	d	e
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		(%)	(HK\$ Million)	(%)	(HK\$ Million)
1	Hong Kong SAR	1.000%	140,595		
2	Australia	1.000%	6,056		
3	France	0.500%	73		
4	Germany	0.750%	1,520		
5	Luxembourg	0.500%	207		
6	Netherlands	1.000%	364		
7	Sweden	2.000%	214		
8	United Kingdom	1.000%	15,506		
	Sum of above		164,535		
	Total (including those exposures in jurisdictions with zero JCCyB ratio)		395,977	0.415%	2,034

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

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

At 30 Jun 2023

	Item	Value under Leverage Ratio framework (HK\$ million)
1	Total consolidated assets as per published financial statements	872,069
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(16,217)
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	20,623
5	Adjustment for SFTs (i.e. repos and similar secured lending)	7,105
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	51,306
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(6,623)
7	Other adjustments	(10,556)
8	<b>Leverage ratio exposure measure</b>	<b>917,707</b>

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

		(HK\$ million)	
		At 30 Jun 2023	At 31 Mar 2023
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	855,844	865,832
2	Less: Asset amounts deducted in determining Tier 1 capital	(10,556)	(10,005)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	845,288	855,827
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	12,386	9,679
5	Add-on amounts for PFE associated with all derivative contracts	9,465	13,187
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(1,228)	(1,003)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	<b>Total exposures arising from derivative contracts</b>	20,623	21,863
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	6,743	7,715
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	362	277
15	Agent transaction exposures	-	-
16	<b>Total exposures arising from SFTs</b>	7,105	7,992
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	356,572	376,230
18	Less: Adjustments for conversion to credit equivalent amounts	(305,266)	(320,653)
19	<b>Off-balance sheet items</b>	51,306	55,577
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	92,222	93,262
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	924,322	941,259
20b	<b>Adjustments for specific and collective provisions</b>	(6,615)	(8,212)
21	<b>Total exposures after adjustments for specific and collective provisions</b>	917,707	933,047
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>10.05%</b>	<b>10.00%</b>

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

(HK\$ million)		Quarter ending on 30 June 2023		Quarter ending on 31 March 2023	
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		<b>Unweighted value</b> (average)	<b>Weighted value</b> (average)	<b>Unweighted value</b> (average)	<b>Weighted value</b> (average)
<b>A. High Quality Liquid Assets (HQLA)</b>					
1	Total HQLA		87,012		86,934
<b>B. Cash Outflows</b>					
2	Retail deposits and small business funding, of which:	319,119	23,091	314,697	23,012
3	<i>Stable retail deposits and stable small business funding</i>	42,416	1,308	42,934	1,326
4	<i>Less stable retail deposits and less stable small business funding</i>	158,975	15,897	161,963	16,196
4a	<i>Retail term deposits and small business term funding</i>	117,728	5,886	109,800	5,490
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the institution, of which:	132,779	71,118	135,892	75,663
6	<i>Operational deposits</i>	0	0	0	0
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	130,189	68,528	129,566	69,337
8	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	2,590	2,590	6,326	6,326
9	Secured funding transactions (including securities swap transactions)		0		0
10	Additional requirements, of which:	102,963	15,328	104,622	15,708
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	4,728	4,728	4,876	4,876
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	0	0	0	0
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	98,235	10,600	99,746	10,832
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	9,393	9,393	7,423	7,423
15	Other contingent funding obligations (whether contractual or non-contractual)	158,537	2,271	159,955	2,305
16	<b>Total Cash Outflows</b>		121,201		124,111
<b>C. Cash Inflows</b>					
17	Secured lending transactions (including securities swap transactions)	2,795	2,758	2,635	2,360
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	133,549	80,737	128,038	77,706
19	Other cash inflows	5,027	4,697	5,432	5,167
20	<b>Total Cash Inflows</b>	141,371	88,192	136,105	85,233
<b>D. Liquidity Coverage Ratio</b>					
21	<b>Total HQLA</b>		Adjusted value 69,422		Adjusted value 70,676
22	<b>Total Net Cash Outflows</b>		33,389		38,934
23	<b>LCR (%)</b>		208.87%		182.93%

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

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

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

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

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

The Group’s LCR is well above the regulatory limit of 100% throughout the second quarter of 2023. The average LCR increased from 183% for the first quarter of 2023 to 209% for the second quarter of 2023 mainly due to comparably lower net cash outflows within 30 days. Overall, there was no material fluctuation in the average LCR across the last five quarters.

#### **Composition of HQLA**

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

#### **Concentration of Funding Sources**

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

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

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

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

The Asset and Liability Management Committee is delegated by the Board to oversee the Group’s liquidity risk management. The Asset and Liability Management Committee sets the strategy, policy, and limits for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Regular meetings are held to review the compliance status of the monitoring matrix established and the need for any change in strategy and policy. Liquidity is managed daily by the Capital Markets & Liquidity Management Department under the Treasury Markets Division of the Group within the set limits. The Market & Liquidity Risk 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 2023				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
<b>A. Available stable funding (“ASF”) item</b>						
1	Capital:	104,641	53	14	9,979	114,627
2	Regulatory capital	104,641	53	0	8,362	113,003
2a	Minority interests not covered by row 2	0	0	0	0	0
3	Other capital instruments	0	0	14	1,617	1,624
4	Retail deposits and small business funding:		353,869	0	0	322,058
5	Stable deposits		71,520	0	0	67,944
6	Less stable deposits		282,349	0	0	254,114
7	Wholesale funding:		272,605	26,587	13,764	123,644
8	Operational deposits		0	0	0	0
9	Other wholesale funding	0	272,605	26,587	13,764	123,644
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	38,974	23,425	7,339	13,417	17,086
12	Net derivative liabilities	0				
13	All other funding and liabilities not included in the above categories	38,974	23,425	7,339	13,417	17,086
14	<b>Total ASF</b>					577,415
<b>B. Required stable funding (“RSF”) item</b>						
15	Total HQLA for NSFR purposes		148,466			32,316
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	7,127	234,301	71,610	333,080	390,458
18	Performing loans to financial institutions secured by Level 1 HQLA	0	1,414	0	0	141
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1	103,824	8,172	11,030	30,690
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:	6,943	119,082	55,320	169,142	237,087
21	With a risk-weight of less than or equal to 35% under the STC approach	0	167	0	0	83
22	Performing residential mortgages, of which:	0	4,210	2,993	118,304	87,524
23	With a risk-weight of less than or equal to 35% under the STC approach	0	3,268	2,320	83,221	56,888
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	183	5,771	5,125	34,604	35,016
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	41,892	31,943	489	1	52,869
27	Physical traded commodities, including gold	0				0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	2,868				2,468
29	Net derivative assets	519				519
30	Total derivative liabilities before adjustments for deduction of variation margin posted	4,777				239
31	All other assets not included in the above categories	33,728	31,943	489	1	49,643
32	Off-balance sheet items			338,988		4,820
33	<b>Total RSF</b>					480,463
34	<b>Net Stable Funding Ratio (%)</b>					120.18%

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

(HK\$ million)		Quarter ended 31 Mar 2023				
		(a)	(b)	(c)	(d)	(e)
<b>Basis of disclosure: consolidated</b>		<b>Unweighted value by residual maturity</b>				<b>Weighted amount</b>
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
<b>A. Available stable funding (“ASF”) item</b>						
1	Capital:	105,850	227	0	10,164	116,014
2	<i>Regulatory capital</i>	105,850	148	0	8,451	114,301
2a	<i>Minority interests not covered by row 2</i>	0	0	0	0	0
3	<i>Other capital instruments</i>	0	79	0	1,713	1,713
4	Retail deposits and small business funding:		345,042	0	0	314,152
5	<i>Stable deposits</i>		72,295	0	0	68,680
6	<i>Less stable deposits</i>		272,747	0	0	245,472
7	Wholesale funding:		298,359	31,016	8,427	132,739
8	<i>Operational deposits</i>		0	0	0	0
9	<i>Other wholesale funding</i>	0	298,359	31,016	8,427	132,739
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	39,095	19,430	7,236	10,500	14,119
12	<i>Net derivative liabilities</i>	0				
13	<i>All other funding and liabilities not included in the above categories</i>	39,095	19,430	7,236	10,500	14,119
14	<b>Total ASF</b>					577,024
<b>B. Required stable funding (“RSF”) item</b>						
15	Total HQLA for NSFR purposes		146,894			31,781
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	7,127	245,488	58,801	346,229	401,678
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	0	222	0	0	22
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	0	102,168	7,113	12,016	30,898
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>	6,961	132,962	43,640	180,656	247,988
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	0	196	0	0	98
22	<i>Performing residential mortgages, of which:</i>	0	4,205	3,072	119,265	88,027
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	0	3,172	2,392	84,975	58,016
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	166	5,931	4,976	34,292	34,743
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	41,865	29,918	1,937	1	54,108
27	<i>Physical traded commodities, including gold</i>	0				0
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	2,828				2,435
29	<i>Net derivative assets</i>	520				520
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	3,311				166
31	<i>All other assets not included in the above categories</i>	35,206	29,918	1,937	1	50,987
32	Off-balance sheet items			354,351		5,014
33	<b>Total RSF</b>					492,581
34	<b>Net Stable Funding Ratio (%)</b>					117.14%

### Template CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 30<sup>th</sup> June 2023:

(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	13,583	619,844	5,385	553	399	4,433	628,042
2	Debt securities	857	159,338	556	0	0	556	159,639
3	Off-balance sheet exposures	576	40,068	379	0	37	342	40,265
4	<b>Total</b>	<b>15,016</b>	<b>819,250</b>	<b>6,320</b>	<b>553</b>	<b>436</b>	<b>5,331</b>	<b>827,946</b>

#### Definition of default

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

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

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

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs for the period from 31<sup>st</sup> December 2022 to 30<sup>th</sup> June 2023:

(HK\$ million)		(a)
		Amount
1	<b>Defaulted loans and debt securities at end of the previous reporting period (31<sup>st</sup> December 2022)</b>	<b>13,591</b>
2	Loans and debt securities that have defaulted since the last reporting period	5,787
3	Returned to non-defaulted status	(18)
4	Amounts written off *	(3,429)
5	Other changes**	(1,491)
6	<b>Defaulted loans and debt securities at end of the current reporting period (30<sup>th</sup> June 2023)</b>	<b>14,440</b>

\* Loans and debt securities of HKD 3.4 billion were written off after considering that there is no realistic prospect of recovery, in compliance with our Group's credit procedures.

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

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

The following table presents the extent of credit risk exposures covered by different types of recognised CRM as at 30<sup>th</sup> June 2023:

		(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	344,971	283,071	227,092	55,979	0
2	Debt securities	157,639	2,000	0	2,000	0
<b>3</b>	<b>Total</b>	<b>502,610</b>	<b>285,071</b>	<b>227,092</b>	<b>57,979</b>	<b>0</b>
4	Of which defaulted	4,851	5,344	5,344	0	0

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

The following table illustrates the effect of any recognised CRM (including recognised collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 30<sup>th</sup> June 2023:

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	64,039	0	64,044	0	493	0.77%
2 PSE exposures	846	105	1,096	182	221	17.32%
2a Of which: domestic PSEs	409	100	659	180	168	20.05%
2b Of which: foreign PSEs	437	5	437	2	53	12.10%
3 Multilateral development bank exposures	1,763	0	1,763	0	0	0.00%
4 Bank exposures	214	0	214	0	43	20.00%
5 Securities firm exposures	2,314	2,120	1,668	12	840	50.00%
6 Corporate exposures	4,444	1,890	3,355	95	3,096	89.74%
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	25,600	103,678	24,860	6	18,649	75.00%
11 Residential mortgage loans	4,751	476	4,480	27	1,687	37.42%
12 Other exposures which are not past due exposures	10,713	1,879	3,662	3	3,664	100.00%
13 Past due exposures	260	55	260	0	363	139.45%
14 Significant exposures to commercial entities	0	0	0	0	0	-
<b>15 Total</b>	<b>114,944</b>	<b>110,203</b>	<b>105,402</b>	<b>325</b>	<b>29,056</b>	<b>27.48%</b>

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

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 30<sup>th</sup> June 2023:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Exposure Class	Risk Weight											Total credit risk exposures amount (post CCF and post CRM)
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
1	Sovereign exposures	61,581	0	2,463	0	0	0	0	0	0	0	64,044
2	PSE exposures	174	0	1,103	0	1	0	0	0	0	0	1,278
2a	Of which: domestic PSEs	0	0	838	0	1	0	0	0	0	0	839
2b	Of which: foreign PSEs	174	0	265	0	0	0	0	0	0	0	439
3	Multilateral development bank exposures	1,763	0	0	0	0	0	0	0	0	0	1,763
4	Bank exposures	0	0	214	0	0	0	0	0	0	0	214
5	Securities firm exposures	0	0	0	0	1,680	0	0	0	0	0	1,680
6	Corporate exposures	0	0	25	0	669	0	2,756	0	0	0	3,450
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	24,866	0	0	0	0	24,866
11	Residential mortgage loans	0	0	0	4,269	0	181	57	0	0	0	4,507
12	Other exposures which are not past due exposures	0	0	0	0	0	0	3,665	0	0	0	3,665
13	Past due exposures	3	0	0	0	0	0	46	211	0	0	260
14	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
<b>15</b>	<b>Total</b>	<b>63,521</b>	<b>0</b>	<b>3,805</b>	<b>4,269</b>	<b>2,350</b>	<b>25,047</b>	<b>6,524</b>	<b>211</b>	<b>0</b>	<b>0</b>	<b>105,727</b>

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

The following tables present the main parameters of internal models used for the calculation of credit risk capital requirements under the foundation and retail IRB approaches respectively at 30<sup>th</sup> June 2023:

Foundation IRB Approach

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Bank	0.00 to <0.15	78,429	28	31.55%	78,438	0.07%	250	45.69%	2.5	24,921	31.77%	24	
	0.15 to <0.25	826	242	2.24%	844	0.20%	11	45.00%	2.5	479	56.74%	1	
	0.25 to <0.50	11,555	23	20.00%	11,560	0.32%	39	45.97%	2.5	8,386	72.54%	17	
	0.50 to <0.75	3,236	300	75.00%	3,461	0.51%	12	45.00%	2.5	2,983	86.18%	8	
	0.75 to <2.50	3,417	15	20.00%	3,420	1.53%	17	45.00%	2.5	4,099	119.85%	24	
	2.50 to <10.00	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	10.00 to <100.00	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	100.00 (Default)	0	0	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
<b>Sub-total</b>	<b>97,463</b>	<b>608</b>	<b>40.59%</b>	<b>97,723</b>	<b>0.17%</b>	<b>329</b>	<b>45.67%</b>	<b>2.5</b>	<b>40,868</b>	<b>41.82%</b>	<b>74</b>	<b>12</b>	
Corporate – small-and-medium sized corporates	0.00 to <0.15	7,731	2,300	40.30%	10,380	0.08%	40	39.12%	2.5	1,906	18.37%	3	
	0.15 to <0.25	1,640	675	20.51%	1,811	0.19%	64	34.50%	2.5	461	25.47%	1	
	0.25 to <0.50	15,311	2,109	42.49%	15,827	0.32%	139	37.77%	2.5	6,067	38.34%	19	
	0.50 to <0.75	8,171	743	10.22%	7,721	0.54%	97	29.22%	2.5	2,878	37.27%	12	
	0.75 to <2.50	13,086	3,314	4.68%	12,333	1.51%	389	32.35%	2.5	7,454	60.43%	63	
	2.50 to <10.00	9,453	3,315	3.22%	8,662	4.82%	609	34.97%	2.5	7,701	88.89%	149	
	10.00 to <100.00	701	16	0.46%	692	42.88%	25	33.65%	2.5	877	126.83%	97	
	100.00 (Default)	259	1	100.00%	260	100.00%	292	40.87%		463	178.14%	83	
<b>Sub-total</b>	<b>56,352</b>	<b>12,473</b>	<b>18.44%</b>	<b>57,686</b>	<b>2.19%</b>	<b>1,655</b>	<b>35.15%</b>	<b>2.5</b>	<b>27,807</b>	<b>48.20%</b>	<b>427</b>	<b>472</b>	

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

Foundation IRB Approach (continued)

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Corporate – other (including purchased corporate receivables)	0.00 to <0.15	133,192	45,474	15.42%	156,383	0.08%	577	43.28%	2.5	39,407	25.20%	53	
	0.15 to <0.25	66,464	27,165	12.50%	75,115	0.18%	318	43.79%	2.5	32,883	43.78%	59	
	0.25 to <0.50	77,029	40,533	14.48%	78,436	0.31%	528	41.29%	2.5	42,449	54.12%	101	
	0.50 to <0.75	27,084	13,648	5.23%	24,298	0.54%	165	38.63%	2.5	15,182	62.48%	51	
	0.75 to <2.50	46,000	46,265	3.34%	40,950	1.34%	457	38.08%	2.5	36,395	88.88%	203	
	2.50 to <10.00	18,909	20,157	3.85%	14,960	5.19%	260	19.23%	2.5	9,689	64.77%	146	
	10.00 to <100.00	5,873	553	2.34%	5,538	26.29%	31	40.48%	2.5	11,365	205.21%	581	
	100.00 (Default)	13,693	625	99.98%	14,318	100.00%	108	41.06%		35,306	246.60%	3,784	
<b>Sub-total</b>	<b>388,244</b>	<b>194,420</b>	<b>10.26%</b>	<b>409,998</b>	<b>4.33%</b>	<b>2,444</b>	<b>41.20%</b>	<b>2.5</b>	<b>222,676</b>	<b>54.31%</b>	<b>4,978</b>	<b>5,878</b>	
<b>Total (sum of all portfolios)</b>	<b>542,059</b>	<b>207,501</b>	<b>10.84%</b>	<b>565,407</b>	<b>3.39%</b>	<b>4,428</b>	<b>41.36%</b>	<b>2.5</b>	<b>291,351</b>	<b>51.53%</b>	<b>5,479</b>	<b>6,362</b>	

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

Retail IRB Approach

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Retail – QRRE	0.00 to <0.15	63	11,831	59.47%	7,098	0.14%	447,898	91.87%		519	7.31%	9	
	0.15 to <0.25	38	269	61.00%	203	0.25%	7,899	91.86%		23	11.57%	0	
	0.25 to <0.50	3,003	15,296	61.89%	12,470	0.35%	312,032	91.87%		1,935	15.51%	40	
	0.50 to <0.75	130	1,816	77.15%	1,531	0.60%	84,234	90.76%		360	23.48%	8	
	0.75 to <2.50	492	2,412	66.98%	2,107	1.30%	91,037	90.73%		873	41.44%	25	
	2.50 to <10.00	729	1,042	75.50%	1,516	5.13%	28,693	91.22%		1,673	110.36%	71	
	10.00 to <100.00	4	1	80.23%	5	34.01%	95	90.51%		12	231.40%	2	
	100.00 (Default)	44	0	0.00%	44	100.00%	39,121	91.42%		217	496.01%	23	
<b>Sub-total</b>	<b>4,503</b>	<b>32,667</b>	<b>62.66%</b>	<b>24,974</b>	<b>0.86%</b>	<b>1,011,009</b>	<b>91.67%</b>		<b>5,612</b>	<b>22.47%</b>	<b>178</b>	<b>77</b>	
Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to <0.15	23,815	511	100.00%	24,326	0.11%	4,752	43.69%		3,681	15.14%	12	
	0.15 to <0.25	24,448	545	100.00%	24,993	0.23%	14,096	22.75%		3,677	14.71%	13	
	0.25 to <0.50	66,367	47	100.00%	66,414	0.34%	21,770	16.87%		10,183	15.33%	38	
	0.50 to <0.75	164	1	100.00%	165	0.63%	44	30.07%		46	27.68%	0	
	0.75 to <2.50	1,614	6	100.00%	1,620	1.20%	1,515	11.45%		318	19.65%	2	
	2.50 to <10.00	401	0	100.00%	401	7.01%	413	30.08%		470	117.06%	9	
	10.00 to <100.00	493	0	0.00%	493	24.92%	311	18.96%		490	99.30%	25	
	100.00 (Default)	304	0	0.00%	304	100.00%	236	21.63%		716	235.60%	11	
<b>Sub-total</b>	<b>117,606</b>	<b>1,110</b>	<b>100.00%</b>	<b>118,716</b>	<b>0.66%</b>	<b>43,137</b>	<b>23.62%</b>		<b>19,581</b>	<b>16.49%</b>	<b>110</b>	<b>828</b>	

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

Retail IRB Approach (continued)

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure (HK\$ Mn)	Off-balance sheet exposure pre-CCF (HK\$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK\$ Mn)	RWA density	EL (HK\$ Mn)	Provisions (HK\$ Mn)
Retail – small business retail exposures	0.00 to <0.15	0	0	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
	0.15 to <0.25	8	0	0.00%	8	0.25%	5	30.07%		1	14.01%	0	
	0.25 to <0.50	55	0	0.00%	55	0.34%	32	12.42%		4	7.13%	0	
	0.50 to <0.75	6	9	100.00%	15	0.55%	29	89.94%		11	68.32%	0	
	0.75 to <2.50	588	23	100.00%	611	1.42%	328	20.30%		141	23.01%	2	
	2.50 to <10.00	5	1	100.00%	6	3.96%	16	57.48%		4	80.76%	0	
	10.00 to <100.00	1	0	0.00%	1	37.84%	3	17.03%		0	37.43%	0	
	100.00 (Default)	0	0	0.00%	0	0.00%	2	0.00%		0	0.00%	0	
<b>Sub-total</b>	<b>663</b>	<b>33</b>	<b>100.00%</b>	<b>696</b>	<b>1.35%</b>	<b>415</b>	<b>21.62%</b>			<b>161</b>	<b>23.13%</b>	<b>2</b>	<b>5</b>
Other retail exposures to individuals	0.00 to <0.15	5	28	60.58%	22	0.12%	39	87.91%		5	24.92%	0	
	0.15 to <0.25	72	1	59.37%	73	0.25%	298	30.67%		10	14.29%	0	
	0.25 to <0.50	90	192	66.93%	218	0.35%	281	91.75%		117	53.77%	1	
	0.50 to <0.75	1,520	29	87.84%	1,546	0.52%	437	69.45%		790	51.10%	6	
	0.75 to <2.50	3,357	29	83.83%	3,380	1.63%	9,195	45.44%		1,864	55.12%	26	
	2.50 to <10.00	569	28	74.03%	589	5.03%	2,708	56.32%		493	83.73%	18	
	10.00 to <100.00	79	0	59.37%	80	54.25%	678	63.68%		111	139.02%	28	
	100.00 (Default)	210	0	0.00%	210	100.00%	578	41.65%		446	212.51%	139	
<b>Sub-total</b>	<b>5,902</b>	<b>307</b>	<b>70.59%</b>	<b>6,118</b>	<b>5.66%</b>	<b>14,214</b>	<b>54.29%</b>			<b>3,836</b>	<b>62.70%</b>	<b>218</b>	<b>175</b>
<b>Total (sum of all portfolios)</b>	<b>128,674</b>	<b>34,117</b>	<b>63.99%</b>	<b>150,504</b>	<b>0.90%</b>	<b>1,068,775</b>	<b>36.15%</b>			<b>29,190</b>	<b>19.39%</b>	<b>508</b>	<b>1,085</b>

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

The following table presents the effect of recognised credit derivative contracts on the calculation of credit risk capital requirements under the IRB approach as at 30<sup>th</sup> June 2023:

(HK\$ million)		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialised lending under supervisory slotting criteria approach (project finance)	37	37
2	Corporate – Specialised lending under supervisory slotting criteria approach (object finance)	845	845
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)	23,731	23,731
5	Corporate – Specialised lending (high-volatility commercial real estate)	0	0
6	Corporate – Small-and-medium sized corporates	27,807	27,807
7	Corporate – Other corporates	222,676	222,676
8	Sovereigns	0	0
9	Sovereign foreign public sector entities	0	0
10	Multilateral development banks	0	0
11	Bank exposures – Banks	40,868	40,868
12	Bank exposures – Securities firms	0	0
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	0	0
14	Retail – Small business retail exposures	161	161
15	Retail – Residential mortgages to individuals	18,625	18,625
16	Retail – Residential mortgages to property-holding shell companies	956	956
17	Retail – Qualifying revolving retail exposures (QRRE)	5,612	5,612
18	Retail – Other retail exposures to individuals	3,836	3,836
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	13,965	13,965
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)	8,756	8,756
25a	Equity – Specified equity exposures to financial sector entities and commercial entities	11,783	11,783
26	Other – Cash items	319	319
27	Other – Other items	15,597	15,597
<b>28</b>	<b>Total</b>	<b>395,574</b>	<b>395,574</b>

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

The following table presents a flow statement explaining variations in the RWA for credit risk determined under the IRB approach for the period from 31<sup>st</sup> March 2023 to 30<sup>th</sup> June 2023:

(HK\$ million)		(a)
		Amount
<b>1</b>	<b>RWA as at end of previous reporting period</b>	<b>412,992</b>
2	Asset size	-23,567
3	Asset quality	4,990
4	Model updates	0
5	Methodology and policy	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	-6,534
8	Other	-1,063
<b>9</b>	<b>RWA as at end of reporting period</b>	<b>386,818</b>

RWA decreased by HK\$26.2bn in the second quarter of 2023, of which a decrease of around HK\$1.1bn in other was resulted from RWA saving initiatives.

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

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

The following table presents quantitative information in respect of specialised lending – HVCRE under the supervisory slotting criteria approach as at 30<sup>th</sup> June 2023:

		(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
<b>Total</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>

^ Use of preferential risk-weights.

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

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

The following table presents quantitative information in respect of specialised lending – other than HVCRE under the supervisory slotting criteria approach as at 30<sup>th</sup> June 2023:

Supervisory Rating Grade	Remaining Maturity	(a)	(b)	(c)	EAD amount (HK\$ Mn)					RWA (HK\$ Mn)	Expected loss amount (HK\$ Mn)
		On-balance sheet exposure amount (HK\$ Mn)	Off-balance sheet exposure amount (HK\$ Mn)	SRW	PF	OF	CF	IPRE	Total		
		(d)(i)	(d)(ii)	(d)(iii)							
Strong ^	Less than 2.5 years	22,577	2,512	50%	0	78	0	23,773	23,851	11,925	0
Strong	Equal to or more than 2.5 years	7,343	1,430	70%	53	58	0	8,304	8,415	5,891	33
Good ^	Less than 2.5 years	1,242	481	70%	0	0	0	1,628	1,628	1,139	7
Good	Equal to or more than 2.5 years	905	329	90%	0	328	0	515	843	759	7
Satisfactory		0	0	115%	0	0	0	0	0	0	0
Weak		1,960	0	250%	0	188	0	1,772	1,960	4,899	157
Default		473	0	0%	0	0	0	473	473	0	236
<b>Total</b>		<b>34,500</b>	<b>4,752</b>		<b>53</b>	<b>652</b>	<b>0</b>	<b>36,465</b>	<b>37,170</b>	<b>24,613</b>	<b>440</b>

^ Use of preferential risk-weights.

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

The following table presents quantitative information in respect of equity exposures under the simple risk-weight method as at 30<sup>th</sup> June 2023:

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	233	0	300%	233	699
All other equity exposures	3,316	0	400%	3,316	13,266
<b>Total</b>	<b>3,549</b>	<b>0</b>		<b>3,549</b>	<b>13,965</b>

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

The following table presents a comprehensive breakdown of counterparty default risk exposures (other than those to CCPs), RWAs, and, where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs as at 30<sup>th</sup> June 2023:

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC) (HK\$ Mn)	PFE (HK\$ Mn)	Effective EPE (HK\$ Mn)	Alpha ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM (HK\$ Mn)	RWA (HK\$ Mn)
1	SA-CCR approach (for derivative contracts)	1,169	3,428		1.4	6,436	2,956
1a	CEM (for derivative contracts)	0	0		1.4	0	0
2	IMM (CCR) Approach			0	N/A	0	0
3	Simple Approach (for SFTs)					0	0
4	Comprehensive Approach (for SFTs)					5,822	80
5	VaR (for SFTs)					0	0
<b>6</b>	<b>Total</b>						<b>3,036</b>

**Template CCR2: CVA capital charge**

The following table presents information on portfolios subject to the CVA capital charge and the CVA calculations based on standardised CVA method and advanced CVA method as at 30<sup>th</sup> June 2023:

(HK\$ million)		(a)	(b)
		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	0	0
1	(i) VaR (after application of multiplication factor if applicable)		0
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		0
3	Netting sets for which CVA capital charge is calculated by the standardised CVA method	6,436	1,078
<b>4</b>	<b>Total</b>	<b>6,436</b>	<b>1,078</b>

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

The following table presents a breakdown of default risk exposures as at 30<sup>th</sup> June 2023, 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	80	0	241	0	0	0	0	0	321
5	Securities firm exposures	0	0	0	0	45	0	0	0	0	0	45
6	Corporate exposures	0	0	0	0	82	0	257	0	0	0	339
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Regulatory retail exposures	0	0	0	0	0	142	0	0	0	0	142
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	384	0	0	0	384
11	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
<b>12</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>80</b>	<b>0</b>	<b>368</b>	<b>142</b>	<b>641</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,231</b>

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

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

The following table presents all the relevant parameters used for the calculation of counterparty default risk capital requirements for exposures subject to the foundation IRB approach (other than those to CCPs) as at 30<sup>th</sup> June 2023:

Foundation IRB Approach

	PD Scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		EAD post-CRM (HK\$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK\$ Mn)	RWA density
Bank	0.00 to <0.15	9,008	0.07%	60	22.23%	1.4	1,389	15.42%
	0.15 to <0.25	43	0.20%	3	45.00%	2.3	24	56.22%
	0.25 to <0.50	653	0.29%	11	25.22%	1.5	258	39.52%
	0.50 to <0.75	37	0.51%	3	45.00%	2.4	32	86.73%
	0.75 to <2.50	579	0.76%	7	5.40%	0.7	75	12.98%
	2.50 to <10.00	0	4.64%	1	45.00%	2.5	0	175.78%
	10.00 to <100.00	0	0.00%	0	0.00%	0.0	0	0.00%
	100.00 (Default)	0	0.00%	0	0.00%		0	0.00%
	<b>Sub-total</b>	<b>10,320</b>	<b>0.13%</b>	<b>85</b>	<b>21.66%</b>	<b>1.4</b>	<b>1,778</b>	<b>17.23%</b>
Corporate	0.00 to <0.15	485	0.09%	22	45.00%	2.5	134	27.60%
	0.15 to <0.25	26	0.17%	19	45.00%	2.5	11	40.86%
	0.25 to <0.50	55	0.27%	29	45.00%	2.5	28	51.03%
	0.50 to <0.75	51	0.54%	16	45.00%	2.5	37	72.29%
	0.75 to <2.50	74	1.63%	57	45.00%	2.5	78	106.22%
	2.50 to <10.00	15	6.18%	52	45.00%	2.5	22	152.57%
	10.00 to <100.00	0	0.00%	0	0.00%	0	0	0.00%
	100.00 (Default)	0	0.00%	0	0.00%		0	0.00%
	<b>Sub-total</b>	<b>706</b>	<b>0.43%</b>	<b>195</b>	<b>45.00%</b>	<b>2.5</b>	<b>310</b>	<b>43.96%</b>
<b>Total (sum of all portfolios)</b>	<b>11,026</b>	<b>0.15%</b>	<b>280</b>	<b>23.15%</b>	<b>1.4</b>	<b>2,088</b>	<b>18.94%</b>	

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

The following table presents a breakdown of all types of collateral posted or recognised collateral received to support or reduce the exposures to counterparty default risk exposures as at 30<sup>th</sup> June 2023 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	8,831	0	149	0	4
Cash – other currencies	0	68,936	0	1,382	4,555	1,806
Debt securities	0	15	0	0	1,728	4,932
Equity securities	0	243	0	0	2	0
Other collateral	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>78,025</b>	<b>0</b>	<b>1,531</b>	<b>6,285</b>	<b>6,742</b>

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

The following table presents the amount of credit-related derivative contracts as at 30<sup>th</sup> June 2023, broken down into credit protection bought and credit protection sold:

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

### **Template CCR8: Exposures to CCPs**

The following table provides a comprehensive breakdown of exposures to both qualifying and non-qualifying CCPs and the respective RWAs as at 30<sup>th</sup> June 2023, covering all types of credit risk exposures (including default risk exposures to the CCPs, credit risk exposures arising from initial margins posted, and default fund contributions made, to the CCPs):

(HK\$ million)		(a)	(b)
		Exposure after CRM	RWA
<b>1</b>	<b>Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)</b>		<b>296</b>
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	14,588	292
3	(i) OTC derivative transactions	14,152	283
4	(ii) Exchange-traded derivative contracts	436	9
5	(iii) Securities financing transactions	0	0
6	(iv) Netting sets subject to valid cross-product netting agreements	0	0
7	Segregated initial margin	0	
8	Unsegregated initial margin	0	0
9	Funded default fund contributions	64	4
10	Unfunded default fund contributions	0	0
<b>11</b>	<b>Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)</b>		<b>0</b>
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	0	0
13	(i) OTC derivative transactions	0	0
14	(ii) Exchange-traded derivative contracts	0	0
15	(iii) Securities financing transactions	0	0
16	(iv) Netting sets subject to valid cross-product netting agreements	0	0
17	Segregated initial margin	0	
18	Unsegregated initial margin	0	0
19	Funded default fund contributions	0	0
20	Unfunded default fund contributions	0	0

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

The table below provides the components of the market risk capital requirements calculated using the STM approach exposures as at 30<sup>th</sup> June 2023:

(HK\$ million)	RWA
Outright product exposures	
Interest rate exposures (general and specific risk)	453
Equity exposures (general and specific risk)	217
Option exposures	-
Securitization exposures	-
<b>Total</b>	<b>670</b>

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

The table below presents a flow statement explaining variations in the RWA for market risk determined under the IMM approach for the period from 31<sup>st</sup> March 2023 to 30<sup>th</sup> June 2023:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)
		VaR	Stressed VaR	IRC	CRC	Other	Total RWA
<b>1</b>	<b>RWA as at end of previous reporting period</b>	<b>1,235</b>	<b>2,320</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,555</b>
1a	Regulatory adjustment	870	1,542	0	0	0	2,412
1b	RWA as at day-end of previous reporting period	365	778	0	0	0	1,143
2	Movement in risk levels	-12	84	0	0	0	72
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	0	0	0	0	2
7	Other	-13	-23	0	0	0	-36
7a	RWA as at day-end of reporting period	342	839	0	0	0	1,181
7b	Regulatory adjustment	849	1,840	0	0	0	2,689
<b>8</b>	<b>RWA as at end of reporting period</b>	<b>1,191</b>	<b>2,679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,870</b>

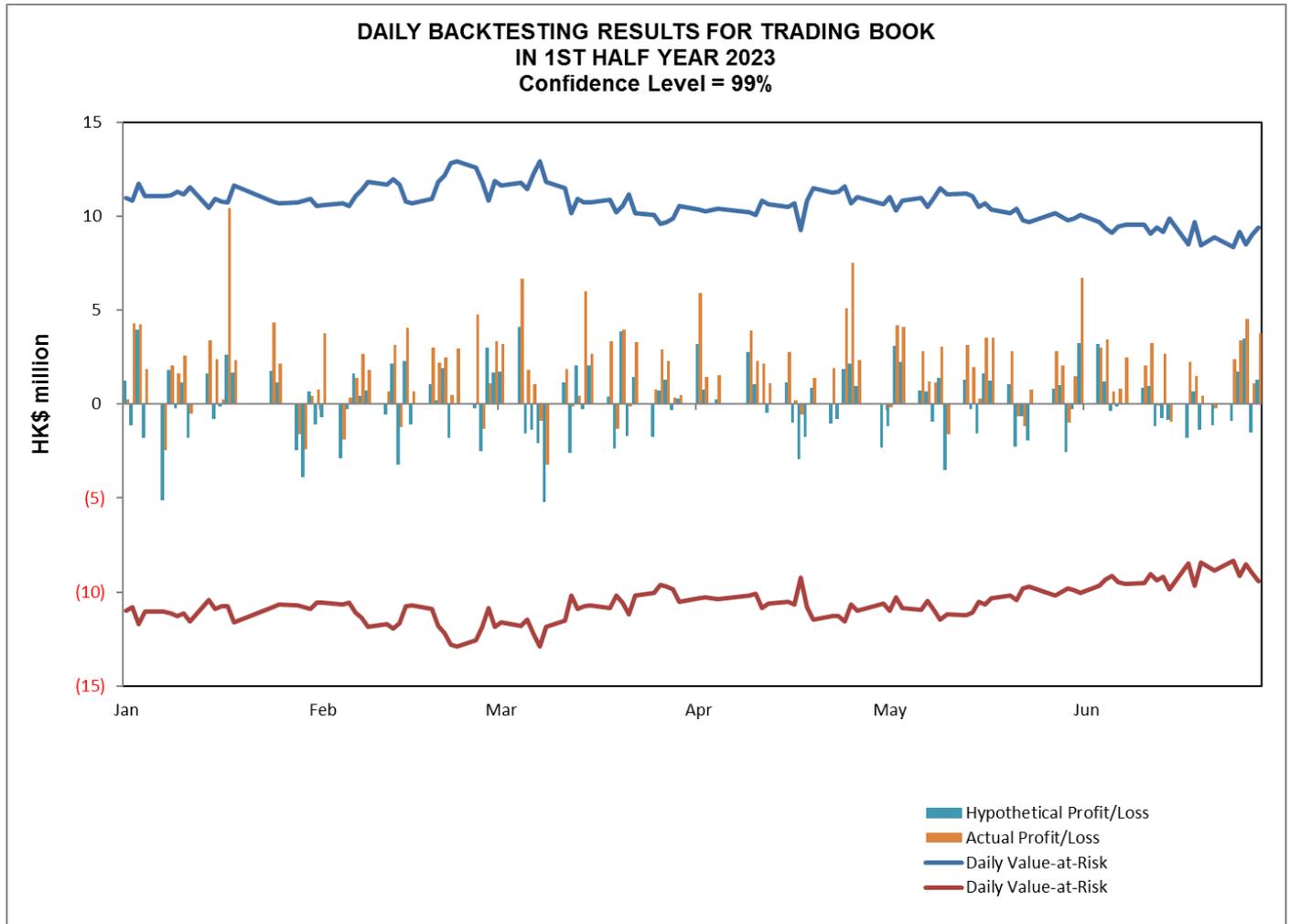
### **Template MR3: IMM approach values for market risk exposures**

The table below discloses the values resulting from the different types of models used for computing the regulatory market risk capital requirement at the group-wide level, before any additional capital charge is applied in the 1<sup>st</sup> half year of 2023:

(HK\$ million)		(a)
		Value
<b>VaR (10 days – one-tailed 99% confidence interval)</b>		
1	Maximum Value	41
2	Average Value	32
3	Minimum Value	26
4	Period End	27
<b>Stressed VaR (10 days – one-tailed 99% confidence interval)</b>		
5	Maximum Value	84
6	Average Value	67
7	Minimum Value	49
8	Period End	67
<b>Incremental risk charge (IRC) (99.9% confidence interval)</b>		
9	Maximum Value	0
10	Average Value	0
11	Minimum Value	0
12	Period End	0
<b>Comprehensive risk charge (CRC) (99.9% confidence interval)</b>		
13	Maximum Value	0
14	Average Value	0
15	Minimum Value	0
16	Period End	0
17	Floor	0

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

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



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

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

(HK\$ million)		30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
<b>Of the resolution entity at LAC consolidation group level</b>						
1	External loss-absorbing capacity available	110,573	111,687	105,360	105,214	104,576
2	Risk-weighted amount under the LAC Rules	490,121	505,329	514,873	515,331	517,057
3	External LAC risk-weighted ratio	22.56%	22.10%	20.46%	20.42%	20.23%
4	Exposure measure under the LAC Rules	917,707	933,047	935,197	930,819	953,153
5	External LAC leverage ratio	12.05%	11.97%	11.27%	11.30%	10.97%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>1</sup>	N.A	N/A	N/A	N/A	N.A
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>1</sup>	N.A	N/A	N/A	N/A	N.A
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied <sup>1</sup>	N.A	N/A	N/A	N/A	N.A

Footnotes:

- 1 The subordination exemptions under Section 11 of the FSB TLAC Term Sheet do not apply in Hong Kong under the LAC Rules.

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

		(a)
		Amount (HK\$ Million)
At 30 June 2023		
<b>Regulatory capital elements of external loss-absorbing capacity and adjustments</b>		
1	Common Equity Tier 1 ("CET1") capital	82,132
2	Additional Tier 1 ("AT1") capital before LAC adjustments	10,090
3	AT1 capital instruments ineligible as external loss-absorbing capacity as issued by a member of the resolution entity's LAC consolidation group other than the resolution entity	-
4	Other adjustments	-
5	AT1 capital eligible under the LAC Rules	10,090
6	Tier 2 ("T2") capital before LAC adjustments	12,504
7	Amortized portion of T2 capital instruments that are external LAC debt instruments issued by the resolution entity	-
8	T2 capital instruments ineligible as external loss-absorbing capacity as issued by a member of the resolution entity's LAC consolidation group other than the resolution entity	-
9	Other adjustments	-
10	T2 capital eligible under the LAC Rules	12,504
11	<b>External loss-absorbing capacity arising from regulatory capital</b>	<b>104,726</b>
<b>Non-regulatory capital elements of external loss-absorbing capacity</b>		
12	External non-capital LAC debt instruments issued directly by the resolution entity and that meet subordination requirements set out in the LAC Rules	5,847
17	<b>External loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments</b>	<b>-</b>
<b>Non-regulatory capital elements of external loss-absorbing capacity: adjustments</b>		
18	<b>External loss-absorbing capacity before deductions</b>	<b>110,573</b>
19	Deductions of exposures between the resolution entity's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for external loss-absorbing capacity	-
20	Deduction of holdings of its own non-capital LAC liabilities	-
21	Other adjustments to external loss-absorbing capacity	-
22	<b>External loss-absorbing capacity after deductions</b>	<b>110,573</b>
<b>Risk-weighted amount and exposure measure under the LAC Rules for external loss-absorbing capacity purposes</b>		
23	Risk-weighted amount under the LAC Rules	490,121
24	Exposure measure under the LAC Rules	917,707
<b>External LAC ratios and buffers</b>		
25	<b>External LAC risk-weighted ratio</b>	<b>22.56%</b>

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

At 30 June 2023		(a)
		Amount (HK\$ Million)
26	<b>External LAC leverage ratio</b>	12.05%
27	<b>CET1 capital (as a percentage of RWA under the Banking (Capital) Rules (“BCR”)) available after meeting the LAC consolidation group’s minimum capital and LAC requirements</b>	12.26%
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA under the BCR)	2.915%
29	Of which: capital conservation buffer requirement	2.500%
30	Of which: institution-specific countercyclical capital buffer requirement	0.415%
31	Of which: higher loss absorbency requirement	N/A

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

(HK\$ million)		Creditor ranking				Sum of values in columns 1 to 4
		1 (most junior)	2	3	4 (most senior)	
1	Description of creditor ranking	Ordinary Shares	AT1 instruments	T2 instruments	Non-preferred loss absorbing notes	
2	Total capital and liabilities net of credit risk mitigation	41,878	10,090	8,589	5,847	66,404
3	Subset of row 2 that are excluded liabilities	-	-	-	-	-
4	Total capital and liabilities less excluded liabilities	41,878	10,090	8,589	5,847	66,404
5	Subset of row 4 that are eligible as external loss-absorbing capacity	41,878	10,090	8,589	5,847	66,404
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	-	-	-	-	-
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	-	-	-	3,898	3,898
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	-	-	8,589	1,949	10,538
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-
10	Subset of row 5 that is perpetual securities	41,878	10,090	-	-	51,968

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

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

		(1)	(2)	(3)	(4)	(5)
		Ordinary Shares	US\$650 million Additional Tier 1 issued in 2019	US\$650 million Additional Tier 1 issued in 2020	US\$600 million Tier 2 due 2030	US\$500 million Tier 2 due 2032
1	Issuer	BEA	BEA	BEA	BEA	BEA
2	Unique identifier - ISIN	HK0023000190	XS2049804896	XS2222027364	XS2168040744	XS2423359459
3	Governing law(s) of the instrument	Hong Kong	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N.A.	N.A.	N.A.	N.A.	N.A.
<i>Regulatory treatment</i>						
4	Transitional Basel III rules#	N.A.	N.A.	N.A.	N.A.	N.A.
5	Post-transitional Basel III rules+	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Solo and group	Solo and group	Solo and group	Solo and group	Solo and group
6a	Eligible at solo* / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group	Solo and LAC consolidation group	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type	Ordinary shares	Perpetual non-cumulative Additional Tier 1 capital securities	Perpetual non-cumulative Additional Tier 1 capital securities	Tier 2 notes	Tier 2 notes
8	Amount recognised in regulatory capital (at 30/6/2023)	HK\$41,878 Mn	HK\$5,068 Mn	HK\$5,021 Mn	HK\$4,687 Mn	HK\$3,902 Mn
8a	Amount recognised in loss-absorbing capacity (at 30/6/2023)	HK\$41,878 Mn	HK\$5,068 Mn	HK\$5,021 Mn	HK\$4,687 Mn	HK\$3,902 Mn
9	Par value of instrument	N.A.	Issue price: US\$650 million : 100%	Issue price: US\$650 million : 100%	Issue price : US\$600 million: 99.592%	Issue price : US\$500 million: 99.846%
10	Accounting classification	Equity	Equity	Equity	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	Since incorporation	19th September, 2019	21st October, 2020	29th May, 2020	22nd April, 2022
12	Perpetual or dated	N.A.	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	N.A.	No maturity	No maturity	29th May, 2030	22nd April, 2032
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption price	N.A.	First call date : 19th September, 2024  Included tax and regulatory call options  Redemptions in whole at 100% with accrued dividends, final amount subject to adjustment following occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power	First call date : 21st October, 2025  Included tax and regulatory call options  Redemptions in whole at 100% with accrued dividends, final amount subject to adjustment following occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power	One-off call date: 29th May, 2025  Included tax and regulatory call options  Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power	One-off call date: 22nd April, 2027  Included tax and regulatory call options  Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power
16	Subsequent call dates, if applicable	N.A.	Any payment dates thereafter first call date	Any payment dates thereafter first call date	N.A.	N.A.
<i>Coupons / dividends</i>						
17	Fixed or floating dividend/coupon	N.A.	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	N.A.	Up to 19th September, 2024 : 5.875% p.a. Thereafter and every 5 years thereafter reset at : 5-year U.S. Treasury + 4.257%	Up to 21st October, 2025 : 5.825% p.a. Thereafter and every 5 years thereafter reset at : 5-year U.S. Treasury + 5.527%	Up to 29th May, 2025: 4% p.a. Thereafter reset at 5-year U.S. Treasury + 3.75%	Up to 22nd April, 2027: 4.875% p.a. Thereafter reset at 5-year U.S. Treasury + 2.30%

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

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

		(1)	(2)	(3)	(4)	(5)
		Ordinary Shares	US\$650 million Additional Tier 1 issued in 2019	US\$650 million Additional Tier 1 issued in 2020	US\$600 million Tier 2 due 2030	US\$500 million Tier 2 due 2032
19	Existence of a dividend stopper	No	Yes	Yes	No	No
20	Fully discretionary, partially discretionary or mandatory	N.A.	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible <sup>^</sup>	Non-convertible <sup>^</sup>	Non-convertible <sup>^</sup>	Non-convertible <sup>^</sup>
24	If convertible, conversion trigger (s)	N.A.	N.A.	N.A.	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.	N.A.	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.	N.A.	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.	N.A.	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	N.A.	N.A.	N.A.	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.	N.A.	N.A.	N.A.	N.A.
30	Write-down feature	No	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	N.A.	1) 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. 2) Subject to Hong Kong Resolution Authority bail-in power	1) 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. 2) Subject to Hong Kong Resolution Authority bail-in power	1) 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. 2) Subject to Hong Kong Resolution Authority bail-in power	1) 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. 2) Subject to Hong Kong Resolution Authority bail-in power
32	If write-down, full or partial	N.A.	Partial	Partial	Partial	Partial
33	If write-down, permanent or temporary	N.A.	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.	N.A.	N.A.	N.A.
34a	Type of subordination	Contractual	Contractual	Contractual	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N.A.	Immediately subordinated to unsecured senior notes / indebtedness, non-preferred loss absorbing notes / indebtedness and subordinated Tier 2 notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness, non-preferred loss absorbing notes / indebtedness and subordinated Tier 2 notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness and non-preferred loss absorbing notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness and non-preferred loss absorbing notes / indebtedness
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	N.A.	N.A.	N.A.	N.A.	N.A.

Footnotes:

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

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

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

		(6)	(7)
		US\$250 million LAC due 2028	US\$500 million LAC due 2027
1	Issuer	BEA	BEA
2	Unique identifier - ISIN	XS2381248835	XS2592797398
3	Governing law(s) of the instrument	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N.A.	N.A.
<i>Regulatory treatment</i>			
4	Transitional Basel III rules#	N.A.	N.A.
5	Post-transitional Basel III rules+	N.A.	N.A.
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	N.A.	N.A.
6a	Eligible at solo* / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type	Non-preferred loss absorbing notes	Non-preferred loss absorbing notes
8	Amount recognised in regulatory capital (at 30/6/2023)	N.A.	N.A.
8a	Amount recognised in loss-absorbing capacity (at 30/6/2023)	HK\$1,949 Mn	HK\$3,898 Mn
9	Par value of instrument	Issue price : US\$250 million: 99.765%	Issue price : US\$500 million: 99.802%
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	7th July, 2022	15th March, 2023
12	Perpetual or dated	Dated	Dated
13	Original maturity date	7th July, 2028	15th March, 2027
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	One-off call date: 7th July, 2027  Included tax and regulatory call options  Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following the exercise of Hong Kong Resolution Authority Power	One-off call date: 15th March, 2026  Included tax and regulatory call options  Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following the exercise of Hong Kong Resolution Authority Power
16	Subsequent call dates, if applicable	N.A.	N.A.
<i>Coupons / dividends</i>			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	Up to 7th July, 2027: 5.125% p.a. Thereafter reset at 1-year U.S. Treasury + 1.90%	Up to 15th March, 2026: 6.75% p.a. Thereafter reset at 1-year U.S. Treasury + 2.10%

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

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

		(6)	(7)
		US\$250 million LAC due 2028	US\$500 million LAC due 2027
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible <sup>+</sup>	Non-convertible <sup>+</sup>
24	If convertible, conversion trigger (s)	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.	N.A.
30	Write-down feature	Yes	Yes
31	If write-down, write-down trigger(s)	Subject to Hong Kong Resolution Authority bail-in power	Subject to Hong Kong Resolution Authority bail-in power
32	If write-down, full or partial	Partial	Partial
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N.A.	N.A.

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

Footnotes:

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

### International Claims

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

(HK\$ million)	30/06/2023					Total claims
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
<u>Counterparty country/ jurisdiction</u>						
Developed countries	26,320	127	9,211	38,008	-	73,666
Offshore centres	11,205	2,294	15,481	71,582	-	100,562
- of which: Hong Kong	4,631	2,291	12,300	62,919	-	82,141
Developing Asia and Pacific	38,358	3,032	6,590	100,895	-	148,875
- of which: Mainland China	22,516	2,783	5,748	94,325	-	125,372

(HK\$ million)	31/12/2022					Total claims
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
<u>Counterparty country/ jurisdiction</u>						
Developed countries	31,127	116	7,020	30,694	-	68,957
Offshore centres	7,134	286	15,588	76,277	-	99,285
- of which: Hong Kong	4,392	284	12,420	67,296	-	84,392
Developing Asia and Pacific	40,008	3,183	5,076	109,591	-	157,858
- of which: Mainland China	28,494	2,934	4,413	104,007	-	139,848

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

### Mainland Activities

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

	30/06/2023		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HK\$ Mn	HK\$ Mn	HK\$ Mn
<u>Type of counterparties</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures	20,725	712	21,437
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	22,462	1,905	24,367
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	165,472	13,015	178,487
4. Other entities of central government not reported in item 1 above	5,015	39	5,054
5. Other entities of local governments not reported in item 2 above	3,623	-	3,623
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,278	1,205	6,483
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	32,373	1,923	34,296
Total	<u>254,948</u>	<u>18,799</u>	<u>273,747</u>
Total assets after provision	<u>802,918</u>		
On-balance sheet exposures as percentage of total assets	<u>31.8%</u>		

**Mainland Activities** (Continued)

	31/12/2022		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	28,998	654	29,652
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	21,852	1,440	23,292
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	168,877	15,604	184,481
4. Other entities of central government not reported in item 1 above	7,825	170	7,995
5. Other entities of local governments not reported in item 2 above	5,188	6	5,194
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,280	657	6,937
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	34,944	2,498	37,442
<b>Total</b>	<b>273,964</b>	<b>21,029</b>	<b>294,993</b>
Total assets after provision	<b>818,465</b>		
On-balance sheet exposures as percentage of total assets	<b>33.5%</b>		

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

### Currency Concentration

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

	30/06/2023				
	USD HK\$ Mn	RMB HK\$ Mn	MOP HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	233,570	225,665	1,180	97,186	557,601
Spot liabilities	(214,669)	(224,020)	(861)	(83,291)	(522,841)
Forward purchases	55,069	29,456	-	10,977	95,502
Forward sales	(73,213)	(30,611)	-	(24,823)	(128,647)
Net options position	(269)	149	-	7	(113)
Net long/(short) non- structural position	488	639	319	56	1,502

	31/12/2022				
	USD HK\$ Mn	RMB HK\$ Mn	MOP HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	235,291	238,511	1,268	94,655	569,725
Spot liabilities	(210,317)	(237,605)	(930)	(84,136)	(532,988)
Forward purchases	50,542	27,331	-	12,069	89,942
Forward sales	(74,731)	(28,066)	-	(22,789)	(125,586)
Net options position	(180)	184	-	(7)	(3)
Net long/(short) non- structural position	605	355	338	(208)	1,090

**Currency Concentration** (continued)

	30/06/2023				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	(9,136)	15,000	2,210	950	9,024
	31/12/2022				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	(9,098)	15,727	2,335	943	9,907

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

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

	<u>30/6/2023</u>	<u>31/12/2022</u>
	%	%
Countercyclical capital buffer ratio	0.415	0.415

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

**Capital Conservation Buffer Ratio**

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

**Higher Loss Absorbency Ratio**

Not applicable as the HKMA has not designated the Bank as a domestic systematically important authorised institution ("D-SIB") since 1st January 2022.

## Glossary

<u>Abbreviations</u>	<u>Descriptions</u>
AI	Authorised Institution
BCR	Banking (Capital) Rules
BSC Approach	Basic Approach
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CEM	Current Exposure Method
CF	Commodities Finance
CIS	Collective Investment Scheme
CRC	Comprehensive Risk Charge
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorised Institution
DTA	Deferred Tax Asset
EAD	Exposure at Default
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
FBA	Fall-back Approach
FSB	Financial Stability Board
G-SIB	Global Systemically Important Authorised Institution
HVCRE	High-Volatility Commercial Real Estate
IAA	Internal Assessment Approach
IMM (CCR) Approach	Internal Models (Counterparty Credit Risk) Approach
IMM Approach	Internal Models Approach
IPRE	Income-Producing Real Estate
IRB Approach	Internal Ratings-Based Approach
IRC	Incremental Risk Charge
LAC	Loss-absorbing Capacity
LAC Rules	Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements –Banking Sector) Rules
LGD	Loss Given Default
LTA	Look-through Approach
MBA	Mandate-based Approach
OF	Object Finance
OTC	Over-the-counter
PD	Probability Of Default
PF	Project Finance
PFE	Potential Future Exposure
PSE	Public Sector Entity
QRRE	Qualifying Revolving Retail Exposures

**Glossary** (continued)

<u>Abbreviations</u>	<u>Descriptions</u>
RW	Risk Weight
RWA	Risk-Weighted Amount
SA-CCR Approach	Standardized (Counterparty Credit Risk) Approach
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-Back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
SRW	Supervisory Risk Weight
STC Approach	Standardized (Credit Risk) Approach
STM Approach	Standardized (Market Risk) Approach
TLAC	Total Loss-absorbing Capacity
VaR	Value-at-Risk