



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

Banking Disclosure Statement
For the period ended
30 June 2024

(Unaudited)

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The Bank of East Asia, Limited
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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, which were 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 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	84,351	85,280	83,590	82,473	82,132
2	Tier 1	94,441	95,369	93,680	92,562	92,222
3	Total capital	112,224	107,849	106,362	105,024	104,726
RWA (amount)						
4	Total RWA	491,847	471,911	482,857	471,761	490,121
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	17.15%	18.07%	17.31%	17.48%	16.76%
6	Tier 1 ratio (%)	19.20%	20.21%	19.40%	19.62%	18.82%
7	Total capital ratio (%)	22.82%	22.85%	22.03%	22.26%	21.37%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.486%	0.484%	0.477%	0.457%	0.415%
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 (%)	2.986%	2.984%	2.977%	2.957%	2.915%
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.65%	13.57%	12.81%	12.98%	12.26%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	916,589	896,328	907,840	896,901	917,707
14	LR (%)	10.30%	10.64%	10.32%	10.32%	10.05%
Liquidity Coverage Ratio (LCR)						
15	Total high quality liquid assets (HQLA)	87,458	89,677	82,045	70,527	69,422
16	Total net cash outflows	32,463	43,593	41,066	37,341	33,389
17	LCR (%)	271.03%	213.12%	201.55%	191.35%	208.87%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	596,245	589,173	589,018	566,501	577,415
19	Total required stable funding	474,640	466,581	469,180	463,464	480,463
20	NSFR (%)	125.62%	126.27%	125.54%	122.23%	120.18%

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 and exchange funds bills and notes in level 1 HQLA.

Template OV1: Overview of RWA

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 30th June 2024 and 31st March 2024 respectively:

(HK\$ million)		(a)	(b)	(c)
		RWA ¹		Minimum capital requirements ¹
		June 2024	March 2024	June 2024
1	Credit risk for non-securitization exposures	376,993	379,533	31,823
2	Of which STC approach	30,682	31,634	2,456
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	326,555	328,042	27,692
4	Of which supervisory slotting criteria approach	19,756	19,857	1,675
5	Of which advanced IRB approach	0	0	0
6	Counterparty default risk and default fund contributions	5,198	4,111	431
7	Of which SA-CCR approach	4,498	3,725	375
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	227	228	18
9	Of which others	473	158	38
10	CVA risk	1,553	1,353	124
11	Equity positions in banking book under the simple risk-weight method and internal models method	11,620	12,658	985
12	Collective investment scheme ("CIS") exposures – LTA	2,030	2,090	172
13	CIS exposures – MBA	310	304	26
14	CIS exposures – FBA	134	135	11
14a	CIS exposures – combination of approaches	0	0	0
15	Settlement risk	0	0	0
16	Securitization exposures in banking book	0	0	0
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0
20	Market risk	5,189	3,856	415
21	Of which STM approach	584	231	47
22	Of which IMM approach	4,605	3,625	368
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	37,809	36,284	3,025
24a	Sovereign concentration risk	0	0	
25	Amounts below the thresholds for deduction (subject to 250% RW)	11,870	11,765	1,007
26	Capital floor adjustment	19,415	0	1,553
26a	Deduction to RWA	2,801	2,829	224
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	2,801	2,829	224
27	Total	469,320	449,260	39,348

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 2024		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	41,933	(10) + (14)
2	Retained earnings	33,609	(11)
3	Disclosed reserves	19,683	(15) + (16) + (17)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	CET1 capital before regulatory adjustments	95,225	
CET1 capital: regulatory deductions			
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	1,460	(4)
9	Other intangible assets (net of associated deferred tax liabilities)	9	(5)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,690	(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 2024

		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	7,718	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	5,093	(2) + (3)
26b	Regulatory reserve for general banking risks	2,625	(12)
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	Total regulatory deductions to CET1 capital	10,874	
29	CET1 capital	84,351	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	10,090	(18)
31	of which: classified as equity under applicable accounting standards	10,090	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	AT1 capital before regulatory deductions	10,090	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	

Template CC1: Composition of regulatory capital (continued)

At 30 June 2024

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	10,090	
45	Tier 1 capital (T1 = CET1 + AT1)	94,441	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	13,612	(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	1,879	(13) - (1)
51	Tier 2 capital before regulatory deductions	15,491	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(2,292)	
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	(2,292)	[(2) + (3)] X 45%

Template CC1: Composition of regulatory capital (continued)

At 30 June 2024

		Amount (HK\$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	Total regulatory adjustments to Tier 2 capital	(2,292)	
58	Tier 2 capital (T2)	17,783	
59	Total regulatory capital (TC = T1 + T2)	112,224	
60	Total RWA	491,847	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	17.15%	
62	Tier 1 capital ratio	19.20%	
63	Total capital ratio	22.82%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.986%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.486%	
67	of which: higher loss absorbency requirement	Not applicable	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	12.65%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	3,015	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	4,748	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	303	
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	406	

Template CC1: Composition of regulatory capital (continued)

At 30 June 2024

		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)	1,577	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	2,388	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

Template CC1: Composition of regulatory capital (continued)

Notes to the Template

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

	Description	Hong Kong basis (HK\$ Million)	Basel III basis (HK\$ Million)
9	Other intangible assets (net of associated deferred tax liabilities)	9	9
	<p><u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10	Deferred tax assets (net of associated deferred tax liabilities)	1,690	7
	<p><u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<p><u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

Template CC1: Composition of regulatory capital (continued)

Notes to the Template (continued)

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

Abbreviations:
CET1: Common Equity Tier 1
AT1: Additional Tier 1

Template CC2: Reconciliation of regulatory capital to balance sheet

Balance Sheet Reconciliation	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
	30/06/2024 HK\$ Mn	30/06/2024 HK\$ Mn	
Assets			
Cash and balances with banks	39,988	39,941	
Placements with and advances to banks	44,088	43,940	
Trade bills	1,669	1,669	
Trading assets	919	919	
Derivative assets	3,080	3,080	
Loans and advances to customers	530,393	530,139	
of which: collective impairment allowances reflected in regulatory capital		(1,195)	(1)
Excess of total EL amount over total eligible provisions under the IRB Approach		-	
Investment securities	182,899	182,789	
Investments in subsidiaries	-	2,115	
Investments in associates/joint ventures	8,201	4,551	
Fixed assets			
- Investment properties	5,049	4,546	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		3,155	(2)
- Other property and equipment	7,476	7,360	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		1,938	(3)
ROU assets	709	717	
Goodwill and intangible assets	1,843	1,469	
of which: goodwill		1,460	(4)
of which: other intangible assets		9	(5)
Deferred tax assets	1,690	1,690	
of which: deferred tax assets		1,690	(6)
Other assets			
- Assets held for sale	15	15	
- Others	47,198	47,023	
Total Assets	875,217	871,963	
Liabilities			
Deposits and balances of banks	35,099	35,099	
Deposits from customers	630,109	630,109	
Trading liabilities	22	22	
Derivative liabilities	3,037	3,037	
Certificates of deposit issued			
- Designated at fair value through profit or loss	3,213	3,213	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		(2)	(7)
- At amortised cost	19,359	19,359	
Current taxation	1,736	1,738	
Debt securities issued			
- Designated at fair value through profit or loss	384	384	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		(1)	(8)
- At amortised cost	156	156	
Deferred tax liabilities	678	628	
Other liabilities			
- Liabilities held for sale	-	-	
- Others	49,010	49,870	
Loan capital - at amortised cost	23,033	23,033	
of which: portion eligible for Tier 2 capital instruments		13,612	(9)
Total Liabilities	765,836	766,648	
Equity			
Share capital	41,933	41,933	
of which: paid-in share capital		41,933	(10)
Reserves	57,094	53,292	
of which: retained earnings		33,609	(11)
of which: regulatory reserve earmarked		2,625	(12)
regulatory reserve for general banking risks		684	(13)
share premium		-	(14)
accumulated other comprehensive income		4,016	(15)
exchange revaluation reserve		(2,620)	(16)
other reserves		18,287	(17)
Additional equity instruments	10,090	10,090	(18)
Non-controlling interests	264	-	
of which: portion not eligible for inclusion in regulatory capital		-	
Total Equity	109,381	105,315	
Total Equity and Liabilities	875,217	871,963	

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

The following table presents the geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures as at 30th June 2024:

		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, China	1.000%	144,049		
2	Australia	1.000%	7,653		
3	Belgium	0.500%	89		
4	France	1.000%	51		
5	Germany	0.750%	1,854		
6	Luxembourg	0.500%	202		
7	Netherlands	2.000%	867		
8	South Korea	1.000%	668		
9	Sweden	2.000%	631		
10	United Kingdom	2.000%	14,325		
	Sum of above		170,389		
	Total (including those exposures in jurisdictions with zero JCCyB ratio)		381,981	0.486%	2,390

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 2024

	Item	Value under Leverage Ratio framework (HK\$ million)
1	Total consolidated assets as per published financial statements	875,217
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(24,721)
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	13,441
5	Adjustment for SFTs (i.e. repos and similar secured lending)	25,058
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	44,743
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(6,272)
7	Other adjustments	(10,877)
8	Leverage ratio exposure measure	916,589

Template LR2: Leverage ratio (“LR”)

		(HK\$ million)	
		At 30 Jun 2024	At 31 Mar 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	850,489	832,597
2	Less: Asset amounts deducted in determining Tier 1 capital	(10,877)	(10,398)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	839,612	822,199
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	1,273	9,121
5	Add-on amounts for PFE associated with all derivative contracts	13,159	11,719
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	(991)	(962)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	Total exposures arising from derivative contracts	13,441	19,878
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	24,524	14,908
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	534	129
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	25,058	15,037
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	298,302	301,280
18	Less: Adjustments for conversion to credit equivalent amounts	(253,559)	(255,365)
19	Off-balance sheet items	44,743	45,915
Capital and total exposures			
20	Tier 1 capital	94,441	95,369
20a	Total exposures before adjustments for specific and collective provisions	922,854	903,029
20b	Adjustments for specific and collective provisions	(6,265)	(6,701)
21	Total exposures after adjustments for specific and collective provisions	916,589	896,328
Leverage ratio			
22	Leverage ratio	10.30%	10.64%

Template LIQ1: Liquidity Coverage Ratio (“LCR”)

(HK\$ million)		Quarter ending on 30 June 2024		Quarter ending on 31 March 2024	
Number of data points used in calculating the average value of the LCR and related components set out in this template		73		72	
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)	Unweighted value (average)	Weighted value (average)
A. High Quality Liquid Assets (HQLA)					
1	Total HQLA		100,732		102,428
B. Cash Outflows					
2	Retail deposits and small business funding, of which:	351,587	25,155	335,606	24,216
3	<i>Stable retail deposits and stable small business funding</i>	44,362	1,366	44,305	1,364
4	<i>Less stable retail deposits and less stable small business funding</i>	168,545	16,855	165,755	16,575
4a	<i>Retail term deposits and small business term funding</i>	138,680	6,934	125,546	6,277
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the institution, of which:	125,138	66,924	119,572	64,186
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>	123,398	65,184	117,006	61,620
8	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	1,740	1,740	2,566	2,566
9	Secured funding transactions (including securities swap transactions)		974		392
10	Additional requirements, of which:	103,573	15,748	102,021	15,705
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	4,835	4,835	4,799	4,799
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>	98,738	10,913	97,222	10,906
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	9,130	9,130	10,210	10,210
15	Other contingent funding obligations (whether contractual or non-contractual)	161,988	2,440	164,521	2,467
16	Total Cash Outflows		120,371		117,176
C. Cash Inflows					
17	Secured lending transactions (including securities swap transactions)	6,122	5,187	6,394	2,836
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	126,691	79,419	112,638	64,561
19	Other cash inflows	5,565	5,275	6,465	6,187
20	Total Cash Inflows	138,378	89,881	125,497	73,584
D. Liquidity Coverage Ratio			Adjusted value	Adjusted value	
21	Total HQLA		87,458		89,677
22	Total Net Cash Outflows		32,463		43,593
23	LCR (%)		271.03%		213.12%

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 holds 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 2024. The average LCR increased from 213% for the first quarter of 2024 to 271% for the second quarter of 2024 mainly resulted from comparably higher average cash inflows within LCR period. 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 2024				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	106,620	57	4,673	8,735	117,692
2	<i>Regulatory capital</i>	106,620	57	4,673	8,735	117,692
2a	<i>Minority interests not covered by row 2</i>	0	0	0	0	0
3	<i>Other capital instruments</i>	0	0	0	0	0
4	Retail deposits and small business funding:		360,879	15,882	3,791	346,550
5	<i>Stable deposits</i>		73,475	6	0	69,807
6	<i>Less stable deposits</i>		287,404	15,876	3,791	276,743
7	Wholesale funding:		246,639	27,778	16,906	117,561
8	<i>Operational deposits</i>		0	0	0	0
9	<i>Other wholesale funding</i>	0	246,639	27,778	16,906	117,561
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	44,387	20,508	6,372	11,256	14,442
12	<i>Net derivative liabilities</i>	0				
13	<i>All other funding and liabilities not included in the above categories</i>	44,387	20,508	6,372	11,256	14,442
14	Total ASF					596,245
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		170,937			35,580
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	6,533	224,122	81,793	314,712	377,464
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	0	8,232	0	0	823
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	0	87,404	10,163	11,495	29,688
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>	6,227	117,641	65,651	149,273	224,052
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	0	432	0	0	216
22	<i>Performing residential mortgages, of which:</i>	0	3,956	3,083	119,080	88,114
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	0	3,053	2,320	83,156	56,738
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	306	6,889	2,896	34,864	34,787
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	41,647	34,952	2,598	323	56,545
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>	2,854				2,458
29	<i>Net derivative assets</i>	686				686
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	3,631				181
31	<i>All other assets not included in the above categories</i>	34,476	34,952	2,598	323	53,220
32	Off-balance sheet items		278,533			5,051
33	Total RSF					474,640
34	Net Stable Funding Ratio (%)					125.62%

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

(HK\$ million)		Quarter ended 31 Mar 2024				
		(a)	(b)	(c)	(d)	(e)
		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			
Basis of disclosure: consolidated						
A. Available stable funding (“ASF”) item						
1	Capital:	107,594	223	0	10,090	117,684
2	Regulatory capital	107,594	148	0	8,468	116,062
2a	Minority interests not covered by row 2	0	0	0	0	0
3	Other capital instruments	0	75	0	1,622	1,622
4	Retail deposits and small business funding:		350,924	13,330	6,433	337,891
5	Stable deposits		72,574	5	0	68,950
6	Less stable deposits		278,350	13,325	6,433	268,941
7	Wholesale funding:		252,404	22,600	8,441	111,166
8	Operational deposits		0	0	0	0
9	Other wholesale funding	0	252,404	22,600	8,441	111,166
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	35,951	12,272	7,238	18,813	22,432
12	Net derivative liabilities	0				
13	All other funding and liabilities not included in the above categories	35,951	12,272	7,238	18,813	22,432
14	Total ASF					589,173
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		160,247			33,671
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	6,408	231,383	63,909	316,022	375,326
18	Performing loans to financial institutions secured by Level 1 HQLA	0	0	0	0	0
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	89,971	6,668	11,007	27,836
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:	6,289	125,339	51,656	151,813	223,133
21	With a risk-weight of less than or equal to 35% under the STC approach	0	438	0	0	219
22	Performing residential mortgages, of which:	0	3,821	3,229	118,911	87,805
23	With a risk-weight of less than or equal to 35% under the STC approach	0	2,902	2,391	84,010	57,253
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	119	12,252	2,356	34,291	36,552
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	42,200	27,757	978	0	52,680
27	Physical traded commodities, including gold	0				0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	2,758				2,377
29	Net derivative assets	415				415
30	Total derivative liabilities before adjustments for deduction of variation margin posted	3,381				169
31	All other assets not included in the above categories	35,646	27,757	978	0	49,719
32	Off-balance sheet items			281,900		4,904
33	Total RSF					466,581
34	Net Stable Funding Ratio (%)					126.27%

Template CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 30th June 2024:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
(HK\$ million)		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	14,016	605,672	4,921	657	305	3,959	614,767
2	Debt securities	1,083	181,599	824	0	1	823	181,858
3	Off-balance sheet exposures	182	42,092	135	0	30	105	42,139
4	Total	15,281	829,363	5,880	657	336	4,887	838,764

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.

Definition of specific provisions and collective provisions

The categorisation of Expected Credit Loss ('ECL') accounting provisions into the regulatory categories of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio – MA(BS)3 return. According to the completion instructions, the ECL accounting provisions classified into Stage 1 and Stage 2 are treated as collective provisions, while those classified under Stage 3 are treated as specific provisions

Template CR2: Changes in defaulted loans and debt securities

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs for the period from 31st December 2023 to 30th June 2024:

(HK\$ million)		(a)
		Amount
1	Defaulted loans and debt securities at end of the previous reporting period (31st December 2023)	15,404
2	Loans and debt securities that have defaulted since the last reporting period	3,830
3	Returned to non-defaulted status	(16)
4	Amounts written off	(2,995)
5	Other changes*	(1,124)
6	Defaulted loans and debt securities at end of the current reporting period (30th June 2024)	15,099

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

Template CR3: Overview of recognised credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognised CRM as at 30th June 2024:

		(a)	(b1)	(b)	(d)	(f)
(HK\$ million)		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
1	Loans	334,838	279,929	225,483	54,446	0
2	Debt securities	180,368	1,490	0	1,490	0
3	Total	515,206	281,419	225,483	55,936	0
4	Of which defaulted	5,771	4,732	4,732	0	0

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

The following table illustrates the effect of any recognised CRM (including recognised collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 30th June 2024:

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	83,281	0	83,288	0	379	0.46%
2 PSE exposures	592	100	875	169	174	16.68%
2a Of which: domestic PSEs	416	100	699	169	174	20.04%
2b Of which: foreign PSEs	176	0	176	0	0	0.09%
3 Multilateral development bank exposures	0	0	0	0	0	-
4 Bank exposures	472	0	472	0	225	47.66%
5 Securities firm exposures	2,724	1,648	1,896	12	954	50.00%
6 Corporate exposures	7,031	2,619	6,181	101	6,133	97.64%
7 CIS exposures	0	0	0	0	0	-
8 Cash items	0	0	0	0	0	-
9 Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	-
10 Regulatory retail exposures	24,136	27,902	23,475	5	17,611	75.00%
11 Residential mortgage loans	4,225	427	3,881	26	1,498	38.35%
12 Other exposures which are not past due exposures	8,162	1,174	3,558	0	3,558	100.00%
13 Past due exposures	123	0	123	0	150	122.48%
14 Significant exposures to commercial entities	0	0	0	0	0	-
15 Total	130,746	33,870	123,749	313	30,682	24.73%

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

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 30th June 2024:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Risk Weight												Total credit risk exposures amount (post CCF and post CRM)
Exposure Class		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
1	Sovereign exposures	81,393	0	1,895	0	0	0	0	0	0	0	83,288
2	PSE exposures	175	0	868	0	1	0	0	0	0	0	1,044
2a	Of which: domestic PSEs	0	0	867	0	1	0	0	0	0	0	868
2b	Of which: foreign PSEs	175	0	1	0	0	0	0	0	0	0	176
3	Multilateral development bank exposures	0	0	0	0	0	0	0	0	0	0	0
4	Bank exposures	0	0	37	0	435	0	0	0	0	0	472
5	Securities firm exposures	0	0	0	0	1,908	0	0	0	0	0	1,908
6	Corporate exposures	0	0	25	0	257	0	6,000	0	0	0	6,282
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Cash items	0	0	0	0	0	0	0	0	0	0	0
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0	0	0	0	0	0
10	Regulatory retail exposures	0	0	0	0	0	23,480	0	0	0	0	23,480
11	Residential mortgage loans	0	0	0	3,642	0	166	99	0	0	0	3,907
12	Other exposures which are not past due exposures	0	0	0	0	0	0	3,558	0	0	0	3,558
13	Past due exposures	0	0	0	0	0	0	68	55	0	0	123
14	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
15	Total	81,568	0	2,825	3,642	2,601	23,646	9,725	55	0	0	124,062

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

The following tables present the main parameters of internal models used for the calculation of credit risk capital requirements under the foundation and retail IRB approaches respectively at 30th June 2024:

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	62,687	5	83.94%	62,681	0.06%	210	45.73%	2.5	18,463	29.46%	17	
	0.15 to <0.25	10,661	241	2.13%	10,444	0.17%	32	45.00%	2.5	5,520	52.85%	8	
	0.25 to <0.50	9,057	20	20.00%	8,911	0.31%	38	45.24%	2.5	6,325	70.98%	13	
	0.50 to <0.75	1,996	304	74.31%	2,222	0.60%	17	45.00%	2.5	2,019	90.87%	6	
	0.75 to <2.50	1,604	3	20.00%	1,604	1.88%	8	45.00%	2.5	1,993	124.23%	13	
	2.50 to <10.00	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	10.00 to <100.00	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	100.00 (Default)	0	0	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
	Sub-total	86,005	573	41.86%	85,862	0.15%	305	45.56%	2.5	34,320	39.97%	57	27
Corporate – small-and-medium sized corporates	0.00 to <0.15	1,140	2,178	19.15%	2,203	0.09%	58	37.95%	2.5	422	19.18%	1	
	0.15 to <0.25	4,830	1,127	20.06%	4,698	0.19%	60	37.50%	2.5	1,405	29.90%	3	
	0.25 to <0.50	5,693	2,829	38.90%	6,794	0.32%	137	35.05%	2.5	2,374	34.94%	8	
	0.50 to <0.75	14,122	2,231	22.71%	14,848	0.54%	134	34.33%	2.5	6,695	45.09%	28	
	0.75 to <2.50	19,445	3,022	1.92%	19,332	1.36%	477	32.41%	2.5	11,274	58.32%	87	
	2.50 to <10.00	3,382	2,959	0.67%	2,787	4.35%	218	33.84%	2.5	2,297	82.41%	39	
	10.00 to <100.00	1,652	11	0.00%	1,652	27.88%	24	34.81%	2.5	2,330	141.03%	155	
	100.00 (Default)	973	0	0.00%	973	100.00%	315	39.29%		3,199	328.76%	142	
	Sub-total	51,237	14,357	16.22%	53,287	3.62%	1,423	34.23%	2.5	29,996	56.29%	463	515

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

Foundation IRB Approach (continued)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD Scale	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	145,540	52,738	15.40%	161,833	0.07%	565	44.01%	2.5	40,758	25.18%	51	
	0.15 to <0.25	56,669	36,499	10.52%	62,522	0.18%	419	43.19%	2.5	26,231	41.95%	49	
	0.25 to <0.50	90,596	51,586	8.95%	99,112	0.32%	583	41.18%	2.5	53,328	53.81%	131	
	0.50 to <0.75	42,866	27,641	6.29%	41,450	0.54%	333	36.05%	2.5	24,614	59.38%	81	
	0.75 to <2.50	35,526	30,773	8.33%	30,080	1.31%	419	34.46%	2.5	23,327	77.55%	127	
	2.50 to <10.00	8,694	12,413	2.61%	8,138	3.97%	136	27.09%	2.5	6,779	83.31%	87	
	10.00 to <100.00	5,917	191	0.32%	5,257	25.37%	30	35.97%	2.5	9,605	182.72%	484	
	100.00 (Default)	12,968	182	100.00%	13,150	100.00%	133	41.78%		31,288	237.92%	3,775	
	Sub-total	398,776	212,023	10.09%	421,542	3.79%	2,618	41.26%	2.5	215,930	51.22%	4,785	5,889
Total (sum of all portfolios)		536,018	226,953	10.55%	560,691	3.22%	4,346	41.25%	2.5	280,246	49.98%	5,305	6,431

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	29	11,122	59.39%	6,634	0.14%	414,109	91.87%		485	7.31%	9	
	0.15 to <0.25	36	298	60.56%	217	0.24%	8,419	91.85%		25	11.56%	0	
	0.25 to <0.50	2,627	16,601	60.91%	12,739	0.35%	323,180	91.87%		1,976	15.52%	41	
	0.50 to <0.75	136	1,685	77.13%	1,435	0.60%	75,367	90.75%		337	23.47%	8	
	0.75 to <2.50	537	2,505	67.13%	2,218	1.32%	89,606	90.88%		928	41.84%	27	
	2.50 to <10.00	707	1,039	74.45%	1,480	5.12%	28,210	91.23%		1,633	110.27%	69	
	10.00 to <100.00	4	7	73.94%	10	51.02%	166	90.70%		22	226.00%	4	
	100.00 (Default)	48	0	0.00%	48	100.00%	40,362	91.42%		194	405.67%	28	
	Sub-total	4,124	33,257	62.11%	24,781	0.89%	979,419	91.68%		5,600	22.60%	186	97
Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to <0.15	24,872	423	100.00%	25,295	0.11%	5,007	51.71%		3,946	15.60%	14	
	0.15 to <0.25	26,013	862	100.00%	26,875	0.23%	13,187	25.13%		4,013	14.93%	16	
	0.25 to <0.50	65,200	43	100.00%	65,243	0.34%	21,522	19.41%		10,365	15.89%	43	
	0.50 to <0.75	21	0	0.00%	21	0.59%	8	30.07%		6	26.38%	0	
	0.75 to <2.50	1,570	16	100.00%	1,586	1.26%	1,411	12.36%		345	21.76%	3	
	2.50 to <10.00	364	0	100.00%	364	7.02%	408	30.99%		439	120.62%	8	
	10.00 to <100.00	431	0	0.00%	431	24.53%	304	20.69%		460	106.70%	24	
	100.00 (Default)	395	0	0.00%	395	100.00%	276	23.55%		1,088	275.68%	6	
	Sub-total	118,866	1,344	100.00%	120,210	0.71%	42,123	27.45%		20,662	17.19%	114	870

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

Retail IRB Approach (continued)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD Scale	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	1	0	0.00%	1	0.25%	1	30.07%		0	14.01%	0	
	0.25 to <0.50	46	0	0.00%	46	0.34%	30	12.42%		3	7.13%	0	
	0.50 to <0.75	67	7	100.00%	74	0.53%	46	73.72%		41	54.59%	0	
	0.75 to <2.50	581	14	100.00%	595	1.42%	312	19.78%		134	22.46%	2	
	2.50 to <10.00	15	1	100.00%	16	3.81%	16	56.86%		13	80.95%	0	
	10.00 to <100.00	0	0	0.00%	0	65.62%	2	17.03%		0	36.87%	0	
	100.00 (Default)	0	0	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
Sub-total	710	22	100.00%	732	1.32%	407	25.59%			191	26.03%	2	5
Other retail exposures to individuals	0.00 to <0.15	1	19	60.74%	13	0.14%	38	91.87%		4	29.05%	0	
	0.15 to <0.25	36	3	72.64%	38	0.24%	229	33.85%		6	15.54%	0	
	0.25 to <0.50	78	189	64.87%	200	0.35%	282	91.87%		108	53.83%	1	
	0.50 to <0.75	1,350	30	92.25%	1,378	0.52%	396	70.46%		714	51.83%	5	
	0.75 to <2.50	2,510	28	87.77%	2,534	1.61%	7,220	46.38%		1,418	55.98%	20	
	2.50 to <10.00	579	26	74.05%	599	5.13%	2,374	59.67%		530	88.59%	19	
	10.00 to <100.00	74	0	61.72%	74	51.94%	534	64.90%		105	141.74%	25	
	100.00 (Default)	196	0	0.00%	196	100.00%	689	45.50%		421	214.57%	145	
Sub-total	4,824	295	70.41%	5,032	6.24%	11,762	56.62%			3,306	65.70%	215	179
Total (sum of all portfolios)	128,524	34,918	63.67%	150,755	0.93%	1,033,711	38.97%			29,759	19.74%	517	1,151

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

The following table presents the effect of recognised credit derivative contracts on the calculation of credit risk capital requirements under the IRB approach as at 30th June 2024:

(HK\$ million)		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialised lending under supervisory slotting criteria approach (project finance)	293	293
2	Corporate – Specialised lending under supervisory slotting criteria approach (object finance)	463	463
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)	19,000	19,000
5	Corporate – Specialised lending (high-volatility commercial real estate)	0	0
6	Corporate – Small-and-medium sized corporates	29,996	29,996
7	Corporate – Other corporates	215,930	215,930
8	Sovereigns	0	0
9	Sovereign foreign public sector entities	0	0
10	Multilateral development banks	0	0
11	Bank exposures – Banks	34,320	34,320
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	191	191
15	Retail – Residential mortgages to individuals	19,753	19,753
16	Retail – Residential mortgages to property-holding shell companies	909	909
17	Retail – Qualifying revolving retail exposures (QRRE)	5,600	5,600
18	Retail – Other retail exposures to individuals	3,306	3,306
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	11,620	11,620
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)	2,474	2,474
25a	Equity – Specified equity exposures to financial sector entities and commercial entities	11,870	11,870
26	Other – Cash items	303	303
27	Other – Other items	16,247	16,247
28	Total	372,275	372,275

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

The following table presents a flow statement explaining variations in the RWA for credit risk determined under the IRB approach for the period from 31st March 2024 to 30th June 2024:

(HK\$ million)		(a)
		Amount
1	RWA as at end of previous reporting period	372,322
2	Asset size	(4,336)
3	Asset quality	2,638
4	Model updates	0
5	Methodology and policy	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	(823)
8	Other	0
9	RWA as at end of reporting period	369,801

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

I. Specialised Lending under supervisory slotting criteria approach – HVCRE

The following table presents quantitative information in respect of specialised lending – HVCRE under the supervisory slotting criteria approach as at 30th June 2024:

Supervisory Rating Grade	Remaining Maturity	(a) On-balance sheet exposure amount (HK\$ Mn)	(b) Off-balance sheet exposure amount (HK\$ Mn)	(c) SRW	(d) EAD amount (HK\$ Mn)	(e) RWA (HK\$ Mn)	(f) Expected loss amount (HK\$ Mn)
Strong ^	Less than 2.5 years	0	0	70%	0	0	0
Strong	Equal to or more than 2.5 years	0	0	95%	0	0	0
Good ^	Less than 2.5 years	0	0	95%	0	0	0
Good	Equal to or more than 2.5 years	0	0	120%	0	0	0
Satisfactory		0	0	140%	0	0	0
Weak		0	0	250%	0	0	0
Default		0	0	0%	0	0	0
Total		0	0		0	0	0

^ Use of preferential risk-weights.

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

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

The following table presents quantitative information in respect of specialised lending – other than HVCRE under the supervisory slotting criteria approach as at 30th June 2024:

Supervisory Rating Grade	Remaining Maturity	(a) On-balance sheet exposure amount (HK\$ Mn)	(b) Off-balance sheet exposure amount (HK\$ Mn)	(c) SRW	(d) EAD amount (HK\$ Mn)					(e) RWA (HK\$ Mn)	(f) Expected loss amount (HK\$ Mn)
					(d)(i) PF	(d)(ii) OF	(d)(iii) CF	(d)(iv) IPRE	(d)(v) Total		
					Strong [^]	Less than 2.5 years	15,015	1,103	50%		
Strong	Equal to or more than 2.5 years	8,527	934	70%	409	46	0	8,773	9,228	6,459	37
Good [^]	Less than 2.5 years	4,545	517	70%	0	42	0	4,606	4,648	3,254	19
Good	Equal to or more than 2.5 years	827	0	90%	0	431	0	396	827	744	7
Satisfactory		0	0	115%	0	0	0	0	0	0	0
Weak		969	7	250%	0	0	0	564	564	1,411	45
Default		707	0	0%	0	0	0	707	707	0	353
Total		30,590	2,561		422	545	0	30,783	31,750	19,756	461

[^] Use of preferential risk-weights.

III. Equity exposures under the simple risk-weight method

The following table presents quantitative information in respect of equity exposures under the simple risk-weight method as at 30th June 2024:

Categories	(a) On-balance sheet exposure amount (HK\$ Mn)	(b) Off-balance sheet exposure amount (HK\$ Mn)	(c) SRW	(d) EAD amount (HK\$ Mn)	(e) RWA (HK\$ Mn)
Publicly traded equity exposures	0	0	300%	0	0
All other equity exposures	2,905	0	400%	2,905	11,620
Total	2,905	0		2,905	11,620

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

The following table presents a comprehensive breakdown of counterparty default risk exposures (other than those to CCPs), RWAs, and, where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs as at 30th June 2024:

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC) (HK\$ Mn)	PFE (HK\$ Mn)	Effective EPE (HK\$ Mn)	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM (HK\$ Mn)	RWA (HK\$ Mn)
1	SA-CCR approach (for derivative contracts)	1,128	6,002		1.4	9,981	4,498
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)					12,661	468
5	VaR (for SFTs)					0	0
6	Total						4,966

Template CCR2: CVA capital charge

The following table presents information on portfolios subject to the CVA capital charge and the CVA calculations based on standardised CVA method and advanced CVA method as at 30th June 2024:

(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	9,981	1,553
4	Total	9,981	1,553

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

The following table presents a breakdown of default risk exposures as at 30th June 2024, 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
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	1,055	0	597	0	0	0	0	0	1,652
5	Securities firm exposures	0	0	0	0	134	0	0	0	0	0	134
6	Corporate exposures	0	0	0	0	62	0	519	0	0	0	581
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Regulatory retail exposures	0	0	0	0	0	201	0	0	0	0	201
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	524	0	0	0	524
11	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
12	Total	0	0	1,055	0	793	201	1,043	0	0	0	3,092

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 Chinese Mainland and those outside Chinese Mainland respectively at the group level.

The following table presents all the relevant parameters used for the calculation of counterparty default risk capital requirements for exposures subject to the foundation IRB approach (other than those to CCPs) as at 30th June 2024:

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	16,698	0.06%	64	20.42%	1.3	2,235	13.39%
	0.15 to <0.25	152	0.16%	7	45.00%	2.5	80	52.47%
	0.25 to <0.50	1,333	0.33%	14	20.05%	1.3	410	30.74%
	0.50 to <0.75	814	0.58%	7	9.53%	0.8	135	16.64%
	0.75 to <2.50	104	2.06%	2	0.32%	0.5	1	0.72%
	2.50 to <10.00	7	3.09%	1	45.00%	2.5	11	158.19%
	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%
	Sub-total	19,108	0.11%	95	20.03%	1.3	2,872	15.03%
Corporate	0.00 to <0.15	79	0.09%	7	45.00%	2.5	22	27.47%
	0.15 to <0.25	50	0.19%	24	45.00%	2.5	22	42.85%
	0.25 to <0.50	101	0.27%	39	45.00%	2.5	52	51.46%
	0.50 to <0.75	107	0.54%	26	45.00%	2.5	93	86.77%
	0.75 to <2.50	96	1.20%	42	45.00%	2.5	91	95.40%
	2.50 to <10.00	3	3.75%	20	45.00%	2.5	3	121.84%
	10.00 to <100.00	4	33.10%	4	45.00%	2.5	8	216.80%
	100.00 (Default)	0	0.00%	0	0.00%		0	0.00%
	Sub-total	440	0.79%	162	45.00%	2.5	291	66.15%
Total (sum of all portfolios)		19,548	0.13%	257	20.59%	1.3	3,163	16.18%

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

The following table presents a breakdown of all types of collateral posted or recognised collateral received to support or reduce the exposures to counterparty default risk exposures as at 30th June 2024 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	10,644	0	162	0	7,093
Cash – other currencies	0	49,510	0	1,874	10,927	5,647
Debt securities	0	90	0	0	11,599	11,753
Equity securities	0	438	0	0	29	0
Other collateral	0	11	0	17	0	0
Total	0	60,693	0	2,053	22,555	24,493

Template CCR6: Credit-related derivatives contracts

The following table presents the amount of credit-related derivative contracts as at 30th June 2024, broken down into credit protection bought and credit protection sold:

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

Template CCR8: Exposures to CCPs

The following table provides a comprehensive breakdown of exposures to both qualifying and non-qualifying CCPs and the respective RWAs as at 30th June 2024, 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):

		(a)	(b)
		Exposure after CRM	RWA
(HK\$ million)			
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		233
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	11,366	227
3	(i) OTC derivative transactions	9,932	198
4	(ii) Exchange-traded derivative contracts	1,434	29
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	53	6
10	Unfunded default fund contributions	0	0
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		0
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	0	0
13	(i) OTC derivative transactions	0	0
14	(ii) Exchange-traded derivative contracts	0	0
15	(iii) Securities financing transactions	0	0
16	(iv) Netting sets subject to valid cross-product netting agreements	0	0
17	Segregated initial margin	0	
18	Unsegregated initial margin	0	0
19	Funded default fund contributions	0	0
20	Unfunded default fund contributions	0	0

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

The table below provides the components of the market risk capital requirements calculated using the STM approach exposures as at 30th June 2024:

(HK\$ million)	RWA
Outright product exposures	
Interest rate exposures (general and specific risk)	346
Equity exposures (general and specific risk)	238
Option exposures	-
Securitization exposures	-
Total	584

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

The table below presents a flow statement explaining variations in the RWA for market risk determined under the IMM approach for the period from 31st March 2024 to 30th June 2024:

(HK\$ million)		(a)	(b)	(c)	(d)	(e)	(f)
		VaR	Stressed VaR	IRC	CRC	Other	Total RWA
1	RWA as at end of previous reporting period	1,061	2,564	0	0	0	3,625
1a	Regulatory adjustment	733	1,780	0	0	0	2,513
1b	RWA as at day-end of previous reporting period	328	784	0	0	0	1,112
2	Movement in risk levels	246	337	0	0	0	583
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	(11)	(2)	0	0	0	(13)
7	Other	(64)	(24)	0	0	0	(88)
7a	RWA as at day-end of reporting period	499	1,095	0	0	0	1,594
7b	Regulatory adjustment	825	2,186	0	0	0	3,011
8	RWA as at end of reporting period	1,324	3,281	0	0	0	4,605

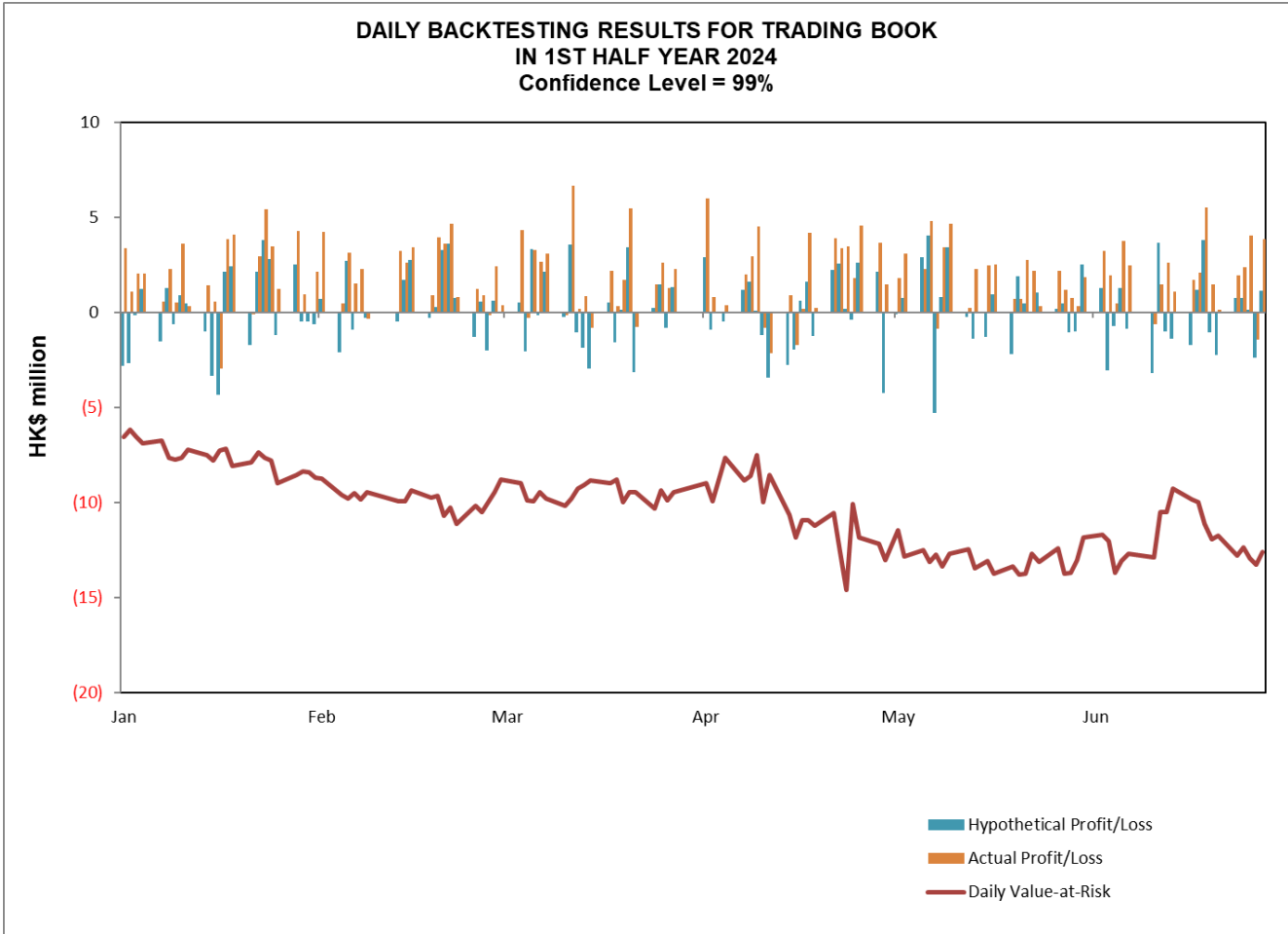
Template MR3: IMM approach values for market risk exposures

The table below discloses the values resulting from the different types of models used for computing the regulatory market risk capital requirement at the group-wide level, before any additional capital charge is applied in the 1st half year of 2024:

(HK\$ million)		(a)
		Value
VaR (10 days – one-tailed 99% confidence interval)		
1	Maximum Value	44
2	Average Value	32
3	Minimum Value	18
4	Period End	40
Stressed VaR (10 days – one-tailed 99% confidence interval)		
5	Maximum Value	113
6	Average Value	78
7	Minimum Value	52
8	Period End	88
Incremental risk charge (IRC) (99.9% confidence interval)		
9	Maximum Value	0
10	Average Value	0
11	Minimum Value	0
12	Period End	0
Comprehensive risk charge (CRC) (99.9% confidence interval)		
13	Maximum Value	0
14	Average Value	0
15	Minimum Value	0
16	Period End	0
17	Floor	0

Template MR4: Comparison of VaR estimates with gains or losses

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



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

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

(HK\$ million)		30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
Of the resolution entity at LAC consolidation group level						
1	External loss-absorbing capacity available	121,941	117,580	112,197	110,869	110,573
2	Risk-weighted amount under the LAC Rules	491,847	471,911	482,857	471,761	490,121
3	External LAC risk-weighted ratio	24.79%	24.92%	23.24%	23.50%	22.56%
4	Exposure measure under the LAC Rules	916,589	896,328	907,840	896,901	917,707
5	External LAC leverage ratio	13.30%	13.12%	12.36%	12.36%	12.05%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	N/A	N/A	N/A	N/A	N/A
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	N/A	N/A	N/A	N/A	N/A
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied ¹	N/A	N/A	N/A	N/A	N/A

Footnote:

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

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

		(a)
At 30 June 2024		Amount (HK\$ Million)
	Regulatory capital elements of external loss-absorbing capacity and adjustments	
1	Common Equity Tier 1 (“CET1”) capital	84,351
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	17,783
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	17,783
11	External loss-absorbing capacity arising from regulatory capital	112,224
	Non-regulatory capital elements of external loss-absorbing capacity	
12	External non-capital LAC debt instruments issued directly by the resolution entity and that meet subordination requirements set out in the LAC Rules	9,717
17	External loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments	-
	Non-regulatory capital elements of external loss-absorbing capacity: adjustments	
18	External loss-absorbing capacity before deductions	121,941
19	Deductions of exposures between the resolution entity’s LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for external loss-absorbing capacity	-
20	Deduction of holdings of its own non-capital LAC liabilities	-
21	Other adjustments to external loss-absorbing capacity	-
22	External loss-absorbing capacity after deductions	121,941
	Risk-weighted amount and exposure measure under the LAC Rules for external loss-absorbing capacity purposes	
23	Risk-weighted amount under the LAC Rules	491,847
24	Exposure measure under the LAC Rules	916,589
	External LAC ratios and buffers	
25	External LAC risk-weighted ratio	24.79%

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

At 30 June 2024		(a)
		Amount (HK\$ Million)
26	External LAC leverage ratio	13.30%
27	CET1 capital (as a percentage of RWA under the Banking (Capital) Rules (“BCR”)) available after meeting the LAC consolidation group’s minimum capital and LAC requirements	12.65%
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)	2.986%
29	Of which: capital conservation buffer requirement	2.500%
30	Of which: institution-specific countercyclical capital buffer requirement	0.486%
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	41,933	10,090	13,612	9,717	75,352
3	Subset of row 2 that are excluded liabilities	-	-	-	-	-
4	Total capital and liabilities less excluded liabilities	41,933	10,090	13,612	9,717	75,352
5	Subset of row 4 that are eligible as external loss-absorbing capacity	41,933	10,090	13,612	9,717	75,352
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	-	-	-	-	-
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	-	-	-	9,717	9,717
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	-	-	13,612	-	13,612
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-
10	Subset of row 5 that is perpetual securities	41,933	10,090	-	-	52,023

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)	(6)
		Ordinary Shares	US\$650 million Additional Tier 1 issued in 2019	US\$650 million Additional Tier 1 issued in 2020	US\$600 million Tier 2 due 2030	US\$500 million Tier 2 due 2032	US\$650 million Tier 2 due 2034
1	Issuer	BEA	BEA	BEA	BEA	BEA	BEA
2	Unique identifier - ISIN	HK0023000190	XS2049804896	XS2222027364	XS2168040744	XS2423359459	XS2813323685
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)	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.	N.A.
<i>Regulatory treatment</i>							
4	Transitional Basel III rules#	N.A.	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	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	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	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	Tier 2 notes
8	Amount recognised in regulatory capital (at 30/6/2024)	HK\$41,933 Mn	HK\$5,069 Mn	HK\$5,021 Mn	HK\$4,679 Mn	HK\$3,894 Mn	HK\$5,039 Mn
8a	Amount recognised in loss-absorbing capacity (at 30/6/2024)	HK\$41,933 Mn	HK\$5,069 Mn	HK\$5,021 Mn	HK\$4,679 Mn	HK\$3,894 Mn	HK\$5,039 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%	Issue price : US\$650 million: 99.616%
10	Accounting classification	Equity	Equity	Equity	Liability – amortised cost	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	27th June 2024
12	Perpetual or dated	N.A.	Perpetual	Perpetual	Dated	Dated	Dated
13	Original maturity date	N.A.	No maturity	No maturity	29th May, 2030	22nd April, 2032	27th June, 2034
14	Issuer call subject to prior supervisory approval	No	Yes	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	One-off call date: 27th June, 2029 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.	N.A.
<i>Coupons / dividends</i>							
17	Fixed or floating dividend/coupon	N.A.	Fixed	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 + 5.27%	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%	Up to 27th June, 2029: 6.75% p.a. Thereafter reset at 5-year U.S. Treasury + 2.55%

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)	(6)
		Ordinary Shares	US\$650 million Additional Tier 1 issued in 2019	US\$650 million Additional Tier 1 issued in 2020	US\$600 million Tier 2 due 2030	US\$500 million Tier 2 due 2032	US\$650 million Tier 2 due 2034
19	Existence of a dividend stopper	No	Yes	Yes	No	No	No
20	Fully discretionary, partially discretionary or mandatory	N.A.	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible ¹	Non-convertible ²	Non-convertible ³	Non-convertible ⁴	Non-convertible ⁵
24	If convertible, conversion trigger (s)	N.A.	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.	N.A.
26	If convertible, conversion rate	N.A.	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.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	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.	N.A.
30	Write-down feature	No	Yes	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	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	Partial
33	If write-down, permanent or temporary	N.A.	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
34a	Type of subordination	Contractual	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	Immediately subordinated to unsecured senior notes / indebtedness and non-preferred loss absorbing notes / indebtedness
36	Non-compliant transitioned features	No	No	No	No	No	No
37	If yes, specify non-compliant features	N.A.	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

		(7)	(8)	(9)
		US\$250 million LAC due 2028	US\$500 million LAC due 2027	US\$500 million LAC due 2027
1	Issuer	BEA	BEA	BEA
2	Unique identifier - ISIN	XS2381248835	XS2592797398	XS2775732451
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)	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.
<i>Regulatory treatment</i>				
4	Transitional Basel III rules#	N.A.	N.A.	N.A.
5	Post-transitional Basel III rules+	N.A.	N.A.	N.A.
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	N.A.	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	Solo and LAC consolidation group
7	Instrument type	Non-preferred loss absorbing notes	Non-preferred loss absorbing notes	Non-preferred loss absorbing notes
8	Amount recognised in regulatory capital (at 30/6/2024)	N.A.	N.A.	N.A.
8a	Amount recognised in loss-absorbing capacity (at 30/6/2024)	HK\$1,945 Mn	HK\$3,893 Mn	HK\$3,879 Mn
9	Par value of instrument	Issue price : US\$250 million: 99.765%	Issue price : US\$500 million: 99.802%	Issue price : US\$500 million: 99.592%
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	7th July, 2022	15th March, 2023	13th March, 2024
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	7th July, 2028	15th March, 2027	13th March, 2027
14	Issuer call subject to prior supervisory approval	Yes	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	One-off call date: 13th 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.	N.A.
<i>Coupons / dividends</i>				
17	Fixed or floating dividend/coupon	Fixed	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%	Up to 13th March, 2026: 6.625% p.a. Thereafter reset at 1-year U.S. Treasury + 2.30%

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)

		(7)	(8)	(9)
		US\$250 million LAC due 2028	US\$500 million LAC due 2027	US\$500 million LAC due 2027
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible ⁺	Non-convertible ⁺	Non-convertible ⁺
24	If convertible, conversion trigger (s)	N.A.	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	N.A.	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.	N.A.	N.A.
30	Write-down feature	Yes	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	Subject to Hong Kong Resolution Authority bail-in power
32	If write-down, full or partial	Partial	Partial	Partial
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.	N.A.
34a	Type of subordination	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).	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N.A.	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)	30/06/2024					
	Banks	Official sector	Non-bank private sector		Others	Total claims
			Non-bank financial institutions	Non-financial private sector		
<u>Counterparty country/ jurisdiction</u>						
Developed countries	25,474	18,305	23,764	46,317	-	113,860
- of which: United States	5,150	18,247	4,937	14,869	-	43,203
Offshore centres	11,090	1,821	17,376	64,289	-	94,576
- of which: Hong Kong, China	8,203	1,817	13,314	55,443	-	78,777
Developing Asia and Pacific	49,631	3,411	10,292	72,479	-	135,813
- of which: Mainland China	32,744	3,322	9,464	65,913	-	111,443

(HK\$ million)	31/12/2023					
	Banks	Official sector	Non-bank private sector		Others	Total claims
			Non-bank financial institutions	Non-financial private sector		
<u>Counterparty country/ jurisdiction</u>						
Developed countries	33,853	4,077	9,627	41,235	-	88,792
- of which: United States	4,679	4,007	3,488	12,184	-	24,358
Offshore centres	9,501	2,378	15,843	65,277	-	92,999
- of which: Hong Kong, China	5,144	2,374	13,396	55,703	-	76,617
Developing Asia and Pacific	44,629	1,595	11,924	78,122	-	136,270
- of which: Mainland China	31,815	1,343	11,546	70,184	-	114,888

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 bank categorised by types of counterparties:

<u>Type of counterparties</u>	30/06/2024		
	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
	HK\$ Mn	HK\$ Mn	HK\$ Mn
1. Central government, central government-owned entities and their subsidiaries and joint ventures	22,759	2,313	25,072
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	25,505	2,423	27,928
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	164,112	13,100	177,212
4. Other entities of central government not reported in item 1 above	4,317	74	4,391
5. Other entities of local governments not reported in item 2 above	2,619	5	2,624
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,836	759	5,595
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	28,363	1,691	30,054
Total	252,511	20,365	272,876
Total assets after provision	803,516		
On-balance sheet exposures as percentage of total assets	31.4%		

Mainland Activities (continued)

	31/12/2023		Total
	On-balance sheet exposure	Off-balance sheet exposure	
<u>Type of counterparties</u>	HK\$ Mn	HK\$ Mn	HK\$ Mn
1. Central government, central government-owned entities and their subsidiaries and joint ventures	21,052	2,350	23,402
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	22,774	2,665	25,439
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	157,031	14,334	171,365
4. Other entities of central government not reported in item 1 above	4,602	74	4,676
5. Other entities of local governments not reported in item 2 above	2,967	-	2,967
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,098	1,436	5,534
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	30,374	2,072	32,446
Total	<u>242,898</u>	<u>22,931</u>	<u>265,829</u>
Total assets after provision	<u>789,494</u>		
On-balance sheet exposures as percentage of total assets	<u>30.8%</u>		

The above figures are disclosed in accordance with the return relating to Mainland activities the Bank submitted to the HKMA pursuant to section 63 of the Banking Ordinance in respect of the reporting period, which are computed on a 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.

	30/06/2024				
	USD HK\$ Mn	RMB HK\$ Mn	MOP* HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	241,441	232,664	1,235	100,209	575,549
Spot liabilities	(233,655)	(222,810)	(1,077)	(84,516)	(542,058)
Forward purchases	116,709	68,208	-	14,808	199,725
Forward sales	(118,495)	(79,384)	-	(30,302)	(228,181)
Net options position	(2,011)	2,009	-	19	17
Net long/(short) non-structural position	<u>3,989</u>	<u>687</u>	<u>158</u>	<u>218</u>	<u>5,052</u>

	31/12/2023				
	USD HK\$ Mn	RMB HK\$ Mn	MOP HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Spot assets	242,291	224,078	1,404	98,025	565,798
Spot liabilities	(213,025)	(221,726)	(1,163)	(86,566)	(522,480)
Forward purchases	73,614	51,005	-	14,840	139,459
Forward sales	(101,876)	(52,722)	-	(26,194)	(180,792)
Net options position	18	67	-	22	107
Net long/(short) non-structural position	<u>1,022</u>	<u>702</u>	<u>241</u>	<u>127</u>	<u>2,092</u>

* it is disclosed for comparative purpose with the figures at 31/12/2023.

Currency Concentration (continued)

	30/06/2024				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	(9,108)	14,942	2,256	936	9,026

	31/12/2023				
	USD HK\$ Mn	RMB HK\$ Mn	MYR HK\$ Mn	Other foreign currencies HK\$ Mn	Total HK\$ Mn
Net structural position	(9,111)	15,297	2,269	959	9,414

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 a consolidated basis as required by the HKMA for its regulatory purposes.

Capital Buffer

Countercyclical Capital Buffer Ratio

	<u>30/06/2024</u>	<u>31/12/2023</u>
	%	%
Countercyclical capital buffer ratio	0.486	0.477

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

Glossary (continued)

<u>Abbreviations</u>	<u>Descriptions</u>
PSE	Public Sector Entity
QRRE	Qualifying Revolving Retail Exposures
RW	Risk Weight
RWA	Risk-Weighted Amount
SA-CCR Approach	Standardised Approach for measuring Counterparty Credit Risk Exposures
SEC-ERBA	Securitisation External Ratings-Based Approach
SEC-FBA	Securitisation Fall-Back Approach
SEC-IRBA	Securitisation Internal Ratings-Based Approach
SEC-SA	Securitisation Standardised 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