



China CITIC Bank International Limited
中信銀行(國際)有限公司

Regulatory Disclosure Statements

30 June 2020
(Unaudited)

**These disclosures are prepared under
the Banking (Disclosure) Rules**

Regulatory Disclosure Statement

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Regulatory Disclosure Statement (continued)

The information contained in this regulatory disclosure statement is for China CITIC Bank International Limited (“the Bank”) and its subsidiaries (together “the Group”), and is prepared in accordance with the Banking (Disclosure) Rules and the disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”). It should be read in conjunction with the Group’s 2020 Interim Report. These regulatory disclosures are governed by the Group’s disclosure policy, which set out the governance, control and assurance requirements for publication of the document.

PART I: KEY PRUDENTIAL RATIOS AND OVERVIEW OF RISK-WEIGHTED ASSET (RWA)

KM1: Key prudential ratios

		At 30 June 2020	At 31 March 2020	At 31 December 2019	At 30 September 2019	At 30 June 2019
		(a)	(b)	(c)	(d)	(e)
		HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
	Regulatory capital					
1	Common Equity Tier 1 (CET1)	37,595,770	38,063,930	37,430,332	36,488,587	35,484,890
2	Tier 1	45,367,830	45,835,990	45,202,392	44,260,647	43,256,950
3	Total capital	52,120,354	53,146,712	52,476,903	51,711,502	50,656,115
	RWA					
4	Total RWA	272,597,282	270,651,826	262,432,341	268,285,972	266,263,985
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.8%	14.1%	14.3%	13.6%	13.3%
6	Tier 1 ratio (%)	16.6%	16.9%	17.2%	16.5%	16.2%
7	Total capital ratio (%)	19.1%	19.6%	20.0%	19.3%	19.0%
	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 (%) (CCyB ratio) (Remark)	0.593%	0.584%	1.119%	1.355%	1.393%
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 (%)	3.093%	3.084%	3.619%	3.855%	3.893%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.3%	9.6%	9.8%	9.1%	8.8%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	378,711,875	361,828,522	384,491,342	359,966,028	373,673,578
14	LR (%)	12.0%	12.7%	11.8%	12.3%	11.6%
	Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	42,386,001	47,011,755	35,466,051	33,068,768	34,551,660
16	Total net cash outflows	19,064,904	17,320,678	15,799,506	15,960,920	15,470,046
17	LCR (%)	223.8%	272.2%	225.7%	207.6%	224.0%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	236,248,495	231,887,605	240,558,288	234,709,644	240,406,580
19	Total required stable funding	169,098,438	167,498,538	165,902,045	168,209,740	168,044,582
20	NSFR (%)	139.7%	138.4%	145.0%	139.5%	143.1%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

N/A – Non-Applicable

Remark:

In accordance with the announcements made by the HKMA, the CCyB ratio for Hong Kong was 2.5% of risk-weighted amounts effective from 1 January 2019, reduced to 2.0% effective from 14 October 2019 and was further reduced to 1.0% effective from 16 March 2020.

Regulatory Disclosure Statement (continued)

PART I: KEY PRUDENTIAL RATIOS AND RISK-WEIGHTED ASSET (RWA)

OV1: Overview of RWA

The following table provides an overview of the Bank's RWA by various risk types and the corresponding minimum capital requirements (i.e. 8% of RWA), as required by the HKMA.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		At 30 June 2020	At 31 March 2020	At 30 June 2020
		HK\$' 000	HK\$' 000	HK\$' 000
1	Credit risk for non-securitization exposures	226,829,304	222,005,195	18,146,344
2	Of which STC approach	226,829,304	222,005,195	18,146,344
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	9,318,660	10,902,844	745,493
7	Of which SA-CCR*	Not applicable	Not applicable	Not applicable
7a	Of which CEM	9,166,050	10,761,655	733,284
8	Of which IMM (CCR) approach	-	-	-
9	Of which others	152,610	141,189	12,209
10	CVA risk	6,218,213	6,392,738	497,457
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	Not applicable	Not applicable	Not applicable
13	CIS exposures – MBA*	Not applicable	Not applicable	Not applicable
14	CIS exposures – FBA*	Not applicable	Not applicable	Not applicable
14a	CIS exposures – combination of approaches*	Not applicable	Not applicable	Not applicable
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	13,771,575	14,721,788	1,101,726
21	Of which STM approach	13,771,575	14,721,788	1,101,726
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book(not applicable before the revised market risk framework takes effect)*	Not applicable	Not applicable	Not applicable
24	Operational risk	15,283,950	15,433,913	1,222,716
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,277,538	1,277,538	102,203
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	101,958	82,190	8,157
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
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	101,958	82,190	8,157
27	Total	272,597,282	270,651,826	21,807,782

Remark:

Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" is reported in the rows.

The Bank has adopted the "standardised approach" for calculating the risk-weighted amount for credit risk and market risk and the "basic indicator approach" for calculating operational risk.

Total RWA increased mainly due to an increase in RWA for credit RWA for non-securitisation exposures, which was also driven mainly by an increase in loans and advances to customers.

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CC1: Composition of regulatory capital

		(a)	(b)
		Amount	Source based on reference number of the balance sheet under the regulatory scope of consolidation
At 30 June 2020		HK\$' 000	
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	18,404,013	(4)+(5)
2	Retained earnings	20,669,005	(8)
3	Disclosed reserves	907,815	(6)
4	<i>Directly issued capital subject to phase out from CET1 capital (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	39,980,833	
CET1 capital: regulatory deductions			
7	Valuation adjustments	11,100	(11)
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	590,874	(16)
10	Deferred tax assets (net of deferred tax liabilities)	73,349	(2)
11	Cash flow hedge reserve	–	
12	Excess of total EL amount over total eligible provisions under the IRB approach	–	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	2,633	(3)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	–	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in CET1 capital instruments	–	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	1,707,107	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	185,378	(7)+(10)
26b	Regulatory reserve for general banking risks	1,521,729	(9)
26c	Securitization exposures specified in a notice given by the Monetary Authority	–	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e	Capital shortfall of regulated non-bank subsidiaries	–	

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount	Source based on reference number of the balance sheet under the regulatory scope of consolidation
At 30 June 2020		HK\$' 000	
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	2,385,063	
29	CET1 capital	37,595,770	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	7,772,060	(12)+ (13)
31	of which: classified as equity under applicable accounting standards	7,772,060	
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	7,772,060	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	7,772,060	
45	Tier 1 capital (Tier 1 = CET1 + AT1)	45,367,830	

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount	Source based on reference number of the balance sheet under the regulatory scope of consolidation
At 30 June 2020		HK\$' 000	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	3,875,098	(15)
47	<i>Capital instruments subject to phase out arrangements from Tier 2 capital</i>	–	(14)
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	–	
49	<i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	–	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	2,794,006	[(1) + (9)] x 100%
51	Tier 2 capital before regulatory deductions	6,669,104	
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 s2(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	(83,420)	
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	(83,420)	[(7) + (10)] x 45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within s48(1)(g) of BCR	–	
57	Total regulatory deductions to Tier 2 capital	(83,420)	
58	Tier 2 capital (T2)	6,752,524	
59	Total regulatory capital (TC = T1 + T2)	52,120,354	
60	Total RWA	272,597,282	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	13.79%	
62	Tier 1 capital ratio	16.64%	
63	Total capital ratio	19.12%	
64	Institution – specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	7.59%	
65	<i>of which: capital conservation buffer requirement</i>	2.50%	
66	<i>of which: bank specific countercyclical capital buffer requirement</i>	0.59%	
67	<i>of which: higher loss absorbency requirements</i>	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	9.29%	

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount	Source based on reference number of the balance sheet under the regulatory scope of consolidation
At 30 June 2020		HK\$' 000	
National minima (if different from Basel III 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	113,666	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	511,015	
74	Mortgage servicing rights (net of associated deferred tax liability)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liability)	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)	2,794,006	
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	2,794,006	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	–	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	–	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<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>	–	

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CC1: Composition of regulatory capital (continued)

Row No.	Description	Hong Kong basis	Basel III basis
9	Other intangible assets (net of associated deferred tax liability)	590,874	590,874
	<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)	73,349	73,349
	<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>		

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CC1: Composition of regulatory capital (continued)

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

Abbreviations:

CET1 : Common Equity Tier 1

AT1 : Additional Tier 1

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CC2: Reconciliation of regulatory capital to balance sheet

	At 30 June 2020		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	HK\$' 000	HK\$' 000	
Assets			
Cash and balances with banks, central banks and other financial institutions	18,215,283	18,199,039	
Placements with and advances to banks, central banks and other financial institutions	52,317,786	52,317,786	
Financial assets at fair value through profit or loss	5,070,340	4,402,580	
Derivative financial instruments	10,285,832	10,285,832	
Loans and advances to customers and other accounts	200,359,205	200,841,397	
<i>of which: Expected credit losses allowances eligible for inclusion in Tier 2 Capital</i>	–	1,272,277	(1)
Financial assets at fair value through other comprehensive income	78,092,672	78,092,672	
Amortised cost investments	54,283	54,283	
Property and equipment			
– Investment property	266,386	266,386	
– Other property and equipment	497,778	493,118	
Intangible assets	590,874	590,874	(16)
Tax recoverable	28,141	28,141	
Deferred tax assets	73,349	73,349	(2)
Total Assets	365,851,929	365,645,457	
Liabilities			
Deposits and balances of banks and other financial institutions	16,005,933	15,797,495	
Deposits from customers	275,304,962	275,304,962	
Derivative financial instruments	10,805,484	10,805,484	
<i>of which: Debit valuation adjustments in respect of derivative contracts</i>		2,633	(3)
Financial liabilities at fair value through profit or loss	209,108	209,108	
Certificates of deposit issued	193,755	193,755	
Current tax liabilities	65,078	65,078	
Deferred tax liabilities	1,379	1,379	
Other liabilities	11,723,474	11,654,686	
Loan capital	3,850,478	3,862,265	
<i>of which: Loan capital not eligible for inclusion in regulatory capital</i>	–	–	(14)
<i>Loan capital eligible for inclusion in regulatory capital</i>	–	3,875,098	(15)
Total Liabilities	318,159,651	317,894,212	
Equity			
Total shareholders' equity	39,921,866	39,980,833	
<i>of which: Paid-in share capital</i>	18,404,013	18,404,013	(4)
<i>of which: non-qualifying CET1 Capital</i>		–	(5)
Other Reserves	901,725	907,815	(6)
<i>of which: Regulatory reserve of properties</i>	134,931	134,931	(7)
Retained earnings	20,616,128	20,669,005	(8)
<i>of which: Regulatory reserve earmarked</i>		1,521,729	(9)
<i>of which: Cumulative retained earnings for investment properties</i>		50,447	(10)
<i>of which: Valuation Adjustments</i>		11,100	(11)
Additional equity instruments	7,770,412	7,770,412	(12)
<i>of which: Transaction costs for additional equity instruments</i>		1,648	(13)
Total Equity	47,692,278	47,751,245	
Total Equity and Liabilities	365,851,929	365,645,457	

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CCA: Main features of regulatory capital instruments

		Share Capital	Subordinated notes (due 2029) with US\$500 million at 4.625% per annum
(1)	Issuer	China CITIC Bank International Limited	China CITIC Bank International Limited
(2)	Unique identifier	N/A	XS1897158892
(3)	Governing law(s) of the instrument	Hong Kong laws	English laws (subordination governed by Hong Kong laws)
	<i>Regulatory treatment</i>		
(4)	– Transitional Basel III rules (1)	N/A	N/A
(5)	– Post-transitional Basel III rules (2)	Common Equity Tier 1	Tier 2
(6)	– Eligible at solo/group/group and solo	Group and solo	Group and solo
(7)	– Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Debt instruments
(8)	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$18,404.01 million	HK\$3,862.27 million
(9)	Par value of instrument	N/A	US\$500.00 million
(10)	Accounting classification	Shareholders' equity	Liability – amortised cost
(11)	Original date of issuance	10 December 1954	28 February 2019
(12)	Perpetual or dated	Perpetual	Dated
(13)	– Original maturity date	No maturity	28 February 2029
(14)	Issuer call subject to prior supervisory approval	N/A	Yes
(15)	– Optional call date, contingent call dates and redemption amount	N/A	– 28 February 2024 (Call Date). Included tax and regulatory call options. – Redemption at par, subject to adjustment following the occurrence of a Non-Viability Event.
(16)	– Subsequent call dates, if applicable	N/A	N/A
	<i>Coupons/dividends</i>		
(17)	– Fixed or floating dividend/coupon	N/A	Fixed
(18)	– Coupon rate and any related index	N/A	At a fixed rate of 4.625% per annum until (but excluding) 28 February 2024 and thereafter reset at then prevailing five-year U.S. Treasury rate plus the initial spread of 2.25% per annum.
(19)	– Existence of a dividend stopper	N/A	No
(20)	– Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
(21)	– Existence of step up or other incentive to redeem	No	No
(22)	– Non-cumulative or cumulative	Non-cumulative	Cumulative
(23)	<i>Convertible or non-convertible</i>	Non-convertible	Non-convertible
(24)	– If convertible, conversion trigger(s)	N/A	N/A
(25)	– If convertible, fully or partially	N/A	N/A
(26)	– If convertible, conversion rates	N/A	N/A
(27)	– If convertible, mandatory or optional conversion	N/A	N/A
(28)	– If convertible, specify instrument type convertible into	N/A	N/A
(29)	– If convertible, specify issuer of instrument if converts into	N/A	N/A
(30)	Write-down feature	No	Yes
(31)	– If write-down, write-down trigger(s)	N/A	Upon the occurrence of a Non-Viability Event, the Issuer shall, upon the provision of a Non-Viability Event Notice, irrevocably reduce the then prevailing principal amount and cancel any accrued but unpaid interest of each Note in whole or in part. “Non-Viability Event” means the earlier of: (a) the Hong Kong Monetary Authority (the “HKMA”) notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; and (b) the HKMA notifying the Issuer 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 the Issuer would become non-viable.
(32)	– If write-down, full or partial	N/A	Full or partial
(33)	– If write-down, permanent or temporary	N/A	Permanent
(34)	– If temporary write-down, description of write-up mechanism	N/A	N/A
(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 indebtedness/unsecured senior notes
(36)	Non-compliant transitioned features	No	No
(37)	If yes, specify non-compliant features	N/A	N/A

N/A – Non-Applicable

Footnotes:

- Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules
- Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules

Full terms and conditions of regulatory capital instruments can be viewed in the Regulatory Disclosures section of the Bank's corporate website www.cncbinternational.com.

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CCA: Main features of regulatory capital instruments (continued)

		Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities with US\$500 million at 4.25% per annum
(1)	Issuer	China CITIC Bank International Limited
(2)	Unique identifier	XS1499209861
(3)	Governing law(s) of the instrument	English laws (subordination governed by Hong Kong laws)
	<i>Regulatory treatment</i>	
(4)	– Transitional Basel III rules (1)	N/A
(5)	– Post-transitional Basel III rules (2)	Additional Tier 1
(6)	– Eligible at solo/group/group and solo	Group and solo
(7)	– Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Capital Securities
(8)	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$3,863.55 million
(9)	Par value of instrument	US\$500.00 million
(10)	Accounting classification	Equity – par value
(11)	Original date of issuance	11 October 2016
(12)	Perpetual or dated	Perpetual
(13)	– Original maturity date	No maturity
(14)	Issuer call subject to prior supervisory approval	Yes
(15)	– Optional call date, contingent call dates and redemption amount	– 11 October 2021 (First Call Date) – No fixed redemption date. – Optional Redemption (on a designated date in 2021 or on any Distribution Payment Date thereafter), Tax or Regulatory Redemption are all subject to prior written consent of the HKMA and satisfying any conditions that the HKMA may impose at that time. Redemption amount will be the outstanding principal amount together with distributions accrued to the date of redemption.
(16)	– Subsequent call dates, if applicable	N/A
	<i>Coupons/dividends</i>	
(17)	– Fixed or floating dividend/coupon	Fixed
(18)	– Coupon rate and any related index	– At a fixed rate of 4.25% per annum until (but excluding) 11 October 2021. – On the First Call Date and each anniversary falling five years thereafter, the Distribution Rate will reset by reference to the then-prevailing five year U.S. Treasury Rate plus 3.107% per annum. – Any distributions are subject to there being no Mandatory Distribution Cancellation Event or Optional Distribution Cancellation Event.
(19)	– Existence of a dividend stopper	Yes
(20)	– Fully discretionary, partially discretionary or mandatory	Fully Discretionary
(21)	– Existence of step up or other incentive to redeem	No
(22)	– Non-cumulative or cumulative	Non-cumulative
(23)	<i>Convertible or non-convertible</i>	Non-convertible
(24)	– If convertible, conversion trigger(s)	N/A
(25)	– If convertible, fully or partially	N/A
(26)	– If convertible, conversion rates	N/A
(27)	– If convertible, mandatory or optional conversion	N/A
(28)	– If convertible, specify instrument type convertible into	N/A
(29)	– If convertible, specify issuer of instrument if converts into	N/A
(30)	Write-down feature	Yes
(31)	– If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event, the Issuer shall, upon the provision of a Non-Viability Event Notice, irrevocably reduce the then prevailing principal amount and cancel any accrued but unpaid distribution of each Capital Security in whole or in part. “Non-Viability Event” means the earlier of: (a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; and (b) the HKMA notifying the Issuer 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 the Issuer would become non-viable. At the sole discretion of the relevant Hong Kong Resolution Authority following a non-viability event, the outstanding amount of AT1 Capital Securities can be adjusted upon the exercise of Hong Kong Resolution Authority Power in accordance with the Hong Kong Financial Institutions (Resolution) Ordinance (Cap.628).
(32)	– If write-down, full or partial	Full or partial
(33)	– If write-down, permanent or temporary	Permanent
(34)	– If temporary write-down, description of write-up mechanism	N/A
(35)	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinated to the claims of: (i) all unsubordinated creditors (including depositors), (ii) creditors in respect of Tier 2 Capital Securities, and (iii) all other Subordinated Creditors whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operations of law or contract.
(36)	Non-compliant transitioned features	No
(37)	If yes, specify non-compliant features	N/A

N/A – Non-Applicable

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CCA: Main features of regulatory capital instruments (continued)

		Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities with US\$500 million at 7.10% per annum
(1)	Issuer	China CITIC Bank International Limited
(2)	Unique identifier	XS1897158546
(3)	Governing law(s) of the instrument	English laws (subordination governed by Hong Kong laws)
		<i>Regulatory treatment</i>
(4)	– Transitional Basel III rules (1)	N/A
(5)	– Post-transitional Basel III rules (2)	Additional Tier 1
(6)	– Eligible at solo/group/group and solo	Group and solo
(7)	– Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Capital Securities
(8)	Amount recognised in regulatory capital(Currency in million, as of most recent reporting date)	HK\$3,908.51 million
(9)	Par value of instrument	US\$500.00 million
(10)	Accounting classification	Equity – par value
(11)	Original date of issuance	6 November 2018
(12)	Perpetual or dated	Perpetual
(13)	– Original maturity date	No maturity
(14)	Issuer call subject to prior supervisory approval	Yes
(15)	– Optional call date, contingent call dates and redemption amount	– 6 November 2023 (First Call Date) – No fixed redemption date. – Optional Redemption (on a designated date in 2023 or on any Distribution Payment Date thereafter), Tax or Regulatory Redemption are all subject to prior written consent of the HKMA and satisfying any conditions that the HKMA may impose at that time. Redemption amount will be the outstanding principal amount together with distributions accrued to the date of redemption.
(16)	– Subsequent call dates, if applicable	N/A
		<i>Coupons/dividends</i>
(17)	– Fixed or floating dividend/coupon	Fixed
(18)	– Coupon rate and any related index	– At a fixed rate of 7.10% per annum until (but excluding) 6 November 2023. – On the First Call Date and each anniversary falling five years thereafter, the Distribution Rate will reset by reference to the then-prevailing five year U.S. Treasury Rate plus 4.151% per annum. – Any distributions are subject to there being no Mandatory Distribution Cancellation Event or Optional Distribution Cancellation Event.
(19)	– Existence of a dividend stopper	Yes
(20)	– Fully discretionary, partially discretionary or mandatory	Fully Discretionary
(21)	– Existence of step up or other incentive to redeem	No
(22)	– Non-cumulative or cumulative	Non-cumulative
(23)	<i>Convertible or non-convertible</i>	Non-convertible
(24)	– If convertible, conversion trigger(s)	N/A
(25)	– If convertible, fully or partially	N/A
(26)	– If convertible, conversion rates	N/A
(27)	– If convertible, mandatory or optional conversion	N/A
(28)	– If convertible, specify instrument type convertible into	N/A
(29)	– If convertible, specify issuer of instrument if converts into	N/A
(30)	Write-down feature	Yes
(31)	– If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event, the Issuer shall, upon the provision of a Non-Viability Event Notice, irrevocably reduce the then prevailing principal amount and cancel any accrued but unpaid distribution of each Capital Security in whole or in part. “Non-Viability Event” means the earlier of: (a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; and (b) the HKMA notifying the Issuer 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 the Issuer would become non-viable. At the sole discretion of the relevant Hong Kong Resolution Authority following a non-viability event, the outstanding amount of AT1 Capital Securities can be adjusted upon the exercise of Hong Kong Resolution Authority Power in accordance with the Hong Kong Financial Institutions (Resolution) Ordinance (Cap.628).
(32)	– If write-down, full or partial	Full or partial
(33)	– If write-down, permanent or temporary	Permanent
(34)	– If temporary write-down, description of write-up mechanism	N/A
(35)	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinated to the claims of: (i) all unsubordinated creditors (including depositors), (ii) creditors in respect of Tier 2 Capital Securities, and (iii) all other Subordinated Creditors whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operations of law or contract.
(36)	Non-compliant transitioned features	No
(37)	If yes, specify non-compliant features	N/A

N/A – Non-Applicable

Regulatory Disclosure Statement (continued)

PART IIB: MACROPRUDENTIAL SUPERVISORY MEASURES

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

		At 30 June 2020			
		a	b	c	d
Geographical breakdown by Jurisdiction (J)		Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
			HK\$' 000		HK\$' 000
1	Hong Kong SAR	1.0000%	117,793,713		
2	Luxembourg	0.2500%	66,711		
3	Norway	1.0000%	1,020		
Sum (Remark 1)			117,861,444		
Total (Remark 2 & 3)			198,634,436	0.593%	1,616,793

Remark:

- (1) This represents the sum of RWA for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.
- (2) The total RWA used in the computation of the CCyB ratio in column (b) represents the total RWA for the private sector credit exposures in all jurisdictions to which the banks is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero. The CCyB amount in column (d) represents the Group's total RWA multiplied by the Group specific CCyB ratio in column (c).
- (3) In accordance with the announcements made by the HKMA, the CCyB ratio for Hong Kong was 2.5% of risk-weighted amounts effective from 1 January 2019, reduced to 2.0% effective from 14 October 2019 and was further reduced to 1.0% effective from 16 March 2020.

PART IIC: LEVERAGE RATIO

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

		Value under the LR framework At 30 June 2020
Item		HK\$' 000
1	Total consolidated assets as per published financial statements	365,851,929
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	206,472
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4	Adjustments for derivative contracts	11,065,771
5	Adjustment for SFTs (i.e. repos and similar secured lending)	1,457,604
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	16,989,259
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(71,926)
7	Other adjustments	(16,787,234)
8	Leverage ratio exposure measure	378,711,875

Regulatory Disclosure Statement (continued)

PART IIC: LEVERAGE RATIO

LR2: Leverage ratio

		(a)	(b)
		At 30 June 2020	At 31 March 2020
		<i>HK\$' 000</i>	<i>HK\$' 000</i>
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	351,642,497	336,425,797
2	Less: Asset amounts deducted in determining Tier 1 capital	(2,371,330)	(1,103,140)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	349,271,167	335,322,657
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)	3,852,486	3,862,935
5	Add-on amounts for PFE associated with all derivative contracts	9,061,296	9,373,994
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(1,848,011)	(2,965,026)
8	Less: Exempted CCP leg of client-cleared trade exposures	–	–
9	Adjusted effective notional amount of written credit derivative contracts	–	–
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	–	–
11	Total exposures arising from derivative contracts	11,065,771	10,271,903
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	1,457,604	982,337
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	–	929
15	Agent transactions exposures	–	–
16	Total exposures arising from SFTs	1,457,604	983,266
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	104,624,840	94,579,479
18	Less: Adjustments for conversion to credit equivalent amounts	(87,635,581)	(79,239,466)
19	Off-balance sheet items	16,989,259	15,340,013
Capital and total exposures			
20	Tier 1 capital	45,367,830	45,835,990
20a	Total exposures before adjustments for specific and collective provisions	378,783,801	361,917,839
20b	Adjustments for specific and collective provisions	(72,926)	(89,317)
21	Total exposures after adjustments for specific and collective provisions	378,711,875	361,828,522
Leverage ratio			
22	Leverage ratio	11.98%	12.67%

The decrease in leverage ratio during the period is mainly due to the increase in total exposures after adjustments for specific and collective provisions for the quarter ended 30 June 2020.

Regulatory Disclosure Statement (continued)

PART IID: LIQUIDITY

LIQ1: Liquidity Coverage Ratio – for category 1 institution

Number of data points used in calculating the average value of the LCR and related components set out in this template		For the quarter ended 30 June 2020: (73 data points)		For quarter ended 31 March 2020: (74 data points)	
Basis of disclosure: Consolidated		UNWEIGHTED AMOUNT (Average)	WEIGHTED AMOUNT (Average)	UNWEIGHTED AMOUNT (Average)	WEIGHTED AMOUNT (Average)
		HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
A. High Quality Liquid Assets (HQLA)					
1	Total HQLA		42,386,001		47,011,755
B. Cash outflows					
2	Retail deposits and small business funding, of which	144,367,085	10,444,010	150,292,952	10,716,130
3	<i>Stable retail deposits and stable small business funding</i>	10,262,650	513,133	10,375,467	518,773
4	<i>Less stable retail deposits and less stable small business funding</i>	64,513,098	6,451,310	64,025,150	6,402,569
4a	<i>Retail term deposits and small business term funding</i>	69,591,337	3,479,567	75,892,335	3,794,788
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	92,851,979	53,348,951	86,133,440	47,299,317
6	Operational deposits	–	–	–	–
7	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>	90,779,597	51,276,569	85,137,314	46,303,191
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	2,072,382	2,072,382	996,126	996,126
9	Secured funding transactions (including securities swap transactions)		–		–
10	Additional requirements, of which	10,093,219	3,754,041	9,385,866	4,023,144
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	2,867,656	2,867,656	3,207,857	3,207,857
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	–	–	–	–
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	7,225,563	886,385	6,178,009	815,287
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	6,029,170	6,029,170	6,176,335	6,176,335
15	Other contingent funding obligations (without contractual or non-contractual)	91,101,674	419,554	89,461,641	390,993
16	Total cash outflows		73,995,726		68,605,919
C. Cash Inflows					
17	Secured lending transactions (including securities swap transactions)	850,651	240,299	632,218	279,695
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	78,420,741	58,495,903	82,137,192	62,032,935
19	Other cash inflows	5,319,465	5,289,082	4,760,412	4,736,314
20	Total cash inflows	84,590,857	64,025,284	87,529,822	67,048,944
D. Liquidity Coverage Ratio					
21	Total HQLA		42,386,001		47,011,755
22	Total Net Cash Outflows		19,064,904		17,320,678
23	LCR (%)		223.8%		272.2%

Regulatory Disclosure Statement (continued)

PART IID: LIQUIDITY

LIQ2: Net Stable Funding Ratio – for category 1 institution

Basis of disclosure: Consolidated		For the quarter ended 30 June 2020				
		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	48,606,014	–	–	3,862,266	52,468,280
2	<i>Regulatory capital</i>	48,606,014	–	–	3,862,266	52,468,280
2a	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3	<i>Other capital instruments</i>	–	–	–	–	–
4	Retail deposits and small business funding:	–	138,498,139	4,421,810	123,619	129,274,834
5	<i>Stable deposits</i>		10,333,264	131,964	608	9,942,574
6	<i>Less stable deposits</i>		128,164,875	4,289,846	123,011	119,332,260
7	Wholesale funding:	–	146,974,931	3,046,823	1,102,509	54,505,381
8	<i>Operational deposits</i>		–	–	–	–
9	<i>Other wholesale funding</i>	–	146,074,931	3,046,823	1,102,509	54,505,381
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	4,661,696	1,378,148	–	–	–
12	<i>Net derivative liabilities</i>	694,372				
13	<i>All other funding and liabilities not included in the above categories</i>	3,967,324	1,378,148	–	–	–
14	Total ASF					236,248,495
B.	Required stable funding (“RSF”) item					
15	Total HQLA for NSFR purposes		50,727,294			9,747,008
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	1,054,320	142,024,837	49,991,062	100,036,889	148,388,842
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	1,172,168	–	–	117,217
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	–	81,097,554	6,641,937	3,267,116	18,752,718
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>	1,054,320	51,255,413	37,894,154	50,649,513	88,217,522
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	29	1,390,257	701,120	1,527,480	2,038,551
22	<i>Performing residential mortgages, of which:</i>	–	649,407	635,486	24,232,425	16,411,110
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	647,255	633,392	24,144,578	16,334,318
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	7,850,295	4,819,485	21,887,835	24,890,275
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	9,941,542	1,270,607	54,453	–	10,193,722
27	<i>Physical traded commodities, including gold</i>	–				–
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	50,251				50,251
29	<i>Net derivative assets</i>	–				–
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	–				–
31	<i>All other assets not included in the above categories</i>	9,891,291	1,270,607	54,453	–	10,143,471
32	Off-balance sheet items			101,284,358		443,647
33	Total derivative liabilities				6,504,371	325,219
34	Total RSF					169,098,438
35	Net Stable Funding Ratio (%)					139.7%

Regulatory Disclosure Statement (continued)

PART IID: LIQUIDITY

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

Basis of disclosure: Consolidated		For the quarter ended 31 March 2020				
		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	49,352,137	2,359,374	–	3,862,993	53,215,130
2	<i>Regulatory capital</i>	49,352,137	2,359,374	–	3,862,993	53,215,130
2a	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3	<i>Other capital instruments</i>	–	–	–	–	–
4	Retail deposits and small business funding:	–	131,782,513	5,338,742	185,691	129,505,159
5	<i>Stable deposits</i>		10,054,476	152,290	697	9,697,125
6	<i>Less stable deposits</i>		127,728,037	5,186,452	184,994	119,808,034
7	Wholesale funding:	–	124,486,293	2,504,534	940,158	49,167,316
8	<i>Operational deposits</i>		–	–	–	–
9	<i>Other wholesale funding</i>	–	124,486,293	2,504,534	940,158	49,167,316
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	4,522,221	6,084,885	–	–	–
12	<i>Net derivative liabilities</i>	395,848				
13	<i>All other funding and liabilities not included in the above categories</i>	4,126,373	6,084,885	–	–	–
14	Total ASF					231,887,605
B.	Required stable funding (“RSF”) item					
15	Total HQLA for NSFR purposes		56,851,737			11,064,282
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	1,038,847	117,573,483	49,586,187	105,082,543	148,520,454
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	790,988	–	–	79,099
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	–	58,573,095	7,789,689	3,250,787	15,931,596
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>	1,038,847	51,401,600	34,817,043	55,441,692	90,857,795
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	629,277	462,279	1,299,918	1,390,725
22	<i>Performing residential mortgages, of which:</i>	–	627,152	629,456	23,191,259	15,716,774
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	625,269	627,585	23,120,506	15,654,756
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	6,180,648	6,349,999	23,198,805	25,935,190
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	6,767,618	1,468,154	23,770	–	7,232,413
27	<i>Physical traded commodities, including gold</i>	–				–
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	50,251				50,251
29	<i>Net derivative assets</i>	–				–
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	–				–
31	<i>All other assets not included in the above categories</i>	6,717,367	1,468,154	23,770	–	7,182,162
32	Off-balance sheet items			92,746,605		303,790
33	Total derivative liabilities				7,551,977	377,599
33	Total RSF					167,498,538
34	Net Stable Funding Ratio (%)					138.4%

Regulatory Disclosure Statement (continued)

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES

CR1: Credit quality of exposures

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
At 30 June 2020		HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
1	Loans	4,706,216	187,973,748	(1,530,763)	(258,486)	(1,272,277)	–	191,149,201
2	Debt securities	–	83,103,663	(34)	–	–	–	83,103,629
3	Off-balance sheet exposures	–	7,057,607	(70,531)	–	(70,531)	–	6,987,076
4	Total	4,706,216	278,135,018	(1,601,328)	(258,486)	(1,342,808)	–	281,239,906

CR2: Changes in defaulted loans and debt securities

		(a)
		Amount
At 30 June 2020		HK\$' 000
1	Defaulted loans and debt securities at end of the previous reporting period	2,021,970
2	Loans and debt securities that have defaulted since the last reporting period	5,310,301
3	Returned to non-defaulted status	(11)
4	Amounts written off	(2,495,966)
5	Other changes (Note)	(130,078)
6	Defaulted loans and debt securities at end of the current reporting period	4,706,216

Note: Other changes mainly due to repayments from loan customers and settlement for debt securities.

The increase in defaulted loans and advances and debt securities in the first half of 2020 was mainly due to the downgrading of isolated large-size loan exposures.

CR3: Overview of recognised credit risk mitigation

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
At 30 June 2020		HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
1	Loans	181,141,010	10,008,191	4,540,049	5,468,142	–
2	Debt securities	83,103,629	–	–	–	–
3	Total	264,244,639	10,008,191	4,540,049	5,468,142	–
4	Of which defaulted	4,058,925	609,305	605,657	3,648	–

Regulatory Disclosure Statement (continued)

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES

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

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
At 30 June 2020		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	%
	Exposure classes						
1	Sovereign exposures	23,712,409	–	23,726,496	–	524,214	2%
2	PSE exposures	1,101,961	3,000,000	1,386,545	–	271,616	20%
2a	Of which: domestic PSEs	1,073,497	3,000,000	1,358,081	–	271,616	20%
2b	Of which: foreign PSEs	28,464	–	28,464	–	–	–
3	Multilateral development bank exposures	–	–	–	–	–	–
4	Bank exposures	87,915,092	3,340,482	91,535,375	3,361,223	27,545,478	29%
5	Securities firm exposures	4,175,627	5,745,028	4,291,944	133,126	2,216,551	50%
6	Corporate exposures	174,335,214	67,752,707	166,912,303	4,409,675	159,938,103	93%
7	CIS exposures	–	–	–	–	–	–
8	Cash items	221,078	–	4,155,470	542,286	102,245	2%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	–
10	Regulatory retail exposures	9,388,770	21,163,140	9,239,259	8,901	6,936,120	75%
11	Residential mortgage loans	25,519,730	–	25,262,269	–	8,888,220	35%
12	Other exposures which are not past due exposures	13,880,083	3,623,484	13,740,304	–	13,740,304	100%
13	Past due exposures	4,668,230	–	4,668,229	–	6,666,453	143%
14	Significant exposures to commercial entities	–	–	–	–	–	–
15	Total	344,918,194	104,624,841	344,918,194	8,455,211	226,829,304	64%

Regulatory Disclosure Statement (continued)

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES

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

At 30 June 2020		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Risk Weight											
	Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
		HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
1	Sovereign exposures	21,105,425	-	2,621,071	-	-	-	-	-	-	-	23,726,496
2	PSE exposures	28,464	-	1,358,081	-	-	-	-	-	-	-	1,386,545
2a	Of which: domestic PSEs	-	-	1,358,081	-	-	-	-	-	-	-	1,358,081
2b	Of which: foreign PSEs	28,464	-	-	-	-	-	-	-	-	-	28,464
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	66,722,457	-	27,946,308	-	227,833	-	-	-	94,896,598
5	Securities firm exposures	-	-	-	-	4,417,038	-	8,032	-	-	-	4,425,070
6	Corporate exposures	-	-	1,741,098	-	24,704,191	-	140,154,493	4,722,196	-	-	171,321,978
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	4,186,667	-	511,055	-	-	-	34	-	-	-	4,697,756
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	9,248,160	-	-	-	-	9,248,160
11	Residential mortgage loans	-	-	-	25,173,281	-	45,663	43,325	-	-	-	25,262,269
12	Other exposures which are not past due exposures	-	-	-	-	-	-	13,740,304	-	-	-	13,740,304
13	Past due exposures	30,790	-	560	-	-	-	577,955	4,058,924	-	-	4,668,229
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	25,351,346	-	72,954,322	25,173,281	57,067,537	9,293,823	154,751,976	8,781,120	-	-	353,373,405

Regulatory Disclosure Statement (continued)

PART IV: COUNTERPARTY CREDIT RISK

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

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
At 30 June 2020		HK\$' 000	HK\$' 000	HK\$' 000		HK\$' 000	HK\$' 000
1	SA-CCR (for derivative contracts)	–	–		–	–	–
1a	CEM	6,515,447	10,664,763		–	17,180,210	8,885,190
2	IMM (CCR) approach			–	–	–	–
3	Simple Approach (for SFTs)					1,457,604	280,860
4	Comprehensive Approach (for SFTs)					–	–
5	VaR (for SFTs)					–	–
6	Total						9,166,050

Remark:

Prior to the implementation of SA-CCR, exposures corresponding to the counterparty credit risk reported here are calculated using current exposure method.

CCR2: CVA capital charge

		(a)	(b)
		EAD post CRM	RWA
At 30 June 2020		HK\$' 000	HK\$' 000
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	–	–
1	(i) VaR (after application of multiplication factor if applicable)		–
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		–
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	23,981,210	6,218,213
4	Total	23,981,210	6,218,213

Regulatory Disclosure Statement (continued)

PART IV: COUNTERPARTY CREDIT RISK

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

At 30 June 2020		(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
Exposure class	Risk Weight											Total default risk exposure after CRM
	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others		
		HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
1	Sovereign exposures	-	-	55,527	-	-	-	-	-	-	-	55,527
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	3,763,266	-	11,928,325	-	23,242	-	-	-	15,714,833
5	Securities firm exposures	-	-	-	-	711,686	-	-	-	-	-	711,686
6	Corporate exposures	-	-	-	-	14,016	-	2,008,250	4,627	-	-	2,026,893
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	195	-	-	-	-	195
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	91,758	-	279	-	-	-	36,643	-	-	-	128,680
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	91,758	-	3,819,072	-	12,654,027	195	2,068,135	4,627	-	-	18,637,814

Regulatory Disclosure Statement (continued)

PART IV: COUNTERPARTY CREDIT RISK

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

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
At 30 June 2020	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>
Cash – domestic currency	11,705	–	232,915	–	–	–
Cash – other currencies	13,131	1,982,276	402,712	1,113,517	–	–
Total	24,836	1,982,276	635,627	1,113,517	–	–

CCR8: Exposures to CCPs

		(a)	(b)
		Exposure after CRM	RWA
At 30 June 2020		<i>HK\$' 000</i>	<i>HK\$' 000</i>
1	Exposures of the AI as clearing member or client to qualifying CCPs (total)		152,610
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	5,070,804	101,416
3	(i) OTC derivative transactions	5,070,804	101,416
4	(ii) Exchange-traded derivative contracts	–	–
5	(iii) Securities financing transactions	–	–
6	(iv) Netting sets subject to valid cross-product netting agreements	–	–
7	Segregated initial margin	–	
8	Unsegregated initial margin	–	–
9	Funded default fund contributions	50,251	3,025
10	Unfunded default fund contributions	–	–
11	Exposures of the AI as clearing member or client to non-qualifying CCPs (total)		–
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	–	–
13	(i) OTC derivative transactions	2,408,453	48,169
14	(ii) Exchange-traded derivative contracts	–	–
15	(iii) Securities financing transactions	–	–
16	(iv) Netting sets subject to valid cross-product netting agreements	–	–
17	Segregated initial margin	–	
18	Unsegregated initial margin	–	–
19	Funded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

Regulatory Disclosure Statement (continued)

PART V: MARKET RISK

MR1: Market risk under STM approach

		(a)
		RWA
At 30 June 2020		<i>HK\$' 000</i>
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	12,579,425
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures	1,157,450
4	Commodity exposures	–
	Option exposures	
5	Simplified approach	–
6	Delta-plus approach	34,700
7	Other approach	–
8	Securitization exposures	–
9	Total	13,771,575