



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

Regulatory Disclosure Statement

30 June 2021
(Unaudited)

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

Regulatory Disclosure Statement

CONTENTS	PAGE
Part I: Key prudential ratios and overview of Risk-Weighted Asset (RWA)	
KM1: Key prudential ratios	1
OV1: Overview of RWA	2
Part IIA: Composition of regulatory capital	
CC1: Composition of regulatory capital	3-8
CC2: Reconciliation of regulatory capital to balance sheet	9
CCA: Main features of regulatory capital instruments	10-12
Part IIB: Macroprudential supervisory measures	
CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer	13
Part IIC: Leverage ratio	
LR1: Summary comparison of accounting assets against leverage ratio exposure measure	13
LR2: Leverage ratio	14
Part IID: Liquidity	
LIQ1: Liquidity Coverage Ratio – for category 1 institution	15
LIQ2: Net Stable Funding Ratio – for category 1 institution	16-17
Part III: Credit risk for non-securitization exposures	
CR1: Credit quality of exposures	18
CR2: Changes in defaulted loans and debt securities	18
CR3: Overview of recognised credit risk mitigation	18
CR4: Credit risk exposures and effects of recognised credit risk mitigation – for STC approach	19
CR5: Credit risk exposures by asset classes and by risk weights – for STC approach	20
Part IV: Counterparty credit risk	
CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches	21
CCR2: CVA capital charge	21
CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – STC approach	22
CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)	23
CCR8: Exposures to CCPs	23
Part V: Market risk	
MR1: Market risk under STM approach	24

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 2021 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. Certain comparative figures have been restated in conformity with the latest books and records of the Group and returns submitted by the Bank to the HKMA.

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

KM1: Key prudential ratios

		At 30 June 2021	At 31 March 2021	At 31 December 2020	At 30 September 2020	At 30 June 2020
		(a)	(b)	(c)	(d)	(e)
		HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
	Regulatory capital					
1	Common Equity Tier 1 (CET1)	37,897,448	37,523,949	36,932,733	37,309,461	37,595,770
2	Tier 1	45,669,508	45,296,009	44,704,793	45,081,521	45,367,830
3	Total capital	53,037,482	52,724,843	51,893,699	52,320,444	52,120,353
	RWA					
4	Total RWA	309,556,121	314,060,053	301,278,255	298,128,143	273,013,890
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	12.2%	11.9%	12.3%	12.5%	13.8%
6	Tier 1 ratio (%)	14.8%	14.4%	14.8%	15.1%	16.6%
7	Total capital ratio (%)	17.1%	16.8%	17.2%	17.6%	19.1%
	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)	0.621%	0.571%	0.565%	0.592%	0.567%
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 (%)	3.121%	3.071%	3.065%	3.092%	3.067%
12	CET1 available after meeting the AI’s minimum capital requirements (%)	7.7%	7.4%	7.8%	8.0%	9.3%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	428,549,955	448,824,611	413,136,530	418,199,262	381,002,257
14	LR (%)	10.7%	10.1%	10.8%	10.8%	11.9%
	Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	64,539,318	52,632,299	53,443,312	45,423,352	42,386,001
16	Total net cash outflows	26,048,868	23,427,107	25,357,457	19,029,738	19,066,123
17	LCR (%)	249%	225%	217%	240%	224%
	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	245,755,499	256,242,691	247,594,441	247,414,150	236,248,495
19	Total required stable funding	201,679,036	200,384,352	192,719,256	185,268,561	169,746,648
20	NSFR (%)	122%	128%	128%	134%	139%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

N/A – Non-Applicable

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 2021	At 31 March 2021	At 30 June 2021	
		HK\$' 000	HK\$' 000	HK\$' 000	
1	Credit risk for non-securitization exposures	265,705,457	267,389,334	21,256,437	
2	Of which STC approach	265,705,457	267,389,334	21,256,437	
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	5,432,230	9,299,583	434,578	
7	Of which SA-CCR approach	5,001,566	Not applicable	400,125	
7a	Of which CEM	-	9,088,325	-	
8	Of which IMM (CCR) approach	-	-	-	
9	Of which others	430,664	211,258	34,453	
10	CVA risk	6,640,213	6,746,075	531,217	
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	15,709,538	14,325,925	1,256,763	
21	Of which STM approach	15,709,538	14,325,925	1,256,763	
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	14,983,338	15,117,200	1,198,667	
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	192,193	95,602	15,375	
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	93,174	-	7,454	
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	99,019	95,602	7,922	
27	Total	309,556,121	314,060,053	24,764,490	

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 decreased was mainly due to decrease in RWA for counterparty default risk as a result of SA-CCR implementation effective on 30 June 2021.

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 2021		HK\$' 000	
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	18,404,013	(3) + (4)
2	Retained earnings	21,616,754	(7)
3	Disclosed reserves	931,528	(5)
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	40,952,295	
CET1 capital: regulatory deductions			
7	Valuation adjustments	18,235	(10)
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	607,325	(15)
10	Deferred tax assets (net of deferred tax liabilities)	112,986	(1)
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	162	(2)
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	2,316,139	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	180,035	(6) + (9)
26b	Regulatory reserve for general banking risks	2,136,104	(8)
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 2021		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	3,054,847	
29	CET1 capital	37,897,448	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	7,772,060	(11) + (12)
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)	45,669,508	

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 2021		HK\$' 000	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	3,882,500	(14)
47	<i>Capital instruments subject to phase out arrangements from Tier 2 capital</i>	–	(13)
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	3,404,458	
51	Tier 2 capital before regulatory deductions	7,286,958	
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	(81,016)	
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	(81,016)	[(6) + (9)] 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	(81,016)	
58	Tier 2 capital (T2)	7,367,974	
59	Total regulatory capital (TC = T1 + T2)	53,037,482	
60	Total RWA	309,556,121	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	12.2%	
62	Tier 1 capital ratio	14.8%	
63	Total capital ratio	17.1%	
64	Institution – specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.12%	
65	<i>of which: capital conservation buffer requirement</i>	2.50%	
66	<i>of which: bank specific countercyclical capital buffer requirement</i>	0.62%	
67	<i>of which: higher loss absorbency requirements</i>	N/A	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	7.74%	

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 2021		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	80,036	
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)	3,497,632	
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	3,404,458	
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)	607,325	607,325
	<p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (“MSRs”) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI’s financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 9 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10	Deferred tax assets (net of associated deferred tax liabilities)	112,986	112,986
	<p><u>Explanation</u></p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 10 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI’s business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 18 (i.e. the amount reported under the “Hong Kong basis”) adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI’s connected companies which were subject to deduction under the Hong Kong approach.</p>		

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 2021		
	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	19,204,130	19,133,927	
Placements with and advances to banks, central banks and other financial institutions	38,714,203	38,714,203	
Financial assets at fair value through profit or loss	6,041,946	5,548,492	
Derivative financial instruments	8,712,890	8,712,890	
Loans and advances to customers and other accounts	246,353,760	246,866,636	
<i>of which: Expected credit losses allowances eligible for inclusion in Tier 2 Capital</i>		1,361,528	
Financial assets at fair value through other comprehensive income	85,558,482	85,558,482	
Amortised cost investments	53,356	53,356	
Property and equipment			
– Investment property	261,042	261,042	
– Other property and equipment	488,501	484,865	
Right-of-use assets	635,984	635,984	
Intangible assets	607,325	607,325	(15)
Tax recoverable	6,375	6,375	
Deferred tax assets	112,986	112,986	(1)
Total Assets	406,750,980	406,696,563	
Liabilities			
Deposits and balances of banks and other financial institutions	13,826,071	13,666,825	
Deposits from customers	316,484,210	316,510,408	
Derivative financial instruments	8,500,096	8,499,950	
<i>of which: Debit valuation adjustments in respect of derivative contracts</i>		162	(2)
Financial liabilities at fair value through profit or loss	352,398	352,398	
Certificates of deposit issued	1,475,350	1,475,350	
Current tax liabilities	60,097	60,097	
Deferred tax liabilities	1,513	1,513	
Other liabilities	12,882,844	12,869,728	
Lease liabilities	664,923	664,923	
Loan capital	3,864,078	3,872,664	
<i>of which: Loan capital not eligible for inclusion in regulatory capital</i>		–	(13)
<i>Loan capital eligible for inclusion in regulatory capital</i>		3,882,500	(14)
Total Liabilities	358,111,580	357,973,856	
Equity			
Total shareholders' equity	40,868,988	40,952,295	
<i>of which: Paid-in share capital</i>	18,404,013	18,404,013	(3)
<i>of which: non-qualifying CET1 Capital</i>		–	(4)
Other Reserves	929,622	931,528	(5)
<i>of which: Revaluation reserve of properties</i>	134,931	134,931	(6)
Retained earnings	21,535,353	21,616,754	(7)
<i>of which: Regulatory reserve earmarked</i>		2,136,104	(8)
<i>of which: Cumulative retained earnings for investment properties</i>		45,104	(9)
<i>of which: Valuation Adjustments</i>		18,235	(10)
Additional equity instruments	7,770,412	7,770,412	(11)
<i>of which: Transaction costs for additional equity instruments</i>		1,648	(12)
Total Equity	48,639,400	48,722,707	
Total Equity and Liabilities	406,750,980	406,696,563	

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\$3,882.50 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 mechanise	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 Discloses 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 2021			
		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%	149,118,426		
2	Luxembourg	0.5000%	233,957		
3	Norway	1.0000%	950		
Sum (Remark 1)			149,353,333		
Total (Remark 2 & 3)			240,388,504	0.621%	1,921,766

Remark:

- This represents the sum of RWA for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.
- 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).
- 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 2021
Item		HK\$' 000
1	Total consolidated assets as per published financial statements	406,750,980
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(66,760)
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	3,999,285
5	Adjustment for SFTs (i.e. repos and similar secured lending)	124,936
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	23,029,134
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(162,319)
7	Other adjustments	(5,125,301)
8	Leverage ratio exposure measure	428,549,955

Regulatory Disclosure Statement (continued)

PART IIC: LEVERAGE RATIO

LR2: Leverage ratio

		(a)	(b)
		At 30 June 2021	At 31 March 2021
		<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)	392,632,080	419,368,723
2	Less: Asset amounts deducted in determining Tier 1 capital	(3,054,685)	(3,111,938)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	389,577,395	416,256,785
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)	5,422,175	4,040,691
5	Add-on amounts for PFE associated with all derivative contracts	8,021,774	9,968,151
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	(731,774)	(804,207)
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	12,712,175	13,204,635
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	3,250,399	3,324,592
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	124,936	19,686
15	Agent transactions exposures	–	–
16	Total exposures arising from SFTs	3,375,335	3,344,278
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	116,205,300	108,276,053
18	Less: Adjustments for conversion to credit equivalent amounts	(93,176,166)	(92,120,894)
19	Off-balance sheet items	23,029,134	16,155,159
Capital and total exposures			
20	Tier 1 capital	45,669,508	45,296,009
20a	Total exposures before adjustments for specific and collective provisions	428,694,039	448,960,857
20b	Adjustments for specific and collective provisions	(144,084)	(136,246)
21	Total exposures after adjustments for specific and collective provisions	428,549,955	448,824,611
Leverage ratio			
22	Leverage ratio	10.7%	10.1%

The increase in leverage ratio during the period is mainly due to the decrease in total exposures after adjustments for specific and collective provisions for the quarter ended 30 June 2021.

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 2021: (71 data points)		For quarter ended 31 March 2021: (75 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		64,539,318		52,632,299
B. Cash outflows					
2	Retail deposits and small business funding, of which	139,305,582	10,548,841	144,854,793	10,790,806
3	<i>Stable retail deposits and stable small business funding</i>	10,635,693	531,785	10,549,545	527,477
4	<i>Less stable retail deposits and less stable small business funding</i>	71,671,226	7,167,123	70,961,314	7,096,132
4a	<i>Retail term deposits and small business term funding</i>	56,998,663	2,849,933	63,343,934	3,167,197
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	141,036,311	78,996,951	123,592,194	70,472,036
6	<i>Operational deposits</i>	–	–	–	–
7	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>	141,036,311	78,996,951	123,592,194	70,472,036
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	–	–	–	–
9	Secured funding transactions (including securities swap transactions)		–		–
10	Additional requirements, of which	15,155,137	4,327,549	13,489,490	4,431,071
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	2,927,609	2,853,406	3,169,521	3,164,924
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>	12,227,528	1,474,143	10,319,969	1,266,147
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	8,112,825	8,112,825	7,353,128	7,353,128
15	Other contingent funding obligations (without contractual or non – contractual)	97,027,935	468,721	96,465,802	383,425
16	Total cash outflows		102,454,887		93,430,466
C. Cash Inflows					
17	Secured lending transactions (including securities swap transactions)	358,679	358,679	771,717	283,529
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	100,625,331	79,597,054	99,701,887	77,437,446
19	Other cash inflows	7,024,493	6,993,067	5,712,213	5,695,298
20	Total cash inflows	108,008,503	86,948,800	106,185,817	83,416,273
D. Liquidity Coverage Ratio					
21	Total HQLA		64,539,318		52,632,299
22	Total Net Cash Outflows		26,048,868		23,427,107
23	LCR (%)		249%		225%

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 2021				
		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	49,497,758	–	–	3,872,664	53,370,422
2	<i>Regulatory capital</i>	49,497,758	–	–	3,872,664	53,370,422
2a	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3	<i>Other capital instruments</i>	–	–	–	–	–
4	Retail deposits and small business funding:	–	132,153,539	4,277,541	162,014	123,490,641
5	<i>Stable deposits</i>		10,634,206	178,883	2,346	10,274,781
6	<i>Less stable deposits</i>		121,519,333	4,098,658	159,668	113,215,860
7	Wholesale funding:	–	189,742,500	4,262,275	3,275,857	68,855,610
8	<i>Operational deposits</i>		–	–	–	–
9	<i>Other wholesale funding</i>	–	189,742,500	4,262,275	3,275,857	68,855,610
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	5,526,147	2,916,776	77,652	–	38,826
12	<i>Net derivative liabilities</i>	41,537				
13	<i>All other funding and liabilities not included in the above categories</i>	5,484,610	2,916,776	77,652	–	38,826
14	Total ASF					245,755,499
B.	Required stable funding (“RSF”) item					
15	Total HQLA for NSFR purposes		63,473,438			11,478,315
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	1,524,170	144,037,032	43,586,938	140,467,077	182,618,572
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	–	–	–	–
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	–	76,929,275	7,715,916	7,100,185	22,497,534
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>	1,524,170	56,882,044	26,433,639	92,654,123	121,417,326
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	362	942,591	525,202	1,459,963	1,683,108
22	<i>Performing residential mortgages, of which:</i>	–	704,695	674,150	25,604,462	17,349,651
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	702,531	672,088	25,517,821	17,273,893
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	9,521,018	8,763,233	15,108,307	21,354,061
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	6,509,384	2,756,187	49,544	–	6,671,073
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>	724,082				615,470
29	<i>Net derivative assets</i>	–				–
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	–				–
31	<i>All other assets not included in the above categories</i>	5,785,302	2,756,187	49,544	–	6,055,603
32	Off-balance sheet items			110,522,100		696,174
33	Total derivative liabilities				4,298,050	214,902
34	Total RSF					201,679,036
35	Net Stable Funding Ratio (%)					122%

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 2021				
		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	49,143,127	–	–	3,876,523	53,019,650
2	<i>Regulatory capital</i>	49,143,127	–	–	3,876,523	53,019,650
2a	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3	<i>Other capital instruments</i>	–	–	–	–	–
4	Retail deposits and small business funding:	–	139,803,104	4,405,765	97,472	130,417,102
5	<i>Stable deposits</i>		10,470,341	162,595	660	10,101,950
6	<i>Less stable deposits</i>		129,332,763	4,243,170	96,812	120,315,152
7	Wholesale funding:	–	207,751,132	6,063,083	2,722,611	72,805,939
8	<i>Operational deposits</i>		–	–	–	–
9	<i>Other wholesale funding</i>	–	207,751,132	6,063,083	2,722,611	72,805,939
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	5,850,789	2,320,238	–	–	–
12	<i>Net derivative liabilities</i>	744,426				
13	<i>All other funding and liabilities not included in the above categories</i>	5,106,363	2,320,238	–	–	–
14	Total ASF					256,242,691
B.	Required stable funding (“RSF”) item					
15	Total HQLA for NSFR purposes		67,447,816			11,618,293
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	1,443,863	168,813,880	42,917,115	132,287,593	180,893,140
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	–	–	–	–
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	3,465	94,188,400	7,937,541	7,397,070	25,497,566
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>	1,440,398	61,932,852	27,489,986	83,361,383	116,576,311
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	1,427,229	199,154	1,083,107	1,517,211
22	<i>Performing residential mortgages, of which:</i>	–	680,242	675,423	25,086,412	17,000,583
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	678,108	673,351	25,003,498	16,928,003
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	12,012,386	6,814,165	16,442,728	21,818,680
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	6,931,850	2,155,475	36,270	–	7,121,770
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>	708,020				601,817
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>	6,223,830	2,155,475	36,270	–	6,519,953
32	Off-balance sheet items			108,226,923		485,960
33	Total derivative liabilities				5,303,788	265,189
33	Total RSF					200,384,352
34	Net Stable Funding Ratio (%)					128%

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 2021		HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
1	Loans	3,256,109	236,606,444	(2,815,913)	(1,607,070)	(1,208,843)	–	237,046,640
2	Debt securities	–	91,573,752	(4)	–	(4)	–	91,573,748
3	Off-balance sheet exposures	–	13,331,925	(143,567)	–	(143,567)	–	13,188,358
4	Total	3,256,109	341,512,121	(2,959,484)	(1,607,070)	(1,352,414)	–	341,808,746

CR2: Changes in defaulted loans and debt securities

		(a)
		Amount
At 30 June 2021		HK\$' 000
1	Defaulted loans and debt securities at end of the previous reporting period	3,517,262
2	Loans and debt securities that have defaulted since the last reporting period	144,728
3	Returned to non-defaulted status	(1,246)
4	Amounts written off	(259,922)
5	Other changes (Note)	(144,713)
6	Defaulted loans and debt securities at end of the current reporting period	3,256,109

Note: Other changes mainly due to repayments from loan customers.

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 2021		HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
1	Loans	227,704,676	9,341,964	3,831,964	5,510,000	–
2	Debt securities	91,573,748	–	–	–	–
3	Total	319,278,424	9,341,964	3,831,964	5,510,000	–
4	Of which defaulted	266,162	1,396,308	553,928	527	–

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 2021		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	32,307,445	–	32,318,152	–	1,477,593	5%
2	PSE exposures	2,231,707	2,500,000	2,532,078	–	500,584	20%
2a	Of which: domestic PSEs	2,202,549	2,500,000	2,502,920	–	500,584	20%
2b	Of which: foreign PSEs	29,158	–	29,158	–	–	–
3	Multilateral development bank exposures	–	–	–	–	–	–
4	Bank exposures	76,860,519	5,683,200	79,860,814	5,700,174	24,471,813	29%
5	Securities firm exposures	11,817,009	4,589,396	12,524,671	115,003	6,343,248	50%
6	Corporate exposures	208,665,701	76,052,288	201,991,675	8,227,250	199,104,614	95%
7	CIS exposures	–	–	–	–	–	–
8	Cash items	205,253	–	3,483,288	342,955	104,627	3%
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	10,502,004	24,497,743	10,380,375	21,219	7,801,196	75%
11	Residential mortgage loans	27,021,912	–	26,738,775	–	9,422,469	35%
12	Other exposures which are not past due exposures	14,159,362	4,450,845	13,941,084	–	13,941,084	100%
13	Past due exposures	1,878,428	–	1,878,428	–	2,538,229	135%
14	Significant exposures to commercial entities	–	–	–	–	–	–
15	Total	385,649,340	117,773,472	385,649,340	14,406,601	265,705,457	66%

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 2021		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Exposure class	Risk Weight											Total credit risk exposures amount (post CCF and post CRM)
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
		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	24,930,189	-	7,387,963	-	-	-	-	-	-	-	32,318,152
2	PSE exposures	29,158	-	2,502,920	-	-	-	-	-	-	-	2,532,078
2a	Of which: domestic PSEs	-	-	2,502,920	-	-	-	-	-	-	-	2,502,920
2b	Of which: foreign PSEs	29,158	-	-	-	-	-	-	-	-	-	29,158
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	61,565,935	-	23,672,855	-	322,198	-	-	-	85,560,988
5	Securities firm exposures	-	-	-	-	12,592,855	-	46,819	-	-	-	12,639,674
6	Corporate exposures	-	-	2,631,513	-	26,375,830	-	172,853,951	8,357,631	-	-	210,218,925
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	3,303,245	-	522,964	-	-	-	34	-	-	-	3,826,243
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	-	-	-	-	-	10,401,594	-	-	-	-	10,401,594
11	Residential mortgage loans	-	-	-	26,625,574	-	38,731	74,470	-	-	-	26,738,775
12	Other exposures which are not past due exposures	-	-	-	-	-	-	13,941,084	-	-	-	13,941,084
13	Past due exposures	-	-	527	-	-	-	557,456	1,320,445	-	-	1,878,428
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	28,262,592	-	74,611,822	26,625,574	62,641,540	10,440,325	187,796,012	9,678,076	-	-	400,055,941

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 2021		<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>		<i>HK\$' 000</i>	<i>HK\$' 000</i>
1	SA-CCR approach (for derivative contracts)	1,054,719	4,714,509		1.4	8,076,919	5,001,566
1a	CEM (for derivative contracts)	–	–		1.4	–	–
2	IMM (CCR) approach			–	–	–	–
3	Simple approach (for SFTs)					3,250,399	372,116
4	Comprehensive approach (for SFTs)					–	–
5	VaR (for SFTs)					–	–
6	Total						5,373,682

CCR2: CVA capital charge

		(a)	(b)
		EAD post CRM	RWA
At 30 June 2021		<i>HK\$' 000</i>	<i>HK\$' 000</i>
	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	25,603,858	6,640,213
4	Total	25,603,858	6,640,213

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 2021		(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
		<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	902,350	-	4,493,574	-	46,032	-	-	-	5,441,956
5	Securities firm exposures	-	-	-	-	323,772	-	21,062	-	-	-	344,834
6	Corporate exposures	-	-	-	-	-	-	2,162,098	110,399	-	-	2,272,497
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	17,632	-	-	-	17,632
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	902,350	-	4,817,346	-	2,246,824	110,399	-	-	8,076,919

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 2021	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
Cash – domestic currency	38,886	–	327,535	–	–	–
Cash – other currencies	–	184,120	83,252	97,398	–	–
Total	38,886	184,120	410,787	97,398	–	–

CCR8: Exposures to CCPs

		(a)	(b)
		Exposure after CRM	RWA
At 30 June 2021		HK\$' 000	HK\$' 000
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		58,548
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	2,203,548	44,072
3	(i) OTC derivative transactions	2,203,548	44,072
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	637,557	12,751
9	Funded default fund contributions	86,526	1,725
10	Unfunded default fund contributions	–	–
11	Exposures of the AI as clearing member or clearing 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	–	–
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 2021		HK\$' 000
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	13,961,450
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures	1,687,988
4	Commodity exposures	–
	Option exposures	
5	Simplified approach	–
6	Delta-plus approach	60,100
7	Other approach	–
8	Securitization exposures	–
9	Total	15,709,538