

# Regulatory Disclosures

## 30 June 2023



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**KM1: Key prudential ratios**

		At 30 June 2023	At 31 March 2023	At 31 December 2022	At 30 September 2022	At 30 June 2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	48,438,040	48,610,924	47,160,837	46,029,364	46,461,007
2	Tier 1	55,770,066	56,032,778	52,238,693	51,107,220	51,538,863
3	Total capital	68,508,696	68,866,692	64,922,025	63,848,760	64,486,274
	<b>RWA (amount)</b>					
4	Total RWA	361,811,637	368,305,750	372,096,266	372,149,400	376,525,493
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	13.36%	13.20%	12.67%	12.37%	12.34%
6	Tier 1 ratio (%)	15.41%	15.21%	14.04%	13.73%	13.69%
7	Total capital ratio (%)	18.93%	18.70%	17.45%	17.16%	17.13%
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.59%	0.57%	0.58%	0.58%	0.61%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.09%	3.07%	3.08%	3.08%	3.11%
12	CET1 available after meeting the AI's minimum capital requirements (%)	8.86%	8.70%	8.04%	7.73%	7.69%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	560,071,888	571,882,671	593,156,997	580,601,330	587,260,275
14	LR (%)	9.96%	9.80%	8.81%	8.80%	8.78%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	74,616,416	69,115,521	69,679,965	67,909,444	72,707,763
16	Total net cash outflows	49,146,716	44,514,284	50,480,838	48,321,987	50,727,693
17	LCR (%)	152.07%	155.64%	139.36%	140.72%	143.98%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>					
	Applicable to category 1 institution only:					
18	Total available stable funding	336,342,814	338,109,602	333,630,281	324,281,589	329,130,628
19	Total required stable funding	280,969,119	283,269,654	281,660,752	281,582,226	285,919,549
20	NSFR (%)	119.71%	119.36%	118.45%	115.16%	115.11%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

**OV1: Overview of RWA**

		RWA		Minimum capital requirements
		At 30 June 2023	At 31 March 2023	At 30 June 2023
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	339,733,665	345,556,538	27,178,693
2	Of which STC approach	339,733,665	345,556,538	27,178,693
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	2,179,286	2,612,935	174,343
7	Of which SA-CCR approach	1,101,271	1,160,640	88,102
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	1,078,015	1,452,295	86,241
10	CVA risk	511,863	540,238	40,949
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	-	-	-
13	CIS exposures - MBA	-	-	-
14	CIS exposures - FBA	-	-	-
14a	CIS exposures - combination of approaches	-	-	-
15	Settlement risk	-	181	-
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	6,771,063	7,261,925	541,685
21	Of which STM approach	6,771,063	7,261,925	541,685
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)	N/A	N/A	N/A
24	Operational risk	16,335,838	16,032,438	1,306,867
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	27,458	27,458	2,197
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	3,747,536	3,725,963	299,803
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	3,747,536	3,725,963	299,803
27	<b>Total</b>	<b>361,811,637</b>	<b>368,305,750</b>	<b>28,944,931</b>

N/A: Not applicable until the respective policy frameworks take effect

## CC1: Composition of regulatory capital

		At 30 June 2023	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	3,144,517	(7)
2	Retained earnings	48,948,920	(8)
3	Disclosed reserves	6,315,169	(10)+(11)+ (12)+(13)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	<b>CET1 capital before regulatory deductions</b>	<b>58,408,606</b>	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	335	Not applicable
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	574,075	(2)+(4)
10	Deferred tax assets (net of associated deferred tax liabilities)	447,545	(3)-(4)
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 securitisation transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	1,512	(1)+(5)
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	9,037,099	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	6,813,702	(9)+(10)
26b	Regulatory reserve for general banking risks	2,223,397	(12)
26c	Securitisation exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	<b>Total regulatory deductions to CET1 capital</b>	<b>10,060,566</b>	

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

		At 30 June 2023	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
29	<b>CET1 capital</b>	<b>48,348,040</b>	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	7,422,026	
31	of which: classified as equity under applicable accounting standards	7,422,026	(14)
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	<b>AT1 capital before regulatory deductions</b>	<b>7,422,026</b>	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	<b>Total regulatory deductions to AT1 capital</b>	<b>-</b>	
44	<b>AT1 capital</b>	<b>7,422,026</b>	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>55,770,066</b>	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	5,459,157	(6)
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	4,213,307	Not applicable
51	<b>Tier 2 capital before regulatory deductions</b>	<b>9,672,464</b>	
<b>Tier 2 capital: regulatory deductions</b>			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(3,066,166)	
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	(3,066,166)	[(9)+(10)] *45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	

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

		At 30 June 2023	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
57	Total regulatory adjustments to Tier 2 capital	3,066,166	
58	Tier 2 capital (T2)	12,738,630	
59	Total regulatory capital (TC = T1 + T2)	68,508,696	
60	Total RWA	361,811,637	
<b>Capital ratios (as a percentage of RWA)</b>			
61	CET1 capital ratio	13.36%	
62	Tier 1 capital ratio	15.41%	
63	Total capital ratio	18.93%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.09%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.59%	
67	of which: higher loss absorbency requirement	-	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	8.86%	
<b>National minima (if different from Basel 3 minimum)</b>			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	1,666,619	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	10,983	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	4,213,307	
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	4,213,307	
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	-	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	Current cap on CET1 capital instruments subject to phase-out arrangements	Not applicable	Not applicable
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable	Not applicable
82	Current cap on AT1 capital instruments subject to phase-out arrangements	-	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on Tier 2 capital instruments subject to phase-out arrangements	-	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	-	

## CC1: Composition of regulatory capital (continued)

### Notes to the template:

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

Row No.	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
9	<b>Other intangible assets (net of associated deferred tax liability)</b>	574,075	-
	<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	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	447,545	-
	<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 realised are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
18	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u> 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 <b>business</b>. 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>		



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

Row No.	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
19	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
39	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
54	<b>Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)</b>	-	-
	<p><u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the 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: 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

## CC2: Reconciliation of regulatory capital to balance sheet

	At 30 June 2023		Reference
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
	HK\$'000	HK\$'000	
<b>ASSETS</b>			
Cash and balances with banks and other financial institutions	36,918,944	36,918,944	
Placements with banks and other financial institutions maturing between one and twelve months	3,747,953	3,747,953	
Financial assets at fair value through profit or loss	22,429,392	22,429,392	
Derivative financial instruments	1,832,803	1,832,803	
- of which: debit valuation adjustments in respect of derivative contracts		27	(1)
Advances and other accounts	285,533,731	285,533,731	
Financial investments	160,237,437	160,237,437	
Interests in subsidiaries	-	10,983	
Investment properties	453,340	453,340	
Properties, plant and equipment	9,138,842	9,138,842	
Intangible assets	604,876	604,876	(2)
Deferred tax assets	416,744	416,744	(3)
- of which: deferred tax liabilities related to other intangible assets		(30,801)	(4)
Other assets	3,345,855	3,332,213	
<b>Total assets</b>	<b>524,659,917</b>	<b>524,657,258</b>	
<b>LIABILITIES</b>			
Deposits and balances from banks and other financial institutions	47,916,308	47,916,308	
Financial liabilities at fair value through profit or loss	6,490,090	6,490,090	
Derivative financial instruments	1,006,549	1,006,549	
- of which: debit valuation adjustments in respect of derivative contracts		1,485	(5)
Deposits from customers	351,125,010	351,432,146	
Debt securities and certificates of deposit in issue	30,775,625	30,775,625	
Other accounts and provisions	14,773,250	14,772,947	
Current tax liabilities	577,176	532,082	
Deferred tax liabilities	426,748	417,986	
Subordinated liabilities	5,482,893	5,482,893	
- of which: included in Tier 2 Capital		5,459,157	(6)
<b>Total liabilities</b>	<b>458,573,649</b>	<b>458,826,626</b>	

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**CC2: Reconciliation of regulatory capital to balance sheet (continued)**

	At 30 June 2023		Reference
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
	HK\$'000	HK\$'000	
<b>EQUITY</b>			
Share capital	3,144,517	3,144,517	(7)
Reserves	55,519,725	55,264,089	
- Retained earnings	49,149,473	48,948,920	(8)
- of which: cumulative fair value gains arising from the revaluation of investment properties		454,104	(9)
- Premises revaluation reserve	6,414,681	6,359,598	(10)
- Reserve for fair value changes through other comprehensive income	(1,139,247)	(1,139,247)	(11)
- Regulatory reserve	2,223,397	2,223,397	(12)
- Translation reserve	(1,128,579)	(1,128,579)	(13)
Additional equity instruments	7,422,026	7,422,026	(14)
Total equity	<u>66,086,268</u>	<u>65,830,632</u>	
Total liabilities and equity	<u>524,659,917</u>	<u>524,657,258</u>	

## CCA: Main features of regulatory capital instruments

		<b>CET1 Capital Ordinary shares</b>	<b>USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities</b>	<b>USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities</b>	<b>USD Tier 2 Capital Subordinated notes</b>
1	Issuer	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable	XS2467774209	XS2587421681	XS2080210011
3	Governing law(s) of the instrument	Hong Kong Laws	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.
<i>Regulatory treatment</i>					
4	Transitional Basel III rules <sup>#</sup>	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5	Post-transitional Basel III rules <sup>*</sup>	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo*/group/solo and group	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 capital instruments	Additional Tier 1 capital instruments	Other Tier 2 instruments
8	Amount recognised in regulatory capital (as of most recent reporting date)	HK\$3,144,517,000	HK\$5,077,856,000	HK\$2,344,170,000	HK\$5,459,157,000
9	Par value of instrument	No par value (refer to Note 1 for details)	US\$650,000,000	US\$300,000,000	US\$700,000,000
10	Accounting classification	Shareholders' equity	Equity instruments	Equity instruments	Liability-amortised cost
11	Original date of issuance	1 July 1948 (refer to Note 2 for details)	28 April 2022	7 March 2023	20 November 2019
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	Not Applicable	Not Applicable	20 November 2029
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes

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

		<b>CET1 Capital Ordinary shares</b>	<b>USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities</b>	<b>USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities</b>	<b>USD Tier 2 Capital Subordinated notes</b>
15	Optional call date, contingent call dates and redemption amount	Not Applicable	First call date: 28 April 2027  Additional optional redemption in whole at 100% of principal amount with distributions accrued for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non- Viability Event. Redemption subject to prior written consent of the Hong Kong Monetary Authority ("HKMA").	First call date: 7 March 2028  Additional optional redemption in whole at 100% of principal amount with distributions accrued for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non- Viability Event. Redemption subject to prior written consent of the Hong Kong Monetary Authority ("HKMA").	One-off call date: 20 November 2024.  Additional optional redemption in whole at 100% of principal amount with accrued interest for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non- Viability Event. Redemption subject to prior written consent of the Hong Kong Monetary Authority ("HKMA").
16	Subsequent call dates, if applicable	Not Applicable	Any distribution payment date thereafter	Any distribution payment date thereafter	Not Applicable
	<i>Coupons / dividends</i>				
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Not Applicable	Year 1-5: 6.50% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread	Year 1-5: 7.35% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread	3.80% p.a.  Fixed until 20 November 2024 and thereafter reset to a new fixed rate equal to the sum of the then prevailing U.S. Treasury Rate and the Spread at Pricing.
19	Existence of a dividend stopper	No	Yes	Yes	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable	Not Applicable

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

		<b>CET1 Capital Ordinary shares</b>	<b>USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities</b>	<b>USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities</b>	<b>USD Tier 2 Capital Subordinated notes</b>
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	No	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Not Applicable	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	Not Applicable	Full or Partial	Full or Partial	Full or Partial
33	If write-down, permanent or temporary	Not Applicable	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Not Applicable	<p>The rights of the holders will, in the event of the Winding-Up of the Issuer, rank:</p> <p>(i) subordinate and junior in right of payment to, and of all claims of (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) holders of Tier 2 Capital Subordinated notes of the Issuer, and (c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract;</p> <p>(ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and</p> <p>(iii) senior in right of payment to and of all claims of the holders of Junior Obligations.</p>	<p>The rights of the holders will, in the event of the Winding-Up of the Issuer, rank:</p> <p>(i) subordinate and junior in right of payment to, and of all claims of (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) holders of Tier 2 Capital Subordinated notes of the Issuer, and (c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract;</p> <p>(ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and</p> <p>(iii) senior in right of payment to and of all claims of the holders of Junior Obligations.</p>	<p>The rights of the holders will, in the event of the winding up of the Bank, rank</p> <p>(i) subordinate and junior in right of payment to, and of all claims of, (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Notes or rank senior to the Notes by operation of law or contract;</p> <p>(ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and</p> <p>(iii) senior in right of payment to, and of all claims of, (a) the holders of Junior Obligations, and (b) holders of Tier 1 Capital Instruments.</p>

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

		<b>CET1 Capital Ordinary shares</b>	<b>USD Non- Cumulative Subordinated Additional Tier 1 Capital Securities</b>	<b>USD Non- Cumulative Subordinated Additional Tier 1 Capital Securities</b>	<b>USD Tier 2 Capital Subordinated notes</b>
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Footnote:

# *Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules*

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

\* *Include solo-consolidated*

Note 1 : Pursuant to the Hong Kong Companies Ordinance (Chapter 622) which has commenced operation on 3 March 2014, all shares issued by a company incorporated in Hong Kong before, on and after that commencement date shall have no par value and the relevant concept of authorised share capital is abolished, the balance of the share premium account as at 3 March 2014 has been transferred to share capital.

Note 2: Several issuances of ordinary shares have been made since the first issuance in 1948. The last issuance was in 2009.

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

Geographical breakdown by Jurisdiction (J)		At 30 June 2023			
		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	1.00%	171,354,702		
2	Australia	1.00%	19,618		
3	France	0.50%	4,207		
4	Germany	0.75%	404,057		
5	Netherlands	1.00%	939,716		
6	United Kingdom	1.00%	1,436,371		
7	Sum		174,158,671		
8	<b>Total</b>		294,167,823	0.59%	1,740,555



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

		Value under the LR framework
		At 30 June 2023
		HK\$'000
1	Total consolidated assets as per published financial statements	524,659,917
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(2,659)
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	890,809
5	Adjustment for SFTs (i.e. repos and similar secured lending)	1,275,229
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	43,452,271
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(144,598)
7	Other adjustments	(10,059,081)
8	<b>Leverage ratio exposure measure</b>	<b>560,071,888</b>

## LR2: Leverage ratio

		At 30 June 2023	At 31 March 2023
		HK\$'000	HK\$'000
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	503,606,514	508,522,700
2	Less: Asset amounts deducted in determining Tier 1 capital	(10,059,081)	(10,139,358)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	<b>493,547,433</b>	<b>498,383,342</b>
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	936,616	532,076
5	Add-on amounts for PFE associated with all derivative contracts	1,830,244	2,408,453
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	(43,248)	(12,560)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	<b>Total exposures arising from derivative contracts</b>	<b>2,723,612</b>	<b>2,927,969</b>
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	23,429,050	23,875,826
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	1,275,229	1,625,169
15	Agent transaction exposures	-	-
16	<b>Total exposures arising from SFTs</b>	<b>24,704,279</b>	<b>25,500,995</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	182,648,049	188,567,631
18	Less: Adjustments for conversion to credit equivalent amounts	(139,195,778)	(139,390,632)
19	<b>Off-balance sheet items</b>	<b>43,452,271</b>	<b>49,176,999</b>
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	<b>55,770,066</b>	<b>56,032,778</b>
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	<b>564,427,595</b>	<b>575,989,305</b>
20b	<b>Adjustments for specific and collective provisions</b>	<b>(4,355,707)</b>	<b>(4,106,634)</b>
21	<b>Total exposures after adjustments for specific and collective provisions</b>	<b>560,071,888</b>	<b>571,882,671</b>
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>9.96%</b>	<b>9.80%</b>

**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: 71		For the quarter ended 30 June 2023	
		UNWEIGHTED VALUE (Average) HK\$'000	WEIGHTED VALUE (Average) HK\$'000
Basis of disclosure: consolidated			
<b>A. HQLA</b>			
1	Total HQLA		<b>74,616,416</b>
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	188,819,329	11,735,728
3	<i>Stable retail deposits and stable small business funding</i>	25,587,209	767,616
4	<i>Less stable retail deposits and less stable small business funding</i>	50,137,638	5,013,764
4a	<i>Retail term deposits and small business term funding</i>	113,094,482	5,954,348
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:	91,433,904	47,758,122
6	<i>Operational deposits</i>	16,682,012	3,990,658
7	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>	73,320,634	42,336,206
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,431,258	1,431,258
9	Secured funding transactions (including securities swap transactions)		3,291,770
10	Additional requirements, of which:	49,574,513	13,900,589
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	5,036,950	5,036,950
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>	44,537,563	8,863,639
14	Contractual lending obligations (not otherwise covered in Section B) and	5,220,929	5,220,929
15	Other contingent funding obligations (whether contractual or non-contractual)	149,388,076	3,477,307
16	<b>TOTAL CASH OUTFLOWS</b>		<b>85,384,445</b>
<b>C. CASH INFLOWS</b>			
17	Secured lending transactions (including securities swap transactions)	1,538,829	1,538,829
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial	54,667,226	29,221,854
19	Other cash inflows	6,034,586	5,477,046
20	<b>TOTAL CASH INFLOWS</b>	<b>62,240,641</b>	<b>36,237,729</b>
<b>D. LIQUIDITY COVERAGE RATIO</b>			<b>ADJUSTED VALUE</b>
21	<b>TOTAL HQLA</b>		<b>74,616,416</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>		<b>49,146,716</b>
23	<b>LCR (%)</b>		<b>152.07%</b>

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## LIQ1: Liquidity Coverage Ratio – for category 1 institution (continued)

### Notes:

The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.

The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.

The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.

The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

In the second quarter of 2023, the Group has maintained a healthy liquidity position. The LCR remained stable and there was no material change compared with the last quarter. The average LCR of the second quarter of 2023 was 152.07%. The average HKD level 1 HQLA to HKD net cash outflow ratio of the second quarter of 2023 was 135.06%, well above the regulatory requirement of 20%. The ratios have maintained at stable and healthy levels.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks and non-financial corporate debt securities. In the second quarter of 2023, the majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposit which are the Group's primary source of funds, together with deposit and balance from bank and other financial institution. To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, were minimal to the LCR.

Majority of the Group's customer deposits are denominated in HKD, USD and RMB. As the supply of HKD denominated HQLA in the market is relatively limited, the Group swaps surplus HKD funding into USD and other foreign currencies, part of funding are deployed to investment in HQLA.

## LIQ2: Net Stable Funding Ratio – for category 1 institution

At 30 June 2023 Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity HK\$'000	<6 months or repayable on demand HK\$'000	6 months to < 12 months HK\$'000	12 months or more HK\$'000	
<b>A. Available stable funding (“ASF”) item</b>						
1	Capital:	67,820,542	-	-	5,459,157	73,279,699
2	Regulatory capital	67,820,542	-	-	5,459,157	73,279,699
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	151,641,087	33,002,154	2,663,587	170,153,154
5	Stable deposits	-	26,212,991	-	-	24,902,342
6	Less stable deposits	-	125,428,096	33,002,154	2,663,587	145,250,812
7	Wholesale funding:	-	199,026,102	18,026,601	5,737,925	76,864,138
8	Operational deposits	-	17,757,037	-	-	8,878,519
9	Other wholesale funding	-	181,269,065	18,026,601	5,737,925	67,985,619
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	3,502,057	19,729,498	6,664,119	12,989,068	16,045,823
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	3,502,057	19,729,498	6,664,119	12,989,068	16,045,823
14	<b>Total ASF</b>					<b>336,342,814</b>
<b>B. Required stable funding (“RSF”) item</b>						
15	Total HQLA for NSFR purposes		115,347,720			11,075,060
16	Deposits held at other financial institutions for operational purposes	-	420,991	-	-	210,496
17	Performing loans and securities:	1,676,502	120,204,898	66,923,383	200,502,089	250,409,900
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	868	45,208,945	13,249,154	18,690,583	32,097,370
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	1,610,857	65,251,650	35,252,225	117,592,644	151,574,914
21	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
22	Performing residential mortgages, of which:	-	619,654	623,645	24,654,740	19,591,549
23	With a risk-weight of less than or equal to 35% under the STC approach	-	293,571	288,277	9,933,145	6,747,468
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	64,777	9,124,649	17,798,359	39,564,122	47,146,067
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	17,184,992	2,972,217	227,367	189	17,142,455
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	Net derivative assets	285,453	-	-	-	285,453
30	Total derivative liabilities before adjustments for deduction of variation margin posted	619,204	-	-	-	30,960
31	All other assets not included in the above categories	16,280,335	2,972,217	227,367	189	16,826,042
32	Off-balance sheet items			182,648,050		2,131,208
33	<b>Total RSF</b>					<b>280,969,119</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>119.71%</b>

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

At 31 March 2023 Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity HK\$'000	<6 months or repayable on demand HK\$'000	6 months to < 12 months HK\$'000	12 months or more HK\$'000	
<b>A. Available stable funding (“ASF”) item</b>						
1	Capital:	68,141,464	-	-	5,468,327	73,609,791
2	Regulatory capital	68,141,464	-	-	5,468,327	73,609,791
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	142,993,514	37,661,503	1,707,829	165,536,552
5	Stable deposits	-	24,784,149	-	-	23,544,942
6	Less stable deposits	-	118,209,365	37,661,503	1,707,829	141,991,610
7	Wholesale funding:	-	205,753,439	18,642,548	5,364,367	79,837,273
8	Operational deposits	-	18,226,558	-	-	9,113,279
9	Other wholesale funding	-	187,526,881	18,642,548	5,364,367	70,723,994
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	3,753,168	15,154,747	13,468,103	12,879,235	19,125,986
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	3,753,168	15,154,747	13,468,103	12,879,235	19,125,986
14	<b>Total ASF</b>					<b>338,109,602</b>
<b>B. Required stable funding (“RSF”) item</b>						
15	Total HQLA for NSFR purposes		117,724,265			11,271,075
16	Deposits held at other financial institutions for operational purposes	-	364,220	-	-	182,110
17	Performing loans and securities:	1,886,574	121,414,022	64,015,814	206,900,807	253,241,126
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	777	50,074,738	14,164,317	17,224,067	31,818,213
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	1,809,846	62,591,231	38,524,080	120,720,898	154,708,788
21	With a risk-weight of less than or equal to 35% under the STC approach	-	495,036	-	-	247,517
22	Performing residential mortgages, of which:	-	647,793	661,222	25,450,726	20,286,991
23	With a risk-weight of less than or equal to 35% under the STC approach	-	295,703	294,554	10,003,167	6,797,188
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	75,951	8,100,260	10,666,195	43,505,116	46,427,134
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	16,322,063	2,098,856	116,505	-	16,420,812
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	Net derivative assets	93,479	-	-	-	93,479
30	Total derivative liabilities before adjustments for deduction of variation margin posted	544,525	-	-	-	27,226
31	All other assets not included in the above categories	15,684,059	2,098,856	116,505	-	16,300,107
32	Off-balance sheet items			188,567,629		2,154,531
33	<b>Total RSF</b>					<b>283,269,654</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>119.36%</b>

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

### Notes:

The above disclosures are made pursuant to the section 16FL and 103AB of Banking (Disclosure) Rules. The items disclosed are measured according to the methodology and instructions set out in the Stable Funding Position Return (MA(BS)26) and the requirements set out in Banking (Liquidity) Rules.

Net Stable Funding Ratio (“NSFR”) is defined as the amount of available stable funding (“ASF”) relative to the amount of required stable funding (“RSF”). The ratio is calculated after applying the respective ASF or RSF factors required under the Stable Funding Position Return (MA(BS)26). It requires banks to maintain a stable funding profile in relation to the composition of banks’ assets and off-balance sheet activities.

The Group has maintained a healthy liquidity position. The NSFR of the first and second quarters were 119.36% and 119.71% respectively. The ratio remained stable and well above the regulatory requirement of 100% throughout the first half of 2023. The weighted amount of ASF items mainly consists of retail and corporate deposits which are the Group’s primary source of funds, together with regulatory capital. The weighted amount of RSF items mainly consists of loans to customers and investments in debt securities.

## CR1: Credit quality of exposures

Defaulted exposures are exposures which are overdue for more than 90 days or have been rescheduled.

At 30 June 2023								
		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
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	4,142,125	339,135,648	4,205,053	2,359,010	1,790,504	-	339,072,720
2	Debt securities	27,383	160,216,070	999	-	999	-	160,242,454
3	Off-balance sheet exposures	-	59,782,316	144,110	-	142,748	-	59,638,206
4	<b>Total</b>	<b>4,169,508</b>	<b>559,134,034</b>	<b>4,350,162</b>	<b>2,359,010</b>	<b>1,934,251</b>	<b>-</b>	<b>558,953,380</b>

## CR2: Changes in defaulted loans and debt securities

		HK\$'000
1	<b>Defaulted loans and debt securities as at 31 December 2022</b>	2,333,660
2	Loans and debt securities that have defaulted since the last reporting period	2,913,327
3	Returned to non-defaulted status	(49,247)
4	Amounts written off	(1,010,624)
5	Other changes	(17,608)
6	<b>Defaulted loans and debt securities as at 30 June 2023</b>	<b>4,169,508</b>

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

		At 30 June 2023				
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	319,156,263	19,916,457	13,201,619	6,714,838	-
2	Debt securities	159,240,532	1,001,922	-	1,001,922	-
3	<b>Total</b>	<b>478,396,795</b>	<b>20,918,379</b>	<b>13,201,619</b>	<b>7,716,760</b>	-
4	Of which defaulted	1,381,551	956,255	955,574	681	-



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

### STC approach

Exposure classes		At 30 June 2023					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1	Sovereign exposures	83,758,518	811	83,789,417	811	469,051	0.56%
2	PSE exposures	3,518,153	2,100,000	4,189,085	233,084	908,259	20.54%
2a	<i>Of which: domestic PSEs</i>	3,391,460	2,100,000	4,062,392	233,084	859,095	20.00%
2b	<i>Of which: foreign PSEs</i>	126,693	-	126,693	-	49,164	38.81%
3	Multilateral development bank exposures	1,659,758	-	1,659,758	-	-	0.00%
4	Bank exposures	89,846,706	395,394	90,517,598	410,794	34,715,439	38.18%
5	Securities firm exposures	1,500,366	868,940	2,165,164	-	1,082,582	50.00%
6	Corporate exposures	263,270,999	170,813,019	250,815,176	17,347,759	251,101,430	93.64%
7	CIS exposures	-	-	-	-	-	N/A
8	Cash items	636,477	-	636,477	-	-	0.00%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	N/A
10	Regulatory retail exposures	18,268,637	5,715,037	18,051,210	391,749	13,832,220	75.00%
11	Residential mortgage loans	25,911,462	7,912	25,566,374	-	11,951,764	46.75%
12	Other exposures which are not past due exposures	23,736,350	2,746,936	22,471,122	164,884	22,636,006	100.00%
13	Past due exposures	2,347,434	-	2,347,434	-	3,036,914	129.37%
14	Significant exposures to commercial entities	-	-	-	-	-	N/A
15	<b>Total</b>	<b>514,454,860</b>	<b>182,648,049</b>	<b>502,208,815</b>	<b>18,549,081</b>	<b>339,733,665</b>	<b>65.24%</b>

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

### STC approach

Risk Weight Exposure class		At 30 June 2023										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	
1	Sovereign exposures	82,668,083	-	816,367	-	-	-	305,778	-	-	-	83,790,228
2	PSE exposures	28,365	-	4,295,476	-	98,328	-	-	-	-	-	4,422,169
2a	<i>Of which: domestic PSEs</i>	-	-	4,295,476	-	-	-	-	-	-	-	4,295,476
2b	<i>Of which: foreign PSEs</i>	28,365	-	-	-	98,328	-	-	-	-	-	126,693
3	Multilateral development bank exposures	1,659,758	-	-	-	-	-	-	-	-	-	1,659,758
4	Bank exposures	-	-	36,732,959	-	53,653,172	-	542,261	-	-	-	90,928,392
5	Securities firm exposures	-	-	-	-	2,165,164	-	-	-	-	-	2,165,164
6	Corporate exposures	-	-	2,509,776	-	31,011,034	-	233,738,460	903,665	-	-	268,162,935
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	636,477	-	-	-	-	-	-	-	-	-	636,477
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	-	-	-	-	-	18,442,959	-	-	-	-	18,442,959
11	Residential mortgage loans	-	-	-	10,189,079	13,783,920	398,996	1,194,379	-	-	-	25,566,374
12	Other exposures which are not past due exposures	-	-	-	-	-	-	22,636,006	-	-	-	22,636,006
13	Past due exposures	5,563	-	681	-	-	-	950,011	1,391,179	-	-	2,347,434
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	<b>Total</b>	<b>84,998,246</b>	<b>-</b>	<b>44,355,259</b>	<b>10,189,079</b>	<b>100,711,618</b>	<b>18,841,955</b>	<b>259,366,895</b>	<b>2,294,844</b>	<b>-</b>	<b>-</b>	<b>520,757,896</b>

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

		At 30 June 2023					
		Replacement cost (RC)	PFE	Effective EPE	Alpha ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1	SA-CCR approach (for derivative contracts)	673,677	1,143,314		1.4	2,543,788	1,101,271
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach				Not applicable	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					2,506,365	1,078,015
5	VaR (for SFTs)					-	-
6	<b>Total</b>						<b>2,179,286</b>

### CCR2: CVA capital charge

		At 30 June 2023	
		EAD post CRM	RWA
		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 standardised CVA method	2,528,833	511,863
4	<b>Total</b>	<b>2,528,833</b>	<b>511,863</b>

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

STC approach

Risk Weight Exposure class		At 30 June 2023										Total default risk exposure after CRM HK\$'000
		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	
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	1,267,081	-	3,713,380	-	-	-	-	-	4,980,461
5	Securities firm exposures	-	-	-	-	228	-	-	-	-	-	228
6	Corporate exposures	-	-	-	-	-	-	67,866	-	-	-	67,866
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	1,598	-	-	-	-	1,598
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	<b>Total</b>	-	-	<b>1,267,081</b>	-	<b>3,713,608</b>	<b>1,598</b>	<b>67,866</b>	-	-	-	<b>5,050,153</b>

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

	At 30 June 2023					
	Derivative contracts				SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	917,824	-	43,248	23,081,528	-
Government bonds	-	-	-	-	-	-
Other bonds	-	-	-	-	-	25,587,894
<b>Total</b>	-	<b>917,824</b>	-	<b>43,248</b>	<b>23,081,528</b>	<b>25,587,894</b>

**CCR6: Credit-related derivatives contracts**

	At 30 June 2023	
	Protection bought	Protection sold
	HK\$'000	HK\$'000
<b>Total notional amounts</b>	-	-
<b>Fair values</b>	-	-
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

**CCR8: Exposures to CCPs**

		At 30 June 2023	
		Exposure after CRM	RWA
		HK\$'000	HK\$'000
<b>1</b>	<b>Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)</b>		-
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:		
3	(i) OTC derivative transactions	-	-
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	-	-
10	Unfunded default fund contributions	-	-
<b>11</b>	<b>Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)</b>		-
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	-	-

**MR1: Market risk under STM approach**

		At 30 June 2023
		RWA
		HK\$'000
Outright product exposures		
1	Interest rate exposures (general and specific risk)	1,172,650
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	5,598,413
4	Commodity exposures	-
Option exposures		
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitisation exposures	-
9	<b>Total</b>	<b>6,771,063</b>