

Regulatory Disclosures

30 September 2024



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KM1: Key prudential ratios

		At 30 September 2024	At 30 June 2024	At 31 March 2024	At 31 December 2023	At 30 September 2023
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	53,340,216	50,807,993	50,961,669	49,848,625	48,674,385
2	Tier 1	60,762,242	58,230,019	58,383,695	57,270,651	56,096,411
3	Total capital	78,612,784	70,664,495	70,937,786	69,941,034	68,689,798
	RWA (amount)					
4	Total RWA	379,723,113	374,116,026	379,659,503	376,888,332	365,362,573
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	14.05%	13.58%	13.42%	13.23%	13.32%
6	Tier 1 ratio (%)	16.00%	15.56%	15.38%	15.20%	15.35%
7	Total capital ratio (%)	20.70%	18.89%	18.68%	18.56%	18.80%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.57%	0.58%	0.58%	0.58%	0.58%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.07%	3.08%	3.08%	3.08%	3.08%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.55%	9.08%	8.92%	8.73%	8.82%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	605,854,903	592,005,986	575,275,888	596,049,346	563,299,942
14	LR (%)	10.03%	9.84%	10.15%	9.61%	9.96%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	80,175,997	80,028,599	78,043,910	75,598,401	74,408,428
16	Total net cash outflows	34,548,729	38,723,843	46,163,983	46,309,770	48,905,062
17	LCR (%)	234.62%	214.18%	169.47%	165.02%	152.70%
	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	397,612,813	382,868,806	364,184,205	355,524,387	343,559,655
19	Total required stable funding	284,743,478	282,268,583	282,680,336	287,955,699	281,100,840
20	NSFR (%)	139.64%	135.64%	128.83%	123.46%	122.22%
	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 September 2024	At 30 June 2024	At 30 September 2024
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	352,942,043	349,606,019	28,235,363
2	Of which STC approach	352,942,043	349,606,019	28,235,363
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	1,626,995	1,758,803	130,160
7	Of which SA-CCR approach	1,416,488	1,459,623	113,319
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	210,507	299,180	16,841
10	CVA risk	521,613	515,775	41,729
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	-	-	-
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	9,744,088	8,307,625	779,527
21	Of which STM approach	9,744,088	8,307,625	779,527
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	18,509,925	17,499,663	1,480,794
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	3,649,009	3,599,317	291,921
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	3,649,009	3,599,317	291,921
27	Total	379,723,113	374,116,026	30,377,849

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

LR2: Leverage ratio

		At 30 September 2024	At 30 June 2024
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	557,978,925	543,921,190
2	Less: Asset amounts deducted in determining Tier 1 capital	(10,876,956)	(10,468,005)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	547,101,969	533,453,185
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)	580,947	786,833
5	Add-on amounts for PFE associated with all derivative contracts	3,248,903	2,761,457
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	(916,620)	(266,828)
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	2,913,230	3,281,462
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	3,561,220	7,660,964
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	276,767	403,130
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	3,837,987	8,064,094
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	228,719,861	212,991,147
18	Less: Adjustments for conversion to credit equivalent amounts	(172,442,017)	(161,643,014)
19	Off-balance sheet items	56,277,844	51,348,133
Capital and total exposures			
20	Tier 1 capital	60,762,242	58,230,019
20a	Total exposures before adjustments for specific and collective provisions	610,131,030	596,146,874
20b	Adjustments for specific and collective provisions	(4,276,127)	(4,140,888)
21	Total exposures after adjustments for specific and collective provisions	605,854,903	592,005,986
Leverage ratio			
22	Leverage ratio	10.03%	9.84%

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: 76		For the quarter ended 30 September 2024	
		UNWEIGHTED VALUE (Average) HK\$'000	WEIGHTED VALUE (Average) HK\$'000
Basis of disclosure: consolidated			
A. HQLA			
1	Total HQLA		80,175,997
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	246,699,750	15,049,837
3	<i>Stable retail deposits and stable small business funding</i>	29,789,728	893,692
4	<i>Less stable retail deposits and less stable small business funding</i>	57,610,573	5,761,057
4a	<i>Retail term deposits and small business term funding</i>	159,299,449	8,395,088
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:	76,997,253	40,828,499
6	<i>Operational deposits</i>	11,179,310	2,619,537
7	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>	64,874,779	37,265,798
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	943,164	943,164
9	Secured funding transactions (including securities swap transactions)		1,484,958
10	Additional requirements, of which:	51,937,815	13,462,103
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	3,374,479	3,374,479
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>	48,563,336	10,087,624
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	6,968,123	6,968,123
15	Other contingent funding obligations (whether contractual or non-contractual)	180,218,260	4,128,577
16	TOTAL CASH OUTFLOWS		81,922,097
C. CASH INFLOWS			
17	Secured lending transactions (including securities swap transactions)	2,239,581	2,239,581
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	66,270,788	39,560,592
19	Other cash inflows	6,194,670	5,573,195
20	TOTAL CASH INFLOWS	74,705,039	47,373,368
D. LIQUIDITY COVERAGE RATIO			ADJUSTED VALUE
21	TOTAL HQLA		80,175,997
22	TOTAL NET CASH OUTFLOWS		34,548,729
23	LCR (%)		234.62%

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 third quarter of 2024, 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 third quarter of 2024 was 234.62%. The average HKD level 1 HQLA to HKD net cash outflow ratio of the third quarter of 2024 was 217.94%, 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 third quarter of 2024, 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.