

# Regulatory Disclosures

## 30 June 2024



**集友銀行**  
*Chiyu Banking Corporation Ltd.*



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## 1. Basis of reporting

### **Liquidity Coverage Ratio (LCR):**

The average value of liquidity coverage ratio is computed on the consolidated basis which comprises the positions of local offices, overseas branches and subsidiaries of the Bank specified by the Hong Kong Monetary Authority (“HKMA”) for its regulatory purposes and in accordance with the Banking (Liquidity) Rules.

### **Net Stable Funding Ratio (NSFR):**

The net stable funding ratio is computed on the consolidated basis which comprises the positions of local offices, overseas branches and subsidiaries of the Bank specified by the HKMA for its regulatory purposes and in accordance with the Banking (Liquidity) Rules.

### **Capital Adequacy Ratio (CAR):**

Total capital ratio is computed on the consolidated basis which comprises the positions of local offices, overseas branches and designated subsidiaries of the Bank specified by the HKMA for its regulatory purposes and in accordance with the Banking (Capital) Rules.

## 2. Key prudential ratios, overview of risk management and RWA

### KM1: Key prudential ratios

|  |   | At 30<br>June<br>2024 | At 31<br>March<br>2024 | At 31<br>December<br>2023 | At 30<br>September<br>2023 | At 30<br>June<br>2023 |
|--|---|-----------------------|------------------------|---------------------------|----------------------------|-----------------------|
|  |   | HK\$'000              | HK\$'000               | HK\$'000                  | HK\$'000                   | HK\$'000              |
| <b>Regulatory capital (amount)</b>                                   |   |                       |                        |                           |                            |                       |
| 1  | Common Equity Tier 1 (CET1)   | 14,864,799            | 15,071,883             | 14,837,955                | 14,603,639                 | 14,499,780            |
| 2  | Tier 1  | 16,422,611            | 16,629,695             | 16,395,767                | 16,137,962                 | 15,992,123            |
| 3  | Total capital   | 19,278,730            | 19,517,145             | 19,046,445                | 18,837,488                 | 18,457,862            |
| <b>RWA (amount)</b>  |   |                       |                        |                           |                            |                       |
| 4  | Total RWA   | 106,388,317           | 105,156,332            | 106,947,215               | 110,470,001                | 110,152,975           |
| <b>Risk-based regulatory capital ratios (as a percentage of RWA)</b> |   |                       |                        |                           |                            |                       |
| 5  | CET1 ratio (%)  | 13.97                 | 14.33                  | 13.87                     | 13.22                      | 13.16                 |
| 6  | Tier 1 ratio (%)  | 15.44                 | 15.81                  | 15.33                     | 14.61                      | 14.52                 |
| 7  | Total capital ratio (%)   | 18.12                 | 18.56                  | 17.81                     | 17.05                      | 16.76                 |
| <b>Additional CET1 buffer requirements (as a percentage of RWA)</b>  |   |                       |                        |                           |                            |                       |
| 8  | Capital conservation buffer requirement (%)                                   | 2.500                 | 2.500                  | 2.500                     | 2.500                      | 2.500                 |
| 9  | Countercyclical capital buffer requirement (%)                                | 0.648                 | 0.649                  | 0.648                     | 0.647                      | 0.670                 |
| 10   | Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs) | -                     | -                      | -                         | -                          | -                     |
| 11   | Total AI-specific CET1 buffer requirements (%)                                | 3.148                 | 3.149                  | 3.148                     | 3.147                      | 3.170                 |
| 12   | CET1 available after meeting the AI's minimum capital requirements (%)        | 9.437                 | 9.814                  | 9.331                     | 8.609                      | 8.518                 |
| <b>Basel III leverage ratio</b>                                      |   |                       |                        |                           |                            |                       |
| 13   | Total leverage ratio (LR) exposure measure                                    | 185,435,988           | 178,296,314            | 186,069,687               | 182,307,029                | 187,132,084           |
| 14   | LR (%)  | 8.86%                 | 9.33                   | 8.81                      | 8.85                       | 8.55                  |
| <b>Liquidity Coverage Ratio (LCR)</b>                                |   |                       |                        |                           |                            |                       |
| 15   | Total high quality liquid assets (HQLA)                                       | 22,798,890            | 22,496,568             | 22,438,340                | 30,291,645                 | 30,892,853            |
| 16   | Total net cash outflows   | 11,331,626            | 12,309,630             | 12,593,596                | 15,908,878                 | 17,621,574            |
| 17   | LCR (%)   | 204.63                | 187.28                 | 179.21                    | 191.52                     | 176.10                |
| <b>Net Stable Funding Ratio (NSFR)</b>                               |   |                       |                        |                           |                            |                       |
| 18   | Total available stable funding  | 129,346,012           | 126,477,681            | 122,445,100               | 119,810,966                | 122,177,340           |
| 19   | Total required stable funding   | 99,397,876            | 98,322,939             | 98,941,798                | 99,058,129                 | 97,665,326            |
| 20   | NSFR (%)  | 130.13                | 128.63                 | 123.75                    | 120.95                     | 125.10                |

## 2. Key prudential ratios, overview of risk management and RWA (continued)

### OV1: Overview of RWA

|     |  | RWA                |                    | Minimum capital requirements |
|-----|--|--------------------|--------------------|------------------------------|
|     |  | At 30 June 2024    | At 31 March 2024   | At 30 June 2024              |
|     |  | HK\$'000           | HK\$'000           | HK\$'000                     |
| 1   | Credit risk for non-securitization exposures   | 99,685,574         | 98,365,775         | 7,974,846                    |
| 2   | Of which STC approach  | 99,685,574         | 98,365,775         | 7,974,846                    |
| 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   | 373,972            | 301,035            | 29,918                       |
| 7   | Of which SA-CCR approach   | 354,949            | 248,708            | 28,396                       |
| 7a  | Of which CEM   | -                  | -                  | -                            |
| 8   | Of which IMM(CCR) approach   | -                  | -                  | -                            |
| 9   | Of which others  | 19,023             | 52,327             | 1,522                        |
| 10  | CVA risk   | 104,613            | 77,575             | 8,369                        |
| 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  | 57                 | -                  | 5                            |
| 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  | 1,394,250          | 1,634,913          | 111,540                      |
| 21  | Of which STM approach  | 1,394,250          | 1,634,913          | 111,540                      |
| 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   | 5,007,725          | 4,996,288          | 400,618                      |
| 24a | Sovereign concentration risk   | -                  | -                  | -                            |
| 25  | Amounts below the thresholds for deduction (subject to 250% RW)  | 530,883            | 519,553            | 42,471                       |
| 26  | Capital floor adjustment   | -                  | -                  | -                            |
| 26a | Deduction to RWA   | 708,757            | 738,807            | 56,701                       |
| 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           | 708,757            | 738,807            | 56,701                       |
| 27  | <b>Total</b>   | <b>106,388,317</b> | <b>105,156,332</b> | <b>8,511,066</b>             |

### 3. Composition of regulatory capital

#### CC1: Composition of regulatory capital

|   |   | At 30 June 2024   |  |
|---|---|-------------------|--|
|   |   | 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  | 6,577,871         | (4)  |
| 2   | Retained earnings   | 8,871,777         | (9)  |
| 3   | Disclosed reserves  | 1,060,286         | (5)+(6)+(7)+(8)  |
| 4   | Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)  | 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 adjustments</b>   | <b>16,509,934</b> |  |
| <b>CET1 capital: regulatory deductions</b>    |   |                   |  |
| 7   | Valuation adjustments   | 10,708            |  |
| 8   | Goodwill (net of associated deferred tax liabilities)   | -                 |  |
| 9   | Other intangible assets (net of associated deferred tax liabilities)  | -                 |  |
| 10  | Deferred tax assets (net of associated deferred tax liabilities)  | 39,659            | (2)  |
| 11  | Cash flow hedge reserve   | -                 |  |
| 12  | Excess of total EL amount over total eligible provisions under the IRB approach   | -                 |  |
| 13  | Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions  | -                 |  |
| 14  | Gains and losses due to changes in own credit risk on fair valued liabilities   | 13                | (1) + (3)  |
| 15  | Defined benefit pension fund net assets (net of associated deferred tax liabilities)  | -                 |  |
| 16  | Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)   | -                 |  |
| 17  | Reciprocal cross-holdings in CET1 capital instruments   | -                 |  |
| 18  | Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)       | -                 |  |
| 19  | Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)         | -                 |  |
| 20  | Mortgage servicing rights (net of associated deferred tax liabilities)  | Not applicable    | Not applicable   |
| 21  | Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)   | Not applicable    | Not applicable   |
| 22  | Amount exceeding the 15% threshold  | Not applicable    | Not applicable   |
| 23  | of which: significant investments in the ordinary share of financial sector entities  | Not applicable    | Not applicable   |
| 24  | of which: mortgage servicing rights   | Not applicable    | Not applicable   |
| 25  | of which: deferred tax assets arising from temporary differences  | Not applicable    | Not applicable   |

### 3. Composition of regulatory capital (continued)

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

|  |  | At 30 June 2024   |  |
|--|--|-------------------|--|
|  |  | Amount            | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|  |  | HK\$'000          |  |
| <b>CET1 capital: regulatory deductions (continued)</b> |  |                   |  |
| 26   | National specific regulatory adjustments applied to CET1 capital   | 1,594,755         |  |
| 26a  | Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)   | 1,288,650         | (5) + (10)   |
| 26b  | Regulatory reserve for general banking risks   | 306,105           | (7)  |
| 26c  | Securitization exposures specified in a notice given by the MA   | -                 |  |
| 26d  | Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings   | -                 |  |
| 26e  | Capital shortfall of regulated non-bank subsidiaries   | -                 |  |
| 26f  | Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)  | -                 |  |
| 27   | Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions   | -                 |  |
| 28   | <b>Total regulatory deductions to CET1 capital</b>   | <b>1,645,135</b>  |  |
| 29   | <b>CET1 capital</b>  | <b>14,864,799</b> |  |
| <b>AT1 capital: instruments</b>                        |  |                   |  |
| 30   | Qualifying AT1 capital instruments plus any related share premium  | 1,557,812         | (11)   |
| 31   | of which: classified as equity under applicable accounting standards   | 1,557,812         |  |
| 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>1,557,812</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>1,557,812</b>  |  |
| 45   | <b>Tier 1 capital (T1 = CET1 + AT1)</b>  | <b>16,422,611</b> |  |



### 3. Composition of regulatory capital (continued)

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

|   |  | At 30 June 2024    |  |
|---|--|--------------------|--|
|   |  | Amount             | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|   |  |                    | HK\$'000   |
| <b>Tier 2 capital: instruments and provisions</b> |  |                    |  |
| 46  | Qualifying Tier 2 capital instruments plus any related share premium   | 1,554,306          | (12)   |
| 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  | 721,920            |  |
| 51  | <b>Tier 2 capital before regulatory deductions</b>   | <b>2,276,226</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   | (579,893)          |  |
| 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  | (579,893)          | [(5) + (10)]*45%   |
| 56b   | Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR   | -                  |  |
| 57  | <b>Total regulatory adjustments to Tier 2 capital</b>  | <b>(579,893)</b>   |  |
| 58  | <b>Tier 2 capital (T2)</b>   | <b>2,856,119</b>   |  |
| 59  | <b>Total regulatory capital (TC = T1 + T2)</b>   | <b>19,278,730</b>  |  |
| 60  | <b>Total RWA</b>   | <b>106,388,317</b> |  |

### 3. Composition of regulatory capital (continued)

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

|   |   | At 30 June 2024 |  |
|---|---|-----------------|--|
|   |   | Amount          | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|   |   |                 | HK\$'000   |
| <b>Capital ratios (as a percentage of RWA)</b>                            |   |                 |  |
| 61  | <b>CET1 capital ratio</b>   | <b>13.97%</b>   |  |
| 62  | <b>Tier 1 capital ratio</b>   | <b>15.44%</b>   |  |
| 63  | <b>Total capital ratio</b>  | <b>18.12%</b>   |  |
| 64  | <b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>   | <b>3.148%</b>   |  |
| 65  | of which: capital conservation buffer requirement   | 2.500%          |  |
| 66  | of which: bank specific countercyclical capital buffer requirement  | 0.648%          |  |
| 67  | of which: higher loss absorbency requirement  | -               |  |
| 68  | <b>CET1 (as a percentage of RWA) available after meeting minimum capital requirements</b>   | <b>9.437%</b>   |  |
| <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 | 911,165         |  |
| 73  | Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation  | 212,353         |  |
| 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)                       | 721,920         |  |
| 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  | 1,257,381       |  |
| 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   | -               |  |

### 3. Composition of regulatory capital (continued)

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

|  |  | At 30 June 2024 |  |
|--|--|-----------------|--|
|  |  | Amount          | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|  |  | HK\$'000        |  |
| <b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b> |  |                 |  |
| 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> | -               |  |

### 3. Composition of regulatory capital (continued)

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

|    | Description  | Hong Kong basis | Basel III basis |
|----|--|-----------------|-----------------|
|    |  | HK\$'000        | HK\$'000        |
| 9  | <b>Other intangible assets (net of associated deferred tax liabilities)</b>  | -               | -               |
|    | <u>Explanation</u><br>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.   |                 |                 |
| 10 | <b>Deferred tax assets (net of associated deferred tax liabilities)</b>  | 39,659          | -               |
|    | <u>Explanation</u><br>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. |                 |                 |
| 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>   | -               | -               |
|    | <u>Explanation</u><br>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.    |                 |                 |

### 3. Composition of regulatory capital (continued)

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

|   | Description  | Hong Kong basis | Basel III basis |
|---|--|-----------------|-----------------|
|   |  | HK\$'000        | 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>   | -               | -               |
|   | <u>Explanation</u><br>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.. |                 |                 |
| 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>  | -               | -               |
|   | <u>Explanation</u><br>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.  |                 |                 |
| 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>  | -               | -               |
|   | <u>Explanation</u><br>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.   |                 |                 |
| <b>Remarks:</b><br>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. |  |                 |                 |

### 3. Composition of regulatory capital (continued)

#### CC2: Reconciliation of regulatory capital to balance sheet

|  | At 30 June 2024                                    |   |           |
|--|--|---|-----------|
|  | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Reference |
|  | HK\$'000   | HK\$'000                                |           |
| <b>Assets</b>  |  |   |           |
| Cash and balances with banks and other financial institutions                                      | 15,324,389   | 15,292,177                              |           |
| Placements with banks and other financial institutions maturing between one and twelve months      | 5,051,542  | 5,051,542                               |           |
| Derivative financial instruments   | 238,159  | 238,159                                 |           |
| <i>of which: debit valuation adjustments in respect of derivative contracts</i>                    | -  | 4                                       | (1)       |
| Advances to customers and trade bills  | 84,357,501   | 84,357,501                              |           |
| Investment in securities   | 75,989,545   | 75,754,878                              |           |
| Investment in subsidiaries   | -  | 212,353                                 |           |
| Amount due from subsidiaries   | -  | 11,503                                  |           |
| Investment properties  | 783,185  | 783,185                                 |           |
| Properties, plant and equipment  | 1,961,042  | 1,960,752                               |           |
| Current tax assets   | 27,119   | 27,119                                  |           |
| Deferred tax assets  | 46,065   | 39,659                                  | (2)       |
| Other assets   | 591,377  | 581,834                                 |           |
| <b>Total assets</b>  | <b>184,369,924</b>                                 | <b>184,310,662</b>                      |           |
| <b>Liabilities</b>   |  |   |           |
| Deposits and balances from banks and other financial institutions                                  | 12,359,660   | 12,359,660                              |           |
| Derivative financial instruments   | 48,506   | 48,506                                  |           |
| <i>of which: debit valuation adjustments in respect of derivative contracts</i>                    | -  | (9)                                     | (3)       |
| Deposits from customers  | 149,010,434  | 149,046,922                             |           |
| Other accounts and provisions  | 2,585,375  | 2,580,546                               |           |
| Current tax liabilities  | 50,654   | 50,515                                  |           |
| Deferred tax liabilities   | 158,450  | 158,213                                 |           |
| Debt securities and certificates of deposit in issue   | 1,998,553  | 1,998,553                               |           |
| <i>of which: included in Tier 2 capital</i>  | 1,554,306  | 1,554,306                               | (12)      |
| <b>Total liabilities</b>   | <b>166,211,632</b>                                 | <b>166,242,915</b>                      |           |
| <b>Shareholders' equity</b>  |  |   |           |
| Share capital  | 6,577,871  | 6,577,871                               | (4)       |
| Reserves   | 10,022,609   | 9,932,064                               |           |
| Premises revaluation reserve   | 1,149,912  | 1,149,912                               | (5)       |
| Fair value reserve   | (123,728)  | (123,728)                               | (6)       |
| Regulatory reserve   | 306,105  | 306,105                                 | (7)       |
| Translation reserve  | (272,598)  | (272,002)                               | (8)       |
| Retained earnings  | 8,962,918  | 8,871,777                               | (9)       |
| <i>of which: cumulative fair value gains arising from the revaluation of investment properties</i> | -  | 138,739                                 | (10)      |
| Additional equity instruments  | 1,557,812  | 1,557,812                               |           |
| <i>of which: included in AT1 capital</i>   | 1,557,812  | 1,557,812                               | (11)      |
| <b>Total equity</b>  | <b>18,158,292</b>                                  | <b>18,067,747</b>                       |           |
| <b>Total liabilities and equity</b>  | <b>184,369,924</b>                                 | <b>184,310,662</b>                      |           |

### 3. Composition of regulatory capital (continued)

#### 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 Tier 2 Capital Subordinated notes</b>   |
|----|--|--|---|--|
| 1  | Issuer   | Chiyu Banking Corporation Limited          | Chiyu Banking Corporation Limited   | Chiyu Banking Corporation Limited  |
| 2  | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)               | Not applicable                             | XS2543377068  | XS2460522555   |
| 3  | Governing law(s) of the instrument   | 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>1</sup>  | Not applicable                             | Not applicable  | Not applicable   |
| 5  | Post-transitional Basel III rules <sup>2</sup>   | Common Equity Tier 1                       | Additional Tier 1   | Tier 2   |
| 6  | Eligible at solo / 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   | Subordinated Tier 2 Bonds  |
| 8  | Amount recognised in regulatory capital (currency in millions, as of most recent reporting date) | HK\$6,578m (as of 30 June 2024)            | HK\$1,558m (as of 30 June 2024)   | HK\$1,554m (as of 30 June 2024)  |
| 9  | Par value of instrument  | No par value (refer to Note 1 for details) | US\$200m  | US\$200m   |
| 10 | Accounting classification  | Shareholders' equity                       | Equity instruments  | Liability – amortised cost   |
| 11 | Original date of issuance  | 10 July 1947 (refer to Note 2 for details) | 26 October 2022   | 7 April 2022   |
| 12 | Perpetual or dated   | Perpetual                                  | Perpetual   | Dated  |
| 13 | Original maturity date   | No maturity                                | Not applicable  | 7 April 2032   |
| 14 | Issuer call subject to prior supervisory approval  | No   | Yes   | Yes  |
| 15 | Optional call date, contingent call dates and redemption amount                                  | Not applicable                             | First call date: 26 October 2027 (Redemption in whole at 100%)  | First call date: 4 April 2027 (Redemption in whole at 100%)  |
| 16 | Subsequent call dates, if applicable   | Not applicable                             | Any distribution payment date thereafter  | Any Interest Payment Date thereafter   |
|    | <i>Dividend / coupon</i>   |  |   |  |
| 17 | Fixed or floating dividend / coupon  | Floating                                   | Fixed   | Fixed  |

<sup>1</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.

<sup>2</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

### 3. Composition of regulatory capital (continued)

#### 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 Tier 2 Capital Subordinated notes</b>  |
|----|---|-------------------------------------|---|---|
| 18 | Coupon rate and any related index   | Not applicable                      | Year 1-5: 8.00% 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 rate plus a fixed initial spread | Year 1 - 5: 5.75% per annum payable semi-annually in arrear; Year 5 onwards: resets on year 5 at the then-prevailing 5-year U.S. Treasury rate plus a fixed initial spread  |
| 19 | Existence of a dividend stopper   | No                                  | Yes   | No  |
| 20 | Fully discretionary, partially discretionary or mandatory   | Fully discretionary                 | Fully discretionary   | Mandatory   |
| 21 | Existence of step-up or other incentive to redeem   | No                                  | No  | No  |
| 22 | Non-cumulative or cumulative  | Noncumulative                       | Noncumulative   | Not applicable  |
| 23 | Convertible or non-convertible  | Non-convertible                     | Non-convertible   | Non-convertible   |
| 24 | If convertible, conversion trigger(s)   | Not applicable                      | Not applicable  | Not applicable  |
| 25 | If convertible, fully or partially  | Not applicable                      | Not applicable  | Not applicable  |
| 26 | If convertible, conversion rate   | Not applicable                      | Not applicable  | Not applicable  |
| 27 | If convertible, mandatory or optional conversion  | Not applicable                      | Not applicable  | Not applicable  |
| 28 | If convertible, specify instrument type convertible into  | Not applicable                      | Not applicable  | Not applicable  |
| 29 | If convertible, specify issuer of instrument it converts into   | Not applicable                      | Not applicable  | Not applicable  |
| 30 | Write-down feature  | No                                  | 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  |
| 32 | If write-down, full or partial  | Not applicable                      | Full or Partial   | Full or Partial   |
| 33 | If write-down, permanent or temporary   | Not applicable                      | Permanent   | Permanent   |
| 34 | If temporary write-down, description of write-up mechanism  | 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                      | Depositors, bank's unsubordinated creditors, creditors of Tier 2 capital and all other subordinated indebtedness of the bank stated to rank senior to the Capital Securities.                       | All unsubordinated creditors of the bank (including its depositors), and all other subordinated creditors of the bank whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract |



### 3. Composition of regulatory capital (continued)

#### 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 Tier 2 Capital Subordinated notes</b> |
|----|--|-------------------------------------|---|--|
| 36 | Non-compliant transitioned features    | No                                  | No  | No   |
| 37 | If yes, specify non-compliant features | Not applicable                      | Not Applicable  | Not Applicable                               |

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.

Note 2:

- Several issuance of ordinary share had been made since the first issuance. Last issuance was on 28 December 2020.
- The concepts of par value for shares and authorised share capital have been abolished following the commencement of the Hong Kong Companies Ordinance (Chapter 622) as mentioned in Note 1.

#### 4. Macroprudential supervisory measures

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

|   | Geographical breakdown by Jurisdiction (J) | At 30 June 2024                  |                                       |                        |                |
|---|--|----------------------------------|---------------------------------------|------------------------|----------------|
|   |  | 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                              | 1.000%                           | 47,948,088                            |                        |                |
| 2 | Australia                                  | 1.000%                           | 42,746                                |                        |                |
| 3 | United Kingdom                             | 2.000%                           | 50,994                                |                        |                |
|   | Sum  |                                  | 48,041,828                            |                        |                |
|   | <b>Total</b>                               |                                  | <b>74,191,212</b>                     | <b>0.648%</b>          | <b>689,396</b> |

The sum of RWAs represents the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.

The total RWAs used in the computation of the CCyB ratio represents the total RWAs for the private sector credit exposures in all jurisdictions to which the Group is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero. The CCyB amount represents the Group's total RWAs multiplied by the Group's specific CCyB ratio.

## 5. Leverage ratio

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

|          | Item   | At<br>30 June<br>2024           |
|----------|--|---------------------------------|
|          |  | Value under the<br>LR framework |
|          |  | HK\$'000                        |
| 1        | Total consolidated assets as per published financial statements  | 184,369,924                     |
| 2        | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (59,262)                        |
| 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   | 395,145                         |
| 5        | Adjustment for SFTs (i.e. repos and similar secured lending)   | 83,086                          |
| 6        | Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)   | 2,315,726                       |
| 6a       | Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure   | (23,505)                        |
| 7        | Other adjustments  | (1,645,126)                     |
| <b>8</b> | <b>Leverage ratio exposure measure</b>   | <b>185,435,988</b>              |

## 5. Leverage ratio (continued)

### LR2: Leverage ratio

|  |  | At 30<br>June<br>2024 | At 31<br>March<br>2024 |
|--|--|-----------------------|------------------------|
|  |  | 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)  | 179,325,940           | 174,650,914            |
| 2  | Less: Asset amounts deducted in determining Tier 1 capital   | (1,645,126)           | (1,646,108)            |
| <b>3</b>   | <b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>  | <b>177,680,814</b>    | <b>173,004,806</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)                 | 323,429               | 183,578                |
| 5  | Add-on amounts for PFE associated with all derivative contracts  | 344,515               | 277,526                |
| 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   | (34,640)              | (8)                    |
| 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  | -                     | -                      |
| <b>11</b>  | <b>Total exposures arising from derivative contracts</b>   | <b>633,304</b>        | <b>461,096</b>         |
| <b>Exposures arising from SFTs</b>                 |  |                       |                        |
| 12   | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions  | 5,591,281             | 3,301,002              |
| 13   | Less: Netted amounts of cash payables and cash receivables of gross SFT assets   | -                     | -                      |
| 14   | CCR exposure for SFT assets  | 83,086                | 91,501                 |
| 15   | Agent transaction exposures  | -                     | -                      |
| <b>16</b>  | <b>Total exposures arising from SFTs</b>   | <b>5,674,367</b>      | <b>3,392,503</b>       |
| <b>Other off-balance sheet exposures</b>           |  |                       |                        |
| 17   | Off-balance sheet exposure at gross notional amount  | 12,473,071            | 13,313,211             |
| 18   | Less: Adjustments for conversion to credit equivalent amounts  | (10,157,345)          | (10,762,105)           |
| <b>19</b>  | <b>Off-balance sheet items</b>   | <b>2,315,726</b>      | <b>2,551,106</b>       |
| <b>Capital and total exposures</b>                 |  |                       |                        |
| <b>20</b>  | <b>Tier 1 capital</b>  | <b>16,422,611</b>     | <b>16,629,695</b>      |
| <b>20a</b>   | <b>Total exposures before adjustments for specific and collective provisions</b>   | <b>186,304,211</b>    | <b>179,409,511</b>     |
| <b>20b</b>   | <b>Adjustments for specific and collective provisions</b>  | <b>(868,223)</b>      | <b>(1,113,197)</b>     |
| <b>21</b>  | <b>Total exposures after adjustments for specific and collective provisions</b>  | <b>185,435,988</b>    | <b>178,296,314</b>     |
| <b>Leverage ratio</b>                              |  |                       |                        |
| <b>22</b>  | <b>Leverage ratio</b>  | <b>8.86%</b>          | <b>9.33%</b>           |

## 6. Liquidity

### LIQ1: Liquidity Coverage Ratio

| 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<br>30 June 2024:<br>73 data points |                             | For the quarter ended<br>31 March 2024:<br>72 data points |                             |
|--|--|--|-----------------------------|---|-----------------------------|
|  |  | Unweighted value<br>(average)                            | Weighted value<br>(average) | Unweighted value<br>(average)                             | Weighted value<br>(average) |
| Basis of disclosure: consolidated  |  | HK\$'000   | HK\$'000                    | HK\$'000  | HK\$'000                    |
| <b>A. HQLA</b>   |  |  |                             |   |                             |
| 1  | Total HQLA   |  | 22,798,890                  |   | 22,496,568                  |
| <b>B. Cash outflows</b>  |  |  |                             |   |                             |
| 2  | Retail deposits and small business funding, of which:  | 95,554,898   | 5,757,960                   | 91,897,865  | 5,455,142                   |
| 3  | <i>Stable retail deposits and stable small business funding</i>  | 13,867,919   | 416,037                     | 12,856,532  | 385,696                     |
| 4  | <i>Less stable retail deposits and less stable small business funding</i>  | 24,967,984   | 2,496,799                   | 22,184,649  | 2,218,465                   |
| 4a   | <i>Retail term deposits and small business term funding</i>  | 56,718,995   | 2,845,124                   | 56,856,684  | 2,850,981                   |
| 5  | Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:                | 21,062,519   | 13,119,897                  | 24,450,062  | 15,634,623                  |
| 6  | <i>Operational deposits</i>  | 2,783,778  | 659,262                     | 3,341,976   | 795,695                     |
| 7  | <i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>  | 18,278,741   | 12,460,635                  | 21,108,086  | 14,838,928                  |
| 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)  |  | 707,723                     |   | 129,015                     |
| 10   | Additional requirements, of which:   | 11,711,450   | 2,134,456                   | 12,674,468  | 2,298,686                   |
| 11   | <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i> | 277,182  | 277,182                     | 268,214   | 268,214                     |
| 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>                       | 11,434,268   | 1,857,274                   | 12,406,254  | 2,030,472                   |
| 14   | Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows   | 2,078,149  | 2,078,149                   | 1,929,514   | 1,929,514                   |
| 15   | Other contingent funding obligations (whether contractual or non-contractual)  | 940,505  | 60,435                      | 1,078,552   | 60,134                      |
| 16   | <b>Total Cash Outflows</b>   |  | <b>23,858,620</b>           |   | <b>25,507,114</b>           |
| <b>C. Cash Inflows</b>   |  |  |                             |   |                             |
| 17   | Secured lending transactions (including securities swap transactions)  | 680,653  | 680,653                     | 368,022   | 368,022                     |
| 18   | Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions    | 12,268,054   | 9,112,264                   | 12,052,721  | 9,765,925                   |
| 19   | Other cash inflows   | 2,734,078  | 2,734,077                   | 3,063,537   | 3,063,537                   |
| 20   | <b>Total Cash Inflows</b>  | <b>15,682,785</b>  | <b>12,526,994</b>           | <b>15,484,280</b>   | <b>13,197,484</b>           |
| <b>D. Liquidity Coverage Ratio</b>   |  |  |                             |   |                             |
| 21   | <b>Total HQLA</b>  |  | <b>22,798,890</b>           |   | <b>22,496,568</b>           |
| 22   | <b>Total Net Cash Outflows</b>   |  | <b>11,331,626</b>           |   | <b>12,309,630</b>           |
| 23   | <b>LCR (%)</b>   |  | <b>204.63%</b>              |   | <b>187.28%</b>              |

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## 6. Liquidity (continued)

### LIQ1: Liquidity Coverage Ratio (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 first half of 2024, the Group has maintained a healthy liquidity position. The LCR was sensitive to the asset deployment and the funding structure of the Group. The average LCR of the first and second quarter were 187.28% and 204.63% respectively. The ratio has 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 first half 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.

## 6. Liquidity (continued)

### LIQ2: Net Stable Funding Ratio

| Basis of disclosure: consolidated               |   | At 30 June 2024                       |                                   |                         |                   |                    |
|---|---|---------------------------------------|-----------------------------------|-------------------------|-------------------|--------------------|
|   |   | 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 |                    |
|   |   | HK\$'000                              | HK\$'000                          | HK\$'000                | HK\$'000          | HK\$'000           |
| <b>A. Available stable funding ("ASF") item</b> |   |                                       |                                   |                         |                   |                    |
| 1   | Capital:  | 18,554,120                            | 20,954                            | -                       | 1,554,306         | 20,108,426         |
| 2   | Regulatory capital  | 18,483,561                            | 20,954                            | -                       | 1,554,306         | 20,037,867         |
| 2a  | Minority interests not covered by row 2   | -                                     | -                                 | -                       | -                 | -                  |
| 3   | Other capital instruments   | 70,559                                | -                                 | -                       | -                 | 70,559             |
| 4   | Retail deposits and small business funding:   | -                                     | 92,292,491                        | 3,384,617               | 51,565            | 87,386,077         |
| 5   | Stable deposits   | -                                     | 24,020,338                        | 481,949                 | 7,764             | 23,284,937         |
| 6   | Less stable deposits  | -                                     | 68,272,153                        | 2,902,668               | 43,801            | 64,101,140         |
| 7   | Wholesale funding:  | -                                     | 55,062,177                        | 7,480,213               | 3,099,030         | 21,746,111         |
| 8   | Operational deposits  | -                                     | 4,413,591                         | -                       | -                 | 2,206,796          |
| 9   | Other wholesale funding   | -                                     | 50,648,586                        | 7,480,213               | 3,099,030         | 19,539,315         |
| 10  | Liabilities with matching interdependent assets   | -                                     | -                                 | -                       | -                 | -                  |
| 11  | Other liabilities:  | 893,147                               | 2,065,042                         | 210,796                 | -                 | 105,398            |
| 12  | Net derivative liabilities  | -                                     | -                                 | -                       | -                 | -                  |
| 13  | All other funding and liabilities not included in the above categories  | 893,147                               | 2,065,042                         | 210,796                 | -                 | 105,398            |
| 14  | <b>Total ASF</b>  |                                       |                                   |                         |                   | <b>129,346,012</b> |
| <b>B. Required stable funding ("RSF") item</b>  |   |                                       |                                   |                         |                   |                    |
| 15  | Total HQLA for NSFR purposes  |                                       |                                   |                         | 36,407,544        | 3,120,162          |
| 16  | Deposits held at other financial institutions for operational purposes  | -                                     | 269,655                           | -                       | -                 | 134,828            |
| 17  | Performing loans and securities:  | 13,946,263                            | 37,983,814                        | 30,882,321              | 57,688,748        | 88,438,025         |
| 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   | 16                                    | 16,669,559                        | 5,159,124               | 3,505,000         | 8,585,012          |
| 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: | 13,068,604                            | 12,764,454                        | 10,583,268              | 26,038,441        | 44,909,719         |
| 21  | With a risk-weight of less than or equal to 35% under the STC approach  | -                                     | 4,152                             | 430,396                 | 25,654            | 233,949            |
| 22  | Performing residential mortgages, of which:   | -                                     | 150,901                           | 140,436                 | 7,862,360         | 5,257,595          |
| 23  | With a risk-weight of less than or equal to 35% under the STC approach  | -                                     | 150,500                           | 140,025                 | 7,855,400         | 5,251,273          |
| 24  | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities   | 877,643                               | 8,398,900                         | 14,999,493              | 20,282,947        | 29,685,699         |
| 25  | Assets with matching interdependent liabilities   | -                                     | -                                 | -                       | -                 | -                  |
| 26  | Other assets:   | 6,935,842                             | 466,609                           | 16,101                  | 11,255            | 7,085,722          |
| 27  | Physical traded commodities, including gold   | 70,489                                | -                                 | -                       | -                 | 70,489             |
| 28  | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   | 5,000                                 | -                                 | -                       | -                 | 4,250              |
| 29  | Net derivative assets   | 197,945                               | -                                 | -                       | -                 | 197,945            |
| 30  | Total derivative liabilities before adjustments for deduction of variation margin posted  | 17,784                                | -                                 | -                       | -                 | 889                |
| 31  | All other assets not included in the above categories   | 6,644,624                             | 466,609                           | 16,101                  | 11,255            | 6,812,149          |
| 32  | Off-balance sheet items   | -                                     | -                                 | -                       | 12,473,070        | 619,139            |
| 33  | <b>Total RSF</b>  |                                       |                                   |                         |                   | <b>99,397,876</b>  |
| 34  | <b>Net Stable Funding Ratio (%)</b>   |                                       |                                   |                         |                   | <b>130.13%</b>     |

## 6. Liquidity (continued)

### LIQ2: Net Stable Funding Ratio (continued)

| Basis of disclosure: consolidated               |   | At 31 March 2024                      |                                   |                         |                   |                    |
|---|---|---------------------------------------|-----------------------------------|-------------------------|-------------------|--------------------|
|   |   | 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 |                    |
|   |   | HK\$'000                              | HK\$'000                          | HK\$'000                | HK\$'000          | HK\$'000           |
| <b>A. Available stable funding ("ASF") item</b> |   |                                       |                                   |                         |                   |                    |
| 1   | Capital:  | 18,831,937                            | 43,490                            | -                       | 1,557,316         | 20,389,253         |
| 2   | Regulatory capital  | 18,755,583                            | 43,490                            | -                       | 1,557,316         | 20,312,899         |
| 2a  | Minority interests not covered by row 2   | -                                     | -                                 | -                       | -                 | -                  |
| 3   | Other capital instruments   | 76,354                                | -                                 | -                       | -                 | 76,354             |
| 4   | Retail deposits and small business funding:   | -                                     | 89,215,648                        | 3,896,843               | 17,135            | 85,019,173         |
| 5   | Stable deposits   | -                                     | 23,587,565                        | 428,363                 | -                 | 22,815,132         |
| 6   | Less stable deposits  | -                                     | 65,628,083                        | 3,468,480               | 17,135            | 62,204,041         |
| 7   | Wholesale funding:  | -                                     | 50,016,652                        | 9,086,292               | 3,171,201         | 20,857,436         |
| 8   | Operational deposits  | -                                     | 4,577,827                         | -                       | -                 | 2,288,914          |
| 9   | Other wholesale funding   | -                                     | 45,438,825                        | 9,086,292               | 3,171,201         | 18,568,522         |
| 10  | Liabilities with matching interdependent assets   | -                                     | -                                 | -                       | -                 | -                  |
| 11  | Other liabilities:  | 910,508                               | 501,297                           | 423,638                 | -                 | 211,819            |
| 12  | Net derivative liabilities  | -                                     | -                                 | -                       | -                 | -                  |
| 13  | All other funding and liabilities not included in the above categories  | 910,508                               | 501,297                           | 423,638                 | -                 | 211,819            |
| 14  | <b>Total ASF</b>  |                                       |                                   |                         |                   | <b>126,477,681</b> |
| <b>B. Required stable funding ("RSF") item</b>  |   |                                       |                                   |                         |                   |                    |
| 15  | Total HQLA for NSFR purposes  |                                       |                                   |                         | 34,983,686        | 3,050,543          |
| 16  | Deposits held at other financial institutions for operational purposes  | -                                     | 362,798                           | -                       | -                 | 181,399            |
| 17  | Performing loans and securities:  | 14,430,219                            | 39,295,783                        | 20,581,333              | 60,869,750        | 88,160,696         |
| 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   | 1                                     | 14,050,360                        | 1,998,975               | 5,069,818         | 8,176,861          |
| 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: | 13,538,083                            | 12,293,555                        | 9,252,405               | 30,300,782        | 47,948,180         |
| 21  | With a risk-weight of less than or equal to 35% under the STC approach  | -                                     | 3,847                             | 490                     | 439,178           | 287,634            |
| 22  | Performing residential mortgages, of which:   | -                                     | 149,145                           | 138,997                 | 7,696,408         | 5,148,170          |
| 23  | With a risk-weight of less than or equal to 35% under the STC approach  | -                                     | 148,748                           | 138,591                 | 7,689,237         | 5,141,674          |
| 24  | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities   | 892,135                               | 12,802,723                        | 9,190,956               | 17,802,742        | 26,887,485         |
| 25  | Assets with matching interdependent liabilities   | -                                     | -                                 | -                       | -                 | -                  |
| 26  | Other assets:   | 6,104,633                             | 906,896                           | 24,968                  | 11,770            | 6,267,516          |
| 27  | Physical traded commodities, including gold   | 57,272                                | -                                 | -                       | -                 | 57,272             |
| 28  | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   | 5,000                                 | -                                 | -                       | -                 | 4,250              |
| 29  | Net derivative assets   | 143,743                               | -                                 | -                       | -                 | 143,743            |
| 30  | Total derivative liabilities before adjustments for deduction of variation margin posted  | 11,630                                | -                                 | -                       | -                 | 582                |
| 31  | All other assets not included in the above categories   | 5,886,988                             | 906,896                           | 24,968                  | 11,770            | 6,061,669          |
| 32  | Off-balance sheet items   | -                                     | -                                 | -                       | 13,313,211        | 662,785            |
| 33  | <b>Total RSF</b>  |                                       |                                   |                         |                   | <b>98,322,939</b>  |
| 34  | <b>Net Stable Funding Ratio (%)</b>   |                                       |                                   |                         |                   | <b>128.63%</b>     |



## 6. Liquidity (continued)

### LIQ2: Net Stable Funding Ratio (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 NSFR of the group remained robust and well above the regulatory requirement of 100%. The NSFR of the first quarter and the second quarter of 2024 were 128.63% and 130.13% respectively. The weighted amount of ASF items mainly consists of retail deposits. The weighted amount of RSF items mainly consists of loans to customers and investments in debt securities.

## 7. Credit risk for non-securitization exposures

### CR1: Credit quality of exposures

|   |                             | At 30 June 2024           |                         |                          |  |   |  |                    |
|---|-----------------------------|---------------------------|-------------------------|--------------------------|--|---|--|--------------------|
|   |                             | 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 |  |                    |
|   |                             |                           |                         |                          |  |   |  |                    |
| 1 | Loans                       | 1,190,210                 | 103,437,964             | 680,632                  | 255,556  | 425,076   | -  | 103,947,542        |
| 2 | Debt securities             | 215,813                   | 69,800,802              | 4,081                    | -  | 4,081   | -  | 70,012,534         |
| 3 | Off-balance sheet exposures | -                         | 12,473,071              | 23,503                   | -  | 23,503  | -  | 12,449,568         |
| 4 | <b>Total</b>                | <b>1,406,023</b>          | <b>185,711,837</b>      | <b>708,216</b>           | <b>255,556</b>   | <b>452,660</b>  | <b>-</b>   | <b>186,409,644</b> |

“Defaulted exposures” are defined as the exposures are past due for more than 90 days or the borrower is unlikely to pay in full for the credit obligations.

### CR2: Changes in defaulted loans and debt securities

|   |   | HK\$'000         |
|---|---|------------------|
| 1 | <b>Defaulted loans and debt securities as at 31 December 2023</b>             | <b>1,127,726</b> |
| 2 | Loans and debt securities that have defaulted since the last reporting period | 724,546          |
| 3 | Returned to non-defaulted status  | (131,045)        |
| 4 | Amounts written off   | (503,443)        |
| 5 | Other changes   | (26,398)         |
| 6 | <b>Defaulted loans and debt securities as at 30 June 2024</b>                 | <b>1,191,386</b> |

### CR3: Overview of recognized credit risk mitigation

|   |                    | At 30 June 2024                      |                         |  |  |   |
|---|--------------------|--------------------------------------|-------------------------|--|--|---|
|   |                    | 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 |
|   |                    | HK\$'000                             | HK\$'000                | HK\$'000                                   | HK\$'000                                   | HK\$'000  |
| 1 | Loans              | 92,440,691                           | 11,506,851              | 8,874,154                                  | 2,632,697                                  | -   |
| 2 | Debt securities    | 68,907,542                           | 1,104,992               | -  | 1,104,992                                  | -   |
| 3 | <b>Total</b>       | <b>161,348,233</b>                   | <b>12,611,843</b>       | <b>8,874,154</b>                           | <b>3,737,689</b>                           | <b>-</b>  |
| 4 | Of which defaulted | 1,150,467                            | -                       | -  | -  | -   |

## 7. Credit risk for non-securitization exposures (continued)

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

|           | Exposure classes   | At 30 June 2024               |                          |                                 |                          |                     |              |
|-----------|--|-------------------------------|--------------------------|---------------------------------|--------------------------|---------------------|--------------|
|           |  | 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  | 21,327,204                    | -                        | 21,327,204                      | -                        | 38,783              | 0.18         |
| 2         | PSE exposures  | 4,814,196                     | 430,000                  | 5,202,850                       | 215,000                  | 1,454,711           | 26.85        |
| 2a        | Of which: domestic PSEs  | 3,577,061                     | 430,000                  | 3,965,715                       | 215,000                  | 836,143             | 20.00        |
| 2b        | Of which: foreign PSEs   | 1,237,135                     | -                        | 1,237,135                       | -                        | 618,568             | 50.00        |
| 3         | Multilateral development bank exposures  | 2,561,919                     | -                        | 2,561,919                       | -                        | -                   | 0.00         |
| 4         | Bank exposures   | 52,419,321                    | -                        | 52,633,185                      | -                        | 20,878,559          | 39.67        |
| 5         | Securities firm exposures  | 1,432,145                     | 1,120,000                | 2,537,137                       | -                        | 1,268,569           | 50.00        |
| 6         | Corporate exposures  | 67,163,841                    | 9,055,688                | 58,306,543                      | 1,105,529                | 55,142,511          | 92.81        |
| 7         | CIS exposures  | -                             | -                        | -                               | -                        | -                   | -            |
| 8         | Cash items   | 289,400                       | -                        | 289,400                         | -                        | -                   | -            |
| 9         | Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis | 57                            | -                        | 57                              | -                        | 57                  | 100.00       |
| 10        | Regulatory retail exposures  | 10,014,476                    | 1,326,617                | 9,955,881                       | 3,544                    | 7,469,569           | 75.00        |
| 11        | Residential mortgage loans   | 8,244,280                     | -                        | 7,856,444                       | -                        | 2,794,760           | 35.57        |
| 12        | Other exposures which are not past due exposures   | 9,438,789                     | 540,766                  | 9,165,622                       | -                        | 9,165,622           | 100.00       |
| 13        | Past due exposures   | 1,337,446                     | -                        | 1,337,446                       | -                        | 1,472,490           | 110.10       |
| 14        | Significant exposures to commercial entities   | -                             | -                        | -                               | -                        | -                   | -            |
| <b>15</b> | <b>Total</b>   | <b>179,043,074</b>            | <b>12,473,071</b>        | <b>171,173,688</b>              | <b>1,324,073</b>         | <b>99,685,631</b>   | <b>57.79</b> |

## 7. Credit risk for non-securitization exposures (continued)

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

|    | Exposure class   | Risk Weight | At 30 June 2024   |          |                   |                  |                   |                   |                   |                |          |          | 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  |             | 21,133,287        | -        | 193,917           | -                | -                 | -                 | -                 | -              | -        | -        | -  | 21,327,204         |
| 2  | PSE exposures  |             | -                 | -        | 4,180,715         | -                | 1,237,135         | -                 | -                 | -              | -        | -        | -  | 5,417,850          |
| 2a | Of which: domestic PSEs  |             | -                 | -        | 4,180,715         | -                | -                 | -                 | -                 | -              | -        | -        | -  | 4,180,715          |
| 2b | Of which: foreign PSEs   |             | -                 | -        | -                 | -                | 1,237,135         | -                 | -                 | -              | -        | -        | -  | 1,237,135          |
| 3  | Multilateral development bank exposures  |             | 2,561,919         | -        | -                 | -                | -                 | -                 | -                 | -              | -        | -        | -  | 2,561,919          |
| 4  | Bank exposures   |             | -                 | -        | 19,642,821        | -                | 32,080,738        | -                 | 909,626           | -              | -        | -        | -  | 52,633,185         |
| 5  | Securities firm exposures  |             | -                 | -        | -                 | -                | 2,537,137         | -                 | -                 | -              | -        | -        | -  | 2,537,137          |
| 6  | Corporate exposures  |             | -                 | -        | 655,659           | -                | 7,592,462         | -                 | 51,061,557        | 102,394        | -        | -        | -  | 59,412,072         |
| 7  | CIS exposures  |             | -                 | -        | -                 | -                | -                 | -                 | -                 | -              | -        | -        | -  | -                  |
| 8  | Cash items   |             | 289,400           | -        | -                 | -                | -                 | -                 | -                 | -              | -        | -        | -  | 289,400            |
| 9  | Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis |             | -                 | -        | -                 | -                | -                 | -                 | 57                | -              | -        | -        | -  | 57                 |
| 10 | Regulatory retail exposures  |             | -                 | -        | -                 | -                | -                 | 9,959,425         | -                 | -              | -        | -        | -  | 9,959,425          |
| 11 | Residential mortgage loans   |             | -                 | -        | -                 | 7,763,637        | 7,784             | 45,712            | 39,311            | -              | -        | -        | -  | 7,856,444          |
| 12 | Other exposures which are not past due exposures   |             | -                 | -        | -                 | -                | -                 | -                 | 9,165,622         | -              | -        | -        | -  | 9,165,622          |
| 13 | Past due exposures   |             | -                 | -        | -                 | -                | -                 | -                 | 1,067,359         | 270,087        | -        | -        | -  | 1,337,446          |
| 14 | Significant exposures to commercial entities   |             | -                 | -        | -                 | -                | -                 | -                 | -                 | -              | -        | -        | -  | -                  |
| 15 | <b>Total</b>   |             | <b>23,984,606</b> | <b>-</b> | <b>24,673,112</b> | <b>7,763,637</b> | <b>43,455,256</b> | <b>10,005,137</b> | <b>62,243,532</b> | <b>372,481</b> | <b>-</b> | <b>-</b> | <b>-</b>   | <b>172,497,761</b> |

## 8. Counterparty credit risk

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

|          |  | At 30 June 2024       |          |               |   |                                 |                |
|----------|--|-----------------------|----------|---------------|---|---------------------------------|----------------|
|          |  | 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) | 231,021               | 242,403  |               | 1.4   | 662,794                         | 354,949        |
| 1a       | CEM (for derivative contracts)             | -                     | -        |               | 1.4   | -                               | -              |
| 2        | IMM (CCR) approach                         |                       |          | -             | -   | -                               | -              |
| 3        | Simple approach (for SFTs)                 |                       |          |               |   | -                               | -              |
| 4        | Comprehensive approach (for SFTs)          |                       |          |               |   | 95,117                          | 19,023         |
| 5        | VaR (for SFTs)                             |                       |          |               |   | -                               | -              |
| <b>6</b> | <b>Total</b>                               |                       |          |               |   |                                 | <b>373,972</b> |

### CCR2: CVA capital charge

|          |  | At 30 June 2024 |                |
|----------|--|-----------------|----------------|
|          |  | 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 standardized CVA method | 621,361         | 104,613        |
| <b>4</b> | <b>Total</b>   | <b>621,361</b>  | <b>104,613</b> |

## 8. Counterparty credit risk (continued)

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

|    | Exposure class                                   | Risk Weight | At 30 June 2024 |          |                |          |                |           |               |          |          |          | Total default risk exposure after CRM |                |
|----|--|-------------|-----------------|----------|----------------|----------|----------------|-----------|---------------|----------|----------|----------|---------------------------------------|----------------|
|    |  |             | 0%              | 10%      | 20%            | 35%      | 50%            | 75%       | 100%          | 150%     | 250%     | Others   |                                       |                |
|    |  |             | HK\$'000        | HK\$'000 | HK\$'000       | HK\$'000 | HK\$'000       | HK\$'000  | HK\$'000      | HK\$'000 | HK\$'000 | HK\$'000 |                                       | HK\$'000       |
| 1  | Sovereign exposures                              |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 2  | PSE exposures                                    |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 2a | Of which: domestic PSEs                          |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 2b | Of which: foreign PSEs                           |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 3  | Multilateral development bank exposures          |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 4  | Bank exposures                                   |             | -               | -        | 169,165        | -        | 497,182        | -         | 86,371        | -        | -        | -        | -                                     | 752,718        |
| 5  | Securities firm exposures                        |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 6  | Corporate exposures                              |             | -               | -        | -              | -        | -              | -         | 5,125         | -        | -        | -        | -                                     | 5,125          |
| 7  | CIS exposures                                    |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 8  | Regulatory retail exposures                      |             | -               | -        | -              | -        | -              | 68        | -             | -        | -        | -        | -                                     | 68             |
| 9  | Residential mortgage loans                       |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 10 | Other exposures which are not past due exposures |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 11 | Significant exposures to commercial entities     |             | -               | -        | -              | -        | -              | -         | -             | -        | -        | -        | -                                     | -              |
| 12 | <b>Total</b>                                     |             | -               | -        | <b>169,165</b> | -        | <b>497,182</b> | <b>68</b> | <b>91,496</b> | -        | -        | -        | -                                     | <b>757,911</b> |

## 8. Counterparty credit risk (continued)

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

|                         | At 30 June 2024                              |               |                                 |               |  |                                 |
|-------------------------|--|---------------|---------------------------------|---------------|--|---------------------------------|
|                         | 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  |  |                                 |
|                         | HK\$'000                                     | HK\$'000      | HK\$'000                        | HK\$'000      | HK\$'000                                     | HK\$'000                        |
| Cash                    | -  | 23,047        | -                               | 34,810        | 5,062,241                                    | 534,767                         |
| Domestic sovereign debt | -  | -             | -                               | -             | -  | 3,983,788                       |
| Other sovereign debt    | -  | -             | -                               | -             | 548,777                                      | 73,489                          |
| Other bonds             | -  | -             | -                               | -             | -  | 1,083,869                       |
| <b>Total</b>            | -  | <b>23,047</b> | -                               | <b>34,810</b> | <b>5,611,018</b>                             | <b>5,675,913</b>                |

### CCR6: Credit-related derivatives contracts

The Group had no exposures of Credit-related derivatives contracts as at 30 June 2024.

### CCR7: RWA flow statements of default risk exposures under IMM (CCR) approach

The Group did not use IMM(CCR) approach to measure default risk exposures as at 30 June 2024.

### CCR8: Exposures to CCPs

The Group had no exposures to CCP as at 30 June 2024.

## **9. Securitization exposures**

### **SEC1: Securitization exposures in banking book**

There were no securitization exposures in the banking book as at 30 June 2024.

### **SEC2: Securitization exposures in trading book**

There were no securitization exposures in the trading book as at 30 June 2024.

### **SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator**

There were no securitization exposures in the banking book and the associated capital requirements where the Group acts as an originator as at 30 June 2024.

### **SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor**

There were no securitization exposures in the banking book and the associated capital requirements where the Group acts as an investor as at 30 June 2024.



## 10. Market risk

### MR1: Market risk under STM approach

|   |   | At 30 June 2024  |
|---|---|------------------|
|   |   | RWA              |
|   |   | HK\$'000         |
|   | Outright product exposures                          |                  |
| 1 | Interest rate exposures (general and specific risk) | 178,925          |
| 2 | Equity exposures (general and specific risk)        | -                |
| 3 | Foreign exchange (including gold) exposures         | 1,215,325        |
| 4 | Commodity exposures                                 | -                |
|   | Option exposures                                    |                  |
| 5 | Simplified approach                                 | -                |
| 6 | Delta-plus approach                                 | -                |
| 7 | Other approach                                      | -                |
| 8 | Securitization exposures                            | -                |
| 9 | <b>Total</b>  | <b>1,394,250</b> |

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

There were no market risk exposures under the IMM approach as at 30 June 2024.

### MR3: IMM approach values for market risk exposures

There were no market risk exposures under the IMM approach as at 30 June 2024.

### MR4: Comparison of VaR estimates with gains or losses

There were no market risk exposures under the IMM approach as at 30 June 2024.