

Regulatory Disclosures

30 June 2024



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1. Key prudential ratios, key metrics and overview of RWA

KM1: Key prudential ratios

	(a)	(b)	(c)	(d)	(e)	
	At 30 June 2024	At 31 March 2024	At 31 December 2023	At 30 September 2023	At 30 June 2023	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Regulatory capital						
1	Common Equity Tier 1 (CET1)	261,872	256,822	247,109	248,686	246,884
2	Tier 1	261,872	256,822	247,109	248,686	269,560
3	Total capital	289,609	284,910	275,145	277,747	298,730
RWA						
4	Total RWA	1,306,227	1,293,876	1,298,956	1,303,561	1,299,148
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	20.05%	19.85%	19.02%	19.08%	19.00%
6	Tier 1 ratio (%)	20.05%	19.85%	19.02%	19.08%	20.75%
7	Total capital ratio (%)	22.17%	22.02%	21.18%	21.31%	22.99%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.823%	0.817%	0.813%	0.826%	0.822%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	1.500%	1.500%	1.500%	1.500%	1.500%
11	Total AI-specific CET1 buffer requirements (%)	4.823%	4.817%	4.813%	4.826%	4.822%
12	CET1 available after meeting the AI's minimum capital requirements (%)	14.05%	13.85%	13.02%	13.08%	14.50%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	3,720,479	3,611,243	3,602,432	3,651,107	3,479,089
14	LR (%)	7.04%	7.11%	6.86%	6.81%	7.75%
Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)						
Applicable to category 1 institution only:						
15	Total high quality liquid assets (HQLA)	1,216,472	1,218,966	1,161,624	1,037,315	965,434
16	Total net cash outflows	511,109	561,604	573,098	536,592	512,966
17	LCR (%)	250.58%	223.79%	207.12%	193.47%	188.89%
Applicable to category 2 institution only:						
17a	LMR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)						
Applicable to category 1 institution only:						
18	Total available stable funding	2,068,035	2,064,238	2,023,340	2,044,520	2,005,761
19	Total required stable funding	1,467,119	1,470,716	1,473,850	1,474,412	1,524,651
20	NSFR (%)	140.96%	140.36%	137.28%	138.67%	131.56%
Applicable to category 2A institution only:						
20a	CFR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

1. Key prudential ratios, key metrics and overview of RWA (continued)

KM2(A): Key metrics – LAC requirements for material subsidiaries (at LAC consolidation group level)

		(a)	(b)	(c)	(d)	(e)
		At 30 June 2024	At 31 March 2024	At 31 December 2023	At 30 September 2023	At 30 June 2023
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Of the material entity at LAC consolidation group level						
1	Internal loss-absorbing capacity available	364,905	359,987	350,468	353,854	351,681
2	Risk-weighted amount under the LAC Rules	1,306,227	1,293,876	1,298,956	1,303,561	1,299,148
3	Internal LAC risk-weighted ratio	27.94%	27.82%	26.98%	27.15%	27.07%
4	Exposure measure under the LAC Rules	3,720,479	3,611,243	3,602,432	3,651,107	3,479,089
5	Internal LAC leverage ratio	9.81%	9.97%	9.73%	9.69%	10.11%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Footnote:

¹ The subordination exemptions under Section 11 of the Financial Stability Board (“FSB”) Total Loss-absorbing Capacity Term Sheet (“TLAC Term Sheet”) do not apply in Hong Kong under the LAC Rules.

1. Key prudential ratios, key metrics and overview of RWA (continued)

KM2(B): Key metrics – TLAC requirements for non-HK resolution entity (at resolution group level)

		(a)	(b)	(c)	(d)	(e)
		At 30 June 2024 ¹	At 31 March 2024 ¹	At 31 December 2023 ¹	At 30 September 2023 ¹	At 30 June 2023 ¹
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Of the non-HK resolution entity at resolution group level						
1	External loss-absorbing capacity available	3,748,380	3,712,288	3,616,838	3,421,516	3,346,339
2	Total risk-weighted amount under the relevant non-HK LAC regime	19,824,182	20,041,798	20,392,271	Not applicable ²	19,529,804
3	External loss-absorbing capacity as a percentage of risk-weighted amount	18.91%	18.52%	17.74%	17.30%	17.13%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	37,862,246	38,165,510	38,155,740	36,539,091	35,825,110
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	9.90%	9.73%	9.48%	9.36%	9.34%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Footnote:

¹ The relevant non-HK LAC regime in the non-HK jurisdiction is not yet implemented and that the values for rows 1 to 5 are reported on the regulatory capital regime of the non-HK jurisdiction as proxies.

² “Not applicable” is reported because the value was not published by the non-HK resolution entity.

1. Key prudential ratios, key metrics and overview of RWA (continued)

OV1: Overview of RWA

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		At 30 June 2024	At 31 March 2024	At 30 June 2024
		HK\$m	HK\$m	HK\$m
1	Credit risk for non-securitization exposures	1,055,941	1,063,780	89,068
2	Of which STC approach	99,117	100,441	7,929
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	954,496	960,846	80,941
4	Of which supervisory slotting criteria approach	2,328	2,493	198
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	16,184	14,679	1,360
7	Of which SA-CCR approach	15,629	13,880	1,314
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	555	799	46
10	CVA risk	5,943	4,983	476
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	-	-	-
13	CIS exposures – MBA	-	-	-
14	CIS exposures – FBA	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	68,705	54,678	5,496
21	Of which STM approach	4,293	3,190	343
22	Of which IMM approach	64,412	51,488	5,153
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	113,931	110,408	9,115
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	12,018	11,892	961
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	24,720	25,086	1,978
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	24,720	25,086	1,978
27	Total	1,248,002	1,235,334	104,498

In this table, RWAs for credit risk calculated under the IRB approach are before the application of the 1.06 scaling factor. Minimum capital requirement represents the amount of capital required to be held for that risk based on its RWAs after any applicable scaling factor multiplied by 8%.

Compared with 31 March 2024, the 7% decrease in RWA under supervisory slotting criteria approach was mainly due to decrease in related exposure. The 10% increase in RWA of counterparty default risk and default fund contributions was mainly driven by change in outstanding derivative transactions' market value and transaction volume.

2. Composition of regulatory capital

CC1: Composition of regulatory capital

		At 30 June 2024	
		(a)	(b)
		HK\$'m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	43,043	(7)
2	Retained earnings	235,336	(8)
3	Disclosed reserves	38,820	(10)+(11)+(12)+(13)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	CET1 capital before regulatory deductions	317,199	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	32	Not applicable
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	1,910	(4)-(6)
10	Deferred tax assets (net of associated deferred tax liabilities)	312	(3)
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	76	(1)+(5)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	52,100	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	44,945	(9)+(10)
26b	Regulatory reserve for general banking risks	7,155	(12)
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)	-	

2. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 30 June 2024	
		(a)	(b)
		HK\$m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	897	
28	Total regulatory deductions to CET1 capital	55,327	
29	CET1 capital	261,872	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	AT1 capital before regulatory deductions	-	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	897	(2)
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	897	
44	AT1 capital	-	
45	Tier 1 capital (T1 = CET1 + AT1)	261,872	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
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	7,512	Not applicable
51	Tier 2 capital before regulatory deductions	7,512	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	

2. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 30 June 2024	
		(a)	(b)
		HK\$m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	(20,225)	
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	(20,225)	[(9)+(10)]*45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	Total regulatory adjustments to Tier 2 capital	(20,225)	
58	Tier 2 capital (T2)	27,737	
59	Total regulatory capital (TC = T1 + T2)	289,609	
60	Total RWA	1,306,227	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	20.05%	
62	Tier 1 capital ratio	20.05%	
63	Total capital ratio	22.17%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	4.823%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.823%	
67	of which: higher loss absorbency requirement	1.500%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	14.05%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	14,644	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	5,577	
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

2. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 30 June 2024	
		(a)	(b)
		HK\$'m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	1,340	
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	1,418	
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)	7,188	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	6,172	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

2. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

Notes to the Template

Row No.	Description	Hong Kong basis	Basel III basis
		HK\$m	HK\$m
9	Other intangible assets (net of associated deferred tax liabilities)	1,910	-
	<p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10	Deferred tax assets (net of associated deferred tax liabilities)	312	-
	<p><u>Explanation</u></p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

2. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

Row No.	Description	Hong Kong basis	Basel III basis
		HK\$m	HK\$m
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)	-	-
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
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)	-	-
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
Remarks: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

2. Composition of regulatory capital (continued)

CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	Balance sheet as in published financial statements as at 30 June 2024 HK\$m	Under regulatory scope of consolidation as at 30 June 2024 HK\$m	Reference
ASSETS			
Cash and balances and placements with banks and other financial institutions	696,862	696,271	
Financial assets at fair value through profit or loss	106,185	105,994	
Derivative financial instruments	58,529	58,529	
- of which: <i>debit valuation adjustments in respect of derivative contracts</i>		15	(1)
Hong Kong SAR Government certificates of indebtedness	210,370	210,370	
Advances and other accounts	1,692,490	1,692,490	
Investment in securities	923,328	923,321	
- of which: <i>Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation</i>		897	(2)
Interests in subsidiaries	-	1,132	
Interests in associates and joint ventures	146	146	
Investment properties	15,197	15,076	
Properties, plant and equipment	41,067	40,743	
Current tax assets	17	16	
Deferred tax assets	312	312	(3)
Other assets	67,192	67,019	
- of which: <i>other intangible assets</i>		2,284	(4)
Total assets	3,811,695	3,811,419	
LIABILITIES			
Hong Kong SAR currency notes in circulation	210,370	210,370	
Deposits and balances from banks and other financial institutions	321,834	321,834	
Financial liabilities at fair value through profit or loss	71,249	71,249	
Derivative financial instruments	44,050	44,050	
- of which: <i>debit valuation adjustments in respect of derivative contracts</i>		(61)	(5)
Deposits from customers	2,645,502	2,646,157	
Other accounts and provisions	114,037	113,948	
Current tax liabilities	7,186	7,144	
Deferred tax liabilities	4,300	4,172	
- of which: <i>deferred tax liabilities related to other intangible assets</i>		374	(6)
Subordinated liabilities	75,296	75,296	
Total liabilities	3,493,824	3,494,220	

2. Composition of regulatory capital (continued)

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

	(a)	(b)	(c)
	Balance sheet as in published financial statements as at 30 June 2024 HK\$m	Under regulatory scope of consolidation as at 30 June 2024 HK\$m	Reference
EQUITY			
Share capital	43,043	43,043	(7)
Reserves	274,553	274,156	
- Retained earnings	234,732	235,336	(8)
- of which: cumulative fair value gains arising from the revaluation of investment properties		9,178	(9)
- Premises revaluation reserve	36,790	35,767	(10)
- Reserve for financial assets at FVOCI	(1,625)	(1,624)	(11)
- Regulatory reserve	7,155	7,155	(12)
- Translation reserve	(2,499)	(2,478)	(13)
Capital and reserves attributable to equity holders of the Bank	317,596	317,199	
Non-controlling interests	275	-	
Total equity	317,871	317,199	
Total liabilities and equity	3,811,695	3,811,419	

2. Composition of regulatory capital (continued)

CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments

(i) Instruments that meet both regulatory capital and LAC requirements		(a)
		CET1 Capital Ordinary shares
1	Issuer	Bank of China (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	Hong Kong law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	Not applicable
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules ¹	Not applicable
5	Post-transitional Basel III rules ²	Common Equity Tier 1
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Solo and Group
6a	Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$43,043m (as of 30 June 2024)
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$43,043m (as of 30 June 2024)
9	Par value of instrument	No par value (refer to Note 1 for details)
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1 October 2001 (refer to Note 2 for details)
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption price	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	<i>Coupons/dividends</i>	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Subordinate to the non-capital LAC debt instruments mentioned in item (ii) of this main features table
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable
	Full terms and conditions	Click here to download

2. Composition of regulatory capital (continued)

CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

(ii) Instruments that meet only LAC (but not regulatory capital) requirements

		(a)	(b)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
1	Issuer	Bank of China (Hong Kong) Limited	Bank of China (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	Not applicable
3	Governing law(s) of the instrument	Hong Kong law	Hong Kong law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	Not applicable	Not applicable
<i>Regulatory treatment</i>			
4	Transitional Basel III rules ¹	Not applicable	Not applicable
5	Post-transitional Basel III rules ²	Ineligible	Ineligible
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	Not applicable	Not applicable
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$10,872m (as of 30 June 2024)	HK\$8,077m (as of 30 June 2024)
9	Par value of instrument	RMB10 billion	USD1 billion
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	27 October 2022	8 November 2022
12	Perpetual or dated	Dated	Dated
13	Original maturity date	27 October 2025	8 November 2025
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	27 October 2024 at par value	14 September 2023 at par value
16	Subsequent call dates, if applicable	Callable on any interest payment date thereafter	Callable on any interest payment date thereafter
<i>Coupons/dividends</i>			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	2.47% per annum	5.30% per annum
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible ³	Non-convertible ³
24	If convertible, conversion trigger(s)	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable

2. Composition of regulatory capital (continued)

CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		(a)	(b)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
30	Write-down feature	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable
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2. Composition of regulatory capital (continued)

CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		(c)	(d)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
1	Issuer	Bank of China (Hong Kong) Limited	Bank of China (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	Not applicable
3	Governing law(s) of the instrument	Hong Kong law	Hong Kong law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	Not applicable	Not applicable
<i>Regulatory treatment</i>			
4	Transitional Basel III rules ¹	Not applicable	Not applicable
5	Post-transitional Basel III rules ²	Ineligible	Ineligible
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	Not applicable	Not applicable
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$8,050m (as of 30 June 2024)	HK\$18,492m (as of 30 June 2024)
9	Par value of instrument	USD1 billion	RMB17 billion
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	18 November 2022	23 November 2022
12	Perpetual or dated	Dated	Dated
13	Original maturity date	18 November 2025	23 November 2025
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	14 September 2023 at par value	23 November 2024 at par value
16	Subsequent call dates, if applicable	Callable on any interest payment date thereafter	Callable on any interest payment date thereafter
<i>Coupons/dividends</i>			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	5.02% per annum	2.85% per annum
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible ³	Non-convertible ³
24	If convertible, conversion trigger(s)	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable

2. Composition of regulatory capital (continued)

CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		(c)	(d)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
30	Write-down feature	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable
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2. Composition of regulatory capital (continued)

CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		(e)	(f)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
1	Issuer	Bank of China (Hong Kong) Limited	Bank of China (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	Not applicable
3	Governing law(s) of the instrument	Hong Kong law	Hong Kong law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	Not applicable	Not applicable
<i>Regulatory treatment</i>			
4	Transitional Basel III rules ¹	Not applicable	Not applicable
5	Post-transitional Basel III rules ²	Ineligible	Ineligible
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	Not applicable	Not applicable
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$8,031m (as of 30 June 2024)	HK\$21,774m (as of 30 June 2024)
9	Par value of instrument	USD1 billion	RMB20 billion
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	6 December 2022	27 October 2023
12	Perpetual or dated	Dated	Dated
13	Original maturity date	6 December 2025	27 October 2025
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	14 September 2023 at par value	27 October 2024 at par value
16	Subsequent call dates, if applicable	Callable on any interest payment date thereafter	Callable on any interest payment date thereafter
<i>Coupons/dividends</i>			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	4.99% per annum	2.67% per annum
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible ³	Non-convertible ³
24	If convertible, conversion trigger(s)	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable

2. Composition of regulatory capital (continued)

CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

		(e)	(f)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
30	Write-down feature	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable
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Footnote:

¹ Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

² Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

³ Subject to the Financial Institutions (Resolution) Ordinance

⁴ Terms and conditions to be read in conjunction with the Master Agreement (the "Master Agreement")

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* Include solo-consolidated

2. Composition of regulatory capital (continued)

CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

Note 1:

Pursuant to the Hong Kong Companies Ordinance (Chapter 622) which 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:

- The authorised share capital of Bank of China (Hong Kong) Limited ("BOCHK"), comprising 4 million ordinary shares of HK\$100 each, was subdivided into 400 million ordinary shares of HK\$1 each pursuant to shareholders written resolution of BOCHK passed on 3 September 2001.
- On 30 September 2001, 400 million ordinary shares in the capital of BOCHK were transferred from Bank of China Limited to BOC Hong Kong (Holdings) Limited ("BOCHK Holdings") pursuant to Supplemental Merger Agreement.
- BOCHK then issued a total of 42,642,840,858 ordinary shares at par value of HK\$1 each to BOCHK Holdings on 1 October 2001. Hence, the total issued and paid-up share capital of BOCHK was HK\$43,042,840,858 since 2001.
- 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.

2. Composition of regulatory capital (continued)

TLAC1(A): LAC composition of material subsidiary (at LAC consolidation group level)

		At 30 June 2024
		(a)
		HK\$m
	Regulatory capital elements of internal loss-absorbing capacity and adjustments	
1	Common Equity Tier 1 ("CET1") capital	261,872
2	Additional Tier 1 ("AT1") capital before LAC adjustments	-
3	AT1 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
4	Other adjustments	-
5	AT1 capital eligible under the LAC Rules	-
6	Tier 2 ("T2") capital before LAC adjustments	27,737
7	Amortized portion of T2 capital instruments that are internal LAC debt instruments issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
8	T2 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
9	Other adjustments	-
10	T2 capital eligible under the LAC Rules	27,737
11	Internal loss-absorbing capacity arising from regulatory capital	289,609
	Non-regulatory capital elements of internal loss-absorbing capacity	
12	Internal non-capital LAC debt instruments issued directly or indirectly to, and held indirectly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	75,296
17	Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments	75,296
	Non-regulatory capital elements of internal loss-absorbing capacity: adjustments	
18	Internal loss-absorbing capacity before deductions	364,905
19	Deductions of exposures between the material subsidiary's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for internal loss-absorbing capacity	-
20	Deduction of holdings of its own non-capital LAC liabilities	-
21	Other adjustments to internal loss-absorbing capacity	-
22	Internal loss-absorbing capacity after deductions	364,905
	Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes	
23	Risk-weighted amount under the LAC Rules	1,306,227
24	Exposure measure under the LAC Rules	3,720,479
	Internal LAC ratios and buffers	
25	Internal LAC risk-weighted ratio	27.94%
26	Internal LAC leverage ratio	9.81%
27	CET1 capital (as a percentage of RWA under the Banking (Capital) Rules ("BCR")) available after meeting the LAC consolidation group's minimum capital and LAC requirements	13.32%
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA under the BCR)	4.823%
29	Of which: capital conservation buffer requirement	2.500%
30	Of which: institution-specific countercyclical capital buffer requirement	0.823%
31	Of which: higher loss absorbency requirement	1.500%

2. Composition of regulatory capital (continued)

TLAC2: Material subsidiary – creditor ranking at legal entity level

		At 30 June 2024			Sum of values in columns 1 to 2
		Creditor ranking			
		1 (most junior)	1 (most junior)	2 (most senior)	
		HK\$m	HK\$m	HK\$m	
1	Is a resolution entity or a non-HK resolution entity the creditor/investor?	No	Yes	Yes	
2	Description of creditor ranking	Ordinary shares ¹			Subordinated loans
3	Total capital and liabilities net of credit risk mitigation	14,609	28,434	75,296	118,339
4	Subset of row 3 that are excluded liabilities	-	-	-	-
5	Total capital and liabilities less excluded liabilities	14,609	28,434	75,296	118,339
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	14,609	28,434	75,296	118,339
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	75,296	75,296
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	-
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	-	-
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-
11	Subset of row 6 that is perpetual securities	14,609	28,434	-	43,043

Footnote:

¹ Issued and fully paid ordinary shares.

3. Macroprudential supervisory measures

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

Geographical breakdown by Jurisdiction (J)		At 30 June 2024			
		(a)	(c)	(d)	(e)
		Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		%	HK\$m	%	HK\$m
1	Hong Kong SAR	1.000%	740,784		
2	Australia (includes Christmas Islands, Cocos Islands, Norfolk Islands, Heard and McDonald Islands, Territory of Ashmore and Cartier Islands and Territory of Coral Sea Islands)	1.000%	4,270		
3	Belgium	0.500%	11		
4	Chile	0.500%	-		
5	France (includes French Guiana, French Southern Territories, Guadeloupe, Martinique, Mayotte, Monaco, Reunion and St. Pierre and Miquelon)	1.000%	-		
6	Germany (includes the European Central Bank)	0.750%	314		
7	Luxembourg	0.500%	944		
8	Netherlands	2.000%	435		
9	Norway (includes Bouvet Islands, Svalbard and Jan Mayen Islands)	2.500%	1		
10	South Korea	1.000%	115		
11	Sweden	2.000%	-		
12	United Kingdom (excludes Guernsey, Isle of Man and Jersey)	2.000%	4,327		
Sum			751,201		
Total			917,858	0.823%	10,750

4. Leverage ratio

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

Item		At 30 June 2024
		(a) Value under the LR framework HK\$m
1	Total consolidated assets as per published financial statements	3,811,695
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(277)
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	(9,667)
5	Adjustment for SFTs (i.e. repos and similar secured lending)	20,024
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	164,675
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(335)
7	Other adjustments	(265,636)
	<i>of which: Hong Kong SAR Government certificates of indebtedness</i>	<i>(210,370)</i>
8	Leverage ratio exposure measure	3,720,479

4. Leverage ratio (continued)

LR2: Leverage ratio

		At 30 June 2024	At 31 March 2024
		(a)	(b)
		HK\$m	HK\$m
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	3,497,454	3,371,454
2	Less: Asset amounts deducted in determining Tier 1 capital	(55,266)	(56,616)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	3,442,188	3,314,838
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	9,956	6,382
5	Add-on amounts for PFE associated with all derivative contracts	38,904	32,075
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	(2)	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	Total exposures arising from derivative contracts	48,858	38,457
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	61,637	86,988
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	20,024	20,022
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	81,661	107,010
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	858,371	836,471
18	Less: Adjustments for conversion to credit equivalent amounts	(693,696)	(669,572)
19	Off-balance sheet items	164,675	166,899
Capital and total exposures			
20	Tier 1 capital	261,872	256,822
20a	Total exposures before adjustments for specific and collective provisions	3,737,382	3,627,204
20b	Adjustments for specific and collective provisions	(16,903)	(15,961)
21	Total exposures after adjustments for specific and collective provisions	3,720,479	3,611,243
Leverage ratio			
22	Leverage ratio	7.04%	7.11%

5. Liquidity

LIQ1: Liquidity Coverage Ratio – for category 1 institution

Number of data points used in calculating the average value of the LCR and related components set out in this template: (74)		For the quarter ended 30 June 2024	
		(a)	(b)
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)
		HK\$m	HK\$m
A. HQLA			
1	Total HQLA		1,216,472
B. Cash Outflows			
2	Retail deposits and small business funding, of which:	1,288,367	77,285
3	<i>Stable retail deposits and stable small business funding</i>	388,972	11,669
4	<i>Less stable retail deposits and less stable small business funding</i>	402,665	40,266
4a	<i>Retail term deposits and small business term funding</i>	496,730	25,350
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	1,411,631	609,335
6	<i>Operational deposits</i>	384,141	94,589
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	1,027,490	514,746
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)		2,973
10	Additional requirements, of which:	474,506	77,984
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	27,833	27,743
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>	446,673	50,241
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	83,043	83,043
15	Other contingent funding obligations (whether contractual or non-contractual)	437,225	3,215
16	Total Cash Outflows		853,835
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	13,523	3,625
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	355,645	260,044
19	Other cash inflows	85,257	79,057
20	Total Cash Inflows	454,425	342,726
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		1,216,472
22	Total Net Cash Outflows		511,109
23	LCR (%)		250.58%

5. Liquidity (continued)

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

Notes:

- The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.
- The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.
- The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.
- The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

The Group's average LCR of the first and second quarter in 2024 were 223.79% and 250.58% respectively, continuously maintained at stable and healthy level.

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. 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 or by issuing debts in the capital market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, had a minimal impact to the LCR.

The majority of the Group's customer deposits are denominated in HKD, USD and RMB. As the supply of HQLA denominated in HKD in the market is relatively limited, the Group exchanges surplus funds in HKD for USD and other currencies through swap transactions, part of which being used for investment in HQLA.

5. Liquidity (continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

For the quarter ended 30 June 2024 (HK\$m)		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	323,737	75,296	-	-	323,737
2	Regulatory capital	323,737	-	-	-	323,737
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	75,296	-	-	-
4	Retail deposits and small business funding:	-	1,250,255	43,466	879	1,189,040
5	Stable deposits	-	467,593	8,664	167	452,611
6	Less stable deposits	-	782,662	34,802	712	736,429
7	Wholesale funding:	-	1,671,286	34,933	1,371	542,992
8	Operational deposits	-	379,595	-	-	189,798
9	Other wholesale funding	-	1,291,691	34,933	1,371	353,194
10	Liabilities with matching interdependent assets	210,370	-	-	-	-
11	Other liabilities:	70,041	66,328	2,814	10,859	12,266
12	Net derivative liabilities	3,174	-	-	-	-
13	All other funding and liabilities not included in the above categories	66,867	66,328	2,814	10,859	12,266
14	Total ASF					2,068,035
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		1,289,365			66,940
16	Deposits held at other financial institutions for operational purposes	-	1,170	-	-	585
17	Performing loans and securities:	36,597	667,924	288,094	1,124,288	1,269,485
18	Performing loans to financial institutions secured by Level 1 HQLA	-	3,248	-	-	325
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	32	200,279	43,524	22,611	74,446
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:	36,541	344,488	196,199	614,808	818,870
21	With a risk-weight of less than or equal to 35% under the STC approach	3	5,506	1,558	13,005	10,367
22	Performing residential mortgages, of which:	-	8,911	8,385	422,043	282,980
23	With a risk-weight of less than or equal to 35% under the STC approach	-	8,911	8,385	422,020	282,961
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	24	110,998	39,986	64,826	92,864
25	Assets with matching interdependent liabilities	210,370	-	-	-	-
26	Other assets:	132,204	36,570	741	2,478	108,465
27	Physical traded commodities, including gold	8,174	-	-	-	6,948
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	7,567	-	-	-	6,432
29	Net derivative assets	-	-	-	-	-
30	Total derivative liabilities before adjustments for deduction of variation margin posted	32,016	-	-	-	1,601
31	All other assets not included in the above categories	84,447	36,570	741	2,478	93,484
32	Off-balance sheet items			858,533		21,644
33	Total RSF					1,467,119
34	Net Stable Funding Ratio (%)					140.96%

5. Liquidity (continued)

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

For the quarter ended 31 March 2024 (HK\$m)		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	319,586	-	75,077	-	357,124
2	Regulatory capital	319,586	-	-	-	319,586
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	75,077	-	37,538
4	Retail deposits and small business funding:	-	1,263,541	37,363	658	1,195,341
5	Stable deposits	-	469,199	8,181	112	453,623
6	Less stable deposits	-	794,342	29,182	546	741,718
7	Wholesale funding:	-	1,585,094	28,806	1,733	499,844
8	Operational deposits	-	375,452	-	-	187,726
9	Other wholesale funding	-	1,209,642	28,806	1,733	312,118
10	Liabilities with matching interdependent assets	214,640	-	-	-	-
11	Other liabilities:	63,298	64,692	3,140	10,359	11,929
12	Net derivative liabilities	3,644	-	-	-	-
13	All other funding and liabilities not included in the above categories	59,654	64,692	3,140	10,359	11,929
14	Total ASF					2,064,238
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		1,216,034			71,961
16	Deposits held at other financial institutions for operational purposes	-	1,184	-	-	592
17	Performing loans and securities:	41,561	614,373	311,515	1,118,610	1,265,262
18	Performing loans to financial institutions secured by Level 1 HQLA	-	11,431	-	-	1,143
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	21	167,132	37,224	22,681	66,384
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:	41,515	318,371	239,320	621,089	839,670
21	With a risk-weight of less than or equal to 35% under the STC approach	7	3,703	183	11,938	9,236
22	Performing residential mortgages, of which:	-	8,877	8,280	418,544	280,787
23	With a risk-weight of less than or equal to 35% under the STC approach	-	8,815	8,280	417,769	280,098
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	25	108,562	26,691	56,296	77,278
25	Assets with matching interdependent liabilities	214,640	-	-	-	-
26	Other assets:	131,072	43,970	781	2,445	111,047
27	Physical traded commodities, including gold	5,254	-	-	-	4,465
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	7,347	-	-	-	6,245
29	Net derivative assets	-	-	-	-	-
30	Total derivative liabilities before adjustments for deduction of variation margin posted	32,183	-	-	-	1,609
31	All other assets not included in the above categories	86,288	43,970	781	2,445	98,728
32	Off-balance sheet items			836,532		21,854
33	Total RSF					1,470,716
34	Net Stable Funding Ratio (%)					140.36%

6. Credit risk for non-securitization exposures

CR1: Credit quality of exposures

		At 30 June 2024						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	Loans	17,714	2,369,504	16,462	1,557	593	14,312	2,370,756
2	Debt securities	-	923,253	48	-	33	15	923,205
3	Off-balance sheet exposures	143	858,228	335	17	68	250	858,036
4	Total	17,857	4,150,985	16,845	1,574	694	14,577	4,151,997

The Group identifies the exposures as "default" if the exposure is past due for more than 90 days or the borrower is unlikely to pay in full for its debt obligations.

CR2: Changes in defaulted loans and debt securities

		(a)
		HK\$m
1	Defaulted loans and debt securities at 31 December 2023	17,209
2	Loans and debt securities that have defaulted since the last reporting period	1,147
3	Returned to non-defaulted status	(68)
4	Amounts written off	(383)
5	Other changes	(191)
6	Defaulted loans and debt securities at 30 June 2024	17,714

CR3: Overview of recognized credit risk mitigation

		At 30 June 2024				
		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	Loans	1,889,116	481,640	71,039	410,601	-
2	Debt securities	886,314	36,891	-	36,891	-
3	Total	2,775,430	518,531	71,039	447,492	-
4	Of which defaulted	6,385	903	899	4	-

6. Credit risk for non-securitization exposures (continued)

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

		At 30 June 2024					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
Exposure classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	%
1	Sovereign exposures	937,516	1,107	937,516	221	16,110	2
2	PSE exposures	119,960	4,648	125,080	4,896	13,557	10
2a	Of which: domestic PSEs	22,909	4,648	28,029	4,896	6,585	20
2b	Of which: foreign PSEs	97,051	-	97,051	-	6,972	7
3	Multilateral development bank exposures	96,996	-	96,996	-	-	-
4	Bank exposures	1,916	244	2,603	131	913	33
5	Securities firm exposures	18	262	18	128	73	50
6	Corporate exposures	49,068	57,447	43,042	8,126	48,883	96
7	CIS exposures	-	-	-	-	-	-
8	Cash items	366	-	366	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-
10	Regulatory retail exposures	8,830	23,154	8,445	544	6,742	75
11	Residential mortgage loans	7,416	7,579	2,294	2	1,128	49
12	Other exposures which are not past due exposures	31,834	36,223	10,650	83	10,733	100
13	Past due exposures	766	-	766	-	978	128
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	Total	1,254,686	130,664	1,227,776	14,131	99,117	8

Sovereign exposures increased by around 11%, mainly due to increase in deposit with central banks in the first half of 2024.

6. Credit risk for non-securitization exposures (continued)

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

Risk Weight Exposure class		At 30 June 2024										Total credit risk exposures amount (post CCF and post CRM) HK\$m
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	Sovereign exposures	911,741	-	2,909	-	17,661	-	2,880	2,546	-	-	937,737
2	PSE exposures	77,843	-	43,026	-	8,310	-	797	-	-	-	129,976
2a	Of which: domestic PSEs	-	-	32,925	-	-	-	-	-	-	-	32,925
2b	Of which: foreign PSEs	77,843	-	10,101	-	8,310	-	797	-	-	-	97,051
3	Multilateral development bank exposures	96,996	-	-	-	-	-	-	-	-	-	96,996
4	Bank exposures	-	-	1,527	-	1,199	-	8	-	-	-	2,734
5	Securities firm exposures	-	-	-	-	146	-	-	-	-	-	146
6	Corporate exposures	-	-	765	-	3,881	-	45,988	534	-	-	51,168
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	366	-	-	-	-	-	-	-	-	-	366
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	8,989	-	-	-	-	8,989
11	Residential mortgage loans	-	-	-	1,485	-	811	-	-	-	-	2,296
12	Other exposures which are not past due exposures	-	-	-	-	-	-	10,733	-	-	-	10,733
13	Past due exposures	19	-	110	-	-	-	-	637	-	-	766
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	1,086,965	-	48,337	1,485	31,197	9,800	60,406	3,717	-	-	1,241,907

Sovereign exposures increased by around 11%, mainly due to increase in deposit with central banks in the first half of 2024.

6. Credit risk for non-securitization exposures (continued)

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach

(a) FIRB approach

	PD scale	At 30 June 2024												
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions	
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m		
Portfolio (i) – Sovereign	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-	
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-	
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-	
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-	
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	
Portfolio (ii) – Bank	0.00 to < 0.15	351,016	24,573	24	362,063	0.06	243	45	2.50	100,609	28	89		
	0.15 to < 0.25	15,091	4,811	3	15,435	0.22	50	45	2.50	8,946	58	15		
	0.25 to < 0.50	5,519	4,378	4	5,540	0.39	32	45	2.50	4,357	79	10		
	0.50 to < 0.75	1,759	3,507	-	1,764	0.61	18	26	2.50	768	44	3		
	0.75 to < 2.50	729	3,256	-	729	1.19	11	42	2.50	715	98	4		
	2.50 to < 10.00	590	83	-	590	5.14	9	45	2.50	904	153	13		
	10.00 to < 100.00	-	-	-	-	18.00	1	45	2.50	-	265	-	-	
	100.00 (Default)	31	-	-	31	100.00	1	45	2.50	177	563	-	-	
Sub-total	374,735	40,608	15	386,152	0.09	365	45	2.50	116,476	30	134	1,590		
Portfolio (iii) – Corporate – specialized lending (other than HVCRE) – FIRB/AIRB	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-	
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-	
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-	
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-	
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	

6. Credit risk for non-securitization exposures (continued)

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

(a) FIRB approach (continued)

	PD scale	At 30 June 2024											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (iv) – Corporate – small-and-medium sized corporates	0.00 to < 0.15	6,741	3,431	11	8,700	0.10	234	43	2.50	2,115	24	4	
	0.15 to < 0.25	796	2,182	5	8,190	0.22	133	42	2.50	2,865	35	8	
	0.25 to < 0.50	2,692	5,440	11	10,293	0.39	221	43	2.50	5,372	52	17	
	0.50 to < 0.75	10,119	5,524	6	10,454	0.61	274	42	2.50	6,108	58	27	
	0.75 to < 2.50	44,562	12,791	18	34,522	1.61	596	42	2.50	28,586	83	236	
	2.50 to < 10.00	8,903	2,104	3	7,336	3.49	254	41	2.50	7,300	100	104	
	10.00 to < 100.00	1,047	45	13	1,042	11.19	19	42	2.50	1,521	146	48	
	100.00 (Default)	464	9	-	462	100.00	11	43	2.50	422	91	237	
Sub-total	75,324	31,526	12	80,999	1.88	1,742	42	2.50	54,289	67	681	918	
Portfolio (v) – Corporate – HVCRE – FIRB/AIRB	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	
Portfolio (vi) – Corporate – other (including purchased corporate receivables)	0.00 to < 0.15	298,101	192,224	26	499,088	0.10	497	45	2.50	151,942	30	230	
	0.15 to < 0.25	58,253	45,532	36	187,076	0.22	243	45	2.50	86,159	46	183	
	0.25 to < 0.50	93,952	48,134	38	124,967	0.39	289	45	2.50	78,028	62	218	
	0.50 to < 0.75	313,982	103,216	11	148,613	0.58	484	45	2.50	111,244	75	387	
	0.75 to < 2.50	197,789	90,382	10	136,077	1.34	836	39	2.50	118,907	87	690	
	2.50 to < 10.00	63,661	18,773	11	39,372	4.04	263	42	2.50	51,624	131	670	
	10.00 to < 100.00	6,572	1,926	3	3,540	14.10	37	41	2.50	7,396	209	205	
	100.00 (Default)	17,441	1	-	17,437	100.00	75	45	2.50	12,347	71	11,201	
Sub-total	1,049,751	500,188	23	1,156,170	2.04	2,724	44	2.50	617,647	53	13,784	18,968	

6. Credit risk for non-securitization exposures (continued)

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

(a) FIRB approach (continued)

	PD scale	At 30 June 2024											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on- balance sheet gross exposure	Off- balance sheet exposures pre-CCF	Average CCF	EAD post- CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%	%	Year	HK\$m	%	HK\$m	HK\$m		
Portfolio (vii) – Equity – PD/LGD approach	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	
Portfolio (viii) – Retail – QRRE	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	
Portfolio (ix) – Retail – Residential mortgage exposures (including both to individuals and to property- holding shell companies)	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	

6. Credit risk for non-securitization exposures (continued)

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

(a) FIRB approach (continued)

	PD scale	At 30 June 2024											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (x) – Retail – small business retail exposures	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (xi) – Other retail exposures to individuals	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	-	-	-	-	-	-	-	-	-	-	-	-
Total (sum of all portfolios)		1,499,810	572,322	21	1,623,321	1.57	4,831	44	2.50	788,412	49	14,599	21,476

6. Credit risk for non-securitization exposures (continued)

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

(b) Retail IRB approach

	PD scale	At 30 June 2024											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on- balance sheet gross exposure	Off- balance sheet exposures pre-CCF	Average CCF	EAD post- CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (i) – Sovereign	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (ii) – Bank	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (iii) – Corporate – specialized lending (other than HVCRE) – FIRB/AIRB	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-

6. Credit risk for non-securitization exposures (continued)

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

(b) Retail IRB approach (continued)

	PD scale	At 30 June 2024											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (iv) – Corporate – small-and- medium sized corporates	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (v) – Corporate – HVCRE – FIRB/AIRB	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (vi) – Corporate – other (including purchased corporate receivables)	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-

6. Credit risk for non-securitization exposures (continued)

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

(b) Retail IRB approach (continued)

	PD scale	At 30 June 2024											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (vii) – Equity – PD/LGD approach	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (viii) – Retail – QRRE	0.00 to < 0.15	5,492	54,736	-	34,515	0.10	690,613	90		1,914	6	32	
	0.15 to < 0.25	1,337	27,097	-	22,204	0.23	627,675	89		2,404	11	47	
	0.25 to < 0.50	535	13,867	-	11,620	0.33	389,527	89		1,659	14	34	
	0.50 to < 0.75	1,043	3,078	-	3,456	0.57	89,941	92		786	23	18	
	0.75 to < 2.50	888	2,409	-	3,243	1.29	61,290	93		1,384	43	39	
	2.50 to < 10.00	1,245	1,194	-	2,089	5.42	37,478	94		2,478	119	107	
	10.00 to < 100.00	456	224	-	635	19.29	14,659	95		1,420	224	114	
	100.00 (Default)	52	132	-	157	100.00	3,799	88		1,226	783	43	
Sub-total	11,048	102,737	-	77,919	0.74	1,914,982	90		13,271	17	434	208	
Portfolio (ix) – Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to < 0.15	99,585	-	-	99,585	0.11	54,033	10		14,938	15	11	
	0.15 to < 0.25	45,099	2	100	45,101	0.22	14,541	10		6,766	15	10	
	0.25 to < 0.50	58,243	-	-	58,243	0.39	16,574	10		8,744	15	24	
	0.50 to < 0.75	90,623	-	-	90,623	0.57	28,661	11		13,614	15	54	
	0.75 to < 2.50	150,726	-	-	150,726	1.23	39,890	10		23,708	16	187	
	2.50 to < 10.00	1,072	-	-	1,072	4.90	464	11		356	33	6	
	10.00 to < 100.00	1,947	-	-	1,947	25.08	773	10		1,111	57	50	
	100.00 (Default)	341	-	-	341	100.00	167	10		363	107	15	
Sub-total	447,636	2	100	447,638	0.82	155,103	10		69,600	16	357	887	

6. Credit risk for non-securitization exposures (continued)

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

(b) Retail IRB approach (continued)

	PD scale	At 30 June 2024											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (x) – Retail – small business retail exposures	0.00 to < 0.15	776	1,434	34	1,267	0.08	1,013	12		33	3	-	
	0.15 to < 0.25	202	109	36	240	0.22	154	11		12	5	-	
	0.25 to < 0.50	316	157	40	380	0.39	223	11		27	7	-	
	0.50 to < 0.75	438	253	36	531	0.59	315	13		52	10	1	
	0.75 to < 2.50	826	206	31	890	1.35	559	13		124	14	2	
	2.50 to < 10.00	221	23	41	230	3.47	146	12		41	18	1	
	10.00 to < 100.00	23	1	103	24	27.57	21	41		24	102	3	
	100.00 (Default)	51	1	108	52	100.00	48	45		107	207	22	
Sub-total	2,853	2,184	35	3,614	2.35	2,479	13		420	12	29	27	
Portfolio (xi) – Other retail exposures to individuals	0.00 to < 0.15	18,336	16,809	-	33,744	0.06	6,373	14		849	3	3	
	0.15 to < 0.25	3,807	158	-	3,946	0.22	4,842	13		213	5	1	
	0.25 to < 0.50	25,055	36	-	25,082	0.36	11,830	12		1,740	7	11	
	0.50 to < 0.75	22,241	41	-	22,274	0.59	9,089	17		2,936	13	22	
	0.75 to < 2.50	31,204	31,531	-	32,979	1.12	12,753	17		6,027	18	72	
	2.50 to < 10.00	1,010	5	-	1,013	4.25	617	17		255	25	7	
	10.00 to < 100.00	576	-	-	576	16.21	3,865	18		211	37	20	
	100.00 (Default)	148	-	-	152	100.00	756	40		555	364	21	
Sub-total	102,377	48,580	-	119,766	0.76	50,125	15		12,786	11	157	181	
Total (sum of all portfolios)	563,914	153,503	-	648,937	0.81	2,122,689	21		96,077	15	977	1,303	

6. Credit risk for non-securitization exposures (continued)

CR7: Effects on RWA of recognized credit derivative contracts used as recognized credit risk mitigation – for IRB approach

		At 30 June 2024	
		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
		HK\$m	HK\$m
1	Corporate – Specialized lending under supervisory slotting criteria approach (project finance)	2,328	2,328
2	Corporate – Specialized lending under supervisory slotting criteria approach (object finance)	-	-
3	Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance)	-	-
4	Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate)	-	-
5	Corporate – Specialized lending (high-volatility commercial real estate)	-	-
6	Corporate – Small-and-medium sized corporates	54,289	54,289
7	Corporate – Other corporates	617,647	617,647
8	Sovereigns	-	-
9	Sovereign foreign public sector entities	-	-
10	Multilateral development banks	-	-
11	Bank exposures – Banks	116,302	116,302
12	Bank exposures – Securities firms	174	174
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	-	-
14	Retail – Small business retail exposures	420	420
15	Retail – Residential mortgages to individuals	69,284	69,284
16	Retail – Residential mortgages to property-holding shell companies	316	316
17	Retail – Qualifying revolving retail exposures (QRRE)	13,271	13,271
18	Retail – Other retail exposures to individuals	12,786	12,786
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	-	-
20	Equity – Equity exposures under market-based approach (internal models method)	-	-
21	Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment)	-	-
22	Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment)	-	-
23	Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures)	-	-
24	Equity – Equity exposures under PD/LGD approach (other equity exposures)	-	-
25	Equity – Equity exposures associated with equity investments in funds (CIS exposures)	-	-
26	Other – Cash items	-	-
27	Other – Other items	70,007	70,007
28	Total (under the IRB calculation approaches)	956,824	956,824

The Group did not use any recognised credit derivative contracts for credit risk mitigation.

6. Credit risk for non-securitization exposures (continued)

CR8: RWA flow statements of credit risk exposures under IRB approach

		(a)
		HK\$m
1	RWA as at 31 March 2024	963,339
2	Asset size	(3,495)
3	Asset quality	(1,860)
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	(1,160)
8	Other	-
9	RWA as at 30 June 2024	956,824

6. Credit risk for non-securitization exposures (continued)

CR10: Specialized lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach

I. Specialized lending under supervisory slotting criteria approach – HVCRE

There were no specialised lending under supervisory slotting criteria approach – HVCRE as at 30 June 2024.

II. Specialized lending under supervisory slotting criteria approach – other than HVCRE

		At 30 June 2024									
Supervisory Rating Grade	Remaining Maturity	(a)	(b)	(c)	(d)(i)	(d)(ii)	(d)(iii)	(d)(iv)	(d)(v)	(e)	(f)
		On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount					RWA	Expected loss amount
		HK\$m	HK\$m		PF	OF	CF	IPRE	Total		
Strong [^]	Less than 2.5 years	-	-	50%	-	-	-	-	-	-	-
Strong	Equal to or more than 2.5 years	-	-	70%	-	-	-	-	-	-	-
Good [^]	Less than 2.5 years	-	-	70%	-	-	-	-	-	-	-
Good	Equal to or more than 2.5 years	2,725	627	90%	2,587	-	-	-	2,587	2,328	21
Satisfactory		-	-	115%	-	-	-	-	-	-	-
Weak		-	-	250%	-	-	-	-	-	-	-
Default		-	-	0%	-	-	-	-	-	-	-
Total		2,725	627		2,587	-	-	-	2,587	2,328	21

[^] Use of preferential risk-weights.

III. Equity exposures under simple risk-weight method

The Group did not use simple risk-weight method to measure equities exposures as at 30 June 2024.

7. Counterparty credit risk

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

		At 30 June 2024					
		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$m	HK\$m	HK\$m		HK\$m	HK\$m
1	SA-CCR approach (for derivative contracts)	3,649	24,403		1.4	39,273	15,629
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM(CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					59,773	264
5	VaR (for SFTs)					-	-
6	Total						15,893

Compared with 31 December 2023, the 65% increase in SA-CCR's default risk exposure after CRM was mainly driven by change in outstanding transactions' market value and increase in outstanding transaction volume. The 12% decrease in SFTs' default risk exposure after CRM was mainly driven by change in outstanding transaction volume.

CCR2: CVA capital charge

		At 30 June 2024	
		(a)	(b)
		EAD post CRM	RWA
		HK\$m	HK\$m
	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	39,268	5,943
4	Total	39,268	5,943

7. Counterparty credit risk (continued)

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

Risk Weight Exposure class		At 30 June 2024										Total default risk exposure after CRM HK\$m
		(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	Sovereign exposures	704	-	13	-	-	-	-	-	-	-	717
2	PSE exposures	-	-	463	-	-	-	-	-	-	-	463
2a	Of which: domestic PSEs	-	-	463	-	-	-	-	-	-	-	463
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	71	-	-	-	-	-	-	-	-	-	71
4	Bank exposures	-	-	9	-	-	-	-	-	-	-	9
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	31	-	-	-	883	-	-	-	914
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	193	-	-	-	-	193
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	1,179	-	-	-	1,179
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	775	-	516	-	-	193	2,062	-	-	-	3,546

Compared with 31 December 2023, the 70% increase in sovereign exposures, 24% increase in PSE exposures and 21% increase in corporate exposures, were mainly driven by changes in respective outstanding transaction volumes.

7. Counterparty credit risk (continued)

CCR4: Counterparty default risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach

FIRB approach

	PD scale	At 30 June 2024						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
		%	HK\$m	%	%	Year	HK\$m	%
Portfolio (i) – Sovereign	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	
Portfolio (ii) – Bank	0.00 to < 0.15	60,500	0.06	135	21	1.41	8,083	13
	0.15 to < 0.25	686	0.22	24	45	2.50	401	59
	0.25 to < 0.50	3,325	0.39	24	32	1.90	1,822	55
	0.50 to < 0.75	207	0.64	13	45	2.50	186	90
	0.75 to < 2.50	48	1.03	4	45	2.50	51	105
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
Sub-total	64,766	0.08	200	22	1.45	10,543	16	
Portfolio (iii) – Corporate	0.00 to < 0.15	19,910	0.09	28	7	0.73	880	4
	0.15 to < 0.25	568	0.22	9	45	2.50	262	46
	0.25 to < 0.50	209	0.39	16	45	2.50	129	62
	0.50 to < 0.75	9,287	0.66	31	7	0.78	1,078	12
	0.75 to < 2.50	636	1.29	44	36	2.12	504	79
	2.50 to < 10.00	124	5.10	13	45	2.50	187	151
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
Sub-total	30,734	0.31	141	8	0.82	3,040	10	
Portfolio (iv) – Retail	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	
Total (sum of all portfolios)	95,500	0.15	341	17	1.25	13,583	14	

Compared with 31 December 2023, there was decrease of overall “EAD post-CRM” of “Portfolio (ii) – Bank” by 14% and majority of which came from decrease of collateralised exposures, which led the overall RWA of “Portfolio (ii) – Bank” to increase by 62%.

7. 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					
	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Cash	-	23,225	-	12,389	51,706	9,932
Debt securities	-	-	-	3,388	10,188	71,395
Equity securities	-	-	-	-	300	-
Total	-	23,225	-	15,777	62,194	81,327

Compared with 31 December 2023, the 11% increase in fair value of recognised collateral received (unsegregated) and 41% increase in fair value of posted collateral (unsegregated) under derivative contracts were mainly driven by change in outstanding transactions' market value and outstanding transaction volume.

The 13% decrease in fair value of recognised collateral received and 26% decrease in fair value of posted collateral under SFTs were mainly driven by change in outstanding transaction volume.

CCR6: Credit-related derivatives contracts

	At 30 June 2024	
	(a)	(b)
	Protection bought	Protection sold
	HK\$m	HK\$m
Notional amounts		
Index credit default swaps	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

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.

7. Counterparty credit risk (continued)

CCR8: Exposures to CCPs

		At 30 June 2024	
		(a)	(b)
		Exposure after CRM	RWA
		HK\$m	HK\$m
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		291
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	6,175	131
3	(i) OTC derivative transactions	5,524	116
4	(ii) Exchange-traded derivative contracts	651	15
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	-	
8	Unsegregated initial margin	1,247	32
9	Funded default fund contributions	561	128
10	Unfunded default fund contributions	-	-
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

8. Securitization exposures

SEC1: Securitization exposures in banking book

There was no securitisation exposure in the banking book as at 30 June 2024.

SEC2: Securitization exposures in trading book

There was no securitisation exposure 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 was no securitisation exposure 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 was no securitisation exposure in the banking book and the associated capital requirements where the Group acts as an investor as at 30 June 2024.

9. Market risk

MR1: Market risk under STM approach

		At 30 June 2024
		(a)
		RWA
		HK\$m
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	3,371
2	Equity exposures (general and specific risk)	228
3	Foreign exchange (including gold) exposures	-
4	Commodity exposures	691
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	3
7	Other approach	-
8	Securitization exposures	-
9	Total	4,293

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

		(a)	(b)	(c)	(d)	(e)	(f)
		VaR	Stressed VaR	IRC	CRC	Other	Total RWA
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	RWA as at 31 March 2024	9,364	42,124	-	-	-	51,488
1a	Regulatory adjustment	(6,244)	(28,416)	-	-	-	(34,660)
1b	RWA as at day-end of 31 March 2024	3,120	13,708	-	-	-	16,828
2	Movement in risk levels*	732	9,773	-	-	-	10,505
3	Model updates/changes	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
7a	RWA as at day-end of 30 June 2024	3,852	23,481	-	-	-	27,333
7b	Regulatory adjustment	6,370	30,709	-	-	-	37,079
8	RWA as at 30 June 2024	10,222	54,190	-	-	-	64,412

* Movements as a result of changes in positions and risk levels.

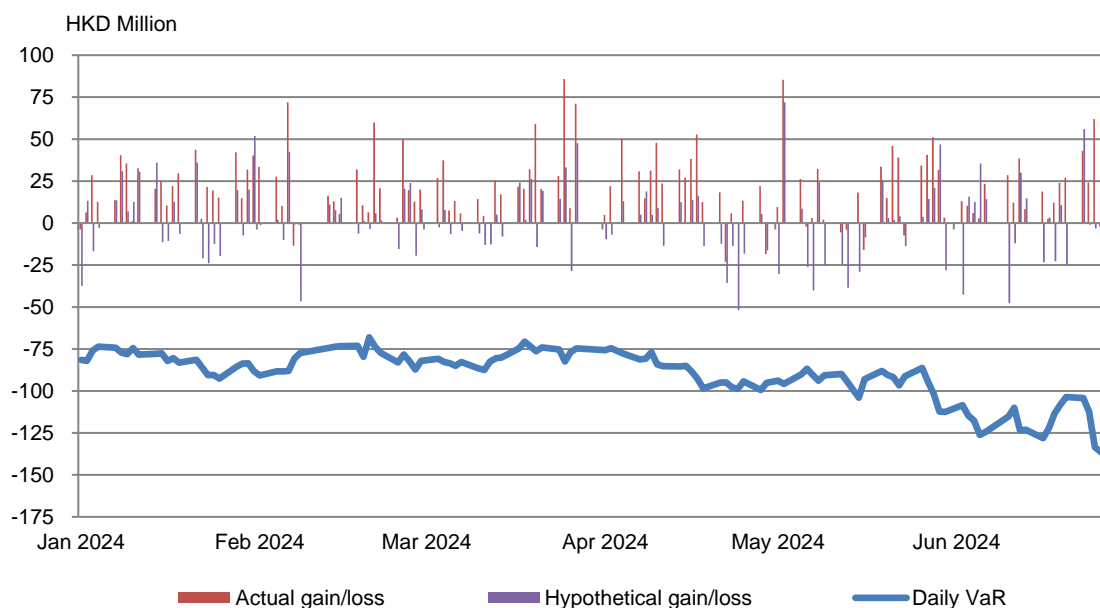
9. Market risk (continued)

MR3: IMM approach values for market risk exposures

		(a)
		HK\$'m
VaR (10 days – one-tailed 99% confidence interval)		
1	Maximum Value	352
2	Average Value	261
3	Minimum Value	161
4	Period End	308
Stressed VaR (10 days – one-tailed 99% confidence interval)		
5	Maximum Value	1,936
6	Average Value	1,281
7	Minimum Value	583
8	Period End	1,878
Incremental risk charge (IRC) (99.9% confidence interval)		
9	Maximum Value	-
10	Average Value	-
11	Minimum Value	-
12	Period End	-
Comprehensive risk charge (CRC) (99.9% confidence interval)		
13	Maximum Value	-
14	Average Value	-
15	Minimum Value	-
16	Period End	-
17	Floor	-

9. Market risk (continued)

MR4: Comparison of VaR estimates with gains or losses



Regulatory VaR and stressed VaR for determining market risk capital requirements are calculated at a 99% confidence level for a 10-day holding period. The stressed VaR uses the same methodology as the VaR model and is generated with inputs calibrated to the historical market data from a continuous 12-month period of significant financial stress relevant to the Group's portfolio.

The Group adopts a regulatory VaR model, using a historical simulation approach and two years of historical data, to capture general interest rate and foreign exchange risks over a 10-day holding period with a 99% confidence level. The Group adopts back-testing to measure the accuracy of VaR model results. Actual and hypothetical P&L are compared against the corresponding 99% one-day regulatory VaR. The numbers of exception over the recent 250 business days (actual or hypothetical P&L exceeds the VaR) determines the value of VaR multiplication factor.

Actual P&Ls are the P&Ls in respect to trading activities within the scope of regulatory VaR model, which includes intraday P&Ls; excludes commissions, fees and reserves. Hypothetical P&Ls are the hypothetical changes in portfolio value assuming unchanged end-of-day position.

There were no back-testing exceptions against both actual and hypothetical P&Ls in the first half of 2024.