



INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

中國工商銀行(亞洲)有限公司

(Incorporated in Hong Kong with limited liability)

Regulatory Disclosure Statement

2021 2ND QUARTER

Purpose and Basis of Consolidation

The information contained in this Regulatory Disclosure Statement (the "Statement") is for Industrial and Commercial Bank of China (Asia) Limited (the "Bank") and its subsidiaries (collectively the "Group") to comply with the Banking (Disclosure) Rules ("BDR") (Cap. 155M) and Part 6 of the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules, and does not constitute statutory financial statements.

While the Regulatory Disclosure Statement is not required to be subject to external audit, the statement has been reviewed and verified in accordance with the Group's governance processes over financial reporting and policies on disclosures.

Except where indicated otherwise, the financial information contained in this Statement has been prepared on the basis of regulatory scope of consolidation specified by the Hong Kong Monetary Authority ("HKMA") to the Bank.

KM1: Key prudential ratios

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		30/6/2021	31/3/2021	31/12/2020	30/9/2020	30/6/2020
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	109,754,586	107,974,372	106,683,635	104,650,155	103,519,734
2	Tier 1	137,200,633	135,453,996	134,082,144	132,041,949	130,911,881
3	Total capital	143,711,961	141,237,202	139,623,507	137,632,613	136,252,629
	RWA (amount)					
4	Total RWA	663,110,493	669,222,888	661,495,800	685,839,232	664,165,526
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	16.55%	16.13%	16.13%	15.26%	15.59%
6	Tier 1 ratio (%)	20.69%	20.24%	20.27%	19.25%	19.71%
7	Total capital ratio (%)	21.67%	21.10%	21.11%	20.07%	20.51%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.59%	0.59%	0.58%	0.61%	0.60%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	1.00%	1.00%	1.00%	1.00%	1.00%
11	Total AI-specific CET1 buffer requirements (%)	4.09%	4.09%	4.08%	4.11%	4.10%
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.05%	11.63%	11.63%	10.76%	11.09%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	1,023,898,158	986,213,349	983,440,204	1,025,036,782	1,003,459,751
14	LR (%)	13.40%	13.73%	13.63%	12.88%	13.05%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	141,825,765	114,974,223	115,780,699	117,152,338	98,723,133
16	Total net cash outflows	73,993,929	52,729,983	57,302,634	62,926,580	54,175,923
17	LCR (%)	195.44%	223.95%	207.41%	194.37%	186.61%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	532,922,631	532,416,963	539,864,938	524,109,034	546,833,859
19	Total required stable funding	453,946,792	445,519,783	452,776,338	466,124,321	473,668,074
20	NSFR (%)	117.40%	119.50%	119.23%	112.44%	115.45%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

The LCR as of the second quarter of 2021 decreased by 28.51% compared to that as of the first quarter of 2021. Such decrease was mainly due to the increase in HQLA by HKD 26.9 billion, partly offset by the increase in total net cash outflows by HKD 21.3 billion, which was resulted from the maturing impact from various kinds of asset and liability.

OV1: Overview of RWA

		(HK\$'000)		
		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30/6/2021	31/3/2021	30/6/2021
1	Credit risk for non-securitization exposures	591,142,916	602,897,252	47,291,433
2	Of which STC approach	591,142,916	602,897,252	47,291,433
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	15,154,153	11,324,066	1,212,332
7	Of which SA-CCR approach	14,706,930	N/A	1,176,554
7a	Of which CEM	-	8,971,040	-
8	Of which IMM(CCR) approach	N/A	N/A	N/A
9	Of which others	447,223	2,353,026	35,778
10	CVA risk	4,293,463	3,406,000	343,477
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	N/A	N/A	N/A
13	CIS exposures – MBA	N/A	N/A	N/A
14	CIS exposures – FBA	N/A	N/A	N/A
14a	CIS exposures – combination of approaches	N/A	N/A	N/A
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	25,348,775	23,932,288	2,027,902
21	Of which STM approach	25,348,775	23,932,288	2,027,902
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	N/A	N/A	N/A
24	Operational risk	25,676,150	26,149,875	2,054,092
24a	Sovereign concentration risk	N/A	N/A	N/A
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,835,113	1,859,273	146,809
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	340,077	345,866	27,206
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	340,077	345,866	27,206
27	Total	663,110,493	669,222,888	53,048,839

In the second quarter of 2021, total amount of risk-weighted asset (RWA) of the Group decreased by approximately HKD 6.1 billion or a decrease of 0.91%. Of all, non-securitization credit risk RWA decreased by HKD 11.8 billion or a decrease of 1.95% compared with figures of the first quarter, 2021. Besides, with adoption of Standardized approach for measuring counterparty credit risk ("SA-CCR approach"), calculation for default risk exposure is required to incorporate multiplication of given regulatory parameter ($\alpha=1.4$), which increased the Bank's exposure amount in counterparty credit risk RWA by HKD 3.8 billion or 33.82% and CVA risk RWA by HKD 887 million or 26.06% compared with last quarter. Other RWA items only experienced small or moderate fluctuations which were in line with business development. There was neither settlement risk, nor securitization exposure RWA on both current and last reporting dates. There was neither regulatory reserve for general banking risks nor collective provision which needed to be deducted from RWA. There was no RWA capital floor adjustment.

The Group is in compliance with the Banking (Capital) Rules to calculate RWA. The Group adopts the standardized (credit risk) approach (STC) for the non-securitization credit risk RWA (including equity exposure and CIS exposure) calculation. Starting from 30 June 2021, in accordance with the Banking (Capital) (Amendment) Rules 2020 enacted by Hong Kong Monetary Authority ("HKMA"), the Group adopts SA-CCR approach to replace currently-adopted Current Exposure Method ("CEM") for the calculation of counterparty credit risk exposure arising from the Bank's derivatives contracts and default risk exposure from derivatives cleared through central counterparty ("CCP"), which is implemented in the counterparty credit risk RWA calculation. The Group adopts standardized CVA method for the CVA risk RWA calculation, the standardized (market risk) approach (STM) for the market risk RWA calculation, the basic indicator approach (BIA) for the operational risk RWA calculation.

CC1: Composition of regulatory capital

		(a)	(b)
		Amount (HK\$'000)	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	44,187,631	e
2	Retained earnings	63,297,840	f
3	Disclosed reserves	4,503,651	
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	111,989,122	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	980,154	a
9	Other intangible assets (net of associated deferred tax liabilities)	17,510	b
10	Deferred tax assets (net of associated deferred tax liabilities)	1,006,992	c
11	Cash flow hedge reserve	(411,944)	d
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	23,251	h
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	618,573	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	618,321	
26b	Regulatory reserve for general banking risks	-	
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	252	
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)	-	

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount (HK\$'000)	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	-	
28	Total regulatory deductions to CET1 capital	2,234,536	
29	CET1 capital	109,754,586	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	27,446,047	
31	of which: classified as equity under applicable accounting standards	27,446,047	
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	of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements	-	
36	AT1 capital before regulatory deductions	27,446,047	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	27,446,047	
45	Tier 1 capital (T1 = CET1 + AT1)	137,200,633	
	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	of which: capital instruments issued by subsidiaries subject to phase-out arrangements	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	6,233,084	g
51	Tier 2 capital before regulatory deductions	6,233,084	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount (HK\$'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	(278,244)	
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	(278,244)	
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	(278,244)	
58	Tier 2 capital (T2)	6,511,328	
59	Total regulatory capital (TC = T1 + T2)	143,711,961	
60	Total RWA	663,110,493	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	16.55%	
62	Tier 1 capital ratio	20.69%	
63	Total capital ratio	21.67%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	4.09%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.59%	
67	of which: higher loss absorbency requirement	1.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	12.05%	
	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	3,446,988	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	884,046	
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

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount (HK\$'000)	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)	6,233,084	
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	7,600,273	
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)	Not applicable	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	Not applicable	
	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>	-	

CC1: Composition of regulatory capital (continued)

Notes to the Template

	Description	Hong Kong basis	Basel III basis
9	Other intangible assets (net of associated deferred tax liabilities) <u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.	17,510	17,510
10	Deferred tax assets (net of associated deferred tax liabilities) <u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be 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.	1,006,992	-
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) <u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's 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.	-	-
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) <u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.	-	-

CC1: Composition of regulatory capital (continued)

	Description	Hong Kong basis	Basel III basis
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.			

CC2: Reconciliation of regulatory capital to balance sheet

	(HK\$'000)		
	(a)	(b)	(c)
	Balance sheet as in published financial statements 30/06/2021	Under regulatory scope of consolidation 30/06/2021	Reference
Assets			
Cash and balances with banks and other financial institutions	156,161,899	156,137,527	
Placements with banks and other financial institutions	46,599,672	46,599,672	
Financial assets held for trading	-	-	
Financial assets at fair value through profit or loss	5,473,242	487,992	
Derivative financial instruments	12,342,847	12,342,847	
Advances and other accounts	512,629,602	512,655,468	
of which: collective impairment allowances reflected in regulated capital	-	(6,233,084)	g
Investment securities:	191,324,056	191,079,491	
– measured at fair value through other comprehensive income	138,946,953	138,702,388	
– measured at amortised cost	52,377,103	52,377,103	
Investment in associates	185,653	268,767	
Investment in subsidiaries	-	5,446,943	
Goodwill and other intangible assets	1,019,129	997,664	
of which: goodwill	-	980,154	a
of which: other intangible asset	-	17,510	b
Investment properties	132,477	132,477	
of which: cumulative revaluation gain on investment properties	-	35,887	
Property, plant and equipment	2,326,653	2,298,129	
Current income tax asset	-	-	
Deferred income tax assets	1,007,743	1,006,992	c
Other assets	13,224,854	13,088,929	
Total assets	942,427,827	942,542,898	
Liabilities			
Deposits from banks and other financial institutions	129,184,550	129,184,550	
Derivative financial instruments	12,066,267	12,066,267	
of which: debit valuation adjustments in respect of derivative contracts	-	23,251	h
Deposits from customers	611,080,224	613,481,028	
Certificates of deposit issued	6,308,982	6,308,982	
Debt securities in issue	24,170,064	24,170,064	
- Designated at fair value through profit or loss	7,748,996	7,748,996	
- Measured at amortised cost	16,421,068	16,421,068	
Current income tax liabilities	540,812	489,579	
Deferred income tax liabilities	-	-	
Subordinated debts measured at amortised cost	-	-	
of which: subordinate debts not eligible for inclusion in regulatory capital	-	-	
of which: subordinate debt eligible for inclusion in regulatory capital	-	-	
Other liabilities	17,446,891	17,069,864	
Total liabilities	800,797,790	802,770,334	

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

	(HK\$'000)		(c)
	(a)	(b)	
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
Equity			
Share capital	44,187,631	44,187,631	e
Retained earnings	65,136,553	63,297,840	f
of which: regulatory reserve for general banking risks	-	-	
Other reserves	4,670,146	4,651,386	
of which: bank premises revaluation reserve	-	582,433	
of which: investment revaluation reserve	-	283,494	
of which: cash flow hedge reserve	-	(411,944)	d
of which: exchange reserve	-	868,530	
of which: general reserve	-	3,328,873	
Additional equity instruments	27,635,707	27,635,707	
Total equity	141,630,037	139,772,564	
Total equity and liabilities	942,427,827	942,542,898	

CCA: Main features of regulatory capital instruments

Terms and conditions of regulatory capital instruments issued as of 30 June 2021

The regulatory capital instruments included in the Bank's consolidated capital base as of 30 June 2021 are as follows:

- Common Equity Tier 1 Capital (Ordinary share capital)
- USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 July 2021) – issued on 21 July 2016*
- USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 March 2023) – issued on 21 March 2018

* Subsequent to 30 June 2021, USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity valued USD 1 billion was redeemed by the Bank on 21 July 2021

On 21 July 2021, the Bank issued Additional Tier capital securities of USD 1 billion as follows:

- USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 July 2026) – issued on 21 July 2021

The main features of the regulatory capital instruments are set out in the following sections.

CCA: Main features of regulatory capital instruments (continued)

Main Features Template - Common Equity Tier 1 Capital

1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Companies Ordinance
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules[1]	Common Equity Tier 1
5	Post-transitional Basel III rules[2]	Common Equity Tier 1
6	Eligible at solo*/group/solo and group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$44,188 million
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Since incorporation
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons/dividends</i>	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
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)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Depositors, bank's creditors, holders' of certificates of deposit, issued debt securities in issue and subordinated debts in issue.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

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

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

*Include solo-consolidated.

CCA: Main features of regulatory capital instruments (continued)

Main Features Template - USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 July 2021)

1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1449306064
3	Governing law(s) of the instrument	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with the laws of Hong Kong.
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules[1]	N/A
5	Post-transitional Basel III rules[2]	Additional Tier 1
6	Eligible at solo*/group/solo and group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$7,754 million
9	Par value of instrument	USD 1 billion
10	Accounting classification	Equity instruments
11	Original date of issuance	21 July 2016
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	First call date: 21 July 2021 (Redemptions in whole at 100%)
16	Subsequent call dates, if applicable	Any distribution payment date thereafter
	<i>Coupons/dividends</i>	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	Year 1-5: 4.25% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	Full
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Depositors, bank's creditors, creditors of Tier 2 capital and all other subordinated indebtedness of the bank.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

CCA: Main features of regulatory capital instruments (continued)

Main Features Template - USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 July 2021) (continued)

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

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

*Include solo-consolidated.

CCA: Main features of regulatory capital instruments (continued)

Main Features Template - USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 March 2023)

1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	The Capital Securities are governed by and shall be construed in accordance with the laws of Hong Kong.
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules[1]	N/A
5	Post-transitional Basel III rules[2]	Additional Tier 1
6	Eligible at solo*/group/solo and group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$19,692 million
9	Par value of instrument	USD 2.536 billion
10	Accounting classification	Equity instruments
11	Original date of issuance	21 March 2018
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	21 March 2023 (Redemptions in whole at 100%)
16	Subsequent call dates, if applicable	Any distribution payment date thereafter
	<i>Coupons/dividends</i>	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	Year 1-5: 4.90% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Partially 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)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	May be written-down partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Depositors and all other unsubordinated creditors of the Issuer, creditors in respect of Tier 2 Capital Instruments and all other Subordinated Indebtedness of the Issuer.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

CCA: Main features of regulatory capital instruments (continued)

Main Features Template - USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 March 2023) (continued)

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

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

*Include solo-consolidated.

CCA: Main features of regulatory capital instruments (continued)

Main Features Template – USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 July 2026)

1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	The Capital Securities are governed by and shall be construed in accordance with the laws of Hong Kong.
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules[1]	N/A
5	Post-transitional Basel III rules[2]	Additional Tier 1
6	Eligible at solo*/group/solo and group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK\$7,772 million
9	Par value of instrument	USD 1 billion
10	Accounting classification	Equity instruments
11	Original date of issuance	21 July 2021
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	First call date: 21 July 2026 Included tax and regulatory event calls Redemption in whole at 100%
16	Subsequent call dates, if applicable	Any distribution payment date after the first call date
	<i>Coupons/dividends</i>	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	Year 1-5: 3.3% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	May be written down partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Depositors, Issuer's creditors, holders of non-preferred loss absorbing instruments and tier 2 capital instruments and creditors of all other subordinated indebtedness of the Issuer whose claims rank or are expressed to rank by operation of law or contract senior to the Capital Securities
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

CCA: Main features of regulatory capital instruments (continued)

Main Features Template – USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 July 2026) (continued)

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

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

*Include solo-consolidated.

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio	AI-specific CCyB ratio (%)	CCyB amount
1	Hong Kong SAR	1.00%	309,263,513		
2	China	0.00%	179,939,764		
3	Australia (includes Christmas Islands, Cocos Islands, Norfolk Islands, Heard and McDonald Islands, Territory of Ashmore and Cartier Islands and Territory of Coral Sea Islands)	0.00%	4,445,672		
4	Cambodia (formerly Kampuchea)	0.00%	2,517,622		
5	Canada	0.00%	89,546		
6	Cayman Islands	0.00%	2,491,373		
7	Chinese Taipei	0.00%	87,133		
8	France (includes French Guiana, French Southern Territories, Guadeloupe, Martinique, Mayotte, Monaco, Reunion and St. Pierre and Miquelon)	0.00%	4,539		
9	Germany (includes the European Central Bank)	0.00%	2,735,323		
10	Guinea	0.00%	481,475		
11	India	0.00%	1,976		
12	Indonesia	0.00%	1,409,515		
13	Ireland	0.00%	1,921,568		
14	Luxembourg	0.50%	5,579,589		
15	Macau SAR	0.00%	62,867		
16	Malaysia (includes Labuan International Financial Offshore Centre)	0.00%	1,558,863		
17	Myanmar (formerly Burma)	0.00%	262,634		
18	Nepal	0.00%	7		
19	Netherlands	0.00%	4,506,963		
20	New Zealand (includes Cook Islands, Minor Islands, Niue, Ross Dependency and Tokelau)	0.00%	423,164		
21	Philippines	0.00%	521,726		
22	Qatar	0.00%	778,048		
23	Singapore	0.00%	3,712,918		
24	South Africa	0.00%	897		
25	South Korea	0.00%	278		
26	Sweden	0.00%	487		
27	Switzerland (includes Bank for International Settlements)	0.00%	994		
28	Thailand	0.00%	946,310		
29	United Arab Emirates	0.00%	388,369		
30	United Kingdom (excludes Guernsey, Isle of Man and Jersey)	0.00%	1,856,993		
31	United States (includes American Samoa, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, US Virgin Islands and Wake Islands)	0.00%	643,952		
32	West Indies UK (includes Anguilla, Antigua and Barbuda, British Virgin Islands, Montserrat and St. Christopher/St. Kitts – Nevis)	0.00%	2,641,780		
	Sum		529,275,858		
	Total		529,275,858	0.59%	3,120,533

LR1: Summary comparison of accounting assets against leverage ratio ("LR") exposure measure

		(a)
	Item	Value under the LR framework (HK\$'000)
1	Total consolidated assets as per published financial statements	942,427,827
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	5,530,057
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	19,182,090
5	Adjustment for SFTs (i.e. repos and similar secured lending)	526,765
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	59,262,527
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(7,909,466)
7	Other adjustments	4,878,358
8	Leverage ratio exposure measure	1,023,898,158

LR2: Leverage ratio ("LR")

		(a)	(b)
		(HK\$'000)	
		30/6/2021	31/3/2021
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	934,642,681	904,775,978
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,204,041)	(1,012,281)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	933,438,640	903,763,697
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)	10,105,554	12,415,071
5	Add-on amounts for PFE associated with all derivative contracts	21,808,781	11,383,779
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	(184,116)	(5,354,698)
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	31,730,219	18,444,152
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	6,849,473	15,572,199
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	526,765	1,523,375
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	7,376,238	17,095,574
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	262,936,927	236,441,160
18	Less: Adjustments for conversion to credit equivalent amounts	(203,674,400)	(182,001,190)
19	Off-balance sheet items	59,262,527	54,439,970
Capital and total exposures			
20	Tier 1 capital	137,200,633	135,453,996
20a	Total exposures before adjustments for specific and collective provisions	1,031,807,624	993,743,393
20b	Adjustments for specific and collective provisions	(7,909,466)	(7,530,044)
21	Total exposures after adjustments for specific and collective provisions	1,023,898,158	986,213,349
Leverage ratio			
22	Leverage ratio	13.40%	13.73%

LR2: Leverage ratio ("LR") (continued)

Item 12:

As the amount of Repo used to finance the purchase of debt securities decreased, the Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions, decreased by HKD 8,723 million (-56.01%).

Item 14:

Due to the account payable under security repo decreased, CCR exposure for SFT assets decreased by HKD 997 million (-65.42%).

Item 16 (include 12 and 14):

The Gross SFT assets (with no recognition of netting) after adjusting for sale accounting transactions and CCR exposure for SFT assets decreased by HKD 8,723 million (-56.01%) and HKD 997 million (-65.42%) respectively. The total exposures arising from SFTs decreased by HKD 9,719 million (-56.85%).

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

Number of data points used in calculating the average value of the LCR and related components set out in this template: (71)		(HK\$'000)	
		(a)	(b)
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		146,059,986
B. Cash outflows			
2	Retail deposits and small business funding, of which:	129,689,000	12,194,826
3	<i>Stable retail deposits and stable small business funding</i>	11,058,198	331,746
4	<i>Less stable retail deposits and less stable small business funding</i>	118,630,802	11,863,080
4a	<i>Retail term deposits and small business term funding</i>	-	-
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	335,812,526	162,189,344
6	<i>Operational deposits</i>	62,794,687	15,601,995
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	272,490,818	146,060,328
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	527,021	527,021
9	Secured funding transactions (including securities swap transactions)		595,653
10	Additional requirements, of which:	66,944,712	13,225,538
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	7,188,076	7,161,059
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>	59,756,636	6,064,479
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	5,164,222	5,164,222
15	Other contingent funding obligations (whether contractual or non-contractual)	468,029,519	1,135,433
16	Total Cash Outflows		194,505,016
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	182,471	92,353
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	146,594,858	115,444,342
19	Other cash inflows	109,162,225	5,818,370
20	Total Cash Inflows	255,939,554	121,355,065
D. Liquidity Coverage Ratio			
21	Total HQLA		141,825,765
22	Total Net Cash Outflows		73,993,929
23	LCR (%)		195.44%

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

Liquidity Coverage Ratio

The Liquidity Coverage Ratio ("LCR") throughout the second quarter of 2021 meets the regulatory requirement and maintains at a safe level.

(i) Main drivers of LCR results

The change in the Bank's LCR is mainly due to the changes in HQLA position, as well as the maturing impact from various kinds of asset and liability which impacts the net cash outflows.

(ii) Composition of High Quality Liquid Assets ("HQLA")

The Bank holds a portfolio of unencumbered HQLA which can be readily liquidated to meet cash flow obligations under stress scenarios, as defined in the LCR rules. These liquid assets consist primarily of Level 1 HQLA, such as the Hong Kong Exchange Fund Bills and Notes as well as other government debt securities, supplemented by Level 2A and 2B HQLA, such as bonds issued by highly rated corporate issuers.

(iii) Concentration of funding sources

The Bank maintains a diversified funding base composed mainly by retail and corporate customer deposits, supplemented by wholesale funding including but not limited to issuance of certificates of deposit and term debts. Short-term interbank money market borrowing is also used from time to time to meet temporary funding needs. The Bank continues to expand and diversify its deposit base, and to increase the proportion of stable deposits in its overall funding pool.

(iv) Derivative Exposures

The Bank closely monitors all its exchange traded and over-the-counter derivative exposures arising from customer transactions and their corresponding hedging activities. Such derivative contracts comprise mainly of foreign exchange forwards, interest rate and cross currency swaps. Collateral may be required to be posted to counterparties depending on the marked-to-market of the derivative contracts.

(v) Currency mismatch

The Bank's customer deposits are mainly denominated in HKD. To meet customer loan demand, the Bank swaps surplus HKD funding into USD and other foreign currencies. This represents the major currency mismatch of the Bank.

On the other hand, as the supply of HKD denominated HQLA is relatively limited, the Bank covers its HKD mismatch by holding HQLA denominated in USD when necessary. This is in line with the LCR alternative liquidity approach option elected by the HKMA.

(vi) Centralization of liquidity management

The Bank has a wholly owned subsidiary in Mainland China, Chinese Mercantile Bank ("CMB"), which has set up its own liquidity risk management policy and managed liquidity risk in accordance with its local regulatory requirements. CMB calculates its own LCR, which would then be consolidated with the Bank's LCR to reflect the liquidity position on a Group basis.

(vii) Approach to liquidity risk management

The Bank has established a comprehensive liquidity risk management framework in accordance with the HKMA requirements and BCBS guidance. The Board is ultimately responsible for liquidity risk management, with the support from the Board RMC, senior management committees including the SERMC and the ALCO. Policies and procedures are in place, with properly approved limits and indicators in order to identify, measure and monitor liquidity risk. Stress tests are conducted regularly, and the Bank has readied the Contingency Funding Plan with detailed procedures in dealing with a potential liquidity crisis.

LIQ2: Net Stable Funding Ratio – for category 1 institution

		30/6/2021				
		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: consolidated		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:	145,946,497	-	-	-	145,946,497
2	Regulatory capital	145,946,497	-	-	-	145,946,497
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	127,632,756	6,482	-	115,438,804
5	Stable deposits	-	11,267,098	2,719	-	10,706,326
6	Less stable deposits	-	116,365,658	3,763	-	104,732,478
7	Wholesale funding:	-	536,546,674	45,027,824	34,114,288	251,218,570
8	Operational deposits	-	48,096,061	-	-	24,048,030
9	Other wholesale funding	-	488,450,613	45,027,824	34,114,288	227,170,540
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	11,937,701	23,697,855	6,010,666	17,313,427	20,318,760
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	11,937,701	23,697,855	6,010,666	17,313,427	20,318,760
14	Total ASF					532,922,631
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				225,078,633	30,175,937
16	Deposits held at other financial institutions for operational purposes	-	140,844	-	-	70,422
17	Performing loans and securities:	5,166,384	257,491,174	87,924,838	322,474,628	390,542,876
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	149,412,902	28,155,893	22,850,306	59,340,188
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:	5,166,384	105,598,345	53,865,140	203,631,321	256,870,369
21	With a risk-weight of less than or equal to 35% under the STC approach	-	2,204,967	107,996	1,697,116	2,259,607
22	Performing residential mortgages, of which:	-	1,360,640	1,325,024	70,717,596	49,999,191
23	With a risk-weight of less than or equal to 35% under the STC approach	-	1,121,404	1,091,739	57,267,991	38,330,766
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	1,119,287	4,578,781	25,275,405	24,333,128
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	37,975,226	21,263,353	-	2,662,623	30,389,568
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	123,222	-	-	-	104,739
29	Net derivative assets	5,440,780	-	-	-	5,440,780
30	Total derivative liabilities before adjustments for deduction of variation margin posted	11,545,960	-	-	-	577,298
31	All other assets not included in the above categories	20,865,264	21,263,353	-	2,662,623	24,266,751
32	Off-balance sheet items	-	-	-	-	2,767,989
33	Total RSF					453,946,792
34	Net Stable Funding Ratio (%)					117.40%

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

		31/03/2021				
		(HK\$'000)				
		(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	
C. Available stable funding ("ASF") item						
1	Capital:	143,030,016	-	-	-	143,030,016
2	Regulatory capital	143,030,016	-	-	-	143,030,016
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	134,044,557	6,332	-	121,205,631
5	Stable deposits	-	11,193,603	2,955	-	10,636,730
6	Less stable deposits	-	122,850,954	3,377	-	110,568,901
7	Wholesale funding:	-	507,037,643	51,054,063	27,484,948	247,857,484
8	Operational deposits	-	67,511,549	-	-	33,755,775
9	Other wholesale funding	-	439,526,094	51,054,063	27,484,948	214,101,709
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	18,887,757	10,405,355	6,230,416	17,208,624	20,323,832
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	18,887,757	10,405,355	6,230,416	17,208,624	20,323,832
14	Total ASF	-	-	-	-	532,416,963
D. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes	-	-	-	182,157,819	30,485,310
16	Deposits held at other financial institutions for operational purposes	-	416,744	-	-	208,372
17	Performing loans and securities:	5,429,589	283,838,450	95,393,273	303,388,518	382,300,756
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	172,233,346	27,743,623	12,634,012	52,340,826
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:	5,429,589	108,333,080	64,285,287	198,109,931	258,987,529
21	With a risk-weight of less than or equal to 35% under the STC approach	-	1,125,191	135,886	1,651,238	1,703,843
22	Performing residential mortgages, of which:	-	1,402,802	1,308,991	68,645,774	48,611,123
23	With a risk-weight of less than or equal to 35% under the STC approach	-	1,170,178	1,077,607	55,468,407	37,178,357
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	1,869,222	2,055,372	23,998,801	22,361,278
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	37,316,309	15,936,037	194,363	4,389,791	29,915,855
27	Physical traded commodities, including gold	-	-	-	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	123,222	-	-	-	104,739
29	Net derivative assets	3,904,706	-	-	-	3,904,706
30	Total derivative liabilities before adjustments for deduction of variation margin posted	13,174,974	-	-	-	658,749
31	All other assets not included in the above categories	20,113,407	15,936,037	194,363	4,389,791	25,247,661
32	Off-balance sheet items	-	-	-	-	2,609,490
33	Total RSF	-	-	-	-	445,519,783
34	Net Stable Funding Ratio (%)	-	-	-	-	119.50%

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

The Net Stable Funding Ratio ("NSFR") throughout the second quarter of 2021 meets the regulatory requirement and maintains at a safe level.

(i) Main drivers of NSFR results

The change in the Bank's NSFR's is mainly due to the change in the composition and size of various kinds of asset and liability. For the liability side, the major funding source is customer deposit. It is relatively stable which brings support to the NSFR. For the asset side, the major product is customer loan which grows smoothly in size. In overall, the NSFR is maintained smoothly and the liquidity situation is kept at a safe level.

(ii) Centralization of liquidity management

The Bank has a wholly owned subsidiary in Mainland China, Chinese Mercantile Bank ("CMB"), which has set up its own liquidity risk management policy and managed liquidity risk in accordance with its local regulatory requirements. CMB calculates its own NSFR, which would then be consolidated with the Bank's NSFR to reflect the liquidity position on a Group basis.

CR1: Credit quality of exposures

		(HK\$'000)						
		(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		
1	Loans	2,919,113	718,780,555	7,539,401	1,816,322	5,723,079	-	714,160,267
2	Debt securities	-	188,735,228	184,311	-	184,311	-	188,550,917
3	Off-balance sheet exposures	-	262,936,927	273,632	-	273,632	-	262,663,295
4	Total	2,919,113	1,170,452,710	7,997,344	1,816,322	6,181,022	-	1,165,374,479

CR2: Changes in defaulted loans and debt securities

		(HK\$'000)
		(a)
		Amount
1	Defaulted loans and debt securities at the end of the previous reporting period	4,025,132
2	Loans and debt securities that have defaulted since the last reporting period	608,412
3	Returned to non-defaulted status	(5,064)
4	Amounts written off	(776,190)
5	Other changes	(933,177)
6	Defaulted loans and debt securities at the end of the current reporting period	2,919,113

Loans and debt securities that have defaulted since the last reporting period amounted to HKD608.4 million. Since sufficient provision has been made based on assessments of the aforesaid defaulted loans, risk is considered as controllable. During the period, loans written off amounted to HKD776.2 million. These loans were written off during the reporting year after exhaustion of all recovery efforts in accordance with relevant policies and procedures.

Additionally, item of "Other Changes" is mainly attributed by proceeds of loans transfer, partial settlement of the defaulted loans and exchange rate difference, etc.

CR3: Overview of recognized credit risk mitigation

		(HK\$'000)				
		(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
1	Loans	694,475,351	19,684,916	10,301,007	9,383,909	-
2	Debt securities	179,521,553	9,029,364	-	9,029,364	-
3	Total	873,996,904	28,714,280	10,301,007	18,413,273	-
4	Of which defaulted	2,021,470	897,643	801,683	95,960	-

The Group adopts the standardized (credit risk) approach ("STC") for all the non-securitization credit risk RWA, and the simple approach in treatment of recognized collateral for the purpose of calculating RWA. Meanwhile, the recognized collateral and the recognized guarantees were used as risk mitigation measures to manage the credit risk exposure, without involving any recognized credit derivative contract.

In the first half of 2021, mainly due to the decrease of loans to domestic PSEs and banks, "Exposures secured by recognized guarantees" of loans approximately decreased by HKD 4.1 billion or a decrease of 30.35% compared with the fourth quarter of 2020; "Exposures secured by recognized guarantees" and "Exposures to be secured" of debt securities increased by 17.93% amounting HKD 1.4 billion respectively, mainly because of increase in debt securities exposures secured by governments. Mainly owing to reduction of term loans and revolving loans which were past due over 90 days, among "Of which defaulted" items, "Exposures unsecured: carrying amount", "Exposures to be secured" and "Exposure secured by recognized collateral" decreased by 29.54%, 22.35% and 25.84% respectively, while "Exposures secured by recognized guarantees" uplifted 27.96% mainly due to increase in syndicated loans which was past due over 90 days compared with 31 December 2020.

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

		(HK\$'000)					%
		(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
1	Sovereign exposures	128,627,929	-	137,803,668	353	508,249	0%
2	PSE exposures	15,088,034	3,916,770	17,980,030	-	3,530,602	20%
2a	Of which: domestic PSEs	2,472,144	3,916,770	5,364,140	-	1,072,828	20%
2b	Of which: foreign PSEs	12,615,890	-	12,615,890	-	2,457,774	19%
3	Multilateral development bank exposures	1,017,222	-	1,017,222	-	-	0%
4	Bank exposures	204,559,248	36,174,774	213,108,905	2,064,505	76,893,607	36%
5	Securities firm exposures	12,783,552	31,155,718	12,783,552	-	6,391,776	50%
6	Corporate exposures	430,866,187	204,922,752	403,862,509	33,693,906	410,911,035	94%
7	CIS exposures	7,366,697	5,996,826	7,366,697	2,998,413	10,365,110	100%
8	Cash items	376,154	-	9,870,585	2,293,586	508,361	4%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	NA
10	Regulatory retail exposures	27,633,719	19,563,105	27,519,825	20,192	20,655,013	75%
11	Residential mortgage loans	73,795,109	-	70,914,621	-	36,970,229	52%
12	Other exposures which are not past due exposures	23,270,115	217,752	23,156,352	-	23,156,352	100%
13	Past due exposures	1,180,590	-	1,180,590	-	1,252,582	106%
14	Significant exposures to commercial entities	-	-	-	-	-	NA
15	Total	926,564,556	301,947,697	926,564,556	41,070,955	591,142,916	61%

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

In the first half of 2021, mainly owing to the increase in transactions to HKMA, the on-balance sheet amount of "Exposures pre-CCF and pre-CRM" and "Exposures post-CCF and post-CRM" to sovereign exposures increased by HKD 56.5 billion and HKD 57.8 billion respectively, uplifted 78.28% and 72.31%. RWA density to sovereign exposures decreased from 1% to 0%, mainly due to transactions to HKMA belong to 0% risk weight category in RWA calculation. The off-balance sheet amount of "Exposures post-CCF and post-CRM" to sovereign exposures decreased by HKD 823 thousand or 69.98%, mainly owing to decrease of trade-related contingencies secured by sovereign.

The off-balance sheet amount of "Exposures pre-CCF and pre-CRM" to of which domestic PSEs in PSE exposures uplifted 37.43% amounting HKD 1.07 billion, mainly owing to the increase of commitments that are cancellable unconditionally. On the other hand, the off-balance sheet amount of "Exposures post-CCF and post-CRM" to of which domestic PSEs decreased by HKD 125 million, down by 100% due to decrease of commitments with original maturity more than one year. As result, the off-balance sheet amount of "Exposures pre-CCF and pre-CRM" and "Exposures post-CCF and post-CRM" to PSE exposures uplifted 37.43% and decreased by 100% respectively. For on-balance sheet amount, mainly due to the decrease of loans to domestic PSEs, the on-balance sheet amount of "Exposures pre-CCF and pre-CRM" and "Exposures post-CCF and post-CRM" to of which domestic PSEs dropped by HKD 3.02 billion and HKD 2.78 billion respectively, decreased by 54.99% and 34.10%, which led to decrease of its RWA by 35.10% compared to last year end.

In the first half of 2021, owing to increase of bonds investment to multilateral development bank, the on-balance sheet amount of "Exposures pre-CCF and pre-CRM" and "Exposures post-CCF and post-CRM" to multilateral development bank exposures both increased by 35.07% amounting HKD 264 million.

Mainly due to decrease of money market ("MM") placement to other banks, the on-balance sheet amount of "Exposures pre-CCF and pre-CRM" and "Exposures post-CCF and post-CRM" to bank exposures decreased by 23.60% and 24.01%, amounting HKD 63.2 billion and HKD 67.34 billion respectively. RWA to the bank exposures resulted in decrease of 27.23% compared to 31 December 2020. The off-balance sheet amount of "Exposures pre-CCF and pre-CRM" to bank exposures uplifted 1541.48% amounting HKD 33.97 billion mainly due to increase of commitment exposures.

Owing to increase in IPO loans to securities firms compared with the fourth quarter of last year, the on-balance sheet amount of "Exposures pre-CCF and pre-CRM" and "Exposures post-CCF and post-CRM" to securities firm exposures both uplifted 756.45% amounting HKD 11.29 billion. On the other hand, due to increase of commitments, the off-balance sheet amount of "Exposures pre-CCF and pre-CRM" to securities firm exposures uplifted 1760.04% amounting HKD 29.48 billion, RWA to securities firm exposures increased by 756.45%.

Mainly owing to increase of commitments with original maturity more than one year, the off-balance sheet amount of "Exposures post-CCF and post-CRM" to the corporate exposures uplifted 23.68% amounting to HKD 6.45 billion. Mainly due to the increase of cash collateral, the off-balance sheet amount of "Exposures post-CCF and post-CRM" to cash items increased by HKD 1.42 billion, uplifted 163.97%.

Overall, mainly due to increase of commitments, the off-balance sheet amount of total "Exposures pre-CCF and pre-CRM" and total "Exposures post-CCF and post-CRM" uplifted 41.45% and 22.46% respectively compared to 31 December 2020.

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

		(HK\$'000)										
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Exposure class		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	135,262,774	-	2,541,247	-	-	-	-	-	-	-	137,804,021
2	PSE exposures	327,022	-	17,653,008	-	-	-	-	-	-	-	17,980,030
2a	Of which: domestic PSEs	-	-	5,364,140	-	-	-	-	-	-	-	5,364,140
2b	Of which: foreign PSEs	327,022	-	12,288,868	-	-	-	-	-	-	-	12,615,890
3	Multilateral development bank exposures	1,017,222	-	-	-	-	-	-	-	-	-	1,017,222
4	Bank exposures	-	-	102,335,405	-	112,822,961	-	15,044	-	-	-	215,173,410
5	Securities firm exposures	-	-	-	-	12,783,552	-	-	-	-	-	12,783,552
6	Corporate exposures	-	-	3,629,306	-	47,483,872	-	386,443,237	-	-	-	437,556,415
7	CIS exposures	-	-	-	-	-	-	10,365,110	-	-	-	10,365,110
8	Cash items	9,622,366	-	2,541,805	-	-	-	-	-	-	-	12,164,171
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	-	-	-	-	-	27,540,017	-	-	-	-	27,540,017
11	Residential mortgage loans	-	-	-	50,333,883	-	4,909,478	15,671,260	-	-	-	70,914,621
12	Other exposures which are not past due exposures	-	-	-	-	-	-	23,156,352	-	-	-	23,156,352
13	Past due exposures	3,439	-	-	-	-	-	1,026,289	150,862	-	-	1,180,590
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	146,232,823	-	128,700,771	50,333,883	173,090,385	32,449,495	436,677,292	150,862	-	-	967,635,511

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

In the first half of 2021, "Sovereign exposures" - Mainly owing to the increase in transactions to HKMA, the sovereign exposures with 0% risk weight uplifted 74.20% amounting HKD 57.6 billion, and simultaneously total credit risk exposures amount of which increased by HKD 57.8 billion compared with the fourth quarter of 2020, the overall increase was 72.30%.

"PSE exposures" - Mainly due to the HKD 175.3 million increase in debt securities exposures to foreign PSEs, PSE exposures with 0% risk weight uplifted 115.60% amounting to HKD 175.3 million compared with the fourth quarter of 2020. In addition, the PSE exposures of which domestic PSEs with 20% risk weight and the total credit risk exposures amount (post CCF and post CRM) both dropped 35.10% amounting HKD 2.9 billion resulting from the decrease of HKD 3 billion of term loans to domestic PSEs.

"Multilateral development bank exposures" - Due to increase of HKD 260 million of bonds investment to European Investment Bank and Asian Development Bank compared with last year end, the multilateral development bank exposures with 0% risk weight and the total credit risk exposures both increased by 35.07% amounting HKD 264 million.

"Bank exposures" - Mainly due to money market ("MM") placement to other banks decreased by HKD 34.8 billion for on-balance sheet items falling under 50% risk weight as well as decreased by HKD 2.3 billion for those with 100% risk weight; on the other hand, MM placement to other banks dropped by HKD 300 million for off-balance sheet items overall, resulting in the bank exposures with 50% and 100% risk weight decreased by HKD 44.7 billion and HKD 2.32 billion or dropped by 28.39% and 99.36% respectively compared with 31 December 2020, which led to decrease in total credit risk exposures amount of "Bank exposures" by 23.87%.

For "securities firm exposures", owing to increase of IPO loans to securities firms, the securities firm exposures with 50% risk weight and total credit exposure amount largely uplifted approximately 756.45% amounting to HKD 11.3 billion.

"Corporate exposures" - Due to increase in loans to corporates within this reporting period, corporate exposures with 20% risk weight uplifted 93.78% amounting to HKD 1.76 billion.

"Cash items" - Mostly due to the increase of cash collateral covered with local and foreign currency, the cash items with 0% risk weight uplifted 35.13% amounting to HKD 2.5 billion, which led to increase in total credit risk exposures amount of "Cash items" by 29.48%.

"Past due exposures" - Compared with 31 December 2020, owing to reduction of the loans which was past due over 90 days, the past due exposures with 0% risk weight and 150% risk weight decreased by 44.20% and 21.97% respectively.

Overall, total exposure with 0% risk weight uplifted 70.67%, whereas total exposure with 150% risk weight decreased by 21.97% compared to 31 December 2020.

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

		(HK\$'000)					
		(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
1	SA-CCR approach (for derivative contracts)	7,257,155	12,711,833		1.4	27,956,583	14,706,930
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					6,849,473	336,852
4	Comprehensive approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	Total						15,043,782

Pursuant to the coming into operation of the Banking (Capital) (Amendment) Rules 2020 on 30 June 2021, the Group replaces the current exposure method with the SA-CCR approach to calculate its default risk exposure in respect of derivative contracts. The change resulted in a notable increase in the default risk exposure for derivative contracts and hence the total RWA compared with 31 December 2020.

CCR2: CVA capital charge

		(HK\$'000)	
		(a)	(b)
		EAD post CRM	RWA
	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	27,956,583	4,293,463
4	Total	27,956,583	4,293,463

The Group uses Standardized CVA method to calculate CVA RWA. Compared with 31 December 2020, in the first half of 2021, the CVA RWA amount increased by HKD 0.6 billion mainly caused by the switch in calculation method to SA-CCR approach.

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

		(HK\$'000)										
	Exposure class Risk Weight	(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	80,742	-	-	-	-	-	-	-	-	-	80,742
2	PSE exposures	-	-	-	-	-	-	32,525	-	-	-	32,525
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	6,000,539	-	14,665,004	-	2,784,815	-	-	-	-	-	23,450,358
5	Securities firm exposures	-	-	-	-	916,623	-	-	-	-	-	916,623
6	Corporate exposures	97,820	-	-	-	-	-	10,001,751	-	-	-	10,099,571
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	1,797	-	-	-	-	1,797
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	224,439	-	-	-	224,439
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	6,179,101	-	14,665,004	-	3,701,438	1,797	10,258,715	-	-	-	34,806,055

Compared with 31 December 2020, the overall default risk exposure increased by HKD 8.7 billion, mainly contributed by the switch in calculation method of the default risk exposures in respect of derivative contracts to SA-CCR approach. Mid-to-high risk weight exposures showed a notable increase in exposure. In particular, the 20% risk weight exposure increased by HKD 5.1 billion, and the 100% risk weight exposure increased by HKD 3.9 billion. In contrast, the 0% risk weight exposure decreased by HKD 1.5 billion and the risk weight for sovereign exposures decreased from 50% to 0%.

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

	(HK\$'000)					
	(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		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	1,024,271	-	184,117	2,491,959	166,002
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Domestic PSE debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	104,219
Bank bonds/debts	-	-	-	-	-	6,354,803
Equity securities	-	-	-	-	224,446	-
Other collateral	-	-	-	-	-	-
Total	-	1,024,271	-	184,117	2,716,405	6,625,024

Compared with 31 December 2020, the net fair value of recognized collateral from derivatives contracts and SFTs have decreased by HKD 0.9 billion and HKD 1.3 billion respectively. Variable margin is reclassified as unsegregated collateral.

CCR6: Credit-related derivatives contracts

	(HK\$'000)	
	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

CCR8: Exposures to CCPs

		(HK\$'000)	
		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		110,371
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	714,800	14,296
3	(i) OTC derivative transactions	714,800	14,296
4	(ii) Exchange-traded derivative contracts	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	-	-
8	Unsegregated initial margin	4,680,619	93,612
9	Funded default fund contributions	123,222	2,463
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	-	-

In the first half of 2021, the RWA of the exposures to qualifying CCPs (total) shows a notable decrease of 93.76% from HKD 1.8 billion to HKD 0.1 billion, mainly due to the switch in calculation method to SA-CCR approach and the 99.84% decrease in funded default fund contributions.

SEC1: Securitization exposures in banking book

		(HK\$'000)								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which:	-	-	-	-	-	-	-	-	-
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	-	-	-
4	other retail exposures	-	-	-	-	-	-	-	-	-
5	re-securitization exposures	-	-	-	-	-	-	-	-	-
6	Wholesale (total) – of which:	-	-	-	-	-	-	-	-	-
7	loans to corporates	-	-	-	-	-	-	-	-	-
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other wholesale	-	-	-	-	-	-	-	-	-
11	re-securitization exposures	-	-	-	-	-	-	-	-	-

SEC2: Securitization exposures in trading book

		(HK\$'000)								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which:	-	-	-	-	-	-	-	-	-
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	-	-	-
4	other retail exposures	-	-	-	-	-	-	-	-	-
5	re-securitization exposures	-	-	-	-	-	-	-	-	-
6	Wholesale (total) – of which:	-	-	-	-	-	-	-	-	-
7	loans to corporates	-	-	-	-	-	-	-	-	-
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other wholesale	-	-	-	-	-	-	-	-	-
11	re-securitization exposures	-	-	-	-	-	-	-	-	-

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

		(HK\$'000)																
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB(S) RBM	IRB(S) SFM	STC(S)	1250%	IRB(S) RBM	IRB(S) SFM	STC(S)	1250%	IRB(S) RBM	IRB(S) SFM	STC(S)	1250%		
1	Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Traditional securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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

		(HK\$'000)																
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB(S) RBM	IRB(S) SFM	STC(S)	1250%	IRB(S) RBM	IRB(S) SFM	STC(S)	1250%	IRB(S) RBM	IRB(S) SFM	STC(S)	1250%		
1	Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Traditional securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

MR1: Market risk under STM approach

		(HK\$'000)
		(a)
		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	8,932,962
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	16,176,012
4	Commodity exposures	97,213
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	142,588
7	Other approach	-
8	Securitization exposures	-
9	Total	25,348,775

Compared with 31 December 2020, total market risk RWA slightly increased by 14.20% on 30 Jun 2021. RWA for option exposures increased by 58.87%. It is mainly due to the increase in Gamma risk of FX options.

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

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		30/06/2021	31/03/2021	31/12/2020	30/09/2020	30/06/2020
Of the material entity at LAC consolidation group level						
1	Internal loss-absorbing capacity available	135,958,259	133,474,014	131,883,235	129,123,214	127,743,120
2	Risk-weighted amount under the LAC Rules	663,110,493	669,222,888	661,495,800	685,839,232	664,165,526
3	Internal LAC risk-weighted ratio	20.50%	19.94%	19.94%	18.83%	19.23%
4	Exposure measure under the LAC Rules	1,023,898,158	986,213,349	983,440,204	1,025,036,782	1,003,459,751
5	Internal LAC leverage ratio	13.28%	13.53%	13.41%	12.60%	12.73%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?(Note 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?(Note 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 (Note 1)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Note 1: The subordination exemptions in the antepenultimate and penultimate paragraphs of Section 11 of the FSB TLAC Term Sheet do not apply in Hong Kong under the LAC Rules.

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

		(HK\$ Million)				
		(a)	(b)	(c)	(d)	(e)
		30/06/2021	31/03/2021	31/12/2020	30/09/2020	30/06/2020
Of the non-HK resolution entity at resolution group level (Note 1)						
1	External loss-absorbing capacity available	4,305,030	4,149,256	4,044,284	3,742,908	3,461,757
2	Total risk-weighted amount under the relevant non-HK LAC regime	25,316,048	24,390,428	23,964,449	22,722,856	21,642,285
3	External loss-absorbing capacity as a percentage of risk-weighted amount	17.01%	17.01%	16.88%	16.47%	16.00%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	44,886,821	43,142,686	42,036,737	40,339,230	38,578,603
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	9.59%	9.62%	9.62%	9.28%	8.97%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	N/A	N/A	N/A	N/A	N/A
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	N/A	N/A	N/A	N/A	N/A
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	N/A	N/A	N/A	N/A	N/A

Note 1: As LAC requirement under a regulatory regime in the mainland China is not yet implemented, so the values for row 1 to 5 are reported using the values of total regulatory capital, risk-weighted amount and leverage ratio exposure measure of the non-HK resolution entity.

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

The following is a summary of CET1 capital, AT1 capital and other Tier 2 capital that meet (i) only regulatory capital (but not LAC) requirement and (ii) both regulatory capital and LAC requirement. The full terms and conditions of the Group's capital instruments can be found in the "Terms and conditions of the capital instruments issued" of Regulatory Disclosures section of our website, www.icbcasia.com.

The regulatory capital and/or LAC instruments included in the Bank's consolidated capital base as of 30 June 2021 are as follows:

(i) Only regulatory capital (but not LAC) requirement

- USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 July 2021) – issued on 21 July 2016*

(ii) Both regulatory capital and LAC requirement

- Common Equity Tier 1 Capital (Ordinary share capital)
- USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 March 2023) – issued on 21 March 2018

* Subsequent to 30 June 2021, USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity valued USD 1 billion was redeemed by the Bank on 21 July 2021

On 21 July 2021, the Bank issued Additional Tier capital securities of USD 1 billion as follows:

(ii) Both regulatory capital and LAC requirement

- USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 July 2026) – issued on 21 July 2021

The main features of the regulatory capital instruments are set out in the following sections.

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

(i) Only regulatory capital (but not LAC) requirement

		(a)
		Quantitative / qualitative information
1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS1449306064
3	Governing law(s) of the instrument	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with the laws of Hong Kong.
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)	N/A
	Regulatory treatment	
4	Transitional Basel III rules [1]	N/A
5	Post-transitional Basel III rules [2]	Additional 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)	Ineligible
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$7,754 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	Nil
9	Par value of instrument	USD 1 billion
10	Accounting classification	Equity instruments
11	Original date of issuance	21 July 2016
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption price	First call date: 21 July 2021 (Redemptions in whole at 100%)
16	Subsequent call dates, if applicable	Any distribution payment date thereafter
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	Year 1-5: 4.25% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability
32	If write-down, full or partial	Full
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
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).	Depositors, bank's creditors, creditors of Tier 2 capital and all other subordinated indebtedness of the bank
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

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

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

* Include solo-consolidated.

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

(ii) Both regulatory capital and LAC requirement

		(a)
		Quantitative / qualitative information
1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Companies Ordinance
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)	N/A
	Regulatory treatment	
4	Transitional Basel III rules [1]	Common Equity Tier 1
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\$44,188 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$44,188 million
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Since incorporation
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption price	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend / coupon	N/A
18	Coupon rate and any related index	N/A
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)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
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).	Depositors, bank's creditors, holders' of certificates of deposit, issued debt securities in issue and subordinated debts in issue.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

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

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

* Include solo-consolidated.

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

(ii) Both regulatory capital and LAC requirement (continued)

		(b)
		Quantitative / qualitative information
1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	The Capital Securities are governed by and shall be construed in accordance with the laws of Hong Kong
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)	N/A
	Regulatory treatment	
4	Transitional Basel III rules [1]	N/A
5	Post-transitional Basel III rules [2]	Additional 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)	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$19,692 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$19,692 million
9	Par value of instrument	USD 2.536 billion
10	Accounting classification	Equity instruments
11	Original date of issuance	21 March 2018
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption price	21 March 2023(Redemptions in whole at 100%)
16	Subsequent call dates, if applicable	any distribution payment date thereafter
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	Year 1-5: 4.90% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Partially 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)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	May be written-down partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
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).	Depositors and all other unsubordinated creditors of the Issuer, creditors in respect of Tier 2 Capital Instruments and all other Subordinated Indebtedness of the Issuer
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

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

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

* Include solo-consolidated.

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

(ii) Both regulatory capital and LAC requirement (continued)

		(a)
		Quantitative / qualitative information
1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	The Capital Securities are governed by and shall be construed in accordance with the laws of Hong Kong.
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)	N/A
	Regulatory treatment	
4	Transitional Basel III rules [1]	N/A
5	Post-transitional Basel III rules [2]	Additional 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 (for LAC purposes)
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$7,772 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$7,772 million
9	Par value of instrument	USD 1 billion
10	Accounting classification	Equity instruments
11	Original date of issuance	21 July 2021
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption price	First call date: 21 July 2026 Included tax and regulatory event calls Redemption in whole at 100%
16	Subsequent call dates, if applicable	Any distribution payment date after the first call date
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	Year 1-5: 3.3% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	May be written down partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
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).	Depositors, Issuer's creditors, holders of non-preferred loss absorbing instruments and tier 2 capital instruments and creditors of all other subordinated indebtedness of the Issuer whose claims rank or are expressed to rank by operation of law or contract senior to the Capital Securities
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

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

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

* Include solo-consolidated.

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

		(a)
		Amount (HK\$'000)
	Regulatory capital elements of internal loss-absorbing capacity and adjustments	
1	Common Equity Tier 1 ("CET1") capital	109,754,586
2	Additional Tier 1 ("AT1") capital before LAC adjustments	27,446,047
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	(7,753,702)
4	Other adjustments	-
5	AT1 capital eligible under the LAC Rules	19,692,345
6	Tier 2 ("T2") capital before LAC adjustments	6,511,328
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	6,511,328
11	Internal loss-absorbing capacity arising from regulatory capital	135,958,259
	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	-
17	Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments	-
	Non-regulatory capital elements of internal loss-absorbing capacity: adjustments	
18	Internal loss-absorbing capacity before deductions	135,958,259
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	135,958,259
	Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes	
23	Risk-weighted amount under the LAC Rules	663,110,493
24	Exposure measure under the LAC Rules	1,023,898,158
	Internal LAC ratios and buffers	
25	Internal LAC risk-weighted ratio	20.50%
26	Internal LAC leverage ratio	13.28%
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	12.05%
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)	4.09%
29	Of which: capital conservation buffer requirement	2.50%
30	Of which: institution-specific countercyclical capital buffer requirement	0.59%
31	Of which: higher loss absorbency requirement	1.00%

Template TLAC2: Material subsidiary – creditor ranking at legal entity level

		Creditor ranking			Total HK\$ million
		1 (most junior)	2	2	
1	Is a resolution entity or a non-HK resolution entity the creditor/investor? (yes or no)	Yes	Yes	No	
2	Description of creditor ranking (free text)	CET1 capital instruments (Note 1)	AT1 capital instruments	AT1 capital instruments	
3	Total capital and liabilities net of credit risk mitigation	44,188	19,692	7,754	71,634
4	Subset of row 3 that are excluded liabilities	-	-	-	-
5	Total capital and liabilities less excluded liabilities	44,188	19,692	7,754	71,634
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	44,188	19,692	-	63,880
7	Subset of row 6 with 1 year \leq residual maturity < 2 years	-	-	-	-
8	Subset of row 6 with 2 years \leq residual maturity < 5 years	-	-	-	-
9	Subset of row 6 with 5 years \leq residual maturity < 10 years	-	-	-	-
10	Subset of row 6 with residual maturity \geq 10 years, but excluding perpetual securities	-	-	-	-
11	Subset of row 6 that is perpetual securities	44,188	19,692	-	63,880

Note 1: Issued and fully paid ordinary shares.