



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

For the period ended September 30, 2024

(UNAUDITED)

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1. 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 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.

2. Key Prudential Ratios and Metrics

a. Key Prudential Ratios (KM1)

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		30/09/2024	30/06/2024	31/03/2024	31/12/2023	30/09/2023
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	122,506,392	120,551,656	119,178,824	116,273,462	113,376,766
2	Tier 1	149,973,519	148,163,051	146,841,845	143,903,421	141,057,467
3	Total capital	156,098,649	153,899,414	152,330,528	150,159,969	147,742,370
Risk-weighted asset (RWA) (amount)						
4	Total RWA	641,982,406	632,812,917	625,710,160	622,030,858	627,876,035
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	19.08%	19.05%	19.05%	18.69%	18.06%
6	Tier 1 ratio (%)	23.36%	23.41%	23.47%	23.13%	22.47%
7	Total capital ratio (%)	24.32%	24.32%	24.35%	24.14%	23.53%
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 (%)	0.66%	0.64%	0.66%	0.64%	0.67%
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 (%)	4.16%	4.14%	4.16%	4.14%	4.17%
12	CET1 available after meeting the AI's minimum capital requirements (%)	14.58%	14.55%	14.55%	14.19%	13.56%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	1,034,387,285	1,002,309,501	993,738,293	976,370,799	976,873,356
14	LR (%)	14.50%	14.78%	14.78%	14.74%	14.44%
Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)						
Applicable to category 1 institution only:						
15	Total high quality liquid assets (HQLA)	173,748,644	176,836,420	162,309,250	166,846,872	152,072,287
16	Total net cash outflows	104,382,152	113,986,928	99,930,839	86,638,224	82,811,529
17	LCR (%)	168.86%	156.50%	164.61%	198.04%	184.69%
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	583,031,775	572,065,836	573,485,855	558,705,332	556,637,149
19	Total required stable funding	451,460,732	435,825,946	447,200,985	446,453,370	442,122,014
20	NSFR (%)	129.14%	131.26%	128.24%	125.14%	125.90%
Applicable to category 2A institution only:						
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

2. Key Prudential Ratios and Metrics (continued)

b. Key Metrics – LAC Requirements for the Group (at LAC consolidation group level)
(KM2(A))

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		30/09/2024	30/06/2024	31/03/2024	31/12/2023	30/09/2023
Of the material entity at LAC consolidation group level						
1	Internal loss-absorbing capacity available	165,808,712	163,660,477	162,109,841	159,927,594	158,154,209
2	Risk-weighted amount under the LAC Rules	641,982,406	632,812,917	625,710,160	622,030,858	627,876,035
3	Internal LAC risk-weighted ratio	25.83%	25.86%	25.91%	25.71%	25.19%
4	Exposure measure under the LAC Rules	1,034,387,285	1,002,309,501	993,738,293	976,370,799	976,873,356
5	Internal LAC leverage ratio	16.03%	16.33%	16.31%	16.38%	16.19%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?(Note 1)	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?(Note 1)	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 (Note 1)	N/A	N/A	N/A	N/A	N/A

Note 1: The subordination exemptions in the antepenultimate and penultimate paragraphs of Section 11 of the Financial Stability Board ("FSB") Total Loss Absorbing Capacity ("TLAC") Term Sheet do not apply in Hong Kong under the Loss Absorbing Capacity ("LAC") Rules.

2. Key Prudential Ratios and Metrics (continued)

c. Key Metrics – TLAC Requirements for Non-HK Resolution Entity (at resolution group level) (KM2(B))

		(HK\$ Million)				
		(a)	(b)	(c)	(d)	(e)
		30/09/2024	30/06/2024	31/03/2024	31/12/2023	30/09/2023
Of the non-HK resolution entity at resolution group level (Note 1)						
1	External loss-absorbing capacity available	5,503,642	5,196,966	5,244,648	5,185,172	4,950,726
2	Total risk-weighted amount under the relevant non-HK LAC regime	28,365,707	26,907,457	27,307,252	27,144,334	26,343,412
3	External loss-absorbing capacity as a percentage of risk-weighted amount	19.40%	19.31%	19.21%	19.10%	18.79%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	56,015,658	52,635,905	53,984,831	51,749,986	50,750,460
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	9.83%	9.87%	9.72%	10.02%	9.76%
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 Mainland China is not yet implemented, so the values for rows 1 to 5 are reported using the values of total regulatory capital, TLAC non-capital bonds, risk-weighted amount and leverage ratio exposure measure of the non-HK resolution entity.

3. Overview of Risk Management and RWA

Overview of Risk-Weighted Amount ("RWA") (OV1)

		(HK\$'000)		
		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30/09/2024	30/06/2024	30/09/2024
1	Credit risk for non-securitization exposures	577,105,932	568,595,634	46,168,475
2	Of which STC approach	577,105,932	568,595,634	46,168,475
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	7,759,317	7,834,163	620,746
7	Of which SA-CCR approach	5,058,295	6,120,737	404,664
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	N/A	N/A	N/A
9	Of which others	2,701,022	1,713,426	216,082
10	CVA risk	1,583,388	2,172,250	126,671
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	5,348,924	5,249,942	427,914
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	24,235,875	22,937,863	1,938,870
21	Of which STM approach	24,235,875	22,937,863	1,938,870
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	24,708,225	24,788,288	1,976,658
24a	Sovereign concentration risk	N/A	N/A	N/A

3. Overview of Risk Management and RWA (continued)

Overview of Risk-Weighted Amount ("RWA") (OV1) (continued)

		(HK\$'000)		
		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30/09/2024	30/06/2024	30/09/2024
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,700,598	1,694,630	136,048
26	Capital floor adjustment		-	
26a	Deduction to RWA	459,853	459,853	36,788
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	459,853	459,853	36,788
27	Total	641,982,406	632,812,917	51,358,594

In the third quarter of 2024, total RWA of the Group amounted to HKD 641.98 billion, which increased by HKD 9.17 billion or uplift by 1.45% compared to the last quarter. In addition, "of which others" RWA in Counterparty default risk and default fund contributions increased HKD 988 million or 57.64% mainly because of increase of Securities Financing Transactions (SFT). As for CVA risk, due to decrease in capital charge of counterparties' credit valuation adjustments, CVA risk downshifted by HKD 589 million or 27.11% compared to the last quarter. Other RWA items experienced small or moderate fluctuations in the third quarter of 2024, 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 is 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. Of which, counterparty credit risk RWA adopts SA-CCR approach for the calculation of default risk exposure ("DRE") arising from the Bank's derivatives contracts and derivatives cleared through central counterparty ("CCP"). 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.

4. Leverage Ratio (LR2)

		(a)	(b)
		(HK\$'000)	
		30/09/2024	30/06/2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and Securities financing transactions(SFTs), but including collateral)	935,869,669	925,514,451
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,923,561)	(1,931,940)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	933,946,108	923,582,511
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)	3,915,781	4,131,473
5	Add-on amounts for PFE associated with all derivative contracts	11,220,684	12,903,305
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	(454,080)	(1,097,670)
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	14,682,385	15,937,108
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	36,935,489	18,980,004
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	(5,095,818)	(8,493,632)
14	CCR exposure for SFT assets	1,620,067	1,060,554
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	33,459,738	11,546,926
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	238,806,902	232,091,454
18	Less: Adjustments for conversion to credit equivalent amounts	(176,707,558)	(170,654,178)
19	Off-balance sheet items	62,099,344	61,437,276
Capital and total exposures			
20	Tier 1 capital	149,973,519	148,163,051
20a	Total exposures before adjustments for specific and collective provisions	1,044,187,575	1,012,503,821
20b	Adjustments for specific and collective provisions	(9,800,290)	(10,194,320)
21	Total exposures after adjustments for specific and collective provisions	1,034,387,285	1,002,309,501
Leverage ratio			
22	Leverage ratio	14.50%	14.78%

4. Leverage Ratio (LR2) (continued)

Item 7:

Due to decrease in the clearing settlement account balance, the receivables assets for cash variation margin provided under derivative contracts decreased by HKD 644 million or a decrease of 58.63% compared to last quarter.

Item 12:

The Gross securities financing transaction ("SFT") assets (with no recognition of netting), after adjusting for sale accounting transactions, increased by HKD 17,955 million or an increase of 94.60% compared to last quarter due to increase in the amount of repo-style transactions.

Item 13:

Deduction of netted amounts of cash payables and cash receivables of gross SFT assets decreased by 3,398 million or a decrease of 40.00% compared to last quarter due to decrease in netted amount of cash payables and receivables from repo-style transactions.

Item 14:

Counterparty Credit Risk ("CCR") exposure for SFT assets increased by HKD 560 million or an increase of 52.76%, due to increase in CCR from repo-style transaction.

Item 16 (include 12, 13 and 14):

The Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions, increased by HKD 17,955 million or an increase of 94.60%. Additionally, deduction of netted amounts of cash payables and cash receivables of gross SFT assets decreased by 3,398 million or a decrease of 40.00%. As a result, total exposures arising from SFTs increased by HKD 21,913 million or an increase of 189.77% compared to last quarter.

5. Liquidity Coverage Ratio – for Category 1 Institution (LIQ1)

Number of data points used in calculating the average value of the LCR and related components set out in this template: (76)		(HK\$'000)	
		(a)	(b)
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)
A. High quality liquid assets (HQLA)			
1	Total HQLA		173,748,644
B. Cash outflows			
2	Retail deposits and small business funding, of which:	209,500,035	20,189,627
3	<i>Stable retail deposits and stable small business funding</i>	10,863,563	325,980
4	<i>Less stable retail deposits and less stable small business funding</i>	198,636,472	19,863,647
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:	318,042,537	168,407,765
6	<i>Operational deposits</i>	181,226	44,641
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	317,843,269	168,345,082
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	18,042	18,042
9	Secured funding transactions (including securities swap transactions)		388,191
10	Additional requirements, of which:	68,970,741	12,777,231
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	6,787,872	6,255,883
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>	62,182,869	6,521,348
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	9,296,286	9,296,286
15	Other contingent funding obligations (whether contractual or non-contractual)	413,645,509	2,211,507
16	Total Cash Outflows		213,270,607
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	3,416,176	430,592
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	121,362,856	103,167,771
19	Other cash inflows	62,452,680	5,290,092
20	Total Cash Inflows	187,231,712	108,888,455
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		173,748,644

5. Liquidity Coverage Ratio – for Category 1 Institution (LIQ1) (continued)

Number of data points used in calculating the average value of the LCR and related components set out in this template: (76)		(HK\$'000)	
		(a)	(b)
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)
22	Total Net Cash Outflows		104,382,152
23	LCR (%)		168.86%

Liquidity Coverage Ratio

The LCR throughout the third quarter of 2024 meets the regulatory requirement and maintains at a safe level.

The average LCR as of the third quarter of 2024 increased by 12.36% compared to that as of the second quarter of 2024. Such increase was mainly due to the decrease of total net cash outflows by HKD 9.6 billion resulting from the maturing impact from various kinds of asset and liability, which was partially net off by the decrease of HQLA by HKD 3.1 billion.

(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 impacts from various kinds of asset and liability which impacts the net cash outflows.

(ii) Composition 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.

5. Liquidity Coverage Ratio – for Category 1 Institution (LIQ1) (continued)

(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 fundings of the Bank are mainly customer deposits and capital 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, 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 Basel Committee on Banking Supervision guidance. The Board is ultimately responsible for liquidity risk management, with the support from the Risk Management Committee of Board of Directors, senior management committees including the Senior Executive Risk Management Committee and the Asset and Liability Committee. 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.