

Bank of Communications (Hong Kong) Limited

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BANK OF COMMUNICATIONS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURE STATEMENT (UNAUDITED)

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The following disclosures contained all disclosures required by the Banking (Disclosure) Rules and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

Key prudential ratios and overview of RWA

KM1: Key prudential ratios

		30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1.	Common Equity Tier 1 (CET1)	20,601,583	18,494,034	20,164,559	19,616,775	19,221,644
2.	Tier 1	24,473,033	22,365,484	20,164,559	19,616,775	19,221,644
3.	Total capital	27,148,653	25,349,197	23,370,970	22,770,163	22,075,153
	RWA (amount)					
4.	Total RWA	159,385,749	141,848,526	128,663,368	125,062,409	117,914,582
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5.	CET1 ratio (%)	12.93%	13.04%	15.67%	15.69%	16.30%
6.	Tier 1 ratio (%)	15.35%	15.77%	15.67%	15.69%	16.30%
7.	Total capital ratio (%)	17.03%	17.87%	18.16%	18.21%	18.72%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8.	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9.	Countercyclical capital buffer requirement (%)	0.713%	0.761%	1.540%	1.923%	2.031%
10.	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.000%	0.000%	0.000%	0.000%	0.000%
11.	Total AI-specific CET1 buffer requirements (%)	3.213%	3.261%	4.040%	4.423%	4.531%
12.	CET1 available after meeting the AI's minimum capital requirements (%)	8.43%	8.54%	9.67%	9.69%	10.30%
	Basel III leverage ratio					
13.	Total leverage ratio (LR) exposure measure	292,472,895	246,216,175	231,670,906	229,157,390	211,580,580
14.	LR (%)	8.37%	9.08%	8.70%	8.56%	9.08%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15.	Total high quality liquid assets (HQLA)	33,719,201	36,942,421	30,436,800	25,665,666	23,945,265
16.	Total net cash outflows	19,735,372	20,415,708	18,666,550	15,729,791	14,991,795
17.	LCR (%)	171.75%	182.82%	163.75%	165.46%	162.55%
	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	201,511,322	182,142,133	166,478,760	164,366,345	161,006,288
19.	Total required stable funding	171,754,626	157,532,006	148,449,379	143,817,700	133,437,609
20.	NSFR (%)	117.33%	115.62%	112.15%	114.29%	120.66%
	Applicable to category 2A institution only:					
20a.	CFR (%)	N/A	N/A	N/A	N/A	N/A

Key prudential ratios and overview of RWA (Continued)

OV1: Overview of RWA

		RWA		Minimum capital requirements
		As at 30 Jun 2020	As at 31 Mar 2020	As at 30 Jun 2020
		HK\$'000	HK\$'000	HK\$'000
1.	Credit risk for non-securitization exposures	148,331,776	130,752,461	11,866,542
2.	Of which STC approach	148,331,776	130,752,461	11,866,542
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	2,018,097	1,961,265	161,448
7.	Of which SA-CCR*	Not applicable	Not applicable	–
7a.	Of which CEM	1,230,913	1,702,862	98,473
8.	Of which IMM (CCR) approach	–	–	–
9.	Of which others	787,184	258,403	62,975
10.	CVA risk	970,375	1,045,425	77,630
11.	Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–
12.	Collective investment scheme (“CIS”) exposures – LTA*	Not applicable	Not applicable	–
13.	CIS exposures – MBA*	Not applicable	Not applicable	–
14.	CIS exposures – FBA*	Not applicable	Not applicable	–
14a.	CIS exposures – combination of approaches*	Not applicable	Not applicable	–
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	739,538	1,194,625	59,163
21.	Of which STM approach	739,538	1,194,625	59,163
22.	Of which IMM approach	–	–	–
23.	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	Not applicable	Not applicable	–
24.	Operational risk	7,325,963	6,894,750	586,077
24a.	Sovereign concentration risk	–	–	–
25.	Amounts below the thresholds for deduction (subject to 250% RW)	–	–	–
26.	Capital floor adjustment	–	–	–
26a.	Deduction to RWA	–	–	–
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	–	–	–
27.	Total	159,385,749	141,848,526	12,750,860

Point to note: Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, “Not applicable” should be reported in the rows.

Key prudential ratios and overview of RWA (Continued)

OV1: Overview of RWA (Continued)

During the quarter ended 30 Jun 2020, total RWAs increased by HK\$17,537 million. Credit Risk RWA for non-securitization exposures was the key contributor which increased by HK\$17,579 million mainly driven by loans and bonds growth.

Composition of regulatory capital

CC1: Composition of regulatory capital

		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	17,900,000	(11)
2.	Retained earnings	3,492,108	(14)
3.	Disclosed reserves	(108,514)	(12)
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	21,283,594	–
CET1 capital: regulatory deductions			
7.	Valuation adjustments	–	–
8.	Goodwill (net of associated deferred tax liabilities)	–	–
9.	Other intangible assets (net of associated deferred tax liabilities)	10,151	(6)
10.	Deferred tax assets (net of associated deferred tax liabilities)	102,178	(7)
11.	Cash flow hedge reserve	–	–
12.	Excess of total EL amount over total eligible provisions under the IRB approach	–	–
13.	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	–	–
14.	Gains and losses due to changes in own credit risk on fair valued liabilities	78,818	(4)+(9)
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)	949	–

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
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	489,915	–
26a.	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	–	–
26b.	Regulatory reserve for general banking risks	489,915	(15)
26c.	Securitization exposures specified in a notice given by the MA	–	–
26d.	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	–
26e.	Capital shortfall of regulated non-bank subsidiaries	–	–
26f.	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	–
27.	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	–
28.	Total regulatory deductions to CET1 capital	682,011	–
29.	CET1 capital	20,601,583	–
AT1 capital: instruments			
30.	Qualifying AT1 capital instruments plus any related share premium	3,871,450	(13)
31.	of which: classified as equity under applicable accounting standards	–	–
32.	of which: classified as liabilities under applicable accounting standards	–	–
33.	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	–	–
34.	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	–

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
35.	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	–	–
36.	AT1 capital before regulatory deductions	3,871,450	–
	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	3,871,450	–
45.	Tier 1 capital (T1 = CET1 + AT1)	24,473,033	–
	Tier 2 capital: instruments and provisions		
46.	Qualifying Tier 2 capital instruments plus any related share premium	2,000,000	(8)
47.	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	–	–
48.	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	–	–
49.	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	–	–
50.	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	895,845	(10)+(15)-(1)-(2) -(3)-(5)
51.	Tier 2 capital before regulatory deductions	2,895,845	–
	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)	220,225	–

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		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	–	–
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	–	–
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	220,225	–
58.	Tier 2 capital (T2)	2,675,620	–
59.	Total regulatory capital (TC = T1 + T2)	27,148,653	–
60.	Total RWA	159,385,749	–
Capital ratios (as a percentage of RWA)			
61.	CET1 capital ratio	12.93%	–
62.	Tier 1 capital ratio	15.35%	–
63.	Total capital ratio	17.03%	–
64.	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.213%	–
65.	of which: capital conservation buffer requirement	2.500%	–
66.	of which: bank specific countercyclical capital buffer requirement	0.713%	–
67.	of which: higher loss absorbency requirement	0.000%	–
68.	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	8.43%	–
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

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
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	2,060,253	–
73.	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	–
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
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)	895,845	–
77.	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	1,879,373	–
78.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	–	–
79.	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	–	–
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>	–	–

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template

	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
9.	Other intangible assets (net of associated deferred tax liabilities)	10,151	–
	<p><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.</p>		
10.	Deferred tax assets (net of associated deferred tax liabilities)	102,178	–
	<p><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.</p>		

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template (Continued)

	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
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)	949	–
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
19.	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template (Continued)

	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
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)	–	–
	<p><u>Explanation</u></p> <p>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.</p>		
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)	220,225	–
	<p><u>Explanation</u></p> <p>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.</p>		
<p>Remarks:</p> <p>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.</p>			

Composition of regulatory capital (Continued)

CC2: Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements (as at 30 Jun 2020)	Under regulatory scope of consolidation (as at 30 Jun 2020)	Reference
	HK\$'000	HK\$'000	
Assets			
Cash and balances with central bank	14,433,822	14,433,822	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(1)	(1)
Due from banks and other financial institutions	9,315,776	9,315,776	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(6,313)	(2)
Loans and advances to customers	89,792,378	89,792,378	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(372,608)	(3)
Financial assets at fair value through profit or loss	485,187	485,187	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		1,552	(4)
Financial assets at fair value through other comprehensive income	167,204,363	167,204,363	
Property and equipment	47,578	47,578	
Deferred income tax assets	100,172	100,172	
<i>of which: deferred income tax assets</i>		102,178	(7)
<i>of which: deferred income tax liabilities on other intangible assets</i>		(2,006)	(6)
Right-of-use assets	288,232	288,232	
Other assets	4,108,348	4,108,348	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(3,930)	(5)
<i>of which: other intangible assets</i>		12,157	(6)
Total assets	285,775,856	285,775,856	
Liabilities			
Due to banks and other financial institutions	42,797,604	42,797,604	
<i>of which: subordinated loan eligible for inclusion in regulatory capital</i>		2,000,000	(8)
Financial liabilities at fair value through profit or loss	3,364,575	3,364,575	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		77,266	(9)
Due to customers	209,591,304	209,591,304	
Current tax liabilities	429,012	429,012	
Lease liabilities	291,747	291,747	
Other liabilities	4,146,570	4,146,570	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		23,078	(10)
Total liabilities	260,620,812	260,620,812	

Composition of regulatory capital (Continued)

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

	Balance sheet as in published financial statements (as at 30 Jun 2020)	Under regulatory scope of consolidation (as at 30 Jun 2020)	Reference
	HK\$'000	HK\$'000	
Equity			
Share capital	17,900,000	17,900,000	(11)
Other reserves	(108,514)	(108,514)	(12)
Additional equity instrument	3,871,450	3,871,450	(13)
Retained earnings	3,492,108	3,492,108	(14)
<i>of which: regulatory capital for general banking risk</i>		489,915	(15)
Total equity	25,155,044	25,155,044	
Total equity and liabilities	285,775,856	285,775,856	

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments

	Ordinary shares	Additional Tier 1 capital securities	Tier 2 capital subordinated loan
1. Issuer	Bank of Communications (Hong Kong) Limited	Bank of Communications (Hong Kong) Limited	Bank of Communications (Hong Kong) Limited
2. Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	ISIN: XS2085545494	Not applicable
3. Governing law(s) of the instrument	Hong Kong law	The capital securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.	Hong Kong law
4. Transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Tier 2
5. Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Tier 2
6. Eligible at solo / group / solo and group	Solo	Solo	Solo
7. Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Non-cumulative subordinated Additional Tier 1 capital securities	Other Tier 2 instruments
8. Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$17,900 million	U.S.\$500 million	HK\$2,000 million
9. Par value of instrument	Not applicable	U.S.\$500 million	HK\$2,000 million
10. Accounting classification	Shareholders' equity	Equity instruments	Liability – amortised cost

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

	Ordinary shares	Additional Tier 1 capital securities	Tier 2 capital subordinated loan
11. Original date of issuance	1 share issued on 29 July 2014 299,999,999 shares issued on 9 February 2015 7,600,000,000 shares issued on 19 January 2018 10,000,000,000 shares issued on 28 June 2018	3 March 2020	19 January 2018
12. Perpetual or dated	Perpetual	Perpetual	Dated
13. Original maturity date	No maturity	No maturity	19 January 2028
14. Issuer call subject to prior supervisory approval	No	Yes	Yes
15. Optional call date, contingent call dates and redemption amount	Not applicable	First call date: 3 March 2025 (Redemption in whole at 100%)	The Borrower may repay the Loan in whole but not in part at any time on or after 19 January 2023, at the outstanding principal amount together with interest accrued to (but excluding) the date of repayment. In addition, the Borrower may repay the Loan in whole but not in part at the outstanding principal amount together with interest accrued to (but excluding) the date of repayment for taxation reasons, tax deductions reasons and regulatory reasons. Prepayment is subject to prior written consent of the HKMA.
16. Subsequent call dates, if applicable	No	Any distribution payment date thereafter	The Borrower may repay the Loan in whole but not in part at any time on or after 19 January 2023.

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

	Coupons / dividends	Ordinary shares	Additional Tier 1 capital securities	Tier 2 capital subordinated loan
17.	Fixed or floating dividend / coupon	Not applicable	Fixed	Floating
18.	Coupon rate and any related index	Not applicable	Year 1-5: 3.725% per annum payable, semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year U.S. Treasury yield plus 2.525% per annum.	The rate of interest on the Loan for each interest period shall be the percentage rate per annum which is the aggregate of 1.50 per cent per annum and three-month HIBOR.
19.	Existence of a dividend stopper	Not applicable	Yes	No
20.	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory
21.	Existence of step-up or other incentive to redeem	Not applicable	No	No
22.	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Cumulative
23.	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24.	If convertible, conversion trigger(s)	Not applicable	Not applicable	Not applicable
25.	If convertible, fully or partially	Not applicable	Not applicable	Not applicable
26.	If convertible, conversion rate	Not applicable	Not applicable	Not applicable
27.	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable
28.	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable
29.	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

	Write-down feature	Ordinary shares	Additional Tier 1 capital securities	Tier 2 capital subordinated loan
30.	Write-down feature	No	Yes	Yes
31.	If write-down, write-down trigger(s)	Not applicable	Upon Non-Viability Event (a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; and (b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.	If a Non-Viability Event occurs and is continuing. "Non-Viability Event" means the earlier of: (a) the Monetary Authority notifying the Borrower in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Borrower would become non-viable; and (b) the Monetary Authority notifying the Borrower in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Borrower would become non-viable.
32.	If write-down, full or partial	Not applicable	Full or partial	Always be written down fully
33.	If write-down, permanent or temporary	Not applicable	Permanent	Permanent
34.	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

35.	<p>Position in subordination hierarchy in liquidation (specify instrument type immediately senior to insolvency creditor hierarchy of the legal entity concerned)</p>	<p>Ordinary shares</p> <p>Represents the most subordinated claim in liquidation</p>	<p>Additional Tier 1 capital securities</p> <p>Depositors and all other unsubordinated creditors of the Issuer, creditors in respect of Tier 2 capital instruments of the Issuer, and all other holders of subordinated indebtedness of the Issuer whose claims are stated to rank senior to the capital securities or rank senior to the capital securities by operation of law or contract;</p> <p>Senior to claims of holders junior obligations which include ordinary share capital.</p>	<p>Tier 2 capital subordinated loan</p> <p>In the event of a Winding-Up of the Borrower, the right of the Lender to payment of principal and interest on the Loan, and any other obligations in respect of the Loan, shall rank</p> <p>(i) subordinate and junior in right of payment to, and of all claims of, (a) all unsubordinated creditors of the Borrower (including its depositors), and (b) all other subordinated creditors of the Borrower whose claims are stated to rank senior to the Loan or rank senior to the Loan by operation of law or contract;</p> <p>(ii) pari passu in right of payment to, and all claims of, holders of any instrument or other obligation issued or entered into by the Borrower that constitutes or qualifies as a Tier 2 capital instrument or any instrument or other obligation issued, entered into, or guaranteed by the Borrower that ranks or is expressed to rank pari passu with the Loan by operation of law or contract;</p>
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Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

	Ordinary shares	Additional Tier 1 capital securities	Tier 2 capital subordinated loan
35. Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned) (Continued)			(iii) senior in right of payment to, and all claims of, (a) shareholders, and holders of any other class of the Borrower's share capital, and any instrument or other obligation issued or guaranteed by the Borrower that ranks or is expressed to rank junior to the Loan by operation of law or contract; and (b) holders of Tier 1 capital instruments of the Borrower. The Loan constitutes unsecured obligations of the Borrower.
36. Non-compliant transitioned features	No	No	No
37. If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable
Full terms and conditions of capital instruments	Ordinary shares	Additional Tier 1 capital securities	Tier 2 capital subordinated loan due 2028

Macroprudential supervisory measures

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 (HK\$'000)	AI-specific CCyB ratio (%)	CCyB amount (HK\$'000)
1.	Hong Kong SAR	1%	75,281,258		
2.	Sum		75,281,258		
3.	Total		105,588,278	0.713%	1,136,420

CCyB ratio is calculated as the weighted average of the applicable jurisdictional CCyB ratio, effective at the date for which the determination is made, in respect of the jurisdictions (including Hong Kong) where the Bank has private sector credit exposures. The weight to be attributed to a given jurisdiction’s applicable CCyB ratio is the ratio of the Bank’s aggregate risk-weighted amount for its private sector credit exposures (in both the banking book and the trading book) in that jurisdiction (RWA_j) to the sum of the Bank’s aggregate RWA_j across all jurisdictions in which the AI has private sector credit exposure.

Leverage ratio

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

	Item	Value under the LR framework (HK\$'000)
1.	Total consolidated assets as per published financial statements	285,775,856
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–
3.	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
4.	Adjustments for derivative contracts	1,700,973
5.	Adjustment for SFTs (i.e. repos and similar secured lending)	2,617,294
6.	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	2,845,271
6a.	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(300,519)
7.	Other adjustments	(165,980)
8.	Leverage ratio exposure measure	292,472,895

Leverage ratio (Continued)

LR2: Leverage ratio

		30 Jun 2020	31 Mar 2020
		HK\$'000	HK\$'000
On-balance sheet exposures			
1.	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	262,838,546	223,852,623
2.	Less: Asset amounts deducted in determining Tier 1 capital	(604,745)	(1,213,430)
3.	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	262,233,801	222,639,193
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)	382,625	759,980
5.	Add-on amounts for PFE associated with all derivative contracts	2,542,814	2,183,943
6.	Gross-up for derivatives collateral provided 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	(773,328)	(234,835)
8.	Less: Exempted CCP leg of client-cleared trade exposures	–	–
9.	Adjusted effective notional amount of written credit derivative contracts	–	–
10.	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	–	–
11.	Total exposures arising from derivative contracts	2,152,111	2,709,088
Exposures arising from SFTs			
12.	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	22,924,937	17,596,821
13.	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14.	CCR exposure for SFT assets	2,617,294	1,055,383
15.	Agent transaction exposures	–	–
16.	Total exposures arising from SFTs	25,542,231	18,652,204
Other off-balance sheet exposures			
17.	Off-balance sheet exposure at gross notional amount	11,797,658	11,670,392
18.	Less: Adjustments for conversion to credit equivalent amounts	(8,952,387)	(9,116,762)
19.	Off-balance sheet items	2,845,271	2,553,630
Capital and total exposures			
20.	Tier 1 capital	24,473,033	22,365,484
20a.	Total exposures before adjustments for specific and collective provisions	292,773,414	246,554,115
20b.	Adjustments for specific and collective provisions	(300,519)	(337,940)
21.	Total exposures after adjustments for specific and collective provisions	292,472,895	246,216,175
Leverage ratio			
22.	Leverage ratio	8.37%	9.08%

The leverage ratio was 8.37% at 30 June 2020, down from 9.08% at 31 March 2020. It was mainly due to an increase in total exposures.

Liquidity

30 Jun 2020

Average liquidity coverage ratio ("LCR")	
– Second quarter	171.75%
Average LCR for the period	177.40%
Net stable funding ratio ("NSFR")	
– First quarter end	115.62%
– Second quarter end	117.33%

The Bank's LCR and HKD HQLA Level 1 LCR are above the regulatory requirement for the period.

The Bank's average LCR for the period is 177.40%. The Bank's NSFR for the quarter ends of first half of year 2020 are 115.62% and 117.33% respectively.

In the second quarter of year 2020, the Bank's LCR decreased as a result of decrease in HQLA.

In the second quarter end of year 2020, the Bank's NSFR increased due to increase in retail deposits and small business funding.

Level 1 HQLA is the major component of the Bank's HQLA portfolio, which consists of balance with the HKMA, Exchange Fund Bills / Notes and unencumbered sovereign bonds. The Bank also holds a portion of Level 2 HQLA, which include corporate bonds with high credit rating. The main drivers of net cash outflows are retail deposits and small business funding, wholesale funding and loans during the quarter. Deposit is the major funding source of the Bank.

LCR net cash outflow arising from off-balance-sheet derivatives and additional collateral provision are not material. The Bank's major liquidity profile is captured in the LCR calculation.

The Bank's HKD LCR is above the regulatory requirement for the period. The Bank holds Level 1 HQLA denominated in foreign currencies (mainly CNY and USD) to cover respective LCR net cash outflow in foreign currency. The foreign currency LCR mismatch is bolstered mainly by our HKD-denominated HQLA through FX contracts. The Bank has established internal monitoring limit on LCR for foreign major currencies according to LM-1 issued by the HKMA.

The Bank has established internal limit and management action trigger level on LCR and NSFR to ensure our liquidity risk is controlled at the level commensurate with our risk appetite. The Bank's daily liquidity management is governed by the liquidity management requirement of parent bank and there is considerable level of interaction between members of the parent group. The Bank submits liquidity management reports to parent bank regularly and participates in the group liquidity stress test.

Liquidity (Continued)

LIQ1: Liquidity Coverage Ratio – for category 1 institution

2020 Second quarter:

Number of data points used in calculating the average value of the LCR and related components set out in this template for the quarter ending on 30 Jun 2020: (71)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		33,719,201
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	165,241,129	12,264,184
3.	<i>Stable retail deposits and stable small business funding</i>	5,651,591	282,580
4.	<i>Less stable retail deposits and less stable small business funding</i>	80,042,558	8,004,256
4a.	<i>Retail term deposits and small business term funding</i>	79,546,980	3,977,348
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	25,922,933	13,938,294
6.	<i>Operational deposits</i>	175,847	42,599
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	25,747,086	13,895,695
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	–	–
9.	Secured funding transactions (including securities swap transactions)		5,760,926
10.	Additional requirements, of which:	36,946,185	6,738,861
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	27,226,147	6,236,907
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>	9,720,038	501,954
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	3,158,524	3,158,524
15.	Other contingent funding obligations (whether contractual or non-contractual)	1,392,197	9,917
16.	Total Cash Outflows		41,870,706
C. Cash Inflows			
17.	Secured lending transactions (including securities swap transactions)	–	–
18.	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	19,428,142	12,493,676
19.	Other cash inflows	9,641,658	9,641,658
20.	Total Cash Inflows	29,069,800	22,135,334
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		33,719,201
22.	Total Net Cash Outflows		19,735,372
23.	LCR (%)		171.75%

Liquidity (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2020 Second quarter end:

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A.	Available stable funding ("ASF") item					
1.	Capital:	25,560,974	13,511	–	2,000,000	27,560,974
2.	<i>Regulatory capital</i>	25,560,974	13,511	–	2,000,000	27,560,974
2a.	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3.	<i>Other capital instruments</i>	–	–	–	–	–
4.	Retail deposits and small business funding:	–	169,255,584	6,266,800	284,353	158,666,371
5.	<i>Stable deposits</i>	–	8,018,577	218,855	4,380	7,829,941
6.	<i>Less stable deposits</i>	–	161,237,007	6,047,945	279,973	150,836,430
7.	Wholesale funding:	–	78,584,000	348,371	52,257	15,283,977
8.	<i>Operational deposits</i>	–	237,187	–	–	118,594
9.	<i>Other wholesale funding</i>	–	78,346,813	348,371	52,257	15,165,383
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	3,779,229	2,225,533	–	–	–
12.	<i>Net derivative liabilities</i>	2,409,148	–	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	1,370,081	2,225,533	–	–	–
14.	Total ASF					201,511,322
B.	Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	326,697	25,469,080	7,592,703	49,694,003	18,363,783
16.	Deposits held at other financial institutions for operational purposes	–	270,727	–	–	135,364
17.	Performing loans and securities:	6,595,382	40,635,812	16,355,449	134,540,193	151,173,771
18.	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	–	–	–	–
19.	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	75	32,499,666	840,951	4,532,565	27,922,183

Liquidity (Continued)

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

2020 Second quarter end: (Continued)

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
20.	<i>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:</i>	6,595,307	2,870,301	5,955,724	51,161,287	52,826,691
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	2,462,748	195,052	133,257	934,385	2,372,291
22.	<i>Performing residential mortgages, of which:</i>	–	485,630	476,953	20,034,013	13,503,400
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	485,630	476,953	20,034,013	13,503,400
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	4,780,215	9,081,821	58,812,328	56,921,497
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	4,806,481	1,935,371	–	–	1,563,930
27.	<i>Physical traded commodities, including gold</i>	–	–	–	–	–
28.	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	–	–	–	–	–
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	3,551,865	–	–	–	177,593
31.	<i>All other assets not included in the above categories</i>	1,254,616	1,935,371	–	–	1,386,337
32.	<i>Off-balance sheet items</i>	–	10,565	5,837	11,781,256	517,778
33.	Total RSF	–	–	–	–	171,754,626
34.	Net Stable Funding Ratio (%)	–	–	–	–	117.33%

Liquidity (Continued)

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

2020 First quarter end:

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A.	Available stable funding ("ASF") item					
1.	Capital:	24,108,239	14,878	–	2,000,000	26,108,239
2.	<i>Regulatory capital</i>	24,108,239	14,878	–	2,000,000	26,108,239
2a.	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3.	<i>Other capital instruments</i>	–	–	–	–	–
4.	Retail deposits and small business funding:	–	152,351,514	4,639,390	10,695	141,712,562
5.	<i>Stable deposits</i>	–	8,016,462	184,621	488	7,791,516
6.	<i>Less stable deposits</i>	–	144,335,052	4,454,769	10,207	133,921,046
7.	Wholesale funding:	–	55,832,081	1,063,811	–	14,321,332
8.	<i>Operational deposits</i>	–	217,509	–	–	108,755
9.	<i>Other wholesale funding</i>	–	55,614,572	1,063,811	–	14,212,577
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	2,980,903	1,140,060	–	–	–
12.	<i>Net derivative liabilities</i>	1,928,057	–	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	1,052,846	1,140,060	–	–	–
14.	Total ASF					182,142,133
B.	Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	359,631	12,211,650	3,640,749	31,831,701	11,650,563
16.	Deposits held at other financial institutions for operational purposes	–	192,968	–	–	96,484
17.	Performing loans and securities:	6,322,441	39,722,108	9,846,995	134,643,131	143,555,717
18.	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	100,797	–	–	–
19.	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	–	30,327,114	838,844	12,535,658	29,806,037

Liquidity (Continued)

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

2020 First quarter end: (Continued)

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
20.	<i>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:</i>	6,322,441	3,664,699	3,017,529	49,489,963	50,066,553
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	2,760,442	289,532	175,516	815,081	2,556,614
22.	<i>Performing residential mortgages, of which:</i>	–	466,845	458,504	19,259,085	12,981,080
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	466,845	458,504	19,259,085	12,981,080
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	5,162,653	5,532,118	53,358,425	50,702,047
25.	<i>Assets with matching interdependent liabilities</i>	–	–	–	–	–
26.	<i>Other assets:</i>	4,395,106	1,427,498	–	–	1,703,048
27.	<i>Physical traded commodities, including gold</i>	–	–	–	–	–
28.	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	–	–	–	–	–
29.	<i>Net derivative assets</i>	–	–	–	–	–
30.	<i>Total derivative liabilities before deduction of variation margin posted</i>	2,918,189	–	–	–	145,909
31.	<i>All other assets not included in the above categories</i>	1,476,917	1,427,498	–	–	1,557,139
32.	<i>Off-balance sheet items</i>	–	6,081	2,854	11,661,457	526,194
33.	Total RSF	–	–	–	–	157,532,006
34.	Net Stable Funding Ratio (%)	–	–	–	–	115.62%

Credit risk for non-securitization exposures

CR1: Credit quality of exposures

		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values
		Defaulted exposures	Non- defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		HK\$'000	HK\$'000		HK\$'000	HK\$'000		
1.	Loans	83,959	113,553,391	422,071	43,149	378,922	–	113,215,279
2.	Debt securities	–	167,194,570	–	–	–	–	167,194,570
3.	Off-balance sheet exposures	–	4,973,238	18,186	–	18,186	–	4,955,052
4.	Total	83,959	285,721,199	440,257	43,149	397,108	–	285,364,901

CR2: Changes in defaulted loans and debt securities

		Amount HK\$'000
1.	Defaulted loans and debt securities at 31 Dec 2019	46,918
2.	Loans and debt securities that have defaulted since the last reporting period	40,777
3.	Returned to non-defaulted status	(3,965)
4.	Amounts written off	(852)
5.	Other changes	1,081
6.	Defaulted loans and debt securities at 30 Jun 2020	83,959

Between 31 Dec 2019 and 30 Jun 2020, the Bank's defaulted loans and debt securities increased from HK\$47 million by 79.0% to HK\$84 million. The increase in defaulted loans and debt securities in the first half of 2020 was mainly due to the newly defaulted loans.

CR3: Overview of recognized credit risk mitigation

		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.	Loans	109,943,319	3,271,960	1,579,089	1,692,871	–
2.	Debt securities	167,194,570	–	–	–	–
3.	Total	277,137,889	3,271,960	1,579,089	1,692,871	–
4.	Of which defaulted	35,541	8,121	8,121	–	–

As of Jun 2020, the Bank's carrying amount for unsecured exposures amount to HK\$277,138 million, HK\$60,289 million increase compared to Dec 2019. This was mainly due to unsecured debt securities increased by HK\$44,962 million compared to Dec 2019. In the same period, unsecured loans increased by HK\$15,327 million to HK\$109,943 million.

Credit risk for non-securitization exposures (Continued)

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

Exposure classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	On-balance sheet amount HK\$'000	Off-balance sheet amount HK\$'000	On-balance sheet amount HK\$'000	Off-balance sheet amount HK\$'000	RWA HK\$'000	RWA density %
1. Sovereign exposures	41,078,394	–	42,572,846	–	1,988,567	5%
2. PSE exposures	367,068	–	574,720	–	114,944	20%
2a. Of which: domestic PSEs	367,068	–	574,720	–	114,944	20%
2b. Of which: foreign PSEs	–	–	–	–	–	0%
3. Multilateral development bank exposures	–	–	–	–	–	0%
4. Bank exposures	99,348,841	–	99,348,841	–	40,536,444	41%
5. Securities firm exposures	–	–	659,748	–	329,874	50%
6. Corporate exposures	95,072,089	832,337	93,361,428	329,364	75,653,056	81%
7. CIS exposures	–	–	–	–	–	0%
8. Cash items	326,697	–	1,904,056	–	186,722	10%
9. Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	0%
10. Regulatory retail exposures	12,751,869	8,217,092	12,018,471	882,922	9,665,010	75%
11. Residential mortgage loans	20,996,596	391,663	20,750,592	195,832	7,301,873	35%
12. Other exposures which are not past due exposures	13,134,919	2,356,566	11,885,771	754,712	12,491,147	99%
13. Past due exposures	45,512	–	45,512	–	64,139	141%
14. Significant exposures to commercial entities	–	–	–	–	–	0%
15. Total	283,121,985	11,797,658	283,121,985	2,162,830	148,331,776	52%

Compared to Dec 2019, the Bank's RWA in Jun 2020 increased by HK\$28,744 million to HK\$148,332 million, which was a 24.0% increase. The increase was mainly attributed to the sharp increase in corporate loans and bonds, causing corporate exposures RWA to increase significantly from HK\$52,909 million to HK\$75,653 million.

Credit risk for non-securitization exposures (Continued)

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

Exposure classes	Risk Weight										Total credit risk exposures amount (post CCF and post and post CRM)	
	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1. Sovereign exposures	32,630,012	-	9,942,834	-	-	-	-	-	-	-	-	42,572,846
2. PSE exposures	-	-	574,720	-	-	-	-	-	-	-	-	574,720
2a. Of which: domestic PSEs	-	-	574,720	-	-	-	-	-	-	-	-	574,720
2b. Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-	-
3. Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4. Bank exposures	-	-	32,403,363	-	65,779,412	-	1,166,066	-	-	-	-	99,348,841
5. Securities firm exposures	-	-	-	-	659,748	-	-	-	-	-	-	659,748
6. Corporate exposures	17,398	-	16,034	-	36,015,021	-	57,642,339	-	-	-	-	93,690,792
7. CIS exposures	-	-	-	-	-	-	-	-	-	-	-	-
8. Cash items	970,444	-	933,612	-	-	-	-	-	-	-	-	1,904,056
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	9,777	-	6,733	-	-	12,884,883	-	-	-	-	-	12,901,393
11. Residential mortgage loans	-	-	195,832	20,750,592	-	-	-	-	-	-	-	20,946,424
12. Other exposures which are not past due exposures	128,292	-	26,305	-	-	-	12,485,886	-	-	-	-	12,640,483
13. Past due exposures	-	-	-	-	-	-	8,258	37,254	-	-	-	45,512
14. Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
15. Total	33,755,923	-	44,099,433	20,750,592	102,454,181	12,884,883	71,302,549	37,254	-	-	-	285,284,815

Compared to Dec 2019, the Bank's post-CCF and post-CRM on balance exposure increased by 28.0% to HK\$285,285 million in Jun 2020. This was mainly attributed to the sharp increase in corporate loans and bonds, which increased corporate exposures from HK\$62,796 million to HK\$93,691 million. Sovereign exposures also increased from HK\$23,874 million to HK\$42,573 million during the period.

Counterparty credit risk

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

		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1.	SA-CCR (for derivative contracts)	–	–		1.4	–	–
1a.	CEM	451,138	2,542,814		–	2,993,952	1,230,913
2.	IMM (CCR) approach			–	–	–	–
3.	Simple Approach (for SFTs)					2,617,293	787,184
4.	Comprehensive Approach (for SFTs)					–	–
5.	VaR (for SFTs)					–	–
6.	Total						2,018,097

The significant principal expansion of 133% of the SFT repo business in Jun 2020 results in the 48% increase of the Counterparty Default Risk RWA compared with Dec 2019.

CCR2: CVA capital charge

		EAD post CRM	RWA
		HK\$'000	HK\$'000
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	–	–
1.	(i) VaR (after application of multiplication factor if applicable)		–
2.	(ii) Stressed VaR (after application of multiplication factor if applicable)		–
3.	Netting sets for which CVA capital charge is calculated by the standardized CVA method	2,993,952	970,375
4.	Total	2,993,952	970,375

CVA RWA's increment of 24% comes from the 17% OTC derivatives principal growth and the longer remaining tenor of interest rate exposure.

Counterparty credit risk (Continued)

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

	Risk Weight	Risk Weight										Total default risk exposure after CRM	
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others		
Exposure classes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1. Sovereign exposures	4,581	-	-	-	-	-	-	-	-	-	-	-	4,581
2. PSE exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
2a. Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-	-	-
2b. Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Bank exposures	-	-	2,857,564	-	2,518,094	-	-	-	-	-	-	-	5,375,658
5. Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Corporate exposures	-	-	-	-	-	-	-	42,189	-	-	-	-	42,189
7. CIS exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Regulatory retail exposures	-	-	-	-	-	173,867	-	-	-	-	-	-	173,867
9. Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	14,950	-	14,950
11. Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Total	4,581	-	2,857,564	-	2,518,094	-	173,867	57,139	-	-	-	-	5,611,245

The significant principal expansion of 133% of the SFT repo business in Jun 2020 with interbank counterparties results in the 49% increase of the Counterparty Default Risk exposure compared with Dec 2019.

Counterparty credit risk (Continued)

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

	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash – domestic currency	–	–	–	–	250,000	–
Cash – other currencies	–	68,513	–	773,328	22,674,937	–
Domestic sovereign debt	–	–	–	–	–	254,581
Other sovereign debt	–	–	–	–	–	–
Government agency debt	–	–	–	–	–	–
Corporate bonds	–	–	–	–	–	25,287,650
Equity securities	–	–	–	–	–	–
Other collateral	–	–	–	–	–	–
Total	–	68,513	–	773,328	22,924,937	25,542,231

The increased collateral posted and received resulted from increasing transaction with counterparties via CSA and repo transaction.

CCR6: Credit-related derivatives contracts

	Protection bought	Protection sold
	HK\$'000	HK\$'000
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)	–	–

Counterparty credit risk (Continued)

CCR8: Exposures to CCPs

		Exposure after CRM	RWA
		HK\$'000	HK\$'000
1.	Exposures of the AI as clearing member or client to qualifying CCPs (total)		–
2.	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:		
3.	(i) OTC derivative transactions	–	–
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	–	–
9.	Funded default fund contributions	–	–
10.	Unfunded default fund contributions	–	–
11.	Exposures of the AI as clearing member or 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	–	–

Securitization exposures

SEC1: Securitization exposures in banking book

	Acting as originator (excluding sponsor)		Acting as sponsor		Acting as investor		
	Traditional HK\$'000	Synthetic HK\$'000	Traditional HK\$'000	Synthetic HK\$'000	Traditional HK\$'000	Synthetic HK\$'000	Sub-total HK\$'000
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	–	–	–	–	–	–	–

Securitization exposures (Continued)

SEC2: Securitization exposures in trading book

	Acting as originator (excluding sponsor)		Acting as sponsor		Acting as investor	
	Traditional HK\$'000	Synthetic HK\$'000	Traditional HK\$'000	Synthetic HK\$'000	Traditional HK\$'000	Synthetic HK\$'000
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	–	–	–	–	–	–

Securitization exposures (Continued)

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

	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	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA
	HK\$'000					HK\$'000				HK\$'000				HK\$'000			
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Securitization exposures (Continued)

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

	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	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA
	HK\$'000					HK\$'000				HK\$'000				HK\$'000			
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Market risk

MR1: Market risk under STM approach

		RWA
		HK\$'000
	Outright product exposures	
1.	Interest rate exposures (general and specific risk)	504,262
2.	Equity exposures (general and specific risk)	–
3.	Foreign exchange (including gold) exposures	229,938
4.	Commodity exposures	–
	Option exposures	
5.	Simplified approach	–
6.	Delta-plus approach	5,338
7.	Other approach	–
8.	Securitization exposures	–
9.	Total	739,538

Additional balance sheet information

1. International claims

The information on international claims are prepared in according to the location and types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. Geographical segments, constituting 10% or more of the Bank's total international claims after taking into account any recognized risk transfer, are disclosed below.

	Bank	Official Sector	Non-bank financial institutions	Non-financial private sector	Total
Equivalent in millions of HK\$					
<u>As at 30 Jun 2020</u>					
Developing Asia-Pacific	57,738	8,479	5,459	26,415	98,091
of which attributed to People's Republic of China	43,217	8,479	5,459	25,445	82,600
Developed countries	33,473	8,562	1,911	1,869	45,815
Offshore centres	5,357	211	4,756	23,274	33,598
of which attributed to Hong Kong	4,922	211	3,829	22,993	31,955

2. Impaired loans and advances to customers by geographical areas

	Gross amount of loans to customers HK\$'000	Gross amount of trade bills HK\$'000	Total amount of loans and advances HK\$'000	Identified Impaired loans and advances HK\$'000	% of total loans and advances	Stage 1 & 2 provision for ECL HK\$'000	Stage 3 provision for ECL HK\$'000
<u>As at 30 Jun 2020</u>							
Hong Kong	78,150,273	7,209	78,157,482	93,036	0.10	323,638	42,743
People's Republic of China	10,798,570	40,079	10,838,649	406	–	44,104	406
Other countries	1,212,004	–	1,212,004	–	–	4,866	–
	<u>90,160,847</u>	<u>47,288</u>	<u>90,208,135</u>	<u>93,442</u>	0.10	<u>372,608</u>	<u>43,149</u>

The gross amount of loans and advances to customers by geographical segment is in accordance with the location of the counterparties after taking into account the transfer of risk. In general, a transfer of risk arises if the loans or advances of a customer are guaranteed by a party in a country which is different from that of the customer. Geographical segment, constituting 10% or more of the Bank's total amount of loans and advances to customers after taking into account any recognized risk transfer, are disclosed above.

Additional balance sheet information (Continued)

3. The risk concentration analysis for loans and advances to customers by industry sectors (gross)

	30 Jun 2020 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
– Property development	12,144,943	3.62
– Property investment	5,409,330	99.23
– Financial concerns	10,821,299	4.34
– Stockbrokers	–	–
– Wholesale and retail trade	1,948,680	58.07
– Manufacturing	4,423,420	6.47
– Transport and transport equipment	7,213,811	61.50
– Recreational activities	12,157	19.45
– Information technology	1,278,287	1.30
– Others	6,037,076	15.86
Individuals		
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme	134,886	100.00
– Loans for the purchase of other residential properties	20,502,600	100.00
– Credit card advances	106,075	–
– Others	14,717,019	82.74
Sub-total	84,749,583	54.18
Trade finance	299,202	35.33
Loans and advances for use outside Hong Kong	5,112,062	1.71
Total	90,160,847	51.15

Additional balance sheet information (Continued)

3. The risk concentration analysis for loans and advances to customers by industry sectors (gross) (Continued)

Gross loans, impaired loans, overdue loans, provision for Expected Credit Loss (“ECL”) in respect of industry sectors which constitute not less than 10% of total amount of loans and advances to customers are analysed as follows:

	Gross amount of loans to customers HK\$'000	Impaired loans HK\$'000	Overdue loans HK\$'000	Stage 1 & 2 provision for ECL HK\$'000	Stage 3 provision for ECL HK\$'000
<u>As at 30 Jun 2020</u>					
Loans and advances for use in Hong Kong					
– Industrial, commercial and financial	49,289,003	41,397	37,461	200,363	12,092
– Individuals	35,460,580	32,689	27,142	149,825	18,361
Trade finance	299,202	11,878	11,878	1,826	5,218
Loans and advances for use outside Hong Kong	5,112,062	269	269	20,569	269
	<u>90,160,847</u>	<u>86,233</u>	<u>76,750</u>	<u>372,583</u>	<u>35,940</u>

4. Gross amount of overdue loans and advances to customers

	30 Jun 2020 HK\$'000	% of total loans and advances to customers
Gross loans and advances to customers which have been overdue for periods of:		
More than 3 months but not more than 6 months	35,576	0.04
More than 6 months but not more than 1 year	33,311	0.04
More than 1 year	7,863	0.01
	<u>76,750</u>	0.09
Gross trade bills to customers which have been overdue for periods of:		
More than 3 months but not more than 6 months	–	–
More than 6 months but not more than 1 year	–	–
More than 1 year	7,209	0.01
	<u>7,209</u>	0.01
Total gross amount of overdue loans and advances to customers	<u>83,959</u>	0.10

Additional balance sheet information (Continued)

5. Overdue loans and advances to customers by geographical areas

	Overdue loans and advances to customers HK\$'000	Stage 3 provision for ECL HK\$'000
<u>As at 30 Jun 2020</u>		
Hong Kong	83,553	39,764
People's Republic of China	406	406
	<u>83,959</u>	<u>40,170</u>
Fair value of collateral	<u>24,740</u>	

Collateral held with respect to overdue loans and advances to customers is mainly residential properties.

6. Overdue and rescheduled loans and advances to customers

	30 Jun 2020 HK\$'000
Total rescheduled loans and advances to customers	6,803
Excluding: rescheduled loans and advances to customers overdue above 3 months	<u>5,735</u>
Net amounts of rescheduled loans and advances to customers	<u>1,068</u>
Percentage of net amounts of rescheduled loans and advances to customers in total loans (%)	—

7. Overdue assets

There are no other overdue assets as at 30 Jun 2020.

8. Repossessed assets

There are no repossessed assets held as at 30 Jun 2020.

Additional balance sheet information (Continued)

9. Non-bank Mainland exposures

The analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of Mainland Activities.

	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total exposures HK\$'000
<u>As at 30 Jun 2020</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	45,316,806	–	45,316,806
2. Local governments, local government-owned entities and their subsidiaries and JVs	5,599,990	–	5,599,990
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	14,246,886	56,504	14,303,390
4. Other entities of central government not reported in item 1 above	1,557,828	–	1,557,828
5. Other entities of local governments not reported in item 2 above	–	–	–
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	469,827	–	469,827
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	<u>67,191,337</u>	<u>56,504</u>	<u>67,247,841</u>
Total assets after provisions	285,769,910		
On-balance sheet exposures as percentage of total assets	23.51%		

Additional balance sheet information (Continued)

10. Currency concentration

The information concerning the foreign currency exposures of the Bank arising from trading and non-trading positions are disclosed below:

	USD	Total
Equivalent in millions of HK\$		
<u>As at 30 Jun 2020</u>		
Spot assets	131,168	131,168
Spot liabilities	(70,856)	(70,856)
Forward purchases	64,444	64,444
Forward sales	(128,070)	(128,070)
Net options position*	145	145
	<hr/>	<hr/>
Net long (short) position	(3,169)	(3,169)
	<hr/>	<hr/>
Net structural position	–	–
	<hr/>	<hr/>

*Delta equivalent approach is adopted.

Except for the above foreign currencies, we do not disclose other foreign currency exposures arising from trading and non-trading positions, which constitutes less than 10% of the total net position in all foreign currencies as above. There is no net structural position in any foreign currencies.

11. Off-balance sheet exposures (other than derivative transactions)

The off-balance sheet exposures are based on nominal contract amounts and risk-weighted amounts of contingent liabilities and commitments defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of Capital Adequacy Ratio.

	30 Jun 2020 HK\$'000
Contract amounts	
Direct credit substitutes	49,975
Trade-related contingencies	242,368
Commitments that are unconditionally cancellable without prior notice	6,824,420
Commitments which have an original maturity of not more than 1 year	920,223
Commitments which have an original maturity of more than 1 year	3,760,672
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Total	11,797,658
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Risk-weighted amount	1,594,837
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