



Bank of Communications (Hong Kong) Limited
(Incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURE STATEMENT

30 June 2021 (Unaudited)



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Bank of Communications (Hong Kong) Limited

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(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”). Within this document, Mainland China excludes Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), Macau Special Administrative Region of the People’s Republic of China and Taiwan.

Key prudential ratios and overview of RWA

KM1: Key prudential ratios

		30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1.	Common Equity Tier 1 (CET1)	44,151,274	43,657,384	42,446,962	41,332,972	20,601,583
2.	Tier 1	48,022,724	47,528,834	46,318,412	45,204,422	24,473,033
3.	Total capital	51,430,688	51,015,390	49,635,017	48,397,377	27,148,653
	RWA (amount)					
4.	Total RWA	278,297,019	247,309,713	227,729,125	207,083,221	159,385,749
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5.	CET1 ratio (%)	15.86%	17.65%	18.64%	19.96%	12.93%
6.	Tier 1 ratio (%)	17.26%	19.22%	20.34%	21.83%	15.35%
7.	Total capital ratio (%)	18.48%	20.63%	21.80%	23.37%	17.03%
	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 (%)	0.742%	0.723%	0.739%	0.734%	0.713%
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 (%)	3.242%	3.223%	3.239%	3.234%	3.213%
12.	CET1 available after meeting the AI's minimum capital requirements (%)	10.48%	12.63%	13.80%	15.37%	8.43%
	Basel III leverage ratio					
13.	Total leverage ratio (LR) exposure measure	442,604,507	399,649,484	381,168,190	359,882,695	292,472,895
14.	LR (%)	10.85%	11.89%	12.15%	12.56%	8.37%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15.	Total high quality liquid assets (HQLA)	66,937,141	62,933,689	64,234,199	53,105,035	33,719,201
16.	Total net cash outflows	45,405,802	41,499,962	39,793,336	30,656,628	19,735,372
17.	LCR (%)	150.20%	152.82%	163.10%	174.48%	171.75%
	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	315,518,626	281,551,164	250,309,664	248,624,106	201,511,322
19.	Total required stable funding	257,146,439	235,474,970	221,302,699	205,880,244	171,754,626
20.	NSFR (%)	122.70%	119.57%	113.11%	120.76%	117.33%
	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 2021	As at 31 Mar 2021	As at 30 Jun 2021
		HK\$'000	HK\$'000	HK\$'000
1.	Credit risk for non-securitization exposures	260,356,550	233,511,140	20,828,524
2.	Of which STC approach	260,356,550	233,511,140	20,828,524
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	6,100,506	3,370,960	488,040
7.	Of which SA-CCR approach	5,008,179	Not applicable	400,654
7a.	Of which CEM	Not applicable	2,794,735	–
8.	Of which IMM(CCR) approach	–	–	–
9.	Of which others	1,092,327	576,225	87,386
10.	CVA risk	3,278,225	2,333,700	262,258
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	947,150	1,048,925	75,772
21.	Of which STM approach	947,150	1,048,925	75,772
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	7,614,588	7,044,988	609,167
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	278,297,019	247,309,713	22,263,761

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 second quarter in 2021, the total RWA increased by HK\$30,987 million. The key contributor was the credit risk RWA for non-securitization exposures, which was mainly driven by the growth in loans and advances.

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	37,900,000	(11)
2.	Retained earnings	5,422,345	(14)
3.	Disclosed reserves	1,882,627	(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	45,204,972	–
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)	14,843	(6)-(7)
10.	Deferred tax assets (net of associated deferred tax liabilities)	–	–
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	29,270	(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)	494	–

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	1,009,091	–
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	1,009,091	(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	1,053,698	–
29.	CET1 capital	44,151,274	–
AT1 capital: instruments			
30.	Qualifying AT1 capital instruments plus any related share premium	3,871,450	–
31.	of which: classified as equity under applicable accounting standards	3,871,450	(13)
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	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
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)	48,022,724	–
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	1,651,329	(10)+(15)-(1)-(2) -(3)-(5)
51.	Tier 2 capital before regulatory deductions	3,651,329	–
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)	243,365	–

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
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	243,365	–
58.	Tier 2 capital (T2)	3,407,964	–
59.	Total regulatory capital (TC = T1 + T2)	51,430,688	–
60.	Total RWA	278,297,019	–
Capital ratios (as a percentage of RWA)			
61.	CET1 capital ratio	15.86%	–
62.	Tier 1 capital ratio	17.26%	–
63.	Total capital ratio	18.48%	–
64.	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.242%	–
65.	of which: capital conservation buffer requirement	2.500%	–
66.	of which: bank specific countercyclical capital buffer requirement	0.742%	–
67.	of which: higher loss absorbency requirement	0.000%	–
68.	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	10.48%	–
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	4,415,177	–
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)	1,651,329	–
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	3,330,713	–
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)	14,843	–
	<p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (“MSRs”) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI’s financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 9 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10.	Deferred tax assets (net of associated deferred tax liabilities)	–	–
	<p><u>Explanation</u></p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 10 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
18.	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	494	–
	<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>		

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
19.	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	—
	<u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
39.	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	—
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
54.	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	243,365	—
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
Remarks: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

Composition of regulatory capital (Continued)

CC2: Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements (as at 30 Jun 2021)	Under regulatory scope of consolidation (as at 30 Jun 2021)	
	HK\$'000	HK\$'000	Reference
Assets			
Cash and balances with central bank	11,130,793	11,130,793	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(4)	(1)
Due from banks and other financial institutions	20,358,695	20,358,695	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(456)	(2)
Loans and advances to customers	173,403,080	173,403,080	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(614,953)	(3)
Financial assets at fair value through profit or loss	2,175,897	2,175,897	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		9,700	(4)
Financial assets at fair value through other comprehensive income	216,811,557	216,811,557	
Property and equipment	53,700	53,700	
Right-of-use assets	210,610	210,610	
Other assets	3,271,765	3,271,765	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(3,369)	(5)
<i>of which: other intangible assets</i>		17,776	(6)
Total assets	427,416,097	427,416,097	
Liabilities			
Due to banks and other financial institutions	45,398,400	45,398,400	
<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	1,459,567	1,459,567	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		19,570	(9)
Due to customers	323,388,460	323,388,460	
Certificates of deposit issued	3,744,199	3,744,199	
Current tax liabilities	204,096	204,096	
Deferred income tax liabilities	273,410	273,410	
<i>of which: deferred income tax liabilities on other intangible assets</i>		2,933	(7)
Lease liabilities	214,128	214,128	
Other liabilities	3,657,415	3,657,415	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		23,456	(10)
Total liabilities	378,339,675	378,339,675	

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 2021)	Under regulatory scope of consolidation (as at 30 Jun 2021)	
	HK\$'000	HK\$'000	Reference
Equity			
Share capital	37,900,000	37,900,000	(11)
Other reserves	1,882,627	1,882,627	(12)
Additional equity instrument	3,871,450	3,871,450	(13)
Retained earnings	5,422,345	5,422,345	(14)
<i>of which: regulatory capital for general banking risk</i>		1,009,091	(15)
Total equity	49,076,422	49,076,422	
Total equity and liabilities	427,416,097	427,416,097	

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
	<i>Regulatory treatment</i>			
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\$37,900 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
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 20,000,000,000 shares issued on 21 September 2020	3 March 2020	19 January 2018

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
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)

		Ordinary shares	Additional Tier 1 capital securities	Tier 2 capital subordinated loan
	<i>Coupons / dividends</i>			
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)

		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)

		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)	Represents the most subordinated claim in liquidation	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; Senior to claims of holders junior obligations which include ordinary share capital.	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 (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; (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 instruments 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;

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%	153,933,808		
2.	Sum		153,933,808		
3.	Total		207,557,795	0.742%	2,064,964

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	427,416,097
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–
2a.	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	–
3.	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
3a.	Adjustments for eligible cash pooling transactions	–
4.	Adjustments for derivative contracts	9,072,879
5.	Adjustment for SFTs (i.e. repos and similar secured lending)	1,861,008
6.	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	5,150,781
6a.	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(555,237)
7.	Other adjustments	(341,021)
8.	Leverage ratio exposure measure	442,604,507

Leverage ratio (Continued)

LR2: Leverage ratio

		30 Jun 2021	31 Mar 2021
		HK\$'000	HK\$'000
On-balance sheet exposures			
1.	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	400,361,137	366,767,022
2.	Less: Asset amounts deducted in determining Tier 1 capital	(1,034,128)	(1,009,921)
3.	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	399,327,009	365,757,101
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)	2,234,528	2,091,818
5.	Add-on amounts for PFE associated with all derivative contracts	8,493,233	3,790,469
6.	Gross-up for collateral provided in respect of derivatives 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	(61,032)	(49,053)
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	10,666,729	5,833,234
Exposures arising from SFTs			
12.	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	26,154,217	22,905,968
13.	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14.	CCR exposure for SFT assets	1,861,008	1,790,670
15.	Agent transaction exposures	–	–
16.	Total exposures arising from SFTs	28,015,225	24,696,638
Other off-balance sheet exposures			
17.	Off-balance sheet exposure at gross notional amount	19,009,517	16,521,942
18.	Less: Adjustments for conversion to credit equivalent amounts	(13,858,736)	(12,754,329)
19.	Off-balance sheet items	5,150,781	3,767,613
Capital and total exposures			
20.	Tier 1 capital	48,022,724	47,528,834
20a.	Total exposures before adjustments for specific and collective provisions	443,159,744	400,054,586
20b.	Adjustments for specific and collective provisions	(555,237)	(405,102)
21.	Total exposures after adjustments for specific and collective provisions	442,604,507	399,649,484
Leverage ratio			
22.	Leverage ratio	10.85%	11.89%

The leverage ratio was 10.85% at 30 June 2021, down from 11.89% at 31 March 2021. It was mainly due to an increase in total exposures.

Liquidity

30 Jun 2021

Average liquidity coverage ratio ("LCR")	
– Second quarter	150.20%
Average LCR for the period	151.53%
Net stable funding ratio ("NSFR")	
– First quarter end	119.57%
– Second quarter end	122.70%

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

The Bank's average LCR for the period was 151.53%. The Bank's NSFR for the quarter ends of first half of year 2021 were 119.57% and 122.70% respectively.

The Bank's average LCR in first quarter and second quarter in year 2021 maintained stable at similar level, without material changes in various categories.

In the second quarter end of year 2021, the Bank's NSFR increased due to increase in retail deposits, small business funding and unsecured wholesale funding, as well as Tier 2 bond issuance by quarter end.

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 was 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 Supervisory Policy Manual 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

2021 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 2021: (71)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		66,937,141
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	224,013,616	16,752,661
3.	<i>Stable retail deposits and stable small business funding</i>	5,712,992	285,650
4.	<i>Less stable retail deposits and less stable small business funding</i>	111,039,595	11,103,960
4a.	<i>Retail term deposits and small business term funding</i>	107,261,029	5,363,051
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	62,152,047	31,543,455
6.	<i>Operational deposits</i>	2,284,214	549,416
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	59,867,833	30,994,039
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)		6,329,633
10.	Additional requirements, of which:	41,436,335	7,721,410
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	27,608,605	6,725,024
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>	13,827,730	996,386
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,243,830	2,243,830
15.	Other contingent funding obligations (whether contractual or non-contractual)	2,975,133	11,780
16.	Total Cash Outflows		64,602,769
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	26,623,570	10,285,669
19.	Other cash inflows	8,911,298	8,911,298
20.	Total Cash Inflows	35,534,868	19,196,967
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		66,937,141
22.	Total Net Cash Outflows		45,405,802
23.	LCR (%)		150.20%

Liquidity (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2021 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:	49,718,660	6,806	–	9,764,888	59,483,548
2.	Regulatory capital	49,718,660	6,806	–	2,000,000	51,718,660
2a.	Minority interests not covered by row 2	–	–	–	–	–
3.	Other capital instruments	–	–	–	7,764,888	7,764,888
4.	Retail deposits and small business funding:	–	222,907,511	5,532,649	38,333	206,034,563
5.	Stable deposits		7,871,267	130,448	982	7,602,611
6.	Less stable deposits		215,036,244	5,402,201	37,351	198,431,952
7.	Wholesale funding:	–	138,177,867	7,944,081	71,120	48,128,363
8.	Operational deposits		2,392,471	–	–	1,196,236
9.	Other wholesale funding	–	135,785,396	7,944,081	71,120	46,932,127
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	1,509,752	1,628,317	3,744,304	–	1,872,152
12.	Net derivative liabilities	331,861				
13.	All other funding and liabilities not included in the above categories	1,177,891	1,628,317	3,744,304	–	1,872,152
14.	Total ASF					315,518,626
B.	Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	1,426,519	13,766,776	8,521,331	93,812,948	33,158,832
16.	Deposits held at other financial institutions for operational purposes	–	411,873	–	–	205,937
17.	Performing loans and securities:	15,696,481	69,914,527	26,134,655	193,643,503	221,528,058
18.	Performing loans to financial institutions secured by Level 1 HQLA	–	2,219,472	–	–	–
19.	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	388,648	46,077,404	8,186,514	4,085,371	33,898,876

Liquidity (Continued)

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

2021 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>	15,307,833	8,644,257	10,014,757	103,621,485	109,913,872
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	1,102,734	200,392	192,673	1,425,044	1,839,588
22.	<i>Performing residential mortgages, of which:</i>	–	687,464	660,634	28,921,145	19,472,793
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	687,464	660,634	28,921,145	19,472,793
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	12,285,930	7,272,750	57,015,502	58,242,517
25.	Assets with matching interdependent liabilities	–	–	–	–	–
26.	Other assets:	3,112,910	8,854,143	–	–	1,525,004
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 adjustments for deduction of variation margin posted</i>	1,756,423				87,821
31.	<i>All other assets not included in the above categories</i>	1,356,487	8,854,143	–	–	1,437,183
32.	Off-balance sheet items		5,181,659	5,535	13,822,324	728,608
33.	Total RSF					257,146,439
34.	Net Stable Funding Ratio (%)					122.70%

Liquidity (Continued)

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

2021 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:	49,052,177	6,904	–	2,000,000	51,052,177
2.	Regulatory capital	49,052,177	6,904	–	2,000,000	51,052,177
2a.	Minority interests not covered by row 2	–	–	–	–	–
3.	Other capital instruments	–	–	–	–	–
4.	Retail deposits and small business funding:	–	208,688,299	5,812,295	21,889	193,480,744
5.	Stable deposits		8,050,152	116,249	715	7,758,796
6.	Less stable deposits		200,638,147	5,696,046	21,174	185,721,948
7.	Wholesale funding:	–	123,918,769	1,276,891	–	36,823,897
8.	Operational deposits		1,923,426	–	–	961,713
9.	Other wholesale funding	–	121,995,343	1,276,891	–	35,862,184
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	839,308	1,362,780	388,692	–	194,346
12.	Net derivative liabilities	–				
13.	All other funding and liabilities not included in the above categories	839,308	1,362,780	388,692	–	194,346
14.	Total ASF					281,551,164
B.	Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	1,625,233	23,579,296	3,723,385	86,796,151	30,095,000
16.	Deposits held at other financial institutions for operational purposes	–	368,008	–	–	184,004
17.	Performing loans and securities:	14,260,905	60,112,121	15,206,059	180,828,484	203,223,427
18.	Performing loans to financial institutions secured by Level 1 HQLA	–	100,500	–	–	–
19.	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	388,692	35,941,034	1,729,181	3,327,002	28,056,910

Liquidity (Continued)

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

2021 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.	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	13,872,213	11,611,072	4,421,956	92,419,702	97,484,192
21.	With a risk-weight of less than or equal to 35% under the STC approach	2,950,450	224,145	339,823	1,451,794	3,143,442
22.	Performing residential mortgages, of which:	–	646,479	634,160	26,972,034	18,172,142
23.	With a risk-weight of less than or equal to 35% under the STC approach	–	646,479	634,160	26,972,034	18,172,142
24.	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	11,813,036	8,420,762	58,109,746	59,510,183
25.	Assets with matching interdependent liabilities	–	–	–	–	–
26.	Other assets:	3,034,166	1,384,240	–	–	1,375,316
27.	Physical traded commodities, including gold	–				–
28.	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	–				–
29.	Net derivative assets	47,931				47,931
30.	Total derivative liabilities before adjustments for deduction of variation margin posted	1,843,856				92,193
31.	All other assets not included in the above categories	1,142,379	1,384,240	–	–	1,235,192
32.	Off-balance sheet items		5,250,173	8,518	11,263,251	597,223
33.	Total RSF					235,474,970
34.	Net Stable Funding Ratio (%)					119.57%

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	124,965	204,016,592	675,509	60,096	615,413	–	203,466,048
2.	Debt securities	–	216,802,122	–	–	–	–	216,802,122
3.	Off-balance sheet exposures	–	9,770,871	18,019	–	18,019	–	9,752,852
4.	Total	124,965	430,589,585	693,528	60,096	633,432	–	430,021,022

CR2: Changes in defaulted loans and debt securities

		Amount
		HK\$'000
1.	Defaulted loans and debt securities at 31 Dec 2020	100,085
2.	Loans and debt securities that have defaulted since the last reporting period	47,967
3.	Returned to non-defaulted status	(19,553)
4.	Amounts written off	(2,824)
5.	Other changes	(710)
6.	Defaulted loans and debt securities at 30 Jun 2021	124,965

Between Dec 2020 and Jun 2021, the Bank's defaulted loans and debt securities increased from HK\$100 million by 25% to HK\$125 million. The main contributor was the loans and debt securities of HK\$48 million defaulted during the reporting period.

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	199,032,758	4,433,290	1,671,847	2,761,443	–
2.	Debt securities	215,101,525	1,700,597	–	1,700,597	–
3.	Total	414,134,283	6,133,887	1,671,847	4,462,040	–
4.	Of which defaulted	60,950	7,525	7,525	–	–

As of Jun 2021, the Bank's carrying amount for unsecured exposures was HK\$414,134 million, an increase of HK\$53,079 million compared with Dec 2020. This was mainly due to the growth of unsecured loans of HK\$38,063 million. Meanwhile, unsecured debt securities increased by HK\$15,017 million to HK\$215,102 million in the same period.

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	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
1.	Sovereign exposures	32,989,583	–	35,508,465	–	2,759,720	8%
2.	PSE exposures	2,764,743	–	3,019,877	189,846	641,944	20%
2a.	Of which: domestic PSEs	2,764,743	–	3,019,877	189,846	641,944	20%
2b.	Of which: foreign PSEs	–	–	–	–	–	0%
3.	Multilateral development bank exposures	244,239	–	244,239	–	–	0%
4.	Bank exposures	124,013,649	–	125,217,131	37,419	48,679,111	39%
5.	Securities firm exposures	–	–	896,433	–	448,217	50%
6.	Corporate exposures	204,220,345	8,948,543	200,207,678	2,361,341	172,169,033	85%
7.	CIS exposures	–	–	–	–	–	0%
8.	Cash items	1,426,519	–	3,096,628	375,214	297,247	9%
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	13,224,418	8,152,010	12,183,650	840,277	9,767,946	75%
11.	Residential mortgage loans	30,269,243	379,691	29,981,007	–	10,493,352	35%
12.	Other exposures which are not past due exposures	15,777,168	1,529,273	14,574,799	422,818	14,997,617	100%
13.	Past due exposures	70,813	–	70,813	–	102,363	145%
14.	Significant exposures to commercial entities	–	–	–	–	–	0%
15.	Total	425,000,720	19,009,517	425,000,720	4,226,915	260,356,550	61%

Compared with Dec 2020, the bank's credit risk RWA in Jun 2021 witnessed an increase from HK\$216,428 million to HK\$260,357 million. The increase was mainly attributed to the significantly higher exposures to corporates, enlarging the corresponding RWA by 32%.

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 CRM)
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.	Sovereign exposures	21,980,348	–	13,347,796	–	180,321	–	–	–	–	–	35,508,465
2.	PSE exposures	–	–	3,209,723	–	–	–	–	–	–	–	3,209,723
2a.	Of which: domestic PSEs	–	–	3,209,723	–	–	–	–	–	–	–	3,209,723
2b.	Of which: foreign PSEs	–	–	–	–	–	–	–	–	–	–	–
3.	Multilateral development bank exposures	244,239	–	–	–	–	–	–	–	–	–	244,239
4.	Bank exposures	–	–	47,500,027	–	77,150,836	–	603,687	–	–	–	125,254,550
5.	Securities firm exposures	–	–	–	–	896,433	–	–	–	–	–	896,433
6.	Corporate exposures	–	–	–	–	60,799,973	–	141,769,046	–	–	–	202,569,019
7.	CIS exposures	–	–	–	–	–	–	–	–	–	–	–
8.	Cash items	1,985,608	–	1,486,234	–	–	–	–	–	–	–	3,471,842
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	–	–	–	–	–	13,023,927	–	–	–	–	13,023,927
11.	Residential mortgage loans	–	–	–	29,981,007	–	–	–	–	–	–	29,981,007
12.	Other exposures which are not past due exposures	–	–	–	–	–	–	14,997,617	–	–	–	14,997,617
13.	Past due exposures	–	–	–	–	–	–	7,714	63,099	–	–	70,813
14.	Significant exposures to commercial entities	–	–	–	–	–	–	–	–	–	–	–
15.	Total	24,210,195	–	65,543,780	29,981,007	139,027,563	13,023,927	157,378,064	63,099	–	–	429,227,635

Compared with Dec 2020, the Bank's post-CCF and post-CRM on balance exposure increased by 15% to HK\$429,228 million. This was mainly attributed to the increase in loans and advances, as well as in the holding of debt securities, resulting in an increase of HK\$47,592 million in corporate credit risk exposures.

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 approach (for derivative contracts)	1,617,600	5,611,811		1.4	10,121,176	5,008,179
1a.	CEM (for derivative contracts)	–	–		1.4	–	–
2.	IMM(CCR) approach			–	–	–	–
3.	Simple approach (for SFTs)					28,007,566	1,092,327
4.	Comprehensive approach (for SFTs)					–	–
5.	VaR (for SFTs)					–	–
6.	Total						6,100,506

According to regulatory requirements, the calculation methodology for the counterparty default risk RWA of derivative contracts changed from CEM to SA-CCR approach as of 30 Jun 2021. It was the main contributor for a 147% increase of counterparty default risk RWA.

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	10,121,176	3,278,225
4.	Total	10,121,176	3,278,225

According to regulatory requirements, the calculation methodology for the counterparty default risk exposure of derivative contracts changed from CEM to SA-CCR approach as of 30 Jun 2021. It drove the significant 121% increase of CVA RWA.

Counterparty credit risk (Continued)

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

	Risk Weight Exposure classes	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
		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	1,494	–	–	–	–	–	–	–	–	–	1,494
2.	PSE exposures	–	–	–	–	–	–	–	–	–	–	–
2a.	Of which: domestic PSEs	–	–	–	–	–	–	–	–	–	–	–
2b.	Of which: foreign PSEs	–	–	–	–	–	–	–	–	–	–	–
3.	Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–
4.	Bank exposures	–	–	2,238,328	–	8,606,789	–	–	–	–	–	10,845,117
5.	Securities firm exposures	–	–	–	–	–	–	–	–	–	–	–
6.	Corporate exposures	–	–	–	–	–	–	270,232	–	–	–	270,232
7.	CIS exposures	–	–	–	–	–	–	–	–	–	–	–
8.	Regulatory retail exposures	–	–	–	–	–	684,324	–	–	–	–	684,324
9.	Residential mortgage loans	–	–	–	–	–	–	–	–	–	–	–
10.	Other exposures which are not past due exposures	–	–	–	–	–	–	181,017	–	–	–	181,017
11.	Significant exposures to commercial entities	–	–	–	–	–	–	–	–	–	–	–
12.	Total	1,494	–	2,238,328	–	8,606,789	684,324	451,249	–	–	–	11,982,184

The main contributor of the 86% increment in the total counterparty default risk exposure was the change of calculation methodology from CEM to SA-CCR approach.

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	–	82,541	–	61,032	25,904,217	–
Domestic sovereign debt	–	–	–	–	–	2,219,472
Other sovereign debt	–	–	–	–	–	–
Government agency debt	–	–	–	–	–	–
Corporate bonds	–	–	–	–	–	25,788,093
Equity securities	–	–	–	–	–	–
Other collateral	–	–	–	–	–	–
Total	–	82,541	–	61,032	26,154,217	28,007,565

The collateral posted and received resulted from 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 clearing 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 clearing client to non-qualifying CCPs (total)		–
12.	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	–	–
13.	(i) OTC derivative transactions	–	–
14.	(ii) Exchange-traded derivative contracts	–	–
15.	(iii) Securities financing transactions	–	–
16.	(iv) Netting sets subject to valid cross-product netting agreements	–	–
17.	Segregated initial margin	–	
18.	Unsegregated initial margin	–	–
19.	Funded default fund contributions	–	–
20.	Unfunded default fund contributions	–	–

Securitization exposures

SEC1: Securitization exposures in banking book

		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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)	886,812
2.	Equity exposures (general and specific risk)	–
3.	Foreign exchange (including gold) exposures	55,913
4.	Commodity exposures	–
	Option exposures	
5.	Simplified approach	–
6.	Delta-plus approach	4,425
7.	Other approach	–
8.	Securitization exposures	–
9.	Total	947,150

Compared with Dec 2020, the market risk RWA rose by 9%. The change was due to the growth of HK\$315 million in general interest rate risk RWA, originating from larger USD and HKD interest rate derivative positions.

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 2021</u>					
Developing Asia-Pacific	70,299	11,192	4,829	49,178	135,498
of which attributed to Mainland China	56,839	10,705	4,829	46,961	119,334
Developed countries	31,374	373	2,966	3,203	37,916
Offshore centres	4,195	3,004	11,938	61,514	80,651
of which attributed to Hong Kong	3,823	3,004	10,303	60,665	77,795

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 2021</u>							
Hong Kong	142,727,279	7,027	142,734,306	145,129	0.08	507,010	54,604
Mainland China	25,661,056	4,957	25,666,013	14,864	0.01	88,379	5,492
Other countries	5,677,810	–	5,677,810	–	–	19,564	–
	<u>174,066,145</u>	<u>11,984</u>	<u>174,078,129</u>	<u>159,993</u>	0.09	<u>614,953</u>	<u>60,096</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 2021 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
– Property development	27,702,763	21.10
– Property investment	14,767,249	69.22
– Financial concerns	11,205,091	8.61
– Stockbrokers	119,984	–
– Wholesale and retail trade	2,823,592	42.03
– Manufacturing	14,069,013	1.57
– Transport and transport equipment	8,313,862	63.26
– Recreational activities	41,680	76.96
– Information technology	2,189,709	0.52
– Others	21,382,445	39.51
Individuals		
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme	150,270	100.00
– Loans for the purchase of other residential properties	29,741,605	100.00
– Credit card advances	118,546	–
– Others	15,747,020	82.67
Sub-total	148,372,829	50.62
Trade finance	304,148	30.04
Loans and advances for use outside Hong Kong	25,389,168	3.54
Total	174,066,145	43.71

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 2021</u>					
Loans and advances for use in Hong Kong					
– Industrial, commercial and financial	102,615,388	69,288	53,613	364,859	17,036
– Individuals	45,757,441	49,081	32,046	161,679	21,306
Trade finance	304,148	34,563	32,245	929	14,693
Loans and advances for use outside Hong Kong	25,389,168	34	34	87,479	34
	<u>174,066,145</u>	<u>152,966</u>	<u>117,938</u>	<u>614,946</u>	<u>53,069</u>

4. Gross amount of overdue loans and advances to customers

	30 Jun 2021 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	33,348	0.02
More than 6 months but not more than 1 year	26,000	0.01
More than 1 year	58,590	0.03
	<u>117,938</u>	<u>0.06</u>
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	7,027	–
	<u>7,027</u>	<u>–</u>
Total gross amount of overdue loans and advances to customers	<u>124,965</u>	0.06

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
As at 30 Jun 2021		
Hong Kong	114,745	52,580
Mainland China	10,220	3,892
	<u>124,965</u>	<u>56,472</u>
Fair value of collateral	<u>41,082</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 2021 HK\$'000
Total rescheduled loans and advances to customers	6,395
Excluding: rescheduled loans and advances to customers overdue above 3 months	<u>5,728</u>
Net amounts of rescheduled loans and advances to customers	<u>667</u>
Percentage of net amounts of rescheduled loans and advances to customers in total loans (%)	—

7. Overdue assets

There were no other overdue assets as at 30 Jun 2021.

8. Repossessed assets

There were no repossessed assets held as at 30 Jun 2021.

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 2021</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	83,181,506	412,168	83,593,674
2. Local governments, local government-owned entities and their subsidiaries and JVs	12,440,379	12,191	12,452,570
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	25,404,567	988,831	26,393,398
4. Other entities of central government not reported in item 1 above	–	–	–
5. Other entities of local governments not reported in item 2 above	500,102	–	500,102
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,284,587	–	4,284,587
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	<u>125,811,141</u>	<u>1,413,190</u>	<u>127,224,331</u>
Total assets after provisions	435,172,005		
On-balance sheet exposures as percentage of total assets	28.91%		

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 2021</u>		
Spot assets	198,756	198,756
Spot liabilities	(124,120)	(124,120)
Forward purchases	75,014	75,014
Forward sales	(153,293)	(153,293)
Net options position*	32	32
Net long (short) position	(3,611)	(3,611)
Net structural position	–	–

*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 2021 HK\$'000
Contract amounts	
Direct credit substitutes	74,146
Trade-related contingencies	299,152
Commitments that are unconditionally cancellable without prior notice	9,238,646
Commitments which have an original maturity of not more than 1 year	2,019,492
Commitments which have an original maturity of more than 1 year	7,378,081
Total	19,009,517
Risk-weighted amount	4,226,915