

REGULATORY DISCLOSURE STATEMENT

30 June 2024 (Unaudited)



Bank of Communications (Hong Kong) Limited

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(incorporated in Hong Kong with limited liability)
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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 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1.	Common Equity Tier 1 (CET1)	52,567,136	50,926,369	48,794,180	48,129,897	47,533,896
2.	Tier 1	56,438,586	54,797,819	52,665,630	52,001,347	51,405,346
3.	Total capital	66,206,642	66,237,654	64,424,104	63,731,411	63,207,030
	RWA (amount)					
4.	Total RWA	302,537,806	307,593,819	299,334,296	303,145,535	319,806,668
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5.	CET1 ratio (%)	17.38%	16.56%	16.30%	15.88%	14.86%
6.	Tier 1 ratio (%)	18.66%	17.82%	17.59%	17.15%	16.07%
7.	Total capital ratio (%)	21.88%	21.53%	21.52%	21.02%	19.76%
	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 (%)	0.773%	0.770%	0.774%	0.769%	0.750%
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 (%)	3.273%	3.270%	3.274%	3.269%	3.250%
12.	CET1 available after meeting the AI's minimum capital requirements (%)	12.66%	11.82%	11.59%	11.15%	10.07%
	Basel III leverage ratio					
13.	Total leverage ratio (LR) exposure measure	453,834,919	455,548,605	440,284,071	442,605,001	472,423,735
14.	LR (%)	12.44%	12.03%	11.96%	11.75%	10.88%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15.	Total high quality liquid assets (HQLA)	46,986,217	47,812,032	52,709,761	49,260,199	53,173,777
16.	Total net cash outflows	28,603,431	28,769,627	29,475,879	29,660,294	34,682,723
17.	LCR (%)	165.64%	170.50%	181.37%	166.96%	153.60%
	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	340,685,574	344,011,177	332,486,621	329,375,487	339,738,451
19.	Total required stable funding	263,827,753	269,814,606	258,232,858	262,082,680	277,563,417
20.	NSFR (%)	129.13%	127.50%	128.75%	125.68%	122.40%
	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 2024	As at 31 Mar 2024	As at 30 Jun 2024
		HK\$'000	HK\$'000	HK\$'000
1.	Credit risk for non-securitization exposures	265,969,729	273,661,314	21,277,578
2.	Of which STC approach	265,969,729	273,661,314	21,277,578
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	8,773,351	9,220,892	701,868
7.	Of which SA-CCR approach	8,591,305	9,107,348	687,304
7a.	Of which CEM	–	–	–
8.	Of which IMM(CCR) approach	–	–	–
9.	Of which others	182,046	113,544	14,564
10.	CVA risk	5,945,875	6,467,450	475,670
11.	Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–
12.	Collective investment scheme (“CIS”) exposures – LTA	–	–	–
13.	CIS exposures – MBA	–	–	–
14.	CIS exposures – FBA	–	–	–
14a.	CIS exposures – combination of approaches	–	–	–
15.	Settlement risk	–	–	–
16.	Securitization exposures in banking book	–	–	–
17.	Of which SEC-IRBA	–	–	–
18.	Of which SEC-ERBA (including IAA)	–	–	–
19.	Of which SEC-SA	–	–	–
19a.	Of which SEC-FBA	–	–	–
20.	Market risk	7,634,738	4,791,150	610,779
21.	Of which STM approach	7,634,738	4,791,150	610,779
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	14,214,113	13,453,013	1,137,129
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	302,537,806	307,593,819	24,203,024

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 2024, the total RWA decreased by HK\$5,056 million. The key contributor was the credit risk RWA for non-securitization exposures, which was mainly driven by the decline in loans and advances of credit risk exposure.

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	(12)
2.	Retained earnings	14,280,133	(16)
3.	Disclosed reserves	1,773,215	(13)
4.	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5.	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	–	–
6.	CET1 capital before regulatory deductions	53,953,348	–
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)	62,512	(7)-(10)
10.	Deferred tax assets (net of associated deferred tax liabilities)	–	–
11.	Cash flow hedge reserve	3,233	(14)
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	9,099	(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)	–	–
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

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	
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	1,311,368	–
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	1,311,368	(17)
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	1,386,212	–
29.	CET1 capital	52,567,136	–
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	(15)
32.	of which: classified as liabilities under applicable accounting standards	–	–
33.	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	–	–
34.	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	–
35.	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	–	–
36.	AT1 capital before regulatory deductions	3,871,450	–
AT1 capital: regulatory deductions			
37.	Investments in own AT1 capital instruments	–	–
38.	Reciprocal cross-holdings in AT1 capital instruments	–	–

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	
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)	56,438,586	–
Tier 2 capital: instruments and provisions			
46.	Qualifying Tier 2 capital instruments plus any related share premium	7,808,367	(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	1,959,689	(11)+(17)-(1) -(2)-(3)-(5)-(6)
51.	Tier 2 capital before regulatory deductions	9,768,056	–
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)	–	–
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)	–	–

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
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	–	–
58.	Tier 2 capital (T2)	9,768,056	–
59.	Total regulatory capital (TC = T1 + T2)	66,206,642	–
60.	Total RWA	302,537,806	–
Capital ratios (as a percentage of RWA)			
61.	CET1 capital ratio	17.38%	–
62.	Tier 1 capital ratio	18.66%	–
63.	Total capital ratio	21.88%	–
64.	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.273%	–
65.	of which: capital conservation buffer requirement	2.500%	–
66.	of which: bank specific countercyclical capital buffer requirement	0.773%	–
67.	of which: higher loss absorbency requirement	0.000%	–
68.	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	12.66%	–
National minima (if different from Basel 3 minimum)			
69.	National CET1 minimum ratio	Not applicable	Not applicable
70.	National Tier 1 minimum ratio	Not applicable	Not applicable
71.	National total capital minimum ratio	Not applicable	Not applicable

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	
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	4,016,784	–
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)	1,959,689	–
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	3,433,632	–
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)	62,512	62,512
	<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)	–	–
	<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)	–	–
	<p><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.</p>		
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> 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)	–	–
	<p><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.</p>		
<p>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.</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 2024)	Under regulatory scope of consolidation (as at 30 Jun 2024)	Reference
	HK\$'000	HK\$'000	
Assets			
Cash and balances with central bank	1,562,560	1,562,560	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(494)	(1)
Due from and placements with banks and other financial institutions	33,853,321	33,853,321	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(35,844)	(2)
Loans and advances to customers	192,575,741	192,575,741	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(541,682)	(3)
Financial assets at fair value through profit or loss	10,656,845	10,656,845	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		5,706	(4)
Financial assets at fair value through other comprehensive income	145,866,575	145,866,575	
Financial assets at amortized cost	45,231,182	45,231,182	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(44,989)	(5)
Property and equipment	87,450	87,450	
Right-of-use assets	251,037	251,037	
Other assets	7,951,600	7,951,600	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(5,395)	(6)
<i>of which: other intangible assets</i>		74,865	(7)
Total assets	438,036,311	438,036,311	

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 2024)	Under regulatory scope of consolidation (as at 30 Jun 2024)	Reference
	HK\$'000	HK\$'000	
Liabilities			
Due to banks and other financial institutions	17,829,564	17,829,564	
<i>of which: subordinated loan eligible for inclusion in regulatory capital</i>		7,808,367	(8)
Financial liabilities at fair value through profit or loss	1,346,434	1,346,434	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		3,393	(9)
Due to customers	344,238,470	344,238,470	
Certificates of deposit issued	111,480	111,480	
Current income tax liabilities	627,823	627,823	
Debt securities issued	7,808,367	7,808,367	
Deferred income tax liabilities	220,630	220,630	
<i>of which: deferred income tax liabilities on other intangible assets</i>		12,353	(10)
Lease liabilities	258,031	258,031	
Other liabilities	7,770,714	7,770,714	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		19,917	(11)
Total liabilities	380,211,513	380,211,513	
Equity			
Share capital	37,900,000	37,900,000	(12)
Other reserves	1,773,215	1,773,215	(13)
<i>of which: cash flow hedge reserve</i>		3,233	(14)
Additional equity instrument	3,871,450	3,871,450	(15)
Retained earnings	14,280,133	14,280,133	(16)
<i>of which: regulatory capital for general banking risk</i>		1,311,368	(17)
Total equity	57,824,798	57,824,798	
Total equity and liabilities	438,036,311	438,036,311	

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments

		Ordinary shares	Additional Tier 1 capital securities	Tier 2 capital bonds
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	ISIN: XS2357352702
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.	The Bonds are governed by, and shall be construed in accordance with, English law, except that the subordination provisions shall be governed by and construed in accordance with the laws of Hong Kong.
	<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	Tier 2 capital
8.	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$37,900 million	US\$500 million	US\$1,000 million
9.	Par value of instrument	Not applicable	US\$500 million	US\$1,000 million
10.	Accounting classification	Shareholders' equity	Equity instruments	Liability – amortized 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	8 July 2021
12.	Perpetual or dated	Perpetual	Perpetual	Dated
13.	Original maturity date	No maturity	No maturity	8 July 2031

Composition of regulatory capital (Continued)

CCA: Main features of regulatory capital instruments (Continued)

		Ordinary shares	Additional Tier 1 capital securities	Tier 2 capital bonds
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%)	First call date: 8 July 2026 (Redemption in whole at 100%)
16.	Subsequent call dates, if applicable	No	Any distribution payment date thereafter	Not applicable
	<i>Coupons / dividends</i>			
17.	Fixed or floating dividend / coupon	Not applicable	Fixed	Fixed
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.	Year 1-5: 2.304% per annum payable, semi-annually in arrear; Year 5 onwards: resettable on year 5 at the prevailing 5-year U.S. Treasury yield plus 1.4% per annum.
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 bonds
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 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.
32.	If write-down, full or partial	Not applicable	Full or partial	Full or partial
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 bonds
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.	Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up of the Issuer (other than pursuant to a Permitted Reorganisation), the rights and claims of the Bondholders in respect of or arising under the Bonds, shall rank (i) subordinate and junior in right of payment to, and of all claims of, (a) all depositors and unsubordinated creditors of the Issuer and (b) all other holders of Subordinated Indebtedness of the Issuer whose claims are stated to rank senior to the Bonds or rank senior to the Bonds by operation of law or contract; (ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of, the holders of Junior Obligation which include all classes of share capital of the Issuer and any Tier 1 Capital Instruments.
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 bonds due 2031

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%	167,301,922		
2.	Australia	1%	9,528		
3.	Belgium	0.5%	38,406		
4.	Netherlands	2%	369,256		
5.	South Korea	1%	144,278		
6.	Sweden	2%	279,853		
7.	United Kingdom	2%	1,699,750		
8.	Sum		169,842,993		
9.	Total		222,821,255	0.773%	2,338,617

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	438,036,311
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	7,073,063
5.	Adjustment for SFTs (i.e. repos and similar secured lending)	445,263
6.	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	9,521,694
6a.	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(6,373,114)
7.	Other adjustments	5,131,702
8.	Leverage ratio exposure measure	453,834,919

Leverage ratio (Continued)

LR2: Leverage ratio

		30 Jun 2024	31 Mar 2024
		HK\$'000	HK\$'000
On-balance sheet exposures			
1.	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	423,915,889	431,157,741
2.	Less: Asset amounts deducted in determining Tier 1 capital	(1,382,819)	(1,352,591)
3.	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	422,533,070	429,805,150
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)	11,410,294	12,380,938
5.	Add-on amounts for PFE associated with all derivative contracts	6,141,531	6,060,649
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	(271,303)	(714,525)
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	17,280,522	17,727,062
Exposures arising from SFTs			
12.	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	10,427,484	5,274,895
13.	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14.	CCR exposure for SFT assets	445,263	309,124
15.	Agent transaction exposures	–	–
16.	Total exposures arising from SFTs	10,872,747	5,584,019
Other off-balance sheet exposures			
17.	Off-balance sheet exposure at gross notional amount	33,588,743	28,195,277
18.	Less: Adjustments for conversion to credit equivalent amounts	(24,067,049)	(19,429,430)
19.	Off-balance sheet items	9,521,694	8,765,847
Capital and total exposures			
20.	Tier 1 capital	56,438,586	54,797,819
20a.	Total exposures before adjustments for specific and collective provisions	460,208,033	461,882,078
20b.	Adjustments for specific and collective provisions	(6,373,114)	(6,333,473)
21.	Total exposures after adjustments for specific and collective provisions	453,834,919	455,548,605
Leverage ratio			
22.	Leverage ratio	12.44%	12.03%

Liquidity

30 Jun 2024

Average liquidity coverage ratio (“LCR”)	
– Second quarter	165.64%
Average LCR for the period	168.05%
Net stable funding ratio (“NSFR”)	
– First quarter end	127.50%
– Second quarter end	129.13%

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

The Bank’s average LCR for the period ended 30 June 2024 was 168.05%. The Bank’s NSFR for the first quarter and second quarter of year 2024 were 127.50% and 129.13% respectively.

In the second quarter of year 2024, the Bank’s LCR decreased as a result of increase in customer deposits maturing within 30 days.

In the second quarter end of year 2024, the Bank’s NSFR increased as a result of decrease in loan.

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 HQLA Level 1 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

2024 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 2024: (74)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		46,986,217
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	260,509,729	18,217,520
3.	<i>Stable retail deposits and stable small business funding</i>	6,522,179	326,109
4.	<i>Less stable retail deposits and less stable small business funding</i>	103,840,666	10,384,067
4a.	<i>Retail term deposits and small business term funding</i>	150,146,884	7,507,344
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	58,723,410	29,798,745
6.	<i>Operational deposits</i>	2,436,020	578,901
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	55,813,670	28,746,124
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	473,720	473,720
9.	Secured funding transactions (including securities swap transactions)		1,125,055
10.	Additional requirements, of which:	25,616,146	4,660,585
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	6,836,582	2,905,244
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>	18,779,564	1,755,341
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	4,407,202	4,407,202
15.	Other contingent funding obligations (whether contractual or non-contractual)	11,226,344	48,974
16.	Total Cash Outflows		58,258,081
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	58,498,824	24,876,546
19.	Other cash inflows	4,785,330	4,778,104
20.	Total Cash Inflows	63,284,154	29,654,650
D. Liquidity Coverage Ratio			Adjusted value
21.	Total HQLA		46,986,217
22.	Total Net Cash Outflows		28,603,431
23.	LCR (%)		165.64%

Liquidity (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2024 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:	58,473,119	86,439	–	7,808,367	66,281,486
2.	<i>Regulatory capital</i>	58,473,119	86,439	–	7,808,367	66,281,486
2a.	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3.	<i>Other capital instruments</i>	–	–	–	–	–
4.	Retail deposits and small business funding:	–	253,501,689	7,336,060	31,174	235,162,679
5.	<i>Stable deposits</i>		7,454,323	96,300	2,255	7,175,347
6.	<i>Less stable deposits</i>		246,047,366	7,239,760	28,919	227,987,332
7.	Wholesale funding:	–	102,771,321	726,453	97,969	39,185,061
8.	<i>Operational deposits</i>		2,327,894	–	–	1,163,947
9.	<i>Other wholesale funding</i>	–	100,443,427	726,453	97,969	38,021,114
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	2,208,066	1,366,392	112,695	–	56,348
12.	<i>Net derivative liabilities</i>	–				
13.	<i>All other funding and liabilities not included in the above categories</i>	2,208,066	1,366,392	112,695	–	56,348
14.	Total ASF					340,685,574
B.	Required stable funding (“RSF”) item					
15.	Total HQLA for NSFR purposes	420,728	16,692,142	11,279,959	86,438,969	37,105,436
16.	Deposits held at other financial institutions for operational purposes	–	182,665	–	–	91,333
17.	Performing loans and securities:	31,341,451	59,344,170	25,640,889	187,943,522	210,368,390
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>	8,101,915	32,506,725	3,864,135	10,063,464	24,973,455

Liquidity (Continued)

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

2024 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>	23,239,536	11,696,559	9,242,763	80,945,249	98,024,614
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	957,216	288,880	1,189,203	4,053,355	3,995,913
22.	<i>Performing residential mortgages, of which:</i>	–	815,731	752,073	42,319,804	28,294,248
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	815,493	751,854	42,307,438	28,283,508
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	14,325,155	11,781,918	54,615,005	59,076,073
25.	Assets with matching interdependent liabilities	–	–	–	–	–
26.	Other assets:	15,982,198	831,993	–	–	15,319,539
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>	1,644,372	–	–	–	1,397,716
29.	<i>Net derivative assets</i>	7,789,820	–	–	–	7,789,820
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	495,914	–	–	–	24,796
31.	<i>All other assets not included in the above categories</i>	6,052,092	831,993	–	–	6,107,207
32.	Off-balance sheet items	–	–	13,202	32,935,102	943,055
33.	Total RSF	–	–	–	–	263,827,753
34.	Net Stable Funding Ratio (%)	–	–	–	–	129.13%

Liquidity (Continued)

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

2024 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:	56,884,129	2,066,599	–	7,824,136	64,708,265
2.	<i>Regulatory capital</i>	56,884,129	1,661,589	–	7,824,136	64,708,265
2a.	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3.	<i>Other capital instruments</i>	–	405,010	–	–	–
4.	Retail deposits and small business funding:	–	255,077,588	6,010,815	3,928	235,373,103
5.	<i>Stable deposits</i>	–	7,663,640	128,588	518	7,403,135
6.	<i>Less stable deposits</i>	–	247,413,948	5,882,227	3,410	227,969,968
7.	Wholesale funding:	–	100,921,408	3,380,214	96,880	43,874,069
8.	<i>Operational deposits</i>	–	2,336,833	–	–	1,168,417
9.	<i>Other wholesale funding</i>	–	98,584,575	3,380,214	96,880	42,705,652
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	2,019,218	2,532,695	111,480	–	55,740
12.	<i>Net derivative liabilities</i>	–	–	–	–	–
13.	<i>All other funding and liabilities not included in the above categories</i>	2,019,218	2,532,695	111,480	–	55,740
14.	Total ASF					344,011,177
B.	Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	385,390	12,994,650	10,023,771	89,905,932	37,110,643
16.	Deposits held at other financial institutions for operational purposes	–	188,929	–	–	94,465
17.	Performing loans and securities:	34,320,826	53,411,342	24,617,493	196,115,632	216,886,083
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>	7,780,061	29,690,594	2,464,326	9,480,468	22,946,281

Liquidity (Continued)

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

2024 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>	26,540,765	10,938,128	15,458,362	82,003,773	104,499,832
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	1,846,385	320,574	621,125	2,959,969	3,594,980
22.	<i>Performing residential mortgages, of which:</i>	–	792,221	750,178	41,181,724	27,539,320
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	792,221	750,178	41,181,724	27,539,320
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	11,990,399	5,944,627	63,449,667	61,900,650
25.	Assets with matching interdependent liabilities	–	–	–	–	–
26.	Other assets:	15,526,524	666,338	–	–	14,731,152
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>	1,659,327	–	–	–	1,410,428
29.	<i>Net derivative assets</i>	8,364,156	–	–	–	8,364,156
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	651,004	–	–	–	32,550
31.	<i>All other assets not included in the above categories</i>	4,852,037	666,338	–	–	4,924,018
32.	Off-balance sheet items	–	4,000	33,683	28,157,594	992,263
33.	Total RSF	–	–	–	–	269,814,606
34.	Net Stable Funding Ratio (%)	–	–	–	–	127.50%

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	7,026,517	226,925,376	6,380,999	5,802,979	578,020	–	227,570,894
2.	Debt securities	–	191,133,397	44,989	–	44,989	–	191,088,408
3.	Off-balance sheet exposures	–	15,204,654	12,926	–	12,926	–	15,191,728
4.	Total	7,026,517	433,263,427	6,438,914	5,802,979	635,935	–	433,851,030

CR2: Changes in defaulted loans and debt securities

		Amount HK\$'000
1.	Defaulted loans and debt securities at 31 Dec 2023	5,964,605
2.	Loans and debt securities that have defaulted since the last reporting period	1,245,727
3.	Returned to non-defaulted status	(14,044)
4.	Amounts written off	(182,490)
5.	Other changes	12,719
6.	Defaulted loans and debt securities at 30 Jun 2024	7,026,517

Between Dec 2023 and Jun 2024, the Bank's defaulted loans and debt securities increased from HK\$5,965 million by 18% to HK\$7,027 million. The main contributor was the loans and debt securities of HK\$1,246 million defaulted during the reporting period.

Credit risk for non-securitization exposures (Continued)

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	223,019,354	4,551,540	1,215,548	3,335,992	–
2.	Debt securities	188,446,632	2,641,776	–	2,641,776	–
3.	Total	411,465,986	7,193,316	1,215,548	5,977,768	–
4.	Of which defaulted	965,097	269,159	39,886	229,273	–

As of Jun 2024, the Bank's carrying amount for unsecured exposures was HK\$411,466 million, an increase of HK\$12,655 million compared with Dec 2023. This was mainly due to the rise in unsecured loans of HK\$11,791 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	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	28,731,787	–	33,212,553	–	3,201,554	10%
2.	PSE exposures	10,010,029	1,350,000	8,428,298	541,425	1,793,945	20%
2a.	Of which: domestic PSEs	8,323,750	1,350,000	8,381,178	541,425	1,784,521	20%
2b.	Of which: foreign PSEs	1,686,279	–	47,120	–	9,424	20%
3.	Multilateral development bank exposures	3,237,565	–	3,237,565	–	–	0%
4.	Bank exposures	94,975,876	640,440	97,473,755	658,570	36,527,365	37%
5.	Securities firm exposures	156,302	–	677,372	–	338,686	50%
6.	Corporate exposures	215,666,743	24,547,538	210,414,142	5,522,172	182,562,844	85%
7.	CIS exposures	–	–	–	–	–	0%
8.	Cash items	420,728	–	1,600,214	104,009	114,383	7%
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	12,912,580	6,437,942	11,751,455	828,463	9,434,940	75%
11.	Residential mortgage loans	43,887,608	317,849	43,591,065	–	15,262,002	35%
12.	Other exposures which are not past due exposures	15,204,488	294,974	14,817,287	92,690	14,909,977	100%
13.	Past due exposures	1,463,586	–	1,463,586	–	1,824,033	125%
14.	Significant exposures to commercial entities	–	–	–	–	–	0%
15.	Total	426,667,292	33,588,743	426,667,292	7,747,329	265,969,729	61%

Compared with Dec 2023, the bank's credit risk RWA in Jun 2024 decrease from HK\$266,923 million to HK\$265,970 million, a decrease of 0.4%.

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) HK\$'000
	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	19,454,840	–	12,257,676	–	1,500,037	–	–	–	–	–	–	33,212,553
2. PSE exposures	–	–	8,969,723	–	–	–	–	–	–	–	–	8,969,723
2a. Of which: domestic PSEs	–	–	8,922,603	–	–	–	–	–	–	–	–	8,922,603
2b. Of which: foreign PSEs	–	–	47,120	–	–	–	–	–	–	–	–	47,120
3. Multilateral development bank exposures	3,237,565	–	–	–	–	–	–	–	–	–	–	3,237,565
4. Bank exposures	–	–	45,134,147	–	50,995,285	–	2,002,893	–	–	–	–	98,132,325
5. Securities firm exposures	–	–	–	–	677,372	–	–	–	–	–	–	677,372
6. Corporate exposures	–	–	4,454,522	–	61,639,896	–	147,821,705	2,020,191	–	–	–	215,936,314
7. CIS exposures	–	–	–	–	–	–	–	–	–	–	–	–
8. Cash items	1,132,310	–	571,913	–	–	–	–	–	–	–	–	1,704,223
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	–	–	–	–	–	12,579,918	–	–	–	–	–	12,579,918
11. Residential mortgage loans	–	–	–	43,578,241	–	12,824	–	–	–	–	–	43,591,065
12. Other exposures which are not past due exposures	–	–	–	–	–	–	14,909,977	–	–	–	–	14,909,977
13. Past due exposures	233,796	–	–	–	–	–	41,304	1,188,486	–	–	–	1,463,586
14. Significant exposures to commercial entities	–	–	–	–	–	–	–	–	–	–	–	–
15. Total	24,058,511	–	71,387,981	43,578,241	114,812,590	12,592,742	164,775,879	3,208,677	–	–	–	434,414,621

Compared with Dec 2023, the Bank's post-CCF and post-CRM on balance exposure increased by 2.57% to HK\$434,415 million. This was mainly attributed to the increase in bank 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)	8,144,867	4,023,698		1.4	17,035,990	8,591,305
1a.	CEM (for derivative contracts)	–	–		1.4	–	–
2.	IMM(CCR) approach			–	–	–	–
3.	Simple approach (for SFTs)					10,869,467	129,559
4.	Comprehensive approach (for SFTs)					–	–
5.	VaR (for SFTs)					–	–
6.	Total						8,720,864

There was a 0.86% decrease in counterparty credit risk RWA on default risk exposures compared to Dec 2023. The main contributor is originated from the decrease of replacement cost of SA-CCR approach.

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	19,660,318	5,945,875
4.	Total	19,660,318	5,945,875

The CVA RWA for counterparty credit risk decrease from HK\$6,330 million to HK\$5,946 million compared to Dec 2023, a decrease of 6.07%.

Counterparty credit risk (Continued)

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

Exposure classes	Risk Weight											Total default risk exposure after CRM HK\$'000
	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	694	–	–	–	–	–	–	–	–	–	–	694
2. PSE exposures	–	–	–	–	–	–	–	–	–	–	–	–
2a. Of which: domestic PSEs	–	–	–	–	–	–	–	–	–	–	–	–
2b. Of which: foreign PSEs	–	–	–	–	–	–	–	–	–	–	–	–
3. Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–	–
4. Bank exposures	–	–	1,039,737	–	15,502,968	–	–	–	–	–	–	16,542,705
5. Securities firm exposures	–	–	–	–	–	–	–	–	–	–	–	–
6. Corporate exposures	–	–	–	–	–	–	118,867	–	–	–	–	118,867
7. CIS exposures	–	–	–	–	–	–	–	–	–	–	–	–
8. Regulatory retail exposures	–	–	–	–	–	705,686	–	–	–	–	–	705,686
9. Residential mortgage loans	–	–	–	–	–	–	–	–	–	–	–	–
10. Other exposures which are not past due exposures	–	–	–	–	–	–	113,301	–	–	–	–	113,301
11. Significant exposures to commercial entities	–	–	–	–	–	–	–	–	–	–	–	–
12. Total	694	–	1,039,737	–	15,502,968	705,686	232,168	–	–	–	–	17,481,253

Compared to Dec 2023, total default risk exposure after CRM has no significant changes.

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	73,833	–	–	–	550,000	–
Cash – other currencies	1,301,028	104,398	1,635,801	264,782	9,877,484	–
Domestic sovereign debt	–	–	–	–	–	550,694
Other sovereign debt	–	–	8,300	–	–	–
Government agency debt	–	–	–	–	–	–
Corporate bonds	–	–	6,309	–	–	10,318,773
Equity securities	–	–	–	–	–	–
Other collateral	–	–	–	–	–	–
Total	1,374,861	104,398	1,650,410	264,782	10,427,484	10,869,467

The collateral posted and received resulted from transaction with CCP, 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)		52,487
2.	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	2,624,328	52,487
3.	(i) OTC derivative transactions	2,624,328	52,487
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	1,629,763	
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	–	–

Compared to Dec 2023, RWA of default risk exposure to qualifying CCPs increased by 21%, originating from an increase in exposure on OTC derivatives. The collateral posted and received resulted from derivatives transaction via CCP.

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)	1,816,300
2.	Equity exposures (general and specific risk)	–
3.	Foreign exchange (including gold) exposures	212,688
4.	Commodity exposures	3,438
	Option exposures	
5.	Simplified approach	–
6.	Delta-plus approach	5,602,312
7.	Other approach	–
8.	Securitization exposures	–
9.	Total	7,634,738

Compared with Dec 2023, the market risk RWA rose from HK\$4,636 million to HK\$7,635 million. The change was due to the growth in option exposures.

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 2024</u>					
Developing Asia-Pacific	29,992	5,177	6,274	37,776	79,219
of which attributed to Mainland China	20,841	3,409	6,274	34,162	64,686
Developed countries	34,931	4,348	3,974	12,402	55,655
Offshore centres	3,753	5,303	20,924	54,258	84,238
of which attributed to Hong Kong	2,350	5,303	19,389	53,016	80,058
Developing Africa and Middle East	9,025	11,960	1,160	6,283	28,428

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 2024</u>							
Hong Kong	172,507,324	4,108	172,511,432	7,100,248	3.57	475,940	5,802,032
Mainland China	19,659,888	417,706	20,077,594	947	–	49,905	947
Other countries	6,321,890	9,486	6,331,376	–	–	15,837	–
	<u>198,489,102</u>	<u>431,300</u>	<u>198,920,402</u>	<u>7,101,195</u>	<u>3.57</u>	<u>541,682</u>	<u>5,802,979</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 2024 HK\$'000	% of secured loans and advances
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
– Property development	26,078,465	32.26
– Property investment	18,201,111	66.16
– Financial concerns	19,395,285	10.08
– Stockbrokers	–	–
– Wholesale and retail trade	3,801,680	52.46
– Manufacturing	12,504,766	22.25
– Transport and transport equipment	9,323,606	55.81
– Recreational activities	3,736	35.76
– Information technology	1,563,236	2.34
– Others	20,883,024	30.70
Individuals		
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme	100,778	100.00
– Loans for the purchase of other residential properties	43,307,978	100.00
– Credit card advances	115,881	–
– Others	15,059,282	91.60
Sub-total	170,338,828	56.38
Trade finance	710,467	60.88
Loans and advances for use outside Hong Kong	27,439,807	11.54
Total	198,489,102	50.20

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 and advances 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 2024</u>					
Loans and advances for use in Hong Kong					
– Industrial, commercial and financial	111,754,909	6,320,686	6,285,994	316,574	5,649,087
– Individuals	58,583,919	94,845	82,738	151,468	27,521
Trade finance	710,467	55,192	27,324	3,421	18,425
Loans and advances for use outside Hong Kong	27,439,807	626,364	626,353	69,072	103,838
	<u>198,489,102</u>	<u>7,097,087</u>	<u>7,022,409</u>	<u>540,535</u>	<u>5,798,871</u>

4. Gross amount of overdue loans and advances to customers

	30 Jun 2024 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	415,391	0.21
More than 6 months but not more than 1 year	1,389,032	0.70
More than 1 year	5,217,986	2.62
	<u>7,022,409</u>	<u>3.53</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	4,108	0.01
	<u>4,108</u>	<u>0.01</u>
Total gross amount of overdue loans and advances to customers	<u>7,026,517</u>	<u>3.54</u>

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 2024</u>		
Hong Kong	7,025,570	5,791,287
Mainland China	947	947
	<hr/>	<hr/>
	7,026,517	5,792,234
	<hr/>	<hr/>
Fair value of collateral	1,074,001	
	<hr/>	

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

6. Overdue and rescheduled loans and advances to customers

	30 Jun 2024 HK\$'000
Total rescheduled loans and advances to customers	100,558
Excluding: rescheduled loans and advances to customers overdue above 3 months	97,587
Net amounts of rescheduled loans and advances to customers	<hr/> 2,971
Percentage of net amounts of rescheduled loans and advances to customers in total loans (%)	<hr/> —

7. Overdue assets

There were no other overdue assets as at 30 Jun 2024.

8. Repossessed assets

There were no repossessed assets held as at 30 Jun 2024.

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 2024</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	52,600,632	309,230	52,909,862
2. Local governments, local government-owned entities and their subsidiaries and JVs	11,780,979	50,607	11,831,586
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	35,289,197	1,377,526	36,666,723
4. Other entities of central government not reported in item 1 above	–	34,960	34,960
5. Other entities of local governments not reported in item 2 above	300,826	–	300,826
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	837,628	–	837,628
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	<u>100,809,262</u>	<u>1,772,323</u>	<u>102,581,585</u>
Total assets after provisions	438,016,483		
On-balance sheet exposures as percentage of total assets	23.01%		

Additional balance sheet information (Continued)

10. Foreign currency exposures

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 2024</u>		
Spot assets	193,261	193,261
Spot liabilities	(122,459)	(122,459)
Forward purchases	83,713	83,713
Forward sales	(159,397)	(159,397)
Net options position*	488	488
Net long (short) position	<u>(4,394)</u>	<u>(4,394)</u>
Net structural position	<u>–</u>	<u>–</u>

* Net options position is calculated based on the basis of the delta-weighted position of the options contracts.

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 2024 HK\$'000
Contract amounts	
Direct credit substitutes	246,956
Trade-related contingencies	746,505
Forward forward deposits placed	640,440
Commitments that are unconditionally cancellable without prior notice	17,743,649
Commitments which have an original maturity of not more than 1 year	1,316,549
Commitments which have an original maturity of more than 1 year	12,894,644
Total	<u>33,588,743</u>
Risk-weighted amount	<u>6,491,628</u>