

Regulatory Disclosures

30 June 2019



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KM1: Key prudential ratios

		At 30 June 2019	At 31 March 2019	At 31 December 2018	At 30 September 2018	At 30 June 2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	38,144,683	38,075,031	36,556,933	35,419,927	34,722,552
2	Tier 1	47,459,573	47,389,921	45,871,823	44,734,817	44,037,442
3	Total capital	52,293,766	52,181,933	50,626,038	49,323,691	48,759,491
	RWA (amount)					
4	Total RWA	278,277,353	278,043,475	270,692,288	252,454,668	270,247,232
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.71%	13.69%	13.50%	14.03%	12.85%
6	Tier 1 ratio (%)	17.05%	17.04%	16.95%	17.72%	16.30%
7	Total capital ratio (%)	18.79%	18.77%	18.70%	19.54%	18.04%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.5%	2.5%	1.875%	1.875%	1.875%
9	Countercyclical capital buffer requirement (%)	1.37%	1.34%	1.01%	0.99%	0.98%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.87%	3.84%	2.885%	2.865%	2.855%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.21%	9.19%	9.00%	9.53%	8.35%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	495,303,731	504,341,925	488,062,361	445,898,969	459,130,193
14	LR (%)	9.58%	9.40%	9.40%	10.03%	9.59%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	75,150,686	71,127,385	61,520,887	62,621,990	65,859,148
16	Total net cash outflows	48,808,494	41,320,198	42,025,704	41,968,143	49,016,908
17	LCR (%)	154.16%	173.83%	147.72%	151.82%	134.79%
	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	298,813,026	296,815,218	276,806,639	263,204,451	258,185,785
19	Total required stable funding	252,318,334	246,919,326	238,184,328	230,832,203	228,502,078
20	NSFR (%)	118.43%	120.21%	116.22%	114.02%	112.99%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

OV1: Overview of RWA

		RWA		Minimum capital requirements
		At 30 June 2019	At 31 March 2019	At 30 June 2019
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	250,766,479	251,306,118	21,160,081
2	Of which STC approach	21,857,632	22,855,817	1,748,611
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	228,114,389	227,645,834	19,344,100
4	Of which supervisory slotting criteria approach	794,458	804,467	67,370
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	641,492	537,444	54,213
7	Of which SA-CCR	N/A	N/A	N/A
7a	Of which CEM	540,818	504,865	45,676
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	100,674	32,579	8,537
10	CVA risk	294,775	280,188	23,582
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	N/A	N/A	N/A
13	CIS exposures - MBA	N/A	N/A	N/A
14	CIS exposures - FBA	N/A	N/A	N/A
14a	CIS exposures - combination of approaches	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	274,050	281,487	21,924
17	Of which SEC - IRBA	-	-	-
18	Of which SEC - ERBA (including IAA)	-	-	-
19	Of which SEC - SA	274,050	281,487	21,924
19a	Of which SEC - FBA	-	-	-
20	Market risk	1,227,700	947,700	98,216
21	Of which STM approach	91,825	154,650	7,346
22	Of which IMM approach	1,135,875	793,050	90,870
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	N/A	N/A	N/A
24	Operational risk	15,159,875	14,766,013	1,212,790
24a	Sovereign concentration risk	N/A	N/A	N/A
25	Amounts below the thresholds for deduction (subject to 250% RW)	15,250	15,250	1,220
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	3,872,972	3,827,754	309,838
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	87,531	104,848	7,003
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	3,785,441	3,722,906	302,835
27	Total	264,506,649	264,306,446	22,262,188

N/A: Not applicable until the respective policy frameworks take effect

CC1: Composition of regulatory capital

		At 30 Jun 2019	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	3,144,517	(4)
2	Retained earnings	35,554,463	(5)
3	Disclosed reserves	9,273,403	(7)+(8)+ (9)+(10)
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	47,972,383	
CET1 capital: regulatory deductions			
7	Valuation adjustments	7,471	Not applicable
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	230,811	(2)
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 securitisation transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	4,677	(1)+(3)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	-	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	6,882,620	(6)+(7)
26b	Regulatory reserve for general banking risks	2,702,121	(9)
26c	Securitisation 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	9,827,700	

CC1: Composition of regulatory capital (continued)

		At 30 June 2019	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
29	CET1 capital	38,144,683	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	9,314,890	
31	of which: classified as equity under applicable accounting standards	9,314,890	(11)
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	9,314,890	
	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	9,314,890	
45	Tier 1 capital (T1 = CET1 + AT1)	47,459,573	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	<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	1,737,014	Not applicable
51	Tier 2 capital before regulatory deductions	1,737,014	
	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)	-	
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	3,097,179	[(6)+(7)] *45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	

CC1: Composition of regulatory capital (continued)

		At 30 June 2019	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
57	Total regulatory adjustments to Tier 2 capital	3,097,179	
58	Tier 2 capital (T2)	4,834,193	
59	Total regulatory capital (TC = T1 + T2)	52,293,766	
60	Total RWA	278,277,353	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	13.71%	
62	Tier 1 capital ratio	17.05%	
63	Total capital ratio	18.79%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.87%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	1.37%	
67	of which: higher loss absorbency requirement	-	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	9.21%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	1,245,900	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	6,100	
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)	364,850	
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	277,319	
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)	2,641,204	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	1,459,695	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 capital instruments subject to phase-out arrangements	Not applicable	Not applicable
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable	Not applicable
82	Current cap on AT1 capital instruments subject to phase-out arrangements	-	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on Tier 2 capital instruments subject to phase-out arrangements	-	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	-	

CC1: Composition of regulatory capital (continued)

Notes to the template:

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

Row No.	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
9	Other intangible assets (net of associated deferred tax liability) <u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSRs) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.	-	-
10	Deferred tax assets (net of associated deferred tax liabilities) <u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the Bank to be realised 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.	230,811	-
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) <u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business . Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.	-	-

CC1: Composition of regulatory capital (continued)

Row No.	Description	Hong Kong basis HK\$'000	Basel III basis 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>			

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

CC2: Reconciliation of regulatory capital to balance sheet

	At 30 June 2019		Reference
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
	HK\$'000	HK\$'000	
ASSETS			
Cash and balances with banks and other financial institutions	32,259,208	32,259,208	
Placements with banks and other financial institutions maturing between one and twelve months	14,592,460	14,592,460	
Financial assets at fair value through profit or loss	12,183,104	12,183,104	
Derivative financial instruments	802,762	802,762	
- of which: debit valuation adjustments in respect of derivative contracts		2,455	(1)
Advances and other accounts	261,871,638	261,871,638	
Financial investments	139,631,503	139,631,503	
Interests in subsidiaries	-	6,100	
Investment properties	348,420	348,420	
Properties, plant and equipment	8,565,358	8,565,358	
Current tax assets	10,326	10,326	
Deferred tax assets	230,811	230,811	(2)
Other assets	1,678,339	1,677,761	
Total assets	472,173,929	472,179,451	
LIABILITIES			
Deposits and balances from banks and other financial institutions	25,854,342	25,854,342	
Financial liabilities at fair value through profit or loss	4,302,122	4,302,122	
Derivative financial instruments	507,364	507,364	
- of which: debit valuation adjustments in respect of derivative contracts		2,222	(3)
Deposits from customers	353,749,550	353,772,237	
Debt securities and certificates of deposit in issue	14,109,445	14,109,445	
Other accounts and provisions	15,017,450	15,016,782	
Current tax liabilities	493,281	493,191	
Deferred tax liabilities	844,984	836,695	
Total liabilities	414,878,538	414,892,178	

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

	At 30 June 2019		Reference
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	
	HK\$'000	HK\$'000	
EQUITY			
Share capital	3,144,517	3,144,517	(4)
Reserves	44,835,984	44,827,866	
- Retained earnings	35,508,597	35,554,463	(5)
- of which: cumulative fair value gains arising from the revaluation of investment properties		456,966	(6)
- Premises revaluation reserve	6,479,638	6,425,654	(7)
- Reserve for fair value changes through other comprehensive income	338,597	338,597	(8)
- Regulatory reserve	2,702,121	2,702,121	(9)
- Translation reserve	(192,969)	(192,969)	(10)
Additional equity instruments	9,314,890	9,314,890	(11)
Total equity	<u>57,295,391</u>	<u>57,287,273</u>	
Total liabilities and equity	<u>472,173,929</u>	<u>472,179,451</u>	

CCA: Main features of regulatory capital instruments

		CET1 Capital Ordinary shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities
1	Issuer	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable	XS1618163452
3	Governing law(s) of the instrument	Hong Kong Laws	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.
	<i>Regulatory treatment</i>		
4	Transitional Basel III rules [#]	Not Applicable	Not Applicable
5	Post-transitional Basel III rules [*]	Common Equity Tier 1	Additional Tier 1
6	Eligible at solo*/group/solo and group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$3,145 million	HK\$9,315million
9	Par value of instrument	No par value (refer to Note 1 for details)	US\$1.2billion
10	Accounting classification	Shareholders' equity	Equity instruments
11	Original date of issuance	1 July 1948 (refer to Note 2 for details)	2 June 2017
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	Not Applicable
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	Not Applicable	First call date: 2 June 2022 (Redemptions in whole at 100%)
16	Subsequent call dates, if applicable	Not Applicable	any distribution payment date thereafter
	<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	Not Applicable	Year 1-5: 5.00% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread
19	Existence of a dividend stopper	No	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable
30	Write-down feature	No	Yes
31	If write-down, write-down trigger(s)	Not Applicable	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	Not Applicable	Full or Partial
33	If write-down, permanent or temporary	Not Applicable	Permanent
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Not Applicable	Depositors, bank's unsubordinated creditors, creditors of Tier 2 capital and all other subordinated indebtedness of the Bank stated to rank senior to the Capital Securities.
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not Applicable	Not Applicable

Footnote:

[#] *Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules*

⁺ *Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules*

^{*} *Include solo-consolidated*

Note 1 : Pursuant to the Hong Kong Companies Ordinance (Chapter 622) which has commenced operation on 3 March 2014, all shares issued by a company incorporated in Hong Kong before, on and after that commencement date shall have no par value and the relevant concept of authorised share capital is abolished, the balance of the share premium account as at 3 March 2014 has been transferred to share capital.

Note 2: Several issuances of ordinary shares have been made since the first issuance in 1948. The last issuance was in 2009.

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer

Geographical breakdown by Jurisdiction (J)		At 30 June 2019			
		Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		%	HK\$'000	%	HK\$'000
1	Hong Kong SAR	2.50%	109,354,467		
2	Norway	2.00%	876		
3	United Kingdom	1.00%	39,654		
4	Sum		109,394,997		
5	Total		199,630,895	1.37%	2,734,277

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

		Value under the LR framework
		At 30 June 2019
		HK\$'000
1	Total consolidated assets as per published financial statements	472,173,929
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	5,522
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4	Adjustments for derivative contracts	354,658
5	Adjustment for SFTs (i.e. repos and similar secured lending)	305,328
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	32,505,441
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(215,669)
7	Other adjustments	(9,825,478)
8	Leverage ratio exposure measure	495,303,731

LR2: Leverage ratio

		At 30 June 2019	At 31 March 2019
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	467,521,030	478,291,523
2	Less: Asset amounts deducted in determining Tier 1 capital	(9,825,478)	(9,510,361)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	457,695,552	468,781,162
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)	514,200	412,653
5	Add-on amounts for PFE associated with all derivative contracts	649,700	571,074
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(6,480)	(3,297)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	1,157,420	980,430
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	7,059,645	4,425,511
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	305,328	355,169
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	7,364,973	4,780,680
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	120,145,477	117,461,873
18	Less: Adjustments for conversion to credit equivalent amounts	(87,640,036)	(84,284,704)
19	Off-balance sheet items	32,505,441	33,177,169
Capital and total exposures			
20	Tier 1 capital	47,459,573	47,389,921
20a	Total exposures before adjustments for specific and collective provisions	498,723,386	507,719,441
20b	Adjustments for specific and collective provisions	(3,419,655)	(3,377,516)
21	Total exposures after adjustments for specific and collective provisions	495,303,731	504,341,925
Leverage ratio			
22	Leverage ratio	9.58%	9.40%

LIQ1: Liquidity Coverage Ratio – for category 1 institution

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this template:		For the quarter ended 30 June 2019: 71 data points		For the quarter ended 31 March 2019: 73 data points	
Basis of disclosure: consolidated		UNWEIGHTED VALUE (Average)	WEIGHTED VALUE (Average)	UNWEIGHTED VALUE (Average)	WEIGHTED VALUE (Average)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
A. HQLA					
1	Total HQLA		75,150,686		71,127,385
B. CASH OUTFLOWS					
2	Retail deposits and small business funding, of which:	158,276,846	10,131,227	148,886,996	9,675,657
3	<i>Stable retail deposits and stable small business funding</i>	25,476,701	764,301	24,292,462	728,774
4	<i>Less stable retail deposits and less stable small business funding</i>	46,367,673	4,636,767	46,878,252	4,687,825
4a	<i>Retail term deposits and small business term funding</i>	86,432,472	4,730,159	77,716,282	4,259,058
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:	101,494,474	52,314,586	109,678,544	58,989,317
6	<i>Operational deposits</i>	30,891,508	7,556,351	32,374,229	7,923,967
7	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>	70,102,493	44,257,762	76,946,112	50,707,147
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	500,473	500,473	358,203	358,203
9	Secured funding transactions (including securities swap transactions)		344,094		725,034
10	Additional requirements, of which:	39,878,742	8,205,105	38,620,190	8,769,898
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	3,048,698	3,048,698	4,159,385	4,159,385
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>	36,830,044	5,156,407	34,460,805	4,610,513
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,665,687	2,665,687	4,196,096	4,196,096
15	Other contingent funding obligations (whether contractual or non-contractual)	86,149,328	2,171,089	84,799,929	2,373,815
16	TOTAL CASH OUTFLOWS		75,831,788		84,729,817
C. CASH INFLOWS					
17	Secured lending transactions (including securities swap transactions)	309,574	309,574	1,664,457	1,664,457
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	41,911,465	22,408,792	56,535,772	37,290,267
19	Other cash inflows	4,385,298	4,304,928	4,545,774	4,454,895
20	TOTAL CASH INFLOWS	46,606,337	27,023,294	62,746,003	43,409,619
D. LIQUIDITY COVERAGE RATIO			ADJUSTED VALUE		ADJUSTED VALUE
21	TOTAL HQLA		75,150,686		71,127,385
22	TOTAL NET CASH OUTFLOWS		48,808,494		41,320,198
23	LCR (%)		154.16%		173.83%

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

Notes:

The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.

The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.

The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.

The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

In the second quarter of 2019, the Group has maintained a healthy liquidity position. The LCR remained stable and there was no material change compared with the last quarter. The average LCR of the second quarter of 2019 was 154.16%. The average HKD level 1 HQLA to HKD net cash outflow ratio of the second quarter of 2019 was 163.35%, well above the regulatory requirement of 20%.

The ratios have maintained at stable and healthy levels.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks and non-financial corporate debt securities. In the second quarter of 2019, the majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposit which are the Group's primary source of funds, together with deposit and balance from bank and other financial institution.

To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, were minimal to the LCR.

Majority of the Group's customer deposits are denominated in HKD, USD and RMB. As the supply of HKD denominated HQLA in the market is relatively limited, the Group swaps surplus HKD funding into USD and other foreign currencies, part of funding are deployed to investment in HQLA.

LIQ2: Net Stable Funding Ratio – for category 1 institution

At 30 June 2019 Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity HK\$'000	<6 months or repayable on demand HK\$'000	6 months to < 12 months HK\$'000	12 months or more HK\$'000	
A. Available stable funding (“ASF”) item						
1	Capital:	58,950,875	-	-	-	58,950,875
2	Regulatory capital	58,950,875	-	-	-	58,950,875
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	116,090,583	37,900,258	5,188,892	145,093,825
5	Stable deposits	-	26,263,518	-	-	24,950,342
6	Less stable deposits	-	89,827,065	37,900,258	5,188,892	120,143,483
7	Wholesale funding:	-	192,131,786	30,345,775	8,751,203	82,817,331
8	Operational deposits	-	30,921,889	-	-	15,460,945
9	Other wholesale funding	-	161,209,897	30,345,775	8,751,203	67,356,386
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	3,758,417	6,912,605	1,998,695	11,011,066	11,950,995
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	3,758,417	6,912,605	1,998,695	11,011,066	11,950,995
14	Total ASF					298,813,026
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		103,065,382			8,351,072
16	Deposits held at other financial institutions for operational purposes	-	297,688	-	-	148,844
17	Performing loans and securities:	1,850,814	109,378,232	58,106,018	187,294,255	230,175,604
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	37,570,238	12,012,609	7,520,601	19,162,441
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:	1,769,037	55,992,598	30,285,545	129,827,250	154,995,916
21	With a risk-weight of less than or equal to 35% under the STC approach	-	550,141	-	-	250,070
22	Performing residential mortgages, of which:	-	720,910	709,997	26,318,071	20,767,477
23	With a risk-weight of less than or equal to 35% under the STC approach	-	370,309	358,144	11,591,683	7,898,820
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	81,777	15,094,486	15,097,867	23,628,333	35,249,770
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	11,411,585	1,699,434	284,795	-	11,710,911
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	333,809	-	-	-	333,809
30	Total derivative liabilities before deduction of variation margin posted	330,624	-	-	-	N/A
31	All other assets not included in the above categories	10,747,152	1,699,434	284,795	-	11,377,102
32	Off-balance sheet items			120,145,478		1,931,903
33	Total RSF					252,318,334
34	Net Stable Funding Ratio (%)					118.43%

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

At 31 March 2019 Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity HK\$'000	<6 months or repayable on demand HK\$'000	6 months to < 12 months HK\$'000	12 months or more HK\$'000	
A. Available stable funding (“ASF”) item						
1	Capital:	58,809,784	-	-	-	58,809,784
2	Regulatory capital	58,809,784	-	-	-	58,809,784
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	116,282,042	34,625,564	8,361,007	145,423,301
5	Stable deposits	-	24,908,969	-	-	23,663,521
6	Less stable deposits	-	91,373,073	34,625,564	8,361,007	121,759,780
7	Wholesale funding:	-	204,009,230	23,389,368	9,434,570	80,916,495
8	Operational deposits	-	32,006,302	-	-	16,003,151
9	Other wholesale funding	-	172,002,928	23,389,368	9,434,570	64,913,344
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	3,328,048	10,779,032	1,509,777	10,910,749	11,665,638
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	3,328,048	10,779,032	1,509,777	10,910,749	11,665,638
14	Total ASF					296,815,218
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		105,011,225			7,479,972
16	Deposits held at other financial institutions for operational purposes	-	143,589	-	-	71,795
17	Performing loans and securities:	1,863,702	122,987,996	52,095,831	186,075,742	226,705,772
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	55,402,395	11,213,158	8,027,730	21,944,668
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:	1,746,215	51,466,464	27,709,796	125,872,091	148,063,691
21	With a risk-weight of less than or equal to 35% under the STC approach	-	500,128	-	-	250,063
22	Performing residential mortgages, of which:	-	739,291	740,044	27,203,392	21,464,560
23	With a risk-weight of less than or equal to 35% under the STC approach	-	378,922	374,630	11,989,953	8,170,245
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	117,487	15,379,846	12,432,833	24,972,529	35,232,853
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	11,293,616	2,673,069	230,381	3,258	10,998,971
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	218,820	-	-	-	218,820
30	Total derivative liabilities before deduction of variation margin posted	937,190	-	-	-	N/A
31	All other assets not included in the above categories	10,137,606	2,673,069	230,381	3,258	10,780,151
32	Off-balance sheet items			117,461,873		1,662,816
33	Total RSF					246,919,326
34	Net Stable Funding Ratio (%)					120.21%

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

Notes:

The above disclosures are made pursuant to the section 16FL and 103AB of Banking (Disclosure) Rules. The items disclosed are measured according to the methodology and instructions set out in the Stable Funding Position Return (MA(BS)26) and the requirements set out in Banking (Liquidity) Rules.

Net Stable Funding Ratio (“NSFR”) is defined as the amount of available stable funding (“ASF”) relative to the amount of required stable funding (“RSF”). The ratio is calculated after applying the respective ASF or RSF factors required under the Stable Funding Position Return (MA(BS)26). It requires banks to maintain a stable funding profile in relation to the composition of banks’ assets and off-balance sheet activities.

The Group has maintained a healthy liquidity position. The NSFR of the first and second quarters were 120.21% and 118.43% respectively. The ratio remained stable and well above the regulatory requirement of 100% throughout the first half of 2019. The weighted amount of ASF items mainly consists of retail and corporate deposits which are the Group’s primary source of funds, together with regulatory capital. The weighted amount of RSF items mainly consists of loans to customers and investments in debt securities.

CR1: Credit quality of exposures

For exposures subject to the STC approach, defaulted exposures are exposures which are overdue for more than 90 days or have been rescheduled. For exposures subject to the IRB approach, defaulted exposures are exposures which fall within section 149 of the Banking (Capital) Rules.

		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	2,340,209	315,332,871	3,157,955	7,407	74,381	3,012,273	314,515,125
2	Debt securities	182,339	137,813,859	182,909	-	156	182,753	137,813,289
3	Off-balance sheet exposures	257,459	119,888,019	215,668	-	1,393	204,070	119,929,810
4	Total	2,780,007	573,034,749	3,556,532	7,407	75,930	3,399,096	572,258,224

CR2: Changes in defaulted loans and debt securities

	HK\$'000	
1	Defaulted loans and debt securities as at 31 December 2018	1,785,437
2	Loans and debt securities that have defaulted since the last reporting period	1,393,992
3	Returned to non-defaulted status	(277,684)
4	Amounts written off	(378,349)
5	Other changes	(848)
6	Defaulted loans and debt securities as at 30 June 2019	2,522,548

CR3: Overview of recognised credit risk mitigation

		At 30 June 2019				
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	216,162,628	98,352,497	35,098,151	63,254,346	-
2	Debt securities	132,075,932	5,737,357	-	5,737,357	-
3	Total	348,238,560	104,089,854	35,098,151	68,991,703	-
4	Of which defaulted	485,895	170,608	170,608	-	-

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

Exposure classes		At 30 June 2019					
		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	67,317,560	811	67,317,560	811	1,798,617	2.67%
2	PSE exposures	3,285,797	269,200	3,292,837	107,583	122,953	3.62%
2a	<i>Of which: domestic PSEs</i>	500,141	269,200	507,181	107,583	122,953	20.00%
2b	<i>Of which: foreign PSEs</i>	2,785,656	-	2,785,656	-	-	-
3	Multilateral development bank exposures	3,871,456	-	3,871,456	-	-	-
4	Bank exposures	11,860	-	11,860	-	2,372	20.00%
5	Securities firm exposures	-	-	-	-	-	N/A
6	Corporate exposures	7,069,627	5,986,234	6,773,963	525,536	7,067,067	96.82%
7	CIS exposures	-	-	-	-	-	N/A
8	Cash items	-	-	-	-	-	N/A
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	N/A
10	Regulatory retail exposures	3,632,737	1,493,700	3,471,363	180,263	2,738,720	75.00%
11	Residential mortgage loans	15,433,454	5,967	15,346,438	-	7,673,219	50.00%
12	Other exposures which are not past due exposures	2,521,709	432,371	2,238,099	61,862	2,299,961	100.00%
13	Past due exposures	138,697	-	138,697	-	154,723	111.55%
14	Significant exposures to commercial entities	-	-	-	-	-	N/A
15	Total	103,282,897	8,188,283	102,462,273	876,055	21,857,632	21.15%

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

Risk Weight Exposure class		At 30 June 2019										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	
1	Sovereign exposures	64,457,432	-	1,327,904	-	-	-	1,533,035	-	-	-	67,318,371
2	PSE exposures	2,785,656	-	614,764	-	-	-	-	-	-	-	3,400,420
2a	<i>Of which: domestic PSEs</i>	-	-	614,764	-	-	-	-	-	-	-	614,764
2b	<i>Of which: foreign PSEs</i>	2,785,656	-	-	-	-	-	-	-	-	-	2,785,656
3	Multilateral development bank exposures	3,871,456	-	-	-	-	-	-	-	-	-	3,871,456
4	Bank exposures	-	-	11,860	-	-	-	-	-	-	-	11,860
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	464,865	-	6,834,634	-	-	-	7,299,499
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	3,651,626	-	-	-	-	3,651,626
11	Residential mortgage loans	-	-	-	-	15,346,438	-	-	-	-	-	15,346,438
12	Other exposures which are not past due exposures	-	-	-	-	-	-	2,299,961	-	-	-	2,299,961
13	Past due exposures	6,532	-	-	-	-	-	87,050	45,115	-	-	138,697
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	71,121,076	-	1,954,528	-	15,811,303	3,651,626	10,754,680	45,115	-	-	103,338,328

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach

FIRB approach		At 30 June 2019												
PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions		
	HK\$'000	HK\$'000		HK\$'000				Years	HK\$'000		HK\$'000	HK\$'000		
Portfolio (i) – Banks	0.00 to < 0.15	64,534,474	915,312	100.00%	66,026,935	0.07%	202	45.00%	2.5	21,494,150	32.55%	22,120		
	0.15 to < 0.25	790	300,000	-	790	0.22%	1	45.00%	2.5	365	46.20%	1		
	0.25 to < 0.50	20,741,665	37,442	100.00%	20,779,107	0.39%	41	45.00%	2.5	16,959,137	81.62%	36,467		
	0.50 to < 0.75	4,412,801	25,000	-	4,611,881	0.57%	22	44.50%	2.5	4,169,034	90.40%	11,769		
	0.75 to < 2.50	5,694,592	344,317	14.71%	5,745,255	1.47%	20	45.00%	2.5	6,380,760	111.06%	38,096		
	2.50 to < 10.00	590,505	-	N/A	590,505	2.67%	1	45.00%	2.5	902,066	152.76%	7,092		
	10.00 to < 100.00	-	-	N/A	-	N/A	-	N/A	N/A	-	N/A	-	-	
	100.00 (Default)	310,180	208,031	20.00%	351,786	100.00%	1	45.00%	2.5	935,079	265.81%	141,751		
Sub-total	96,285,007	1,830,102	57.10%	98,106,259	0.62%	288	44.98%	2.5	50,840,591	51.82%	257,296	1,061,296		
Portfolio (ii) – Corporate – small-and-medium sized corporates	0.00 to < 0.15	2,088,354	78,455	2.97%	2,439,230	0.11%	58	43.38%	2.5	615,138	25.22%	1,146		
	0.15 to < 0.25	343,081	461,936	5.37%	1,905,301	0.22%	74	41.36%	2.5	642,192	33.71%	1,733		
	0.25 to < 0.50	2,094,882	1,766,831	5.14%	3,304,087	0.39%	130	40.65%	2.5	1,526,080	46.19%	5,239		
	0.50 to < 0.75	3,031,960	2,943,216	11.11%	7,312,162	0.54%	189	39.80%	2.5	3,759,408	51.41%	15,786		
	0.75 to < 2.50	9,599,576	4,204,970	12.97%	7,781,744	1.42%	393	37.30%	2.5	5,410,917	69.53%	41,459		
	2.50 to < 10.00	6,057,973	1,082,795	18.26%	4,546,996	3.53%	173	35.91%	2.5	3,960,901	87.11%	57,634		
	10.00 to < 100.00	501,757	328,436	52.28%	256,172	13.78%	15	12.33%	2.5	119,341	46.59%	4,374		
	100.00 (Default)	-	-	N/A	-	N/A	-	N/A	N/A	-	N/A	-	-	
Sub-total	23,717,583	10,866,639	12.51%	27,545,692	1.33%	1,032	38.72%	2.5	16,033,977	58.21%	127,371	279,506		
Portfolio (iii) – Corporate – other (including purchased corporate receivables)	0.00 to < 0.15	40,157,132	11,354,370	29.23%	55,587,526	0.09%	223	44.67%	2.5	16,290,233	29.31%	22,977		
	0.15 to < 0.25	9,921,709	2,266,852	19.15%	18,461,991	0.22%	116	43.58%	2.5	8,355,938	45.26%	17,703		
	0.25 to < 0.50	12,978,627	5,798,627	25.80%	20,799,383	0.39%	202	42.88%	2.5	13,101,930	62.99%	34,780		
	0.50 to < 0.75	35,212,323	17,245,048	38.10%	38,937,939	0.60%	332	43.06%	2.5	28,241,508	72.53%	100,322		
	0.75 to < 2.50	64,413,646	44,060,733	24.22%	64,674,716	1.31%	832	36.95%	2.5	53,226,704	82.30%	307,493		
	2.50 to < 10.00	30,643,481	12,699,412	18.15%	17,392,601	3.84%	245	35.04%	2.5	18,520,939	106.49%	225,427		
	10.00 to < 100.00	3,212,525	336,573	0.44%	2,304,315	18.11%	34	34.29%	2.5	3,863,457	167.66%	160,875		
	100.00 (Default)	2,159,366	49,428	-	2,091,917	100.00%	36	44.37%	2.5	279,808	13.38%	1,749,051		
Sub-total	198,698,809	93,811,043	26.43%	220,250,388	2.01%	2,020	40.98%	2.5	141,880,517	64.42%	2,618,628	4,243,078		
Total (sum of all portfolios)	318,701,399	106,507,784	25.54%	345,902,339	1.56%	3,340	41.94%	2.5	208,755,085	60.35%	3,003,295	5,583,880		

CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

Retail IRB approach	PD scale	At 30 June 2019											
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
		HK\$'000	HK\$'000		HK\$'000				Years	HK\$'000		HK\$'000	HK\$'000
Portfolio (iv) –Retail –Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to < 0.15	7,800,125	-	N/A	7,800,125	0.10%	5,250	12.00%	-	1,310,397	16.80%	923	-
	0.15 to < 0.25	2,911,339	-	N/A	2,911,339	0.22%	799	12.77%	-	524,338	18.01%	817	-
	0.25 to < 0.50	982,495	-	N/A	982,495	0.39%	319	15.38%	-	218,981	22.29%	578	-
	0.50 to < 0.75	497,675	-	N/A	497,675	0.53%	169	19.83%	-	117,371	23.58%	525	-
	0.75 to < 2.50	57,140	-	N/A	57,140	1.26%	37	17.72%	-	14,782	25.87%	113	-
	2.50 to < 10.00	43,231	-	N/A	43,231	3.98%	23	12.52%	-	15,710	36.34%	225	-
	10.00 to < 100.00	26,878	-	N/A	26,878	27.92%	16	18.61%	-	28,219	104.99%	1,345	-
	100.00 (Default)	2,855	-	N/A	2,855	100.00%	5	10.00%	-	3,569	125.01%	-	-
Sub-total	12,321,738	-	N/A	12,321,738	0.27%	6,618	12.81%	-	2,233,367	18.13%	4,526	38,932	
Portfolio (v) –Retail – small business retail exposures	0.00 to < 0.15	300,069	472,335	30.25%	442,955	0.09%	672	7.99%	-	7,975	1.80%	33	-
	0.15 to < 0.25	134,438	63,483	28.80%	152,724	0.22%	166	7.01%	-	4,625	3.03%	23	-
	0.25 to < 0.50	255,010	72,724	32.37%	278,551	0.39%	190	7.79%	-	13,499	4.85%	84	-
	0.50 to < 0.75	207,777	50,121	33.27%	224,452	0.59%	183	7.83%	-	13,936	6.21%	106	-
	0.75 to < 2.50	288,248	124,436	27.33%	322,258	1.27%	254	10.49%	-	37,224	11.55%	444	-
	2.50 to < 10.00	54,613	15,651	33.32%	59,829	3.67%	75	11.27%	-	9,447	15.79%	225	-
	10.00 to < 100.00	2,109	-	N/A	2,109	25.14%	2	6.50%	-	337	15.98%	37	-
	100.00 (Default)	173	-	N/A	173	100.00%	3	26.45%	-	-	-	148	-
Sub-total	1,242,437	798,750	30.12%	1,483,051	0.68%	1,545	8.50%	-	87,043	5.87%	1,100	1,665	
Portfolio (vi) –Other retail exposures to individuals	0.00 to < 0.15	247,371	1,119,145	-	1,313,143	0.04%	806	12.08%	-	20,887	1.59%	69	-
	0.15 to < 0.25	190,736	1,168	-	191,836	0.22%	384	11.70%	-	9,698	5.06%	49	-
	0.25 to < 0.50	2,394,231	122	-	2,394,292	0.37%	1,527	12.66%	-	183,529	7.67%	1,134	-
	0.50 to < 0.75	10,685,779	51,087	97.87%	10,736,776	0.55%	2,495	44.82%	-	3,562,304	33.18%	25,371	-
	0.75 to < 2.50	2,404,082	2,789,886	3.11%	2,705,132	1.05%	1,733	25.46%	-	729,215	26.96%	7,661	-
	2.50 to < 10.00	3,741,606	424	0.01%	3,741,979	3.03%	1,017	52.23%	-	2,708,871	72.39%	57,585	-
	10.00 to < 100.00	146,729	470,000	100.00%	616,749	32.75%	35	14.30%	-	228,054	36.98%	28,657	-
	100.00 (Default)	4,639	-	N/A	4,639	100.00%	4	56.53%	-	32,080	691.53%	88	-
Sub-total	19,815,173	4,431,832	13.69%	21,704,546	1.92%	8,001	37.00%	-	7,474,638	34.44%	120,614	130,388	
Total (sum of all portfolios)		33,379,348	5,230,582	16.20%	35,509,335	1.30%	16,164	27.42%		9,795,048	27.58%	126,240	170,985

CR7: Effects on RWA of recognised credit derivative contracts used as recognised credit risk mitigation – for IRB approach

Up to the date of report, the Group has not used any recognised credit derivative contracts for credit risk mitigation. Therefore, pre-credit derivatives RWA was equal to actual RWA.

		At 30 June 2019	
		Pre-credit derivatives RWA	Actual RWA
		HK\$'000	HK\$'000
1	Corporate – Specialised lending under supervisory slotting criteria approach (project finance)	794,458	794,458
2	Corporate – Specialised lending under supervisory slotting criteria approach (object finance)	-	-
3	Corporate – Specialised lending under supervisory slotting criteria approach (commodities finance)	-	-
4	Corporate – Specialised lending under supervisory slotting criteria approach (income-producing real estate)	-	-
5	Corporate – Specialised lending (high-volatility commercial real estate)	-	-
6	Corporate – Small-and-medium sized corporates	16,033,977	16,033,977
7	Corporate – Other corporates	141,880,517	141,880,517
8	Sovereigns	-	-
9	Sovereign foreign public sector entities	-	-
10	Multilateral development banks	-	-
11	Bank exposures – Banks	50,840,591	50,840,591
12	Bank exposures – Securities firms	-	-
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	-	-
14	Retail – Small business retail exposures	87,043	87,043
15	Retail – Residential mortgages to individuals	2,162,799	2,162,799
16	Retail – Residential mortgages to property-holding shell companies	70,568	70,568
17	Retail – Qualifying revolving retail exposures (QRRE)	-	-
18	Retail – Other retail exposures to individuals	7,474,638	7,474,638
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	-	-
20	Equity – Equity exposures under market-based approach (internal models method)	-	-
21	Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment)	-	-
22	Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment)	-	-
23	Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures)	-	-
24	Equity – Equity exposures under PD/LGD approach (other equity exposures)	-	-
25	Equity – Equity exposures associated with equity investments in funds (CIS exposures)	-	-
26	Other – Cash items	-	-
27	Other – Other items	9,564,256	9,564,256
28	Total (under the IRB calculation approaches)	228,908,847	228,908,847

CR8: RWA flow statements of credit risk exposures under IRB approach

		HK\$'000
1	RWA as at 31 March 2019	228,450,301
2	Asset size	(729,212)
3	Asset quality	2,950,593
4	Model updates	-
5	Methodology and policy	(388,028)
6	Acquisitions and disposals	-
7	Foreign exchange movements	(1,374,807)
8	Other	-
9	RWA as at 30 June 2019	228,908,847

CR10: Specialised lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach

I. Specialised lending under supervisory slotting criteria approach – HVCRE

Supervisory Rating Grade	Remaining Maturity	At 30 June 2019					
		On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount	RWA	Expected loss amount
		HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000
Strong [^]	Less than 2.5 years	-	-	70%	-	-	-
Strong	Equal to or more than 2.5 years	-	-	95%	-	-	-
Good [^]	Less than 2.5 years	-	-	95%	-	-	-
Good	Equal to or more than 2.5 years	-	-	120%	-	-	-
Satisfactory		-	-	140%	-	-	-
Weak		-	-	250%	-	-	-
Default		-	-	0%	-	-	-
Total		-	-		-	-	-

[^] Use of preferential risk-weights.

CR10: Specialised lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach (continued)

II. Specialised lending under supervisory slotting criteria approach – Other than HVCRE

Supervisory Rating Grade	Remaining Maturity	At 30 June 2019										
		On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount					RWA	Expected loss amount	
					PF	OF	CF	IPRE	Total			
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Strong^	Less than 2.5 years	-	-	50%	-	-	-	-	-	-	-	-
Strong	Equal to or more than 2.5 years	153,427	-	70%	153,427	-	-	-	-	153,427	107,399	614
Good^	Less than 2.5 years	-	-	70%	-	-	-	-	-	-	-	-
Good	Equal to or more than 2.5 years	599,277	218,829	90%	763,399	-	-	-	-	763,399	687,059	6,107
Satisfactory		-	-	115%	-	-	-	-	-	-	-	-
Weak		-	-	250%	-	-	-	-	-	-	-	-
Default		-	-	0%	-	-	-	-	-	-	-	-
Total		752,704	218,829		916,826	-	-	-	-	916,826	794,458	6,721

^Use of preferential risk-weights.

III. Equity exposures under the simple risk-weight method

Categories	At 30 June 2019				
	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount	RWA
				HK\$'000	HK\$'000
Publicly traded equity exposures	-	-	300%	-	-
All other equity exposures	-	-	400%	-	-
Total	-	-		-	-

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

		At 30 June 2019					
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1	SA-CCR (for derivative contracts)	-	-	-	1.4	-	-
1a	CEM	594,066	649,700	-	Not applicable	1,029,156	540,818
2	IMM (CCR) approach	-	-	-	Not applicable	-	-
3	Simple Approach (for SFTs)	-	-	-	-	-	-
4	Comprehensive Approach (for SFTs)	-	-	-	-	7,609,006	100,674
5	VaR (for SFTs)	-	-	-	-	-	-
6	Total	-	-	-	-	-	641,492

CCR2: CVA capital charge

		At 30 June 2019	
		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 standardised CVA method	1,246,759	294,775
4	Total	1,246,759	294,775

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

Risk Weight Exposure class		At 30 June 2019										Total default risk exposure 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	
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	-	-	-	-	-	-	-	-	-
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	38,466	-	-	-	38,466
7	CIS exposure	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	197	-	-	-	-	197
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	-	-	-	197	38,466	-	-	-	38,663

CCR4: Counterparty default risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach

FIRB approach	PD scale	At 30 June 2019						
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
		HK\$'000				Years	HK\$'000	
Portfolio (i) –Bank	0.00 to < 0.15	7,725,397	0.05%	26	8.64%	0.67	304,108	3.94%
	0.15 to < 0.25	-	N/A	-	N/A	N/A	-	N/A
	0.25 to < 0.50	633,601	0.39%	3	6.06%	0.74	67,137	10.60%
	0.50 to < 0.75	54,396	0.67%	3	45.00%	2.50	55,735	102.46%
	0.75 to < 2.50	31,000	1.28%	2	30.30%	2.50	25,381	81.87%
	2.50 to < 10.00	-	N/A	-	N/A	N/A	-	N/A
	10.00 to < 100.00	-	N/A	-	N/A	N/A	-	N/A
	100.00 (Default)	-	N/A	-	N/A	N/A	-	N/A
	Sub-total	8,444,394	0.08%	34	8.76%	0.7	452,361	5.36%
Portfolio (ii) – Corporate	0.00 to < 0.15	-	N/A	-	N/A	N/A	-	N/A
	0.15 to < 0.25	-	N/A	-	N/A	N/A	-	N/A
	0.25 to < 0.50	-	N/A	-	N/A	N/A	-	N/A
	0.50 to < 0.75	5,972	0.54%	2	45.00%	2.5	3,582	59.98%
	0.75 to < 2.50	131,143	1.11%	14	45.00%	2.5	123,028	93.81%
	2.50 to < 10.00	17,989	3.40%	7	45.00%	2.5	23,908	132.90%
	10.00 to < 100.00	-	N/A	-	N/A	N/A	-	N/A
	100.00 (Default)	-	N/A	-	N/A	N/A	-	N/A
	Sub-total	155,104	1.35%	23	45.00%	2.5	150,518	97.04%
Total (sum of all portfolios)	8,599,498	0.11%	57	9.41%	0.73	602,879	7.01%	

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

	At 30 June 2019					
	Derivative contracts				SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised 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	-	82,791	-	-	-	-
Cash - other currencies	-	263,525	-	240,280	6,174,512	556,750
Government bonds	-	-	-	-	-	-
Other bonds	-	-	-	-	548,342	7,052,256
Total	-	346,316	-	240,280	6,722,854	7,609,006

CCR6: Credit-related derivatives contracts

	At 30 June 2019	
	Protection bought	Protection sold
	HK\$'000	HK\$'000
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

SEC1: Securitization exposures in banking book

		At 30 June 2019								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
		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:	-	-	-	-	-	-	1,827,000	-	1,827,000
7	loans to corporates	-	-	-	-	-	-	1,827,000	-	1,827,000
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other wholesale	-	-	-	-	-	-	-	-	-
11	re-securitization exposures	-	-	-	-	-	-	-	-	-

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

		At 30 June 2019																
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	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	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Total exposures	1,827,000	-	-	-	-	-	-	1,827,000	-	-	-	274,050	-	-	-	21,924	-
2	Traditional securitization	1,827,000	-	-	-	-	-	-	1,827,000	-	-	-	274,050	-	-	-	21,924	-
3	Of which securitization	1,827,000	-	-	-	-	-	-	1,827,000	-	-	-	274,050	-	-	-	21,924	-
4	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which wholesale	1,827,000	-	-	-	-	-	-	1,827,000	-	-	-	274,050	-	-	-	21,924	-
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MR1: Market risk under STM approach

		At 30 June 2019
		RWA
		HK\$'000
Outright product exposures		
1	Interest rate exposures (general and specific risk)	63,513
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	-
4	Commodity exposures	28,312
Option exposures		
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitisation exposures	-
9	Total	91,825

MR2: RWA flow statements of market risk exposures under IMM approach

Movement in RWA was mainly driven by changes in exposure and risk level during the period.

		VaR	Stressed VaR	IRC	CRC	Other	Total RWA
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	RWA as at 31 March 2019	136,050	657,000	-	-	-	793,050
1a	Regulatory adjustment	(90,175)	(399,350)	-	-	-	(489,525)
1b	RWA as at 31 March 2019 (day-end)	45,875	257,650	-	-	-	303,525
2	Movement in risk levels	21,538	(2,112)	-	-	-	19,426
3	Model updates/changes	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
7a	RWA as at 30 June 2019 (day-end)	67,413	255,538	-	-	-	322,951
7b	Regulatory adjustment	171,387	641,537	-	-	-	812,924
8	RWA as at 30 June 2019	238,800	897,075	-	-	-	1,135,875

MR3: IMM approach values for market risk exposures

The maximum, minimum, average and period-end values were calculated for the reporting period from Jan 2019 to Jun 2019. Movement of Stressed VaR was driven by changes in exposure and risk level during the reporting period.

		At 30 June 2019
		HK\$'000
VaR (10 days – one-tailed 99% confidence interval)		
1	Maximum Value	9,710
2	Average Value	5,009
3	Minimum Value	2,543
4	Period End	5,393
Stressed VaR (10 days – one-tailed 99% confidence interval)		
5	Maximum Value	36,375
6	Average Value	20,722
7	Minimum Value	8,395
8	Period End	20,443
Incremental risk charge (IRC) (99.9% confidence interval)		
9	Maximum Value	-
10	Average Value	-
11	Minimum Value	-
12	Period End	-
Comprehensive risk charge (CRC) (99.9% confidence interval)		
13	Maximum Value	-
14	Average Value	-
15	Minimum Value	-
16	Period End	-
17	Floor	-

MR4: Comparison of VaR estimates with gains or losses

Below is the back testing result of the Group's market risk under IMM approach in the first half of 2019. The Group adopts a uniformed VAR calculation model and daily VaR is calculated at a 99% confidence level using two years of historical market data. During the period, there were 2 hypothetical losses exceeding the VaR for the Group as shown in the back-testing results (No exception was found for actual P&L). The exceptions were driven by unexpected market movements.

Actual P&L in back-testing does not include reserves, commissions and fees.

