

# Regulatory Disclosures

## 30 September 2024



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**KM1: Key prudential ratios**

|     |   | At 30<br>September<br>2024 | At 30<br>June<br>2024 | At 31<br>March<br>2024 | At 31<br>December<br>2023 | At 30<br>September<br>2023 |
|-----|---|----------------------------|-----------------------|------------------------|---------------------------|----------------------------|
|     |   | HK\$'000                   | HK\$'000              | HK\$'000               | HK\$'000                  | HK\$'000                   |
|     | <b>Regulatory capital (amount)</b>  |                            |                       |                        |                           |                            |
| 1   | Common Equity Tier 1 (CET1)   | 53,340,216                 | 50,807,993            | 50,961,669             | 49,848,625                | 48,674,385                 |
| 2   | Tier 1  | 60,762,242                 | 58,230,019            | 58,383,695             | 57,270,651                | 56,096,411                 |
| 3   | Total capital   | 78,612,784                 | 70,664,495            | 70,937,786             | 69,941,034                | 68,689,798                 |
|     | <b>RWA (amount)</b>   |                            |                       |                        |                           |                            |
| 4   | Total RWA   | 379,723,113                | 374,116,026           | 379,659,503            | 376,888,332               | 365,362,573                |
|     | <b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>          |                            |                       |                        |                           |                            |
| 5   | CET1 ratio (%)  | 14.05%                     | 13.58%                | 13.42%                 | 13.23%                    | 13.32%                     |
| 6   | Tier 1 ratio (%)  | 16.00%                     | 15.56%                | 15.38%                 | 15.20%                    | 15.35%                     |
| 7   | Total capital ratio (%)   | 20.70%                     | 18.89%                | 18.68%                 | 18.56%                    | 18.80%                     |
|     | <b>Additional CET1 buffer requirements (as a percentage of RWA)</b>           |                            |                       |                        |                           |                            |
| 8   | Capital conservation buffer requirement (%)                                   | 2.50%                      | 2.50%                 | 2.50%                  | 2.50%                     | 2.50%                      |
| 9   | Countercyclical capital buffer requirement (%)                                | 0.57%                      | 0.58%                 | 0.58%                  | 0.58%                     | 0.58%                      |
| 10  | Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs) | -                          | -                     | -                      | -                         | -                          |
| 11  | Total AI-specific CET1 buffer requirements (%)                                | 3.07%                      | 3.08%                 | 3.08%                  | 3.08%                     | 3.08%                      |
| 12  | CET1 available after meeting the AI's minimum capital requirements (%)        | 9.55%                      | 9.08%                 | 8.92%                  | 8.73%                     | 8.82%                      |
|     | <b>Basel III leverage ratio</b>   |                            |                       |                        |                           |                            |
| 13  | Total leverage ratio (LR) exposure measure                                    | 605,854,903                | 592,005,986           | 575,275,888            | 596,049,346               | 563,299,942                |
| 14  | LR (%)  | 10.03%                     | 9.84%                 | 10.15%                 | 9.61%                     | 9.96%                      |
|     | <b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>     |                            |                       |                        |                           |                            |
|     | Applicable to category 1 institution only:                                    |                            |                       |                        |                           |                            |
| 15  | Total high quality liquid assets (HQLA)                                       | 80,175,997                 | 80,028,599            | 78,043,910             | 75,598,401                | 74,408,428                 |
| 16  | Total net cash outflows   | 34,548,729                 | 38,723,843            | 46,163,983             | 46,309,770                | 48,905,062                 |
| 17  | LCR (%)   | 234.62%                    | 214.18%               | 169.47%                | 165.02%                   | 152.70%                    |
|     | Applicable to category 2 institution only:                                    |                            |                       |                        |                           |                            |
| 17a | LMR (%)   | N/A                        | N/A                   | N/A                    | N/A                       | N/A                        |
|     | <b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>             |                            |                       |                        |                           |                            |
|     | Applicable to category 1 institution only:                                    |                            |                       |                        |                           |                            |
| 18  | Total available stable funding  | 397,612,813                | 382,868,806           | 364,184,205            | 355,524,387               | 343,559,655                |
| 19  | Total required stable funding   | 284,743,478                | 282,268,583           | 282,680,336            | 287,955,699               | 281,100,840                |
| 20  | NSFR (%)  | 139.64%                    | 135.64%               | 128.83%                | 123.46%                   | 122.22%                    |
|     | 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 September 2024 | At 30 June 2024    | At 30 September 2024         |
|     |   | HK\$'000             | HK\$'000           | HK\$'000                     |
| 1   | Credit risk for non-securitization exposures  | 352,942,043          | 349,606,019        | 28,235,363                   |
| 2   | Of which STC approach   | 352,942,043          | 349,606,019        | 28,235,363                   |
| 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  | 1,626,995            | 1,758,803          | 130,160                      |
| 7   | Of which SA-CCR approach  | 1,416,488            | 1,459,623          | 113,319                      |
| 7a  | Of which CEM  | -                    | -                  | -                            |
| 8   | Of which IMM(CCR) approach  | -                    | -                  | -                            |
| 9   | Of which others   | 210,507              | 299,180            | 16,841                       |
| 10  | CVA risk  | 521,613              | 515,775            | 41,729                       |
| 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   | 9,744,088            | 8,307,625          | 779,527                      |
| 21  | Of which STM approach   | 9,744,088            | 8,307,625          | 779,527                      |
| 22  | Of which IMM approach   | -                    | -                  | -                            |
| 23  | Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect) | N/A                  | N/A                | N/A                          |
| 24  | Operational risk  | 18,509,925           | 17,499,663         | 1,480,794                    |
| 24a | Sovereign concentration risk  | -                    | -                  | -                            |
| 25  | Amounts below the thresholds for deduction (subject to 250% RW)   | 27,458               | 27,458             | 2,197                        |
| 26  | Capital floor adjustment  | -                    | -                  | -                            |
| 26a | Deduction to RWA  | 3,649,009            | 3,599,317          | 291,921                      |
| 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          | 3,649,009            | 3,599,317          | 291,921                      |
| 27  | <b>Total</b>  | <b>379,723,113</b>   | <b>374,116,026</b> | <b>30,377,849</b>            |

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

**LR2: Leverage ratio**

|  |  | At 30 September 2024 | At 30 June 2024    |
|--|--|----------------------|--------------------|
|  |  | HK\$'000             | HK\$'000           |
| <b>On-balance sheet exposures</b>                  |  |                      |                    |
| 1  | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)  | 557,978,925          | 543,921,190        |
| 2  | Less: Asset amounts deducted in determining Tier 1 capital   | (10,876,956)         | (10,468,005)       |
| 3  | <b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>  | <b>547,101,969</b>   | <b>533,453,185</b> |
| <b>Exposures arising from derivative contracts</b> |  |                      |                    |
| 4  | Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)                 | 580,947              | 786,833            |
| 5  | Add-on amounts for PFE associated with all derivative contracts  | 3,248,903            | 2,761,457          |
| 6  | Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework | -                    | -                  |
| 7  | Less: Deductions of receivables assets for cash variation margin provided under derivative contracts   | (916,620)            | (266,828)          |
| 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   | <b>Total exposures arising from derivative contracts</b>   | <b>2,913,230</b>     | <b>3,281,462</b>   |
| <b>Exposures arising from SFTs</b>                 |  |                      |                    |
| 12   | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions  | 3,561,220            | 7,660,964          |
| 13   | Less: Netted amounts of cash payables and cash receivables of gross SFT assets   | -                    | -                  |
| 14   | CCR exposure for SFT assets  | 276,767              | 403,130            |
| 15   | Agent transaction exposures  | -                    | -                  |
| 16   | <b>Total exposures arising from SFTs</b>   | <b>3,837,987</b>     | <b>8,064,094</b>   |
| <b>Other off-balance sheet exposures</b>           |  |                      |                    |
| 17   | Off-balance sheet exposure at gross notional amount  | 228,719,861          | 212,991,147        |
| 18   | Less: Adjustments for conversion to credit equivalent amounts  | (172,442,017)        | (161,643,014)      |
| 19   | <b>Off-balance sheet items</b>   | <b>56,277,844</b>    | <b>51,348,133</b>  |
| <b>Capital and total exposures</b>                 |  |                      |                    |
| 20   | <b>Tier 1 capital</b>  | <b>60,762,242</b>    | <b>58,230,019</b>  |
| 20a  | <b>Total exposures before adjustments for specific and collective provisions</b>   | <b>610,131,030</b>   | <b>596,146,874</b> |
| 20b  | <b>Adjustments for specific and collective provisions</b>  | <b>(4,276,127)</b>   | <b>(4,140,888)</b> |
| 21   | <b>Total exposures after adjustments for specific and collective provisions</b>  | <b>605,854,903</b>   | <b>592,005,986</b> |
| <b>Leverage ratio</b>                              |  |                      |                    |
| 22   | <b>Leverage ratio</b>  | <b>10.03%</b>        | <b>9.84%</b>       |

**LIQ1: Liquidity Coverage Ratio – for category 1 institution**

| Number of data points used in calculating the average value of the LCR and related components set out in this template: 76 |  | For the quarter ended 30 September 2024 |                                   |
|--|--|---|-----------------------------------|
|  |  | UNWEIGHTED VALUE (Average) HK\$'000     | WEIGHTED VALUE (Average) HK\$'000 |
| Basis of disclosure: consolidated  |  |   |                                   |
| <b>A. HQLA</b>   |  |   |                                   |
| 1  | Total HQLA   |   | <b>80,175,997</b>                 |
| <b>B. CASH OUTFLOWS</b>  |  |   |                                   |
| 2  | Retail deposits and small business funding, of which:  | 246,699,750                             | 15,049,837                        |
| 3  | <i>Stable retail deposits and stable small business funding</i>  | 29,789,728                              | 893,692                           |
| 4  | <i>Less stable retail deposits and less stable small business funding</i>  | 57,610,573                              | 5,761,057                         |
| 4a   | <i>Retail term deposits and small business term funding</i>  | 159,299,449                             | 8,395,088                         |
| 5  | Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:                 | 76,997,253                              | 40,828,499                        |
| 6  | <i>Operational deposits</i>  | 11,179,310                              | 2,619,537                         |
| 7  | <i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>  | 64,874,779                              | 37,265,798                        |
| 8  | <i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>  | 943,164                                 | 943,164                           |
| 9  | Secured funding transactions (including securities swap transactions)  |   | 1,484,958                         |
| 10   | Additional requirements, of which:   | 51,937,815                              | 13,462,103                        |
| 11   | <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i> | 3,374,479                               | 3,374,479                         |
| 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>                       | 48,563,336                              | 10,087,624                        |
| 14   | Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows   | 6,968,123                               | 6,968,123                         |
| 15   | Other contingent funding obligations (whether contractual or non-contractual)  | 180,218,260                             | 4,128,577                         |
| 16   | <b>TOTAL CASH OUTFLOWS</b>   |   | <b>81,922,097</b>                 |
| <b>C. CASH INFLOWS</b>   |  |   |                                   |
| 17   | Secured lending transactions (including securities swap transactions)  | 2,239,581                               | 2,239,581                         |
| 18   | Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions    | 66,270,788                              | 39,560,592                        |
| 19   | Other cash inflows   | 6,194,670                               | 5,573,195                         |
| 20   | <b>TOTAL CASH INFLOWS</b>  | <b>74,705,039</b>                       | <b>47,373,368</b>                 |
| <b>D. LIQUIDITY COVERAGE RATIO</b>   |  |   | <b>ADJUSTED VALUE</b>             |
| 21   | <b>TOTAL HQLA</b>  |   | <b>80,175,997</b>                 |
| 22   | <b>TOTAL NET CASH OUTFLOWS</b>   |   | <b>34,548,729</b>                 |
| 23   | <b>LCR (%)</b>   |   | <b>234.62%</b>                    |

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

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**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 third quarter of 2024, 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 third quarter of 2024 was 234.62%. The average HKD level 1 HQLA to HKD net cash outflow ratio of the third quarter of 2024 was 217.94%, 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 third quarter of 2024, 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.