

Regulatory Disclosures

30 June 2024



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KM1: Key prudential ratios

		At 30 June 2024	At 31 March 2024	At 31 December 2023	At 30 September 2023	At 30 June 2023
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	50,807,993	50,961,669	49,848,625	48,674,385	48,438,040
2	Tier 1	58,230,019	58,383,695	57,270,651	56,096,411	55,770,066
3	Total capital	70,664,495	70,937,786	69,941,034	68,689,798	68,508,696
	RWA (amount)					
4	Total RWA	374,116,026	379,659,503	376,888,332	365,362,573	361,811,637
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.58%	13.42%	13.23%	13.32%	13.36%
6	Tier 1 ratio (%)	15.56%	15.38%	15.20%	15.35%	15.41%
7	Total capital ratio (%)	18.89%	18.68%	18.56%	18.80%	18.93%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.58%	0.58%	0.58%	0.58%	0.59%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.08%	3.08%	3.08%	3.08%	3.09%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.08%	8.92%	8.73%	8.82%	8.86%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	592,005,986	575,275,888	596,049,346	563,299,942	560,071,888
14	LR (%)	9.84%	10.15%	9.61%	9.96%	9.96%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	80,028,599	78,043,910	75,598,401	74,408,428	74,616,416
16	Total net cash outflows	38,723,843	46,163,983	46,309,770	48,905,062	49,146,716
17	LCR (%)	214.18%	169.47%	165.02%	152.70%	152.07%
	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	382,868,806	364,184,205	355,524,387	343,559,655	336,342,814
19	Total required stable funding	282,268,583	282,680,336	287,955,699	281,100,840	280,969,119
20	NSFR (%)	135.64%	128.83%	123.46%	122.22%	119.71%
	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 2024	At 31 March 2024	At 30 June 2024
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	349,606,019	355,928,461	27,968,482
2	Of which STC approach	349,606,019	355,928,461	27,968,482
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	1,758,803	1,734,354	140,704
7	Of which SA-CCR approach	1,459,623	1,223,672	116,770
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	299,180	510,682	23,934
10	CVA risk	515,775	465,113	41,262
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	8,307,625	7,933,050	664,610
21	Of which STM approach	8,307,625	7,933,050	664,610
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	17,499,663	17,263,650	1,399,973
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	3,599,317	3,692,583	287,945
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	3,599,317	3,692,583	287,945
27	Total	374,116,026	379,659,503	29,929,283

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

CC1: Composition of regulatory capital

		At 30 June 2024	
		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	(7)
2	Retained earnings	51,039,445	(8)
3	Disclosed reserves	7,092,423	(10)+(11)+ (12)+(13)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	CET1 capital before regulatory deductions	61,276,385	
CET1 capital: regulatory deductions			
7	Valuation adjustments	349	Not applicable
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	921,741	(2)-(5)
10	Deferred tax assets (net of associated deferred tax liabilities)	504,312	(3)
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	514	(1)+(4)
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	9,041,476	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	6,544,212	(9)+(10)
26b	Regulatory reserve for general banking risks	2,497,264	(12)
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	10,468,392	

CC1: Composition of regulatory capital (continued)

		At 30 June 2024	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
29	CET1 capital	50,807,993	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	7,422,026	
31	of which: classified as equity under applicable accounting standards	7,422,026	(14)
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	7,422,026	
	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	7,422,026	
45	Tier 1 capital (T1 = CET1 + AT1)	58,230,019	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	5,444,580	(6)
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	4,045,000	Not applicable
51	Tier 2 capital before regulatory deductions	9,489,580	
	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	(2,944,896)	
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	(2,944,896)	[(9)+(10)] *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 2024	
		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	(2,944,896)	
58	Tier 2 capital (T2)	12,434,476	
59	Total regulatory capital (TC = T1 + T2)	70,664,495	
60	Total RWA	374,116,026	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	13.58%	
62	Tier 1 capital ratio	15.56%	
63	Total capital ratio	18.89%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.08%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.58%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	9.08%	
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	3,001,543	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	10,983	
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)	4,045,000	
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	4,045,000	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	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 liabilities)	921,741	-
	<p><u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSRs) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10	Deferred tax assets (net of associated deferred tax liabilities)	504,312	-
	<p><u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the Bank to be 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.</p>		
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<p><u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

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 2024		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	49,710,630	49,710,630	
Placements with banks and other financial institutions maturing between one and twelve months	7,999,421	7,999,421	
Financial assets at fair value through profit or loss	14,588,603	14,588,603	
Derivative financial instruments	1,216,839	1,216,839	
- of which: debit valuation adjustments in respect of derivative contracts		127	(1)
Advances and other accounts	285,494,131	285,494,131	
Financial investments	174,705,705	174,705,705	
Interests in subsidiaries	-	10,983	
Investment properties	446,550	446,550	
Properties, plant and equipment	8,546,060	8,546,060	
Intangible assets	924,583	924,583	(2)
Current tax assets	1,423	1,423	
Deferred tax assets	504,312	504,312	(3)
Other assets	4,540,594	4,526,253	
Assets held for sale	88,040	88,040	
Total assets	548,766,891	548,763,533	
LIABILITIES			
Deposits and balances from banks and other financial institutions	24,237,399	24,237,399	
Financial liabilities at fair value through profit or loss	6,853,536	6,853,536	
Derivative financial instruments	929,477	929,477	
- of which: debit valuation adjustments in respect of derivative contracts		387	(4)
Deposits from customers	396,787,901	397,348,819	
Debt securities and certificates of deposit in issue	27,144,685	27,144,685	
Other accounts and provisions	17,537,145	17,536,942	
Current tax liabilities	95,617	8,635	
Deferred tax liabilities	546,604	537,392	
- of which: deferred tax liabilities related to other intangible assets		2,842	(5)
Subordinated liabilities	5,468,237	5,468,237	
- of which: included in Tier 2 Capital		5,444,580	(6)
Total liabilities	479,600,601	480,065,122	

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

	At 30 June 2024		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	(7)
Reserves	58,599,747	58,131,868	
- Retained earnings	51,452,302	51,039,445	(8)
- of which: cumulative fair value gains arising from the revaluation of investment properties		436,540	(9)
- Premises revaluation reserve	6,162,694	6,107,672	(10)
- Reserve for fair value changes through other comprehensive income	(286,420)	(286,420)	(11)
- Regulatory reserve	2,497,264	2,497,264	(12)
- Translation reserve	(1,226,093)	(1,226,093)	(13)
Additional equity instruments	7,422,026	7,422,026	(14)
Total equity	<u>69,166,290</u>	<u>68,698,411</u>	
Total liabilities and equity	<u>548,766,891</u>	<u>548,763,533</u>	

CCA: Main features of regulatory capital instruments

		CET1 Capital Ordinary shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
1	Issuer	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable	XS2467774209	XS2587421681	XS2080210011
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.	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.	The 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	Not Applicable	Not Applicable
5	Post-transitional Basel III rules [*]	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo*/group/solo and group	Solo and 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	Additional Tier 1 capital instruments	Other Tier 2 instruments
8	Amount recognised in regulatory capital (as of most recent reporting date)	HK\$3,144,517,000	HK\$5,077,856,000	HK\$2,344,170,000	HK\$5,444,580,000
9	Par value of instrument	No par value (refer to Note 1 for details)	US\$650,000,000	US\$300,000,000	US\$700,000,000
10	Accounting classification	Shareholders' equity	Equity instruments	Equity instruments	Liability-amortised cost
11	Original date of issuance	1 July 1948 (refer to Note 2 for details)	28 April 2022	7 March 2023	20 November 2019
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	Not Applicable	Not Applicable	20 November 2029
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
15	Optional call date, contingent call dates and redemption amount	Not Applicable	First call date: 28 April 2027 Additional optional redemption in whole at 100% of principal amount with distributions accrued for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non- Viability Event. Redemption subject to prior written consent of the Hong Kong Monetary Authority ("HKMA").	First call date: 7 March 2028 Additional optional redemption in whole at 100% of principal amount with distributions accrued for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non- Viability Event. Redemption subject to prior written consent of the Hong Kong Monetary Authority ("HKMA").	One-off call date: 20 November 2024. Additional optional redemption in whole at 100% of principal amount with accrued interest for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non- Viability Event. Redemption subject to prior written consent of the Hong Kong Monetary Authority ("HKMA").
16	Subsequent call dates, if applicable	Not Applicable	Any distribution payment date thereafter	Any distribution payment date thereafter	Not Applicable
	<i>Coupons / dividends</i>				
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Not Applicable	Year 1-5: 6.50% 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	Year 1-5: 7.35% 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	3.80% p.a. Fixed until 20 November 2024 and thereafter reset to a new fixed rate equal to the sum of the then prevailing U.S. Treasury Rate and the Spread at Pricing.
19	Existence of a dividend stopper	No	Yes	Yes	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	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	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	No	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Not Applicable	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	Not Applicable	Full or Partial	Full or Partial	Full or Partial
33	If write-down, permanent or temporary	Not Applicable	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable	Not Applicable
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	<p>The rights of the holders will, in the event of the Winding-Up of the Issuer, rank:</p> <p>(i) subordinate and junior in right of payment to, and of all claims of (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) holders of Tier 2 Capital Subordinated notes of the Issuer, and (c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract;</p> <p>(ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and</p> <p>(iii) senior in right of payment to and of all claims of the holders of Junior Obligations.</p>	<p>The rights of the holders will, in the event of the Winding-Up of the Issuer, rank:</p> <p>(i) subordinate and junior in right of payment to, and of all claims of (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) holders of Tier 2 Capital Subordinated notes of the Issuer, and (c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract;</p> <p>(ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and</p> <p>(iii) senior in right of payment to and of all claims of the holders of Junior Obligations.</p>	<p>The rights of the holders will, in the event of the winding up of the Bank, rank</p> <p>(i) subordinate and junior in right of payment to, and of all claims of, (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Notes or rank senior to the Notes by operation of law or contract;</p> <p>(ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and</p> <p>(iii) senior in right of payment to, and of all claims of, (a) the holders of Junior Obligations, and (b) holders of Tier 1 Capital Instruments.</p>

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary shares	USD Non- Cumulative Subordinated Additional Tier 1 Capital Securities	USD Non- Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	Not Applicable	Not Applicable	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 2024			
		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	1.00%	166,180,675		
2	Australia	1.00%	134,272		
3	France	1.00%	2,155		
4	Germany	0.75%	229,981		
5	Luxembourg	0.50%	484,723		
6	Netherlands	2.00%	1,511,866		
7	South Korea	1.00%	411,059		
8	United Kingdom	2.00%	1,029,486		
9	Sum		169,984,217		
10	Total		298,414,161	0.58%	1,722,259

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

		Value under the LR framework
		At 30 June 2024
		HK\$'000
1	Total consolidated assets as per published financial statements	548,766,891
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,358)
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	2,064,623
5	Adjustment for SFTs (i.e. repos and similar secured lending)	403,130
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	51,348,133
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(105,428)
7	Other adjustments	(10,468,005)
8	Leverage ratio exposure measure	592,005,986

LR2: Leverage ratio

		At 30 June 2024	At 31 March 2024
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	543,921,190	528,533,137
2	Less: Asset amounts deducted in determining Tier 1 capital	(10,468,005)	(10,296,712)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	533,453,185	518,236,425
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)	786,833	707,873
5	Add-on amounts for PFE associated with all derivative contracts	2,761,457	2,384,800
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	(266,828)	(13,770)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	Total exposures arising from derivative contracts	3,281,462	3,078,903
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	7,660,964	10,307,394
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	403,130	587,325
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	8,064,094	10,894,719
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	212,991,147	206,398,822
18	Less: Adjustments for conversion to credit equivalent amounts	(161,643,014)	(158,213,523)
19	Off-balance sheet items	51,348,133	48,185,299
Capital and total exposures			
20	Tier 1 capital	58,230,019	58,383,695
20a	Total exposures before adjustments for specific and collective provisions	596,146,874	580,395,346
20b	Adjustments for specific and collective provisions	(4,140,888)	(5,119,458)
21	Total exposures after adjustments for specific and collective provisions	592,005,986	575,275,888
Leverage ratio			
22	Leverage ratio	9.84%	10.15%

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: 73		For the quarter ended 30 June 2024	
		UNWEIGHTED VALUE (Average) HK\$'000	WEIGHTED VALUE (Average) HK\$'000
Basis of disclosure: consolidated			
A. HQLA			
1	Total HQLA		80,028,599
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	237,240,883	14,361,139
3	<i>Stable retail deposits and stable small business funding</i>	27,154,196	814,626
4	<i>Less stable retail deposits and less stable small business funding</i>	52,951,377	5,295,138
4a	<i>Retail term deposits and small business term funding</i>	157,135,310	8,251,375
5	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the AI, of which:	81,876,219	45,864,988
6	<i>Operational deposits</i>	10,921,508	2,557,877
7	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>	68,986,759	41,339,159
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,967,952	1,967,952
9	Secured funding transactions (including securities swap transactions)		932,411
10	Additional requirements, of which:	48,286,145	12,585,187
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	3,599,763	3,599,763
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>	44,686,382	8,985,424
14	Contractual lending obligations (not otherwise covered in Section B) and	7,151,216	7,151,216
15	Other contingent funding obligations (whether contractual or non-contractual)	172,109,730	3,735,684
16	TOTAL CASH OUTFLOWS		84,630,625
C. CASH INFLOWS			
17	Secured lending transactions (including securities swap transactions)	1,012,524	1,012,524
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial	64,289,209	38,305,874
19	Other cash inflows	7,225,299	6,588,384
20	TOTAL CASH INFLOWS	72,527,032	45,906,782
D. LIQUIDITY COVERAGE RATIO			ADJUSTED VALUE
21	TOTAL HQLA		80,028,599
22	TOTAL NET CASH OUTFLOWS		38,723,843
23	LCR (%)		214.18%

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 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 second quarter of 2024 was 214.18%. The average HKD level 1 HQLA to HKD net cash outflow ratio of the second quarter of 2024 was 346.01%, 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 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.

LIQ2: Net Stable Funding Ratio – for category 1 institution

At 30 June 2024 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:	70,246,146	5,444,580	-	-	70,246,146
2	Regulatory capital	70,246,146	5,444,580	-	-	70,246,146
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	203,867,035	36,691,137	2,555,185	220,399,362
5	Stable deposits	-	26,836,426	-	-	25,494,605
6	Less stable deposits	-	177,030,609	36,691,137	2,555,185	194,904,757
7	Wholesale funding:	-	158,049,129	22,903,601	8,375,332	73,923,685
8	Operational deposits	-	11,236,138	-	-	5,618,069
9	Other wholesale funding	-	146,812,991	22,903,601	8,375,332	68,305,616
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	2,895,974	18,338,690	3,142,204	16,728,511	18,299,613
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	2,895,974	18,338,690	3,142,204	16,728,511	18,299,613
14	Total ASF					382,868,806
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		120,643,967			11,602,545
16	Deposits held at other financial institutions for operational purposes	-	447,297	-	-	223,649
17	Performing loans and securities:	1,641,530	145,804,186	68,226,995	188,933,222	248,612,478
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	8,196	58,687,546	14,565,601	13,309,090	29,403,218
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:	1,588,763	77,660,431	33,380,638	109,502,671	149,936,220
21	With a risk-weight of less than or equal to 35% under the STC approach	-	1,000,515	-	60,171	539,369
22	Performing residential mortgages, of which:	-	569,131	573,965	21,951,966	17,394,150
23	With a risk-weight of less than or equal to 35% under the STC approach	-	270,698	270,350	9,182,846	6,239,374
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	44,571	8,887,078	19,706,791	44,169,495	51,878,890
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	19,370,904	4,157,507	247,718	-	19,576,870
27	Physical traded commodities, including gold	114,713	-	-	-	97,506
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	Net derivative assets	297,513	-	-	-	297,513
30	Total derivative liabilities before adjustments for deduction of variation margin posted	466,736	-	-	-	46,474
31	All other assets not included in the above categories	18,491,942	4,157,507	247,718	-	19,135,377
32	Off-balance sheet items			212,991,144		2,253,041
33	Total RSF					282,268,583
34	Net Stable Funding Ratio (%)					135.64%

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

At 31 March 2024 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:	70,514,527	-	5,453,710	-	73,241,382
2	Regulatory capital	70,514,527	-	5,453,710	-	73,241,382
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	192,689,557	24,054,322	3,756,595	200,345,384
5	Stable deposits	-	30,385,958	-	-	28,866,660
6	Less stable deposits	-	162,303,599	24,054,322	3,756,595	171,478,724
7	Wholesale funding:	-	174,226,393	18,914,078	6,095,520	71,745,684
8	Operational deposits	-	11,620,600	-	-	5,810,300
9	Other wholesale funding	-	162,605,793	18,914,078	6,095,520	65,935,384
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	3,344,799	16,247,231	6,679,502	15,756,180	18,851,755
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	3,344,799	16,247,231	6,679,502	15,756,180	18,851,755
14	Total ASF					364,184,205
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		117,990,308			12,455,957
16	Deposits held at other financial institutions for operational purposes	-	399,734	-	-	199,867
17	Performing loans and securities:	1,572,079	139,362,207	67,026,464	190,217,110	249,471,751
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	732	49,735,473	11,178,084	16,794,510	29,844,605
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:	1,514,785	68,388,799	41,840,401	110,494,955	150,322,879
21	With a risk-weight of less than or equal to 35% under the STC approach	-	-	-	-	-
22	Performing residential mortgages, of which:	-	578,200	591,869	22,438,112	17,802,164
23	With a risk-weight of less than or equal to 35% under the STC approach	-	274,198	277,246	9,276,330	6,305,337
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	56,562	20,659,735	13,416,110	40,489,533	51,502,103
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	18,193,536	3,326,951	128,832	-	18,464,645
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	184,491	-	-	-	184,491
30	Total derivative liabilities before adjustments for deduction of variation margin posted	528,610	-	-	-	40,627
31	All other assets not included in the above categories	17,480,435	3,326,951	128,832	-	18,239,527
32	Off-balance sheet items			206,398,820		2,088,116
33	Total RSF					282,680,336
34	Net Stable Funding Ratio (%)					128.83%

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 128.83% and 135.64% respectively. The ratio remained stable and well above the regulatory requirement of 100% throughout the first half of 2024. 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

Defaulted exposures are exposures which are overdue for more than 90 days or have been rescheduled.

At 30 June 2024								
		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	HK\$'000	HK\$'000	HK\$'000
1	Loans	6,614,400	347,345,110	4,026,248	2,584,572	1,401,570	-	349,933,262
2	Debt securities	27,084	174,680,776	256	-	256	-	174,707,604
3	Off-balance sheet exposures	-	73,372,033	105,243	3,847	100,077	-	73,266,790
4	Total	6,641,484	595,397,919	4,131,747	2,588,419	1,501,903	-	597,907,656

CR2: Changes in defaulted loans and debt securities

		HK\$'000
1	Defaulted loans and debt securities as at 31 December 2023	5,414,142
2	Loans and debt securities that have defaulted since the last reporting period	3,901,996
3	Returned to non-defaulted status	(75,855)
4	Amounts written off	(2,571,554)
5	Other changes	(27,245)
6	Defaulted loans and debt securities as at 30 June 2024	6,641,484

CR3: Overview of recognised credit risk mitigation

		At 30 June 2024				
		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	328,747,347	21,185,915	17,141,868	4,044,047	-
2	Debt securities	173,930,590	777,014	-	777,014	-
3	Total	502,677,937	21,962,929	17,141,868	4,821,061	-
4	Of which defaulted	1,916,980	2,524,002	2,519,981	4,021	-

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

		At 30 June 2024					
		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	86,944,239	811	86,946,373	811	412,934	0.47%
2	PSE exposures	6,925,464	1,340,000	7,526,664	649,793	1,245,827	15.24%
2a	<i>Of which: domestic PSEs</i>	4,897,367	1,340,000	5,498,567	649,793	1,229,672	20.00%
2b	<i>Of which: foreign PSEs</i>	2,028,097	-	2,028,097	-	16,155	0.80%
3	Multilateral development bank exposures	809,866	-	809,866	-	-	0.00%
4	Bank exposures	107,422,717	2,943,545	105,641,185	2,906,783	39,814,738	36.68%
5	Securities firm exposures	3,534,404	932,440	1,857,224	-	928,613	50.00%
6	Corporate exposures	265,052,677	200,377,068	254,507,684	18,597,802	255,829,199	93.67%
7	CIS exposures	-	-	-	-	-	N/A
8	Cash items	720,980	-	720,980	-	114,713	15.91%
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	16,457,383	5,227,799	16,248,592	316,461	12,423,789	75.00%
11	Residential mortgage loans	23,218,236	-	22,921,041	-	10,671,479	46.56%
12	Other exposures which are not past due exposures	23,346,728	2,165,637	22,631,196	122,659	22,753,855	100.00%
13	Past due exposures	4,452,014	-	4,452,014	-	5,410,872	121.54%
14	Significant exposures to commercial entities	-	-	-	-	-	N/A
15	Total	538,884,708	212,987,300	524,262,819	22,594,309	349,606,019	63.93%

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

STC approach

Risk Weight		At 30 June 2024										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	86,104,898	-	536,691	-	-	-	305,595	-	-	-	86,947,184
2	PSE exposures	1,995,787	-	6,148,360	-	32,310	-	-	-	-	-	8,176,457
2a	<i>Of which: domestic PSEs</i>	-	-	6,148,360	-	-	-	-	-	-	-	6,148,360
2b	<i>Of which: foreign PSEs</i>	1,995,787	-	-	-	32,310	-	-	-	-	-	2,028,097
3	Multilateral development bank exposures	809,866	-	-	-	-	-	-	-	-	-	809,866
4	Bank exposures	-	-	50,605,109	-	56,498,284	-	1,444,575	-	-	-	108,547,968
5	Securities firm exposures	-	-	-	-	1,857,224	-	-	-	-	-	1,857,224
6	Corporate exposures	-	-	3,514,040	-	29,161,077	-	240,199,403	230,966	-	-	273,105,486
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	606,267	-	-	-	-	-	114,713	-	-	-	720,980
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	-	-	-	-	-	16,565,053	-	-	-	-	16,565,053
11	Residential mortgage loans	-	-	-	9,436,581	12,065,860	331,420	1,087,180	-	-	-	22,921,041
12	Other exposures which are not past due exposures	-	-	-	-	-	-	22,753,855	-	-	-	22,753,855
13	Past due exposures	1,931	-	4,021	-	-	-	2,518,051	1,928,011	-	-	4,452,014
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	89,518,749	-	60,808,221	9,436,581	99,614,755	16,896,473	268,423,372	2,158,977	-	-	546,857,128

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

		At 30 June 2024					
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1	SA-CCR approach (for derivative contracts)	573,603	1,829,661		1.4	3,364,570	1,459,623
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach				Not applicable	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					943,436	299,180
5	VaR (for SFTs)					-	-
6	Total						1,758,803

CCR2: CVA capital charge

		At 30 June 2024	
		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	3,287,368	515,775
4	Total	3,287,368	515,775

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 2024										Total default risk exposure after CRM HK\$'000
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	1,612,393	-	2,516,615	-	1,743	-	-	-	4,130,751
5	Securities firm exposures	-	-	-	-	951	-	-	-	-	-	951
6	Corporate exposures	-	-	-	-	-	-	174,280	-	-	-	174,280
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	2,024	-	-	-	-	2,024
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	1,612,393	-	2,517,566	2,024	176,023	-	-	-	4,308,006

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

	At 30 June 2024					
	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	-	-	-	-	782,344	-
Cash - other currencies	-	596,537	-	266,828	6,582,479	-
Government bonds	-	-	-	-	-	689,215
Other bonds	-	-	-	-	-	7,619,044
Total	-	596,537	-	266,828	7,364,823	8,308,259

CCR6: Credit-related derivatives contracts

	At 30 June 2024	
	Protection bought	Protection sold
	HK\$'000	HK\$'000
Total notional amounts	-	-
Fair values	-	-
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

CCR8: Exposures to CCPs

		At 30 June 2024	
		Exposure after CRM	RWA
		HK\$'000	HK\$'000
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		-
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	-	-
3	(i) OTC derivative transactions	-	-
4	(ii) Exchange-traded derivative contracts	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	-	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

MR1: Market risk under STM approach

		At 30 June 2024
		RWA
		HK\$'000
Outright product exposures		
1	Interest rate exposures (general and specific risk)	1,855,500
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	6,452,125
4	Commodity exposures	-
Option exposures		
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitisation exposures	-
9	Total	8,307,625