

# Regulatory Disclosures

30 June 2022



| <b>CONTENTS</b>  | <b>PAGE</b> |
|--|-------------|
| <b>1. Key prudential ratios, key metrics and overview of RWA</b>   |             |
| KM1: Key prudential ratios   | 1           |
| KM2(A): Key metrics – LAC requirements for material subsidiaries (at LAC consolidation group level)                                    | 2           |
| KM2(B): Key metrics – TLAC requirements for non-HK resolution entity (at resolution group level)                                       | 3           |
| OV1: Overview of RWA   | 4           |
| <b>2. Composition of regulatory capital</b>  |             |
| CC1: Composition of regulatory capital   | 5           |
| CC2: Reconciliation of regulatory capital to balance sheet   | 11          |
| CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments   | 13          |
| TLAC1(A): LAC composition of material subsidiary (at LAC consolidation group level)  | 17          |
| TLAC2: Material subsidiary – creditor ranking at legal entity level  | 18          |
| <b>3. Macroprudential supervisory measures</b>   |             |
| CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer  | 19          |
| <b>4. Leverage ratio</b>   |             |
| LR1: Summary comparison of accounting assets against leverage ratio exposure measure   | 19          |
| LR2: Leverage ratio  | 20          |
| <b>5. Liquidity</b>  |             |
| LIQ1: Liquidity Coverage Ratio – for category 1 institution  | 21          |
| LIQ2: Net Stable Funding Ratio – for category 1 institution  | 23          |
| <b>6. Credit risk for non-securitization exposures</b>   |             |
| CR1: Credit quality of exposures   | 25          |
| CR2: Changes in defaulted loans and debt securities  | 25          |
| CR3: Overview of recognized credit risk mitigation   | 25          |
| CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach   | 26          |
| CR5: Credit risk exposures by asset classes and by risk weights – for STC approach   | 27          |
| CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach   | 28          |
| CR7: Effects on RWA of recognized credit derivative contracts used as recognized credit risk mitigation – for IRB approach             | 36          |
| CR8: RWA flow statements of credit risk exposures under IRB approach   | 37          |
| CR10: Specialized lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach | 38          |

| <b>CONTENTS</b>  | <b>PAGE</b> |
|--|-------------|
| <b>7. Counterparty credit risk</b>   |             |
| CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches   | 39          |
| CCR2: CVA capital charge   | 39          |
| CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach                 | 40          |
| CCR4: Counterparty default risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach                            | 41          |
| CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs) | 42          |
| CCR6: Credit-related derivatives contracts   | 42          |
| CCR7: RWA flow statements of default risk exposures under IMM(CCR) approach  | 42          |
| CCR8: Exposures to CCPs  | 43          |
| <b>8. Securitization exposures</b>   |             |
| SEC1: Securitization exposures in banking book   | 44          |
| SEC2: Securitization exposures in trading book   | 44          |
| SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator                             | 44          |
| SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor                               | 44          |
| <b>9. Market risk</b>  |             |
| MR1: Market risk under STM approach  | 45          |
| MR2: RWA flow statements of market risk exposures under IMM approach   | 45          |
| MR3: IMM approach values for market risk exposures   | 46          |
| MR4: Comparison of VaR estimates with gains or losses  | 47          |

## 1. Key prudential ratios, key metrics and overview of RWA

### KM1: Key prudential ratios

|   | (a)   | (b)                    | (c)                       | (d)                        | (e)                   |                |
|---|---|------------------------|---------------------------|----------------------------|-----------------------|----------------|
|   | At 30<br>June<br>2022   | At 31<br>March<br>2022 | At 31<br>December<br>2021 | At 30<br>September<br>2021 | At 30<br>June<br>2021 |                |
|   | HK\$m   | HK\$m                  | HK\$m                     | HK\$m                      | HK\$m                 |                |
| <b>Regulatory capital</b>   |   |                        |                           |                            |                       |                |
| 1   | Common Equity Tier 1 (CET1)   | 229,606                | 226,324                   | 224,189                    | 226,671               | 225,551        |
| 2   | Tier 1  | 253,082                | 249,800                   | 247,665                    | 250,147               | 249,027        |
| 3   | Total capital   | 283,299                | 280,197                   | 277,841                    | 280,466               | 279,814        |
| <b>RWA</b>  |   |                        |                           |                            |                       |                |
| 4   | Total RWA   | 1,300,061              | 1,330,262                 | 1,296,488                  | 1,292,202             | 1,414,072      |
| <b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>    |   |                        |                           |                            |                       |                |
| 5   | CET1 ratio (%)  | 17.66%                 | 17.01%                    | 17.29%                     | 17.54%                | 15.95%         |
| 6   | Tier 1 ratio (%)  | 19.47%                 | 18.78%                    | 19.10%                     | 19.36%                | 17.61%         |
| 7   | Total capital ratio (%)   | 21.79%                 | 21.06%                    | 21.43%                     | 21.70%                | 19.79%         |
| <b>Additional CET1 buffer requirements (as a percentage of RWA)</b>     |   |                        |                           |                            |                       |                |
| 8   | Capital conservation buffer requirement (%)                                   | 2.500%                 | 2.500%                    | 2.500%                     | 2.500%                | 2.500%         |
| 9   | Countercyclical capital buffer requirement (%)                                | 0.812%                 | 0.802%                    | 0.799%                     | 0.800%                | 0.820%         |
| 10  | Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs) | 1.500%                 | 1.500%                    | 1.500%                     | 1.500%                | 1.500%         |
| 11  | Total AI-specific CET1 buffer requirements (%)                                | 4.812%                 | 4.802%                    | 4.799%                     | 4.800%                | 4.820%         |
| 12  | CET1 available after meeting the AI's minimum capital requirements (%)        | 13.16%                 | 12.51%                    | 12.79%                     | 13.04%                | 11.45%         |
| <b>Basel III leverage ratio</b>   |   |                        |                           |                            |                       |                |
| 13  | Total leverage ratio (LR) exposure measure                                    | 3,300,345              | 3,309,535                 | 3,357,468                  | 3,268,216             | 3,546,391      |
| 14  | LR (%)  | 7.67%                  | 7.55%                     | 7.38%                      | 7.65%                 | 7.02%          |
| <b>Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)</b> |   |                        |                           |                            |                       |                |
| Applicable to category 1 institution only:                              |   |                        |                           |                            |                       |                |
| 15  | Total high quality liquid assets (HQLA)                                       | 886,662                | 1,034,777                 | 942,170                    | 889,577               | 897,070        |
| 16  | Total net cash outflows   | 594,283                | 647,998                   | 659,760                    | 680,775               | 687,483        |
| 17  | LCR (%)   | 149.49%                | 159.16%                   | 142.96%                    | 131.01%               | 130.81%        |
| Applicable to category 2 institution only:                              |   |                        |                           |                            |                       |                |
| 17a   | LMR (%)   | Not applicable         | Not applicable            | Not applicable             | Not applicable        | Not applicable |
| <b>Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)</b>         |   |                        |                           |                            |                       |                |
| Applicable to category 1 institution only:                              |   |                        |                           |                            |                       |                |
| 18  | Total available stable funding  | 1,907,244              | 1,877,886                 | 1,849,386                  | 1,821,450             | 1,778,438      |
| 19  | Total required stable funding   | 1,503,313              | 1,516,181                 | 1,473,818                  | 1,461,466             | 1,517,142      |
| 20  | NSFR (%)  | 126.87%                | 123.86%                   | 125.48%                    | 124.63%               | 117.22%        |
| Applicable to category 2A institution only:                             |   |                        |                           |                            |                       |                |
| 20a   | CFR (%)   | Not applicable         | Not applicable            | Not applicable             | Not applicable        | Not applicable |

## 1. Key prudential ratios, key metrics and overview of RWA (continued)

### KM2(A): Key metrics – LAC requirements for material subsidiaries (at LAC consolidation group level)

|  |   | (a)                   | (b)                    | (c)                       | (d)                        | (e)                   |
|--|---|-----------------------|------------------------|---------------------------|----------------------------|-----------------------|
|  |   | At 30<br>June<br>2022 | At 31<br>March<br>2022 | At 31<br>December<br>2021 | At 30<br>September<br>2021 | At 30<br>June<br>2021 |
|  |   | HK\$m                 | HK\$m                  | HK\$m                     | HK\$m                      | HK\$m                 |
| <b>Of the material entity at LAC consolidation group level</b> |   |                       |                        |                           |                            |                       |
| 1  | Internal loss-absorbing capacity available  | 259,823               | 256,721                | 254,365                   | 256,990                    | 256,338               |
| 2  | Risk-weighted amount under the LAC Rules  | 1,300,061             | 1,330,262              | 1,296,488                 | 1,292,202                  | 1,414,072             |
| 3  | Internal LAC risk-weighted ratio  | 19.99%                | 19.30%                 | 19.62%                    | 19.89%                     | 18.13%                |
| 4  | Exposure measure under the LAC Rules  | 3,300,345             | 3,309,535              | 3,357,468                 | 3,268,216                  | 3,546,391             |
| 5  | Internal LAC leverage ratio   | 7.87%                 | 7.76%                  | 7.58%                     | 7.86%                      | 7.23%                 |
| 6a   | Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>1</sup>  | Not applicable        | Not applicable         | Not applicable            | Not applicable             | Not applicable        |
| 6b   | Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? <sup>1</sup>  | Not applicable        | Not applicable         | Not applicable            | Not applicable             | Not applicable        |
| 6c   | If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied <sup>1</sup> | Not applicable        | Not applicable         | Not applicable            | Not applicable             | Not applicable        |

**Footnote:**

<sup>1</sup> The subordination exemptions under Section 11 of the Financial Stability Board (“FSB”) Total Loss-absorbing Capacity Term Sheet (“TLAC Term Sheet”) do not apply in Hong Kong under the LAC Rules.

## 1. Key prudential ratios, key metrics and overview of RWA (continued)

### KM2(B): Key metrics – TLAC requirements for non-HK resolution entity (at resolution group level)

|  |  | (a)                          | (b)                           | (c)                              | (d)                               | (e)                          |
|--|--|------------------------------|-------------------------------|----------------------------------|-----------------------------------|------------------------------|
|  |  | At 30 June 2022 <sup>1</sup> | At 31 March 2022 <sup>1</sup> | At 31 December 2021 <sup>1</sup> | At 30 September 2021 <sup>1</sup> | At 30 June 2021 <sup>1</sup> |
|  |  | HK\$m                        | HK\$m                         | HK\$m                            | HK\$m                             | HK\$m                        |
| <b>Of the non-HK resolution entity at resolution group level</b> |  |                              |                               |                                  |                                   |                              |
| 1  | External loss-absorbing capacity available   | 3,304,501                    | 3,424,470                     | 3,310,539                        | 3,126,922                         | 3,036,509                    |
| 2  | Total risk-weighted amount under the relevant non-HK LAC regime  | 19,448,240                   | Not applicable <sup>2</sup>   | 20,023,532                       | Not applicable <sup>2</sup>       | 19,451,738                   |
| 3  | External loss-absorbing capacity as a percentage of risk-weighted amount   | 16.99%                       | 16.64%                        | 16.53%                           | 16.00%                            | 15.61%                       |
| 4  | Leverage ratio exposure measure under the relevant non-HK LAC regime   | 34,979,020                   | 36,036,848                    | 34,868,074                       | 33,537,472                        | 33,489,199                   |
| 5  | External loss-absorbing capacity as a percentage of leverage ratio exposure measure  | 9.45%                        | 9.50%                         | 9.49%                            | 9.32%                             | 9.07%                        |
| 6a   | Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?  | Not applicable               | Not applicable                | Not applicable                   | Not applicable                    | Not applicable               |
| 6b   | Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?  | Not applicable               | Not applicable                | Not applicable                   | Not applicable                    | Not applicable               |
| 6c   | If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied | Not applicable               | Not applicable                | Not applicable                   | Not applicable                    | Not applicable               |

**Footnote:**

<sup>1</sup> The relevant non-HK LAC regime in the non-HK jurisdiction is not yet implemented and that the values for rows 1 to 5 are reported on the regulatory capital regime of the non-HK jurisdiction as proxies.

<sup>2</sup> "Not applicable" is reported because the value was not published by the non-HK resolution entity.

## 1. Key prudential ratios, key metrics and overview of RWA (continued)

### OV1: Overview of RWA

|     |   | (a)             | (b)              | (c)                          |
|-----|---|-----------------|------------------|------------------------------|
|     |   | RWA             |                  | Minimum capital requirements |
|     |   | At 30 June 2022 | At 31 March 2022 | At 30 June 2022              |
|     |   | HK\$m           | HK\$m            | HK\$m                        |
| 1   | Credit risk for non-securitization exposures  | 1,120,571       | 1,151,188        | 94,607                       |
| 2   | Of which STC approach   | 87,062          | 93,858           | 6,965                        |
| 2a  | Of which BSC approach   | -               | -                | -                            |
| 3   | Of which foundation IRB approach  | 1,031,083       | 1,054,805        | 87,436                       |
| 4   | Of which supervisory slotting criteria approach   | 2,426           | 2,525            | 206                          |
| 5   | Of which advanced IRB approach  | -               | -                | -                            |
| 6   | Counterparty default risk and default fund contributions  | 16,129          | 11,976           | 1,360                        |
| 7   | Of which SA-CCR approach  | 15,880          | 11,704           | 1,340                        |
| 7a  | Of which CEM  | -               | -                | -                            |
| 8   | Of which IMM(CCR) approach  | -               | -                | -                            |
| 9   | Of which others   | 249             | 272              | 20                           |
| 10  | CVA risk  | 6,954           | 6,124            | 556                          |
| 11  | Equity positions in banking book under the simple risk-weight method and internal models method   | -               | -                | -                            |
| 12  | Collective investment scheme ("CIS") exposures – LTA  | Not applicable  | Not applicable   | Not applicable               |
| 13  | CIS exposures – MBA   | Not applicable  | Not applicable   | Not applicable               |
| 14  | CIS exposures – FBA   | Not applicable  | Not applicable   | Not applicable               |
| 14a | CIS exposures – combination of approaches   | Not applicable  | Not applicable   | Not applicable               |
| 15  | Settlement risk   | -               | -                | -                            |
| 16  | Securitization exposures in banking book  | -               | -                | -                            |
| 17  | Of which SEC-IRBA   | -               | -                | -                            |
| 18  | Of which SEC-ERBA (including IAA)   | -               | -                | -                            |
| 19  | Of which SEC-SA   | -               | -                | -                            |
| 19a | Of which SEC-FBA  | -               | -                | -                            |
| 20  | Market risk   | 19,268          | 21,033           | 1,541                        |
| 21  | Of which STM approach   | 1,878           | 1,415            | 150                          |
| 22  | Of which IMM approach   | 17,390          | 19,618           | 1,391                        |
| 23  | Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect) | Not applicable  | Not applicable   | Not applicable               |
| 24  | Operational risk  | 94,652          | 94,833           | 7,572                        |
| 24a | Sovereign concentration risk  | -               | -                | -                            |
| 25  | Amounts below the thresholds for deduction (subject to 250% RW)   | 6,983           | 8,389            | 559                          |
| 26  | Capital floor adjustment  | -               | -                | -                            |
| 26a | Deduction to RWA  | 27,378          | 27,351           | 2,190                        |
| 26b | Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital                  | -               | -                | -                            |
| 26c | Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital          | 27,378          | 27,351           | 2,190                        |
| 27  | Total   | 1,237,179       | 1,266,192        | 104,005                      |

In this table, RWAs for credit risk calculated under the IRB approach are before the application of the 1.06 scaling factor. Minimum capital requirement represents the amount of capital required to be held for that risk based on its RWAs after any applicable scaling factor multiplied by 8%.

Compared with 31 March 2022, RWA under STC approach decreased by HK\$6,796 million, which was mainly due to decrease in RWA in Southeast Asian entities. Compared with 31 March 2022, the 35% increase in RWA of counterparty default risk and default fund contributions was mainly driven by change in outstanding derivative transaction volume.

## 2. Composition of regulatory capital

### CC1: Composition of regulatory capital

|   |   | At 30 June 2022 |  |
|---|---|-----------------|--|
|   |   | (a)             | (b)  |
|   |   | HK\$m           | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
| <b>CET1 capital: instruments and reserves</b> |   |                 |  |
| 1   | Directly issued qualifying CET1 capital instruments plus any related share premium  | 43,043          | (6)  |
| 2   | Retained earnings   | 207,042         | (7)  |
| 3   | Disclosed reserves  | 37,612          | (9)+(10)+(11)+(12)   |
| 4   | <i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>   | Not applicable  | Not applicable   |
| 5   | Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group) | -               |  |
| <b>6</b>                                      | <b>CET1 capital before regulatory deductions</b>  | <b>287,697</b>  |  |
| <b>CET1 capital: regulatory deductions</b>    |   |                 |  |
| 7   | Valuation adjustments   | 38              | Not applicable   |
| 8   | Goodwill (net of associated deferred tax liabilities)   | -               |  |
| 9   | Other intangible assets (net of associated deferred tax liabilities)  | 1,647           | (3)-(5)  |
| 10  | Deferred tax assets (net of associated deferred tax liabilities)  | 218             | (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 securitization transactions  | -               |  |
| 14  | Gains and losses due to changes in own credit risk on fair valued liabilities   | 144             | (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  | 56,044          |  |
| 26a   | Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)  | 49,779          | (8)+(9)  |
| 26b   | Regulatory reserve for general banking risks  | 6,265           | (11)   |
| 26c   | Securitization exposures specified in a notice given by the MA  | -               |  |
| 26d   | Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings  | -               |  |
| 26e   | Capital shortfall of regulated non-bank subsidiaries  | -               |  |
| 26f   | Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)   | -               |  |

## 2. Composition of regulatory capital (continued)

### CC1: Composition of regulatory capital (continued)

|           |  | At 30 June 2022 |  |
|-----------|--|-----------------|--|
|           |  | (a)             | (b)  |
|           |  | HK\$m           | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
| 27        | Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions   | -               |  |
| <b>28</b> | <b>Total regulatory deductions to CET1 capital</b>   | <b>58,091</b>   |  |
| <b>29</b> | <b>CET1 capital</b>  | <b>229,606</b>  |  |
|           | <b>AT1 capital: instruments</b>  |                 |  |
| 30        | Qualifying AT1 capital instruments plus any related share premium  | 23,476          |  |
| 31        | of which: classified as equity under applicable accounting standards   | 23,476          | (13)   |
| 32        | of which: classified as liabilities under applicable accounting standards  | -               |  |
| 33        | <i>Capital instruments subject to phase-out arrangements from AT1 capital</i>  | -               |  |
| 34        | AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)                            | -               |  |
| 35        | <i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>  | -               |  |
| <b>36</b> | <b>AT1 capital before regulatory deductions</b>  | <b>23,476</b>   |  |
|           | <b>AT1 capital: regulatory deductions</b>  |                 |  |
| 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  | -               |  |
| <b>43</b> | <b>Total regulatory deductions to AT1 capital</b>  | <b>-</b>        |  |
| <b>44</b> | <b>AT1 capital</b>   | <b>23,476</b>   |  |
| <b>45</b> | <b>Tier 1 capital (T1 = CET1 + AT1)</b>  | <b>253,082</b>  |  |
|           | <b>Tier 2 capital: instruments and provisions</b>  |                 |  |
| 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  | 7,816           | Not applicable   |
| <b>51</b> | <b>Tier 2 capital before regulatory deductions</b>   | <b>7,816</b>    |  |
|           | <b>Tier 2 capital: regulatory deductions</b>   |                 |  |
| 52        | Investments in own Tier 2 capital instruments  | -               |  |
| 53        | Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities  | -               |  |

## 2. Composition of regulatory capital (continued)

### CC1: Composition of regulatory capital (continued)

|   |  | At 30 June 2022  |  |
|---|--|------------------|--|
|   |  | (a)              | (b)  |
|   |  | HK\$m            | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
| 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   | (22,401)         |  |
| 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  | (22,401)         | [(8)+(9)]*45%  |
| 56b   | Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR   | -                |  |
| <b>57</b>   | <b>Total regulatory adjustments to Tier 2 capital</b>  | <b>(22,401)</b>  |  |
| <b>58</b>   | <b>Tier 2 capital (T2)</b>   | <b>30,217</b>    |  |
| <b>59</b>   | <b>Total regulatory capital (TC = T1 + T2)</b>   | <b>283,299</b>   |  |
| <b>60</b>   | <b>Total RWA</b>   | <b>1,300,061</b> |  |
| <b>Capital ratios (as a percentage of RWA)</b>                            |  |                  |  |
| <b>61</b>   | <b>CET1 capital ratio</b>  | <b>17.66%</b>    |  |
| <b>62</b>   | <b>Tier 1 capital ratio</b>  | <b>19.47%</b>    |  |
| <b>63</b>   | <b>Total capital ratio</b>   | <b>21.79%</b>    |  |
| <b>64</b>   | <b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>  | <b>4.812%</b>    |  |
| 65  | of which: capital conservation buffer requirement  | 2.500%           |  |
| 66  | of which: bank specific countercyclical capital buffer requirement   | 0.812%           |  |
| 67  | of which: higher loss absorbency requirement   | 1.500%           |  |
| 68  | CET1 (as a percentage of RWA) available after meeting minimum capital requirements   | 13.16%           |  |
| <b>National minima (if different from Basel 3 minimum)</b>                |  |                  |  |
| 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   |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b> |  |                  |  |
| 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  | 21,796           |  |
| 73  | Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation   | 3,293            |  |
| 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   |

## 2. Composition of regulatory capital (continued)

### CC1: Composition of regulatory capital (continued)

|    |   | At 30 June 2022 |  |
|----|---|-----------------|--|
|    |   | (a)             | (b)  |
|    |   | HK\$m           | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|    | <b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>   |                 |  |
| 76 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap) | 1,150           |  |
| 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  | 1,193           |  |
| 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)  | 8,182           |  |
| 79 | Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA   | 6,666           |  |
|    | <b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>  |                 |  |
| 80 | <i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>  | Not applicable  | Not applicable   |
| 81 | <i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>  | Not applicable  | Not applicable   |
| 82 | <i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>   | -               |  |
| 83 | <i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>   | -               |  |
| 84 | <i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>  | -               |  |
| 85 | <i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>  | -               |  |

## 2. Composition of regulatory capital (continued)

### CC1: Composition of regulatory capital (continued)

#### Notes to the Template

| Row No. | Description   | Hong Kong basis | Basel III basis |
|---------|---|-----------------|-----------------|
|         |   | HK\$m           | HK\$m           |
| 9       | <b>Other intangible assets (net of associated deferred tax liabilities)</b>   | 1,647           | -               |
|         | <p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>   |                 |                 |
| 10      | <b>Deferred tax assets (net of associated deferred tax liabilities)</b>   | 218             | -               |
|         | <p><u>Explanation</u></p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p> |                 |                 |
| 18      | <b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>  | -               | -               |
|         | <p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>    |                 |                 |
| 19      | <b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>  | -               | -               |
|         | <p><u>Explanation</u></p> <p>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>      |                 |                 |

## 2. Composition of regulatory capital (continued)

### CC1: Composition of regulatory capital (continued)

| Row No.   | Description  | Hong Kong basis | Basel III basis |
|---|--|-----------------|-----------------|
|   |  | HK\$m           | HK\$m           |
| 39  | <b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>  | -               | -               |
|   | <u>Explanation</u><br>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.                                    |                 |                 |
| 54  | <b>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)</b>  | -               | -               |
|   | <u>Explanation</u><br>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. |                 |                 |
| <b>Remarks:</b><br>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. |  |                 |                 |

#### **Abbreviations:**

CET1: Common Equity Tier 1

AT1: Additional Tier 1

## 2. Composition of regulatory capital (continued)

### CC2: Reconciliation of regulatory capital to balance sheet

|   | (a)  | (b)   | (c)              |
|---|--|---|------------------|
|   | <b>Balance sheet<br/>as in<br/>published<br/>financial<br/>statements<br/>as at 30<br/>June 2022<br/>HK\$m</b> | <b>Under<br/>regulatory<br/>scope of<br/>consolidation<br/>as at 30<br/>June 2022<br/>HK\$m</b> | <b>Reference</b> |
| <b>ASSETS</b>   |  |   |                  |
| Cash and balances and placements with banks and other financial institutions      | 435,748  | 435,256   |                  |
| Financial assets at fair value through profit or loss                             | 40,475   | 40,295  |                  |
| Derivative financial instruments  | 58,892   | 58,892  |                  |
| - of which: <i>debit valuation adjustments in respect of derivative contracts</i> |  | 7   | (1)              |
| Hong Kong SAR Government certificates of indebtedness                             | 212,660  | 212,660   |                  |
| Advances and other accounts   | 1,678,224  | 1,678,238   |                  |
| Investment in securities  | 884,499  | 884,491   |                  |
| Interests in subsidiaries   | -  | 801   |                  |
| Interests in associates and joint ventures  | 674  | 674   |                  |
| Investment properties   | 18,134   | 17,998  |                  |
| Properties, plant and equipment   | 45,189   | 44,740  |                  |
| Current tax assets  | 15   | 12  |                  |
| Deferred tax assets   | 222  | 218   | (2)              |
| Other assets  | 50,159   | 54,904  |                  |
| - of which: <i>other intangible assets</i>  |  | 1,970   | (3)              |
| <b>Total assets</b>   | <b>3,424,891</b>   | <b>3,429,179</b>  |                  |
| <b>LIABILITIES</b>  |  |   |                  |
| Hong Kong SAR currency notes in circulation                                       | 212,660  | 212,660   |                  |
| Deposits and balances from banks and other financial institutions                 | 314,025  | 314,025   |                  |
| Financial liabilities at fair value through profit or loss                        | 26,463   | 26,463  |                  |
| Derivative financial instruments  | 35,940   | 35,940  |                  |
| - of which: <i>debit valuation adjustments in respect of derivative contracts</i> |  | (137)   | (4)              |
| Deposits from customers   | 2,407,295  | 2,407,628   |                  |
| Debt securities and certificates of deposit in issue                              | 3,733  | 3,733   |                  |
| Other accounts and provisions   | 103,732  | 108,554   |                  |
| Current tax liabilities   | 4,819  | 4,785   |                  |
| Deferred tax liabilities  | 4,355  | 4,218   |                  |
| - of which: <i>deferred tax liabilities related to other intangible assets</i>    |  | 323   | (5)              |
| <b>Total liabilities</b>  | <b>3,113,022</b>   | <b>3,118,006</b>  |                  |

## 2. Composition of regulatory capital (continued)

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

|  | (a)  | (b)  | (c)       |
|--|--|--|-----------|
|  | Balance sheet<br>as in<br>published<br>financial<br>statements<br>as at 30<br>June 2022<br>HK\$m | Under<br>regulatory<br>scope of<br>consolidation<br>as at 30<br>June 2022<br>HK\$m | Reference |
| <b>EQUITY</b>  |  |  |           |
| Share capital  | 43,043   | 43,043   | (6)       |
| Reserves   | <b>245,095</b>   | <b>244,654</b>   |           |
| - Retained earnings  | 206,453  | 207,042  | (7)       |
| - of which: cumulative fair value gains arising from the<br>revaluation of investment properties |  | 11,947   | (8)       |
| - Premises revaluation reserve   | 38,857   | 37,832   | (9)       |
| - Reserve for financial assets at FVOCI  | (4,898)  | (4,896)  | (10)      |
| - Regulatory reserve   | 6,265  | 6,265  | (11)      |
| - Translation reserve  | (1,582)  | (1,589)  | (12)      |
| Capital and reserves attributable to equity holders of the Bank                                  | <b>288,138</b>   | <b>287,697</b>   |           |
| Other equity instruments of the Bank   | <b>23,476</b>  | <b>23,476</b>  | (13)      |
| Non-controlling interests  | <b>255</b>   | -  |           |
| Total equity   | <b>311,869</b>   | <b>311,173</b>   |           |
| Total liabilities and equity   | <b>3,424,891</b>   | <b>3,429,179</b>   |           |

## 2. Composition of regulatory capital (continued)

### CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments

| (i) Instruments that meet both regulatory capital and LAC requirements |  | (a)   |
|--|--|---|
|  |  | <b>CET1 Capital<br/>Ordinary shares</b>   |
| 1  | Issuer   | Bank of China (Hong Kong) Limited   |
| 2  | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)   | Not applicable  |
| 3  | Governing law(s) of the instrument   | Hong Kong law   |
| 3a   | Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)                  | Not applicable  |
| <i>Regulatory treatment</i>  |  |   |
| 4  | Transitional Basel III rules <sup>1</sup>  | Not applicable  |
| 5  | Post-transitional Basel III rules <sup>2</sup>   | Common Equity Tier 1  |
| 6  | Eligible at solo*/group/solo and group (for regulatory capital purposes)   | Solo and Group  |
| 6a   | Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)  | Solo and LAC consolidation group  |
| 7  | Instrument type (types to be specified by each jurisdiction)   | Ordinary shares   |
| 8  | Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)   | HK\$43,043m<br>(as of 30 June 2022)   |
| 8a   | Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)  | HK\$43,043m<br>(as of 30 June 2022)   |
| 9  | Par value of instrument  | No par value (refer to Note 1 for details)  |
| 10   | Accounting classification  | Shareholders' equity  |
| 11   | Original date of issuance  | 1 October 2001 (refer to Note 2 for details)  |
| 12   | Perpetual or dated   | Perpetual   |
| 13   | Original maturity date   | No maturity date  |
| 14   | Issuer call subject to prior supervisory approval  | No  |
| 15   | Optional call date, contingent call dates and redemption price   | Not applicable  |
| 16   | Subsequent call dates, if applicable   | Not applicable  |
| <i>Coupons/dividends</i>   |  |   |
| 17   | Fixed or floating dividend/coupon  | Floating  |
| 18   | Coupon rate and any related index  | Not applicable  |
| 19   | Existence of a dividend stopper  | No  |
| 20   | Fully discretionary, partially discretionary or mandatory  | Fully discretionary   |
| 21   | Existence of step-up or other incentive to redeem  | No  |
| 22   | Non-cumulative or cumulative   | Non-cumulative  |
| 23   | Convertible or non-convertible   | Non-convertible   |
| 24   | If convertible, conversion trigger(s)  | Not applicable  |
| 25   | If convertible, fully or partially   | Not applicable  |
| 26   | If convertible, conversion rate  | Not applicable  |
| 27   | If convertible, mandatory or optional conversion   | Not applicable  |
| 28   | If convertible, specify instrument type convertible into   | Not applicable  |
| 29   | If convertible, specify issuer of instrument it converts into  | Not applicable  |
| 30   | Write-down feature   | No  |
| 31   | If write-down, write-down trigger(s)   | Not applicable  |
| 32   | If write-down, full or partial   | Not applicable  |
| 33   | If write-down, permanent or temporary  | Not applicable  |
| 34   | If temporary write-down, description of write-up mechanism   | Not applicable  |
| 34a  | Type of subordination  | Contractual   |
| 35   | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned) | Subordinated capital securities mentioned in column (b) of this main features table |
| 36   | Non-compliant transitioned features  | No  |
| 37   | If yes, specify non-compliant features   | Not applicable  |
| <b>Full terms and conditions</b>                                       |  | Click <a href="#">here</a> to download  |

## 2. Composition of regulatory capital (continued)

### CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

| (ii) Instruments that meet only regulatory capital (but not LAC) requirements |   | (b)<br>Additional Tier 1 Capital<br>Subordinated capital<br>securities  |
|---|---|---|
| 1   | Issuer  | Bank of China (Hong Kong) Limited   |
| 2   | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)  | Rule 144A:<br>CUSIP - 06428JAA7<br>ISIN - US06428JAA79<br>Regulation S:<br>CUSIP - 06428YAA4<br>ISIN - US06428YAA47   |
| 3   | Governing law(s) of the instrument  | English law, except that the provisions of the Capital Securities relating to subordination shall be governed by Hong Kong law  |
| 3a  | Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law) | Not applicable  |
| <i>Regulatory treatment</i>   |   |   |
| 4   | Transitional Basel III rules <sup>1</sup>   | Not applicable  |
| 5   | Post-transitional Basel III rules <sup>2</sup>  | Additional Tier 1   |
| 6   | Eligible at solo*/group/solo and group (for regulatory capital purposes)  | Solo and Group  |
| 6a  | Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)   | Not applicable  |
| 7   | Instrument type (types to be specified by each jurisdiction)  | Perpetual debt instruments  |
| 8   | Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)  | HK\$23,476m<br>(as of 30 June 2022)   |
| 8a  | Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)   | Not applicable  |
| 9   | Par value of instrument   | USD3,000m   |
| 10  | Accounting classification   | Shareholders' equity  |
| 11  | Original date of issuance   | 14 September 2018   |
| 12  | Perpetual or dated  | Perpetual   |
| 13  | Original maturity date  | No maturity date  |
| 14  | Issuer call subject to prior supervisory approval   | Yes   |
| 15  | Optional call date, contingent call dates and redemption price  | First call date: 14 September 2023<br><br>The issuer may redeem all but not some only of the Capital Securities then outstanding<br><br>Also early redemption for tax reasons; tax deduction reasons; capital event; at the option of the issuer etc (please refer to "Terms & Conditions of the Capital Securities" at p.100 of the Supplemental Offering Circular dated 11 September 2018 for further details on call dates and redemption amounts) |
| 16  | Subsequent call dates, if applicable  | Any distribution payment date after the first call date   |
| <i>Coupons/dividends</i>  |   |   |
| 17  | Fixed or floating dividend/coupon   | Fixed   |

## 2. Composition of regulatory capital (continued)

### CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

|                                  |  | (b)   |
|----------------------------------|--|---|
|                                  |  | <b>Additional Tier 1 Capital Subordinated capital securities</b>  |
| 18                               | Coupon rate and any related index  | Years 1-5: 5.90% per annum payable semi-annually in arrear;<br>Year 5 onwards: resettable on year 5 and every 5 years thereafter at the then prevailing 5-year US Treasury rate plus 3.036% p.a.  |
| 19                               | Existence of a dividend stopper  | Yes   |
| 20                               | Fully discretionary, partially discretionary or mandatory  | Fully discretionary   |
| 21                               | Existence of step-up or other incentive to redeem  | No  |
| 22                               | Non-cumulative or cumulative   | Non-cumulative  |
| 23                               | Convertible or non-convertible   | Non-convertible (refer to Note 3 for details)   |
| 24                               | If convertible, conversion trigger(s)  | Not applicable  |
| 25                               | If convertible, fully or partially   | Not applicable  |
| 26                               | If convertible, conversion rate  | Not applicable  |
| 27                               | If convertible, mandatory or optional conversion   | Not applicable  |
| 28                               | If convertible, specify instrument type convertible into   | Not applicable  |
| 29                               | If convertible, specify issuer of instrument it converts into  | Not applicable  |
| 30                               | Write-down feature   | Yes   |
| 31                               | If write-down, write-down trigger(s)   | Upon the occurrence of a Non-Viability Event  |
| 32                               | If write-down, full or partial   | Full or Partial   |
| 33                               | If write-down, permanent or temporary  | Permanent   |
| 34                               | If temporary write-down, description of write-up mechanism   | Not applicable  |
| 34a                              | Type of subordination  | Contractual   |
| 35                               | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned) | (i) Subordinate to (a) all unsubordinated creditors of the issuer (including its depositors), (b) creditors in respect of Tier 2 Capital Securities, and (c) all other subordinated creditors whose claims are stated to rank senior to the Capital Securities;<br><br>(ii) Pari passu to parity obligations; and<br><br>(iii) Senior to junior obligations<br><br>(Please refer to Condition 3(B) of the "Terms & Conditions of the Capital Securities") |
| 36                               | Non-compliant transitioned features  | No  |
| 37                               | If yes, specify non-compliant features   | Not applicable  |
| <b>Full terms and conditions</b> |  | Click <a href="#">here</a> to download  |

**Footnote:**

<sup>1</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

<sup>2</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

\* Include solo-consolidated

## 2. Composition of regulatory capital (continued)

### CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

Note 1:

Pursuant to the Hong Kong Companies Ordinance (Chapter 622) which 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.

Note 2:

- The authorised share capital of Bank of China (Hong Kong) Limited (“BOCHK”), comprising 4 million ordinary shares of HK\$100 each, was subdivided into 400 million ordinary shares of HK\$1 each pursuant to shareholders written resolution of BOCHK passed on 3 September 2001.
- On 30 September 2001, 400 million shares in the capital of BOCHK were transferred from Bank of China Limited to BOC Hong Kong (Holdings) Limited (“BOCHK Holdings”) pursuant to Supplemental Merger Agreement.
- BOCHK then issued a total of 42,642,840,858 ordinary shares at par value of HK\$1 each to BOCHK Holdings on 1 October 2001. Hence, the total issued and paid-up share capital of BOCHK was HK\$43,042,840,858 since 2001.
- The concepts of par value for shares and authorised share capital have been abolished following the commencement of the Hong Kong Companies Ordinance (Chapter 622) as mentioned in Note 1.

Note 3:

Contractually, the Additional Tier 1 capital securities are non-convertible.

## 2. Composition of regulatory capital (continued)

### TLAC1(A): LAC composition of material subsidiary (at LAC consolidation group level)

|           |  | At 30 June 2022 |
|-----------|--|-----------------|
|           |  | (a)             |
|           |  | HK\$m           |
|           | <b>Regulatory capital elements of internal loss-absorbing capacity and adjustments</b>   |                 |
| 1         | Common Equity Tier 1 ("CET1") capital  | 229,606         |
| 2         | Additional Tier 1 ("AT1") capital before LAC adjustments   | 23,476          |
| 3         | AT1 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group      | (23,476)        |
| 4         | Other adjustments  | -               |
| 5         | AT1 capital eligible under the LAC Rules   | -               |
| 6         | Tier 2 ("T2") capital before LAC adjustments   | 30,217          |
| 7         | Amortized portion of T2 capital instruments that are internal LAC debt instruments issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group | -               |
| 8         | T2 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group       | -               |
| 9         | Other adjustments  | -               |
| 10        | T2 capital eligible under the LAC Rules  | 30,217          |
| <b>11</b> | <b>Internal loss-absorbing capacity arising from regulatory capital</b>  | <b>259,823</b>  |
|           | <b>Non-regulatory capital elements of internal loss-absorbing capacity</b>   |                 |
| 12        | Internal non-capital LAC debt instruments issued directly or indirectly to, and held indirectly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group  | -               |
| <b>17</b> | <b>Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments</b>   | <b>-</b>        |
|           | <b>Non-regulatory capital elements of internal loss-absorbing capacity: adjustments</b>  |                 |
| <b>18</b> | <b>Internal loss-absorbing capacity before deductions</b>  | <b>259,823</b>  |
| 19        | Deductions of exposures between the material subsidiary's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for internal loss-absorbing capacity  | -               |
| 20        | Deduction of holdings of its own non-capital LAC liabilities   | -               |
| 21        | Other adjustments to internal loss-absorbing capacity  | -               |
| <b>22</b> | <b>Internal loss-absorbing capacity after deductions</b>   | <b>259,823</b>  |
|           | <b>Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes</b>   |                 |
| 23        | Risk-weighted amount under the LAC Rules   | 1,300,061       |
| 24        | Exposure measure under the LAC Rules   | 3,300,345       |
|           | <b>Internal LAC ratios and buffers</b>   |                 |
| <b>25</b> | <b>Internal LAC risk-weighted ratio</b>  | <b>19.99%</b>   |
| <b>26</b> | <b>Internal LAC leverage ratio</b>   | <b>7.87%</b>    |
| <b>27</b> | <b>CET1 capital (as a percentage of RWA under the Banking (Capital) Rules ("BCR")) available after meeting the LAC consolidation group's minimum capital and LAC requirements</b>  | <b>13.16%</b>   |
| 28        | Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA under the BCR)   | 4.812%          |
| 29        | Of which: capital conservation buffer requirement  | 2.500%          |
| 30        | Of which: institution-specific countercyclical capital buffer requirement  | 0.812%          |
| 31        | Of which: higher loss absorbency requirement   | 1.500%          |

## 2. Composition of regulatory capital (continued)

### TLAC2: Material subsidiary – creditor ranking at legal entity level

|    |   | At 30 June 2022              |                    |                            |
|----|---|------------------------------|--------------------|----------------------------|
|    |   | Creditor ranking             |                    | Sum of values in columns 1 |
|    |   | 1<br>(most junior)           | 1<br>(most junior) |                            |
|    |   | HK\$m                        | HK\$m              | HK\$m                      |
| 1  | Is a resolution entity or a non-HK resolution entity the creditor/investor?           | No                           | Yes                |                            |
| 2  | Description of creditor ranking   | Ordinary shares <sup>1</sup> |                    |                            |
| 3  | Total capital and liabilities net of credit risk mitigation                           | 14,609                       | 28,434             | 43,043                     |
| 4  | Subset of row 3 that are excluded liabilities   | -                            | -                  | -                          |
| 5  | Total capital and liabilities less excluded liabilities                               | 14,609                       | 28,434             | 43,043                     |
| 6  | Subset of row 5 that are eligible as internal loss-absorbing capacity                 | 14,609                       | 28,434             | 43,043                     |
| 7  | Subset of row 6 with 1 year ≤ residual maturity < 2 years                             | -                            | -                  | -                          |
| 8  | Subset of row 6 with 2 years ≤ residual maturity < 5 years                            | -                            | -                  | -                          |
| 9  | Subset of row 6 with 5 years ≤ residual maturity < 10 years                           | -                            | -                  | -                          |
| 10 | Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities | -                            | -                  | -                          |
| 11 | Subset of row 6 that is perpetual securities  | 14,609                       | 28,434             | 43,043                     |

Footnote:

<sup>1</sup> Issued and fully paid ordinary shares.

### 3. Macroprudential supervisory measures

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

|  |               | At 30 June 2022                  |                                       |                        |               |
|--|---------------|----------------------------------|---------------------------------------|------------------------|---------------|
|  |               | (a)                              | (c)                                   | (d)                    | (e)           |
|  |               | Applicable JCCyB ratio in effect | RWA used in computation of CCyB ratio | AI-specific CCyB ratio | CCyB amount   |
| Geographical breakdown by Jurisdiction (J) |               | %                                | HK\$m                                 | %                      | HK\$m         |
| 1  | Hong Kong SAR | 1.000%                           | 786,313                               |                        |               |
| 2  | Luxembourg    | 0.500%                           | 514                                   |                        |               |
|  | <b>Sum</b>    |                                  | 786,827                               |                        |               |
|  | <b>Total</b>  |                                  | <b>968,264</b>                        | <b>0.812%</b>          | <b>10,556</b> |

### 4. Leverage ratio

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

|      |  | At 30 June 2022              |
|------|--|------------------------------|
|      |  | (a)                          |
| Item |  | Value under the LR framework |
|      |  | HK\$m                        |
| 1    | Total consolidated assets as per published financial statements  | 3,424,891                    |
| 2    | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (2,746)                      |
| 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   | (4,237)                      |
| 5    | Adjustment for SFTs (i.e. repos and similar secured lending)   | 51                           |
| 6    | Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)   | 153,590                      |
| 6a   | Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure   | (590)                        |
| 7    | Other adjustments  | (270,614)                    |
|      | <i>of which: Hong Kong SAR Government certificates of indebtedness</i>   | <i>(212,660)</i>             |
| 8    | <b>Leverage ratio exposure measure</b>   | <b>3,300,345</b>             |

#### 4. Leverage ratio (continued)

##### LR2: Leverage ratio

|  |  | At 30 June 2022  | At 31 March 2022 |
|--|--|------------------|------------------|
|  |  | (a)              | (b)              |
|  |  | HK\$m            | HK\$m            |
| <b>On-balance sheet exposures</b>                  |  |                  |                  |
| 1  | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)  | 3,086,140        | 3,085,861        |
| 2  | Less: Asset amounts deducted in determining Tier 1 capital   | (57,954)         | (57,319)         |
| <b>3</b>   | <b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>  | <b>3,028,186</b> | <b>3,028,542</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)                 | 22,983           | 15,673           |
| 5  | Add-on amounts for PFE associated with all derivative contracts  | 31,673           | 26,579           |
| 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   | -                | (185)            |
| 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  | -                | -                |
| <b>11</b>  | <b>Total exposures arising from derivative contracts</b>   | <b>54,656</b>    | <b>42,067</b>    |
| <b>Exposures arising from SFTs</b>                 |  |                  |                  |
| 12   | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions  | 76,057           | 83,986           |
| 13   | Less: Netted amounts of cash payables and cash receivables of gross SFT assets   | -                | -                |
| 14   | CCR exposure for SFT assets  | 51               | 53               |
| 15   | Agent transaction exposures  | -                | -                |
| <b>16</b>  | <b>Total exposures arising from SFTs</b>   | <b>76,108</b>    | <b>84,039</b>    |
| <b>Other off-balance sheet exposures</b>           |  |                  |                  |
| 17   | Off-balance sheet exposure at gross notional amount  | 746,559          | 767,017          |
| 18   | Less: Adjustments for conversion to credit equivalent amounts  | (592,969)        | (600,381)        |
| <b>19</b>  | <b>Off-balance sheet items</b>   | <b>153,590</b>   | <b>166,636</b>   |
| <b>Capital and total exposures</b>                 |  |                  |                  |
| <b>20</b>  | <b>Tier 1 capital</b>  | <b>253,082</b>   | <b>249,800</b>   |
| <b>20a</b>   | <b>Total exposures before adjustments for specific and collective provisions</b>   | <b>3,312,540</b> | <b>3,321,284</b> |
| <b>20b</b>   | <b>Adjustments for specific and collective provisions</b>  | <b>(12,195)</b>  | <b>(11,749)</b>  |
| <b>21</b>  | <b>Total exposures after adjustments for specific and collective provisions</b>  | <b>3,300,345</b> | <b>3,309,535</b> |
| <b>Leverage ratio</b>                              |  |                  |                  |
| <b>22</b>  | <b>Leverage ratio</b>  | <b>7.67%</b>     | <b>7.55%</b>     |

## 5. Liquidity

### 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: (71) |  | For the quarter ended<br>30 June 2022 |                                |
|--|--|---------------------------------------|--------------------------------|
|  |  | (a)                                   | (b)                            |
| Basis of disclosure: consolidated  |  | Unweighted<br>value<br>(average)      | Weighted<br>value<br>(average) |
|  |  | HK\$m                                 | HK\$m                          |
| <b>A. HQLA</b>   |  |                                       |                                |
| 1  | Total HQLA   |                                       | 886,662                        |
| <b>B. Cash Outflows</b>  |  |                                       |                                |
| 2  | Retail deposits and small business funding, of which:  | 1,141,944                             | 75,923                         |
| 3  | <i>Stable retail deposits and stable small business funding</i>  | 405,937                               | 12,178                         |
| 4  | <i>Less stable retail deposits and less stable small business funding</i>  | 530,584                               | 53,058                         |
| 4a   | <i>Retail term deposits and small business term funding</i>  | 205,423                               | 10,687                         |
| 5  | Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:                | 1,272,970                             | 590,262                        |
| 6  | <i>Operational deposits</i>  | 491,478                               | 121,381                        |
| 7  | <i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>  | 781,492                               | 468,881                        |
| 8  | <i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>  | -                                     | -                              |
| 9  | Secured funding transactions (including securities swap transactions)  |                                       | 2,324                          |
| 10   | Additional requirements, of which:   | 463,158                               | 77,856                         |
| 11   | <i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i> | 33,556                                | 33,554                         |
| 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>                       | 429,602                               | 44,302                         |
| 14   | Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows   | 79,620                                | 79,620                         |
| 15   | Other contingent funding obligations (whether contractual or non-contractual)  | 338,462                               | 3,850                          |
| <b>16</b>  | <b>Total Cash Outflows</b>   |                                       | <b>829,835</b>                 |
| <b>C. Cash Inflows</b>   |  |                                       |                                |
| 17   | Secured lending transactions (including securities swap transactions)  | 14,705                                | 3,250                          |
| 18   | Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions    | 247,036                               | 168,351                        |
| 19   | Other cash inflows   | 68,971                                | 63,951                         |
| <b>20</b>  | <b>Total Cash Inflows</b>  | <b>330,712</b>                        | <b>235,552</b>                 |
| <b>D. Liquidity Coverage Ratio</b>   |  |                                       | <b>Adjusted value</b>          |
| <b>21</b>  | <b>Total HQLA</b>  |                                       | <b>886,662</b>                 |
| <b>22</b>  | <b>Total Net Cash Outflows</b>   |                                       | <b>594,283</b>                 |
| <b>23</b>  | <b>LCR (%)</b>   |                                       | <b>149.49%</b>                 |

## 5. Liquidity (continued)

### 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.

The Group's average LCR of the first and second quarter in 2022 were 159.16% and 149.49% respectively, continuously maintained at stable and healthy level.

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. 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 or by issuing debts in the capital market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, had a minimal impact to the LCR.

The majority of the Group's customer deposits are denominated in HKD, USD and RMB. As the supply of HQLA denominated in HKD in the market is relatively limited, the Group exchanges surplus funds in HKD for USD and other currencies through swap transactions, part of which being used for investment in HQLA.

## 5. Liquidity (continued)

### LIQ2: Net Stable Funding Ratio – for category 1 institution

| For the quarter ended 30 June 2022 (HK\$m)      |   | (a)                                   | (b)                               | (c)                     | (d)               | (e)              |
|---|---|---------------------------------------|-----------------------------------|-------------------------|-------------------|------------------|
| Basis of disclosure: consolidated               |   | Unweighted value by residual maturity |                                   |                         |                   | Weighted amount  |
|   |   | No specified term to maturity         | < 6 months or repayable on demand | 6 months to < 12 months | 12 months or more |                  |
| <b>A. Available stable funding (“ASF”) item</b> |   |                                       |                                   |                         |                   |                  |
| 1   | Capital:  | 319,379                               | -                                 | -                       | -                 | 319,379          |
| 2   | Regulatory capital  | 319,379                               | -                                 | -                       | -                 | 319,379          |
| 2a  | Minority interests not covered by row 2   | -                                     | -                                 | -                       | -                 | -                |
| 3   | Other capital instruments   | -                                     | -                                 | -                       | -                 | -                |
| 4   | Retail deposits and small business funding:   | -                                     | 1,125,363                         | 39,973                  | 1,171             | 1,071,871        |
| 5   | Stable deposits   | -                                     | 431,879                           | 6,072                   | 195               | 416,248          |
| 6   | Less stable deposits  | -                                     | 693,484                           | 33,901                  | 976               | 655,623          |
| 7   | Wholesale funding:  | -                                     | 1,523,003                         | 43,283                  | 1,652             | 502,613          |
| 8   | Operational deposits  | -                                     | 486,270                           | -                       | -                 | 243,135          |
| 9   | Other wholesale funding   | -                                     | 1,036,733                         | 43,283                  | 1,652             | 259,478          |
| 10  | Liabilities with matching interdependent assets   | 212,660                               | -                                 | -                       | -                 | -                |
| 11  | Other liabilities:  | 60,475                                | 51,345                            | 2,318                   | 12,222            | 13,381           |
| 12  | Net derivative liabilities  | -                                     | -                                 | -                       | -                 | -                |
| 13  | All other funding and liabilities not included in the above categories  | 60,475                                | 51,345                            | 2,318                   | 12,222            | 13,381           |
| 14  | <b>Total ASF</b>  |                                       |                                   |                         |                   | <b>1,907,244</b> |
| <b>B. Required stable funding (“RSF”) item</b>  |   |                                       |                                   |                         |                   |                  |
| 15  | Total HQLA for NSFR purposes  |                                       | 932,937                           |                         |                   | 94,386           |
| 16  | Deposits held at other financial institutions for operational purposes  | -                                     | 1,229                             | -                       | -                 | 614              |
| 17  | Performing loans and securities:  | 19,799                                | 664,728                           | 227,084                 | 1,186,874         | 1,284,260        |
| 18  | Performing loans to financial institutions secured by Level 1 HQLA  | -                                     | 3,766                             | -                       | -                 | 377              |
| 19  | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions   | 66                                    | 258,782                           | 31,207                  | 33,312            | 87,799           |
| 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: | 18,999                                | 351,487                           | 152,684                 | 752,374           | 887,954          |
| 21  | With a risk-weight of less than or equal to 35% under the STC approach  | 4                                     | 3,052                             | 334                     | 38,824            | 26,931           |
| 22  | Performing residential mortgages, of which:   | -                                     | 8,819                             | 8,313                   | 344,738           | 232,783          |
| 23  | With a risk-weight of less than or equal to 35% under the STC approach  | -                                     | 8,327                             | 8,195                   | 344,050           | 231,893          |
| 24  | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities   | 734                                   | 41,874                            | 34,880                  | 56,450            | 75,347           |
| 25  | Assets with matching interdependent liabilities   | 212,660                               | -                                 | -                       | -                 | -                |
| 26  | Other assets:   | 128,267                               | 42,088                            | 801                     | 1,226             | 103,392          |
| 27  | Physical traded commodities, including gold   | 4,820                                 | -                                 | -                       | -                 | 4,097            |
| 28  | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   | 6,403                                 | -                                 | -                       | -                 | 5,443            |
| 29  | Net derivative assets   | 398                                   | -                                 | -                       | -                 | 398              |
| 30  | Total derivative liabilities before adjustments for deduction of variation margin posted  | 31,411                                | -                                 | -                       | -                 | 1,571            |
| 31  | All other assets not included in the above categories   | 85,235                                | 42,088                            | 801                     | 1,226             | 91,883           |
| 32  | Off-balance sheet items   |                                       |                                   | 746,621                 |                   | 20,661           |
| 33  | <b>Total RSF</b>  |                                       |                                   |                         |                   | <b>1,503,313</b> |
| 34  | <b>Net Stable Funding Ratio (%)</b>   |                                       |                                   |                         |                   | <b>126.87%</b>   |

## 5. Liquidity (continued)

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

| For the quarter ended 31 March 2022 (HK\$m)     |   | (a)                                   | (b)                               | (c)                     | (d)               | (e)              |
|---|---|---------------------------------------|-----------------------------------|-------------------------|-------------------|------------------|
| Basis of disclosure: consolidated               |   | Unweighted value by residual maturity |                                   |                         |                   | Weighted amount  |
|   |   | No specified term to maturity         | < 6 months or repayable on demand | 6 months to < 12 months | 12 months or more |                  |
| <b>A. Available stable funding (“ASF”) item</b> |   |                                       |                                   |                         |                   |                  |
| 1   | Capital:  | 316,124                               | -                                 | -                       | -                 | 316,124          |
| 2   | Regulatory capital  | 316,124                               | -                                 | -                       | -                 | 316,124          |
| 2a  | Minority interests not covered by row 2   | -                                     | -                                 | -                       | -                 | -                |
| 3   | Other capital instruments   | -                                     | -                                 | -                       | -                 | -                |
| 4   | Retail deposits and small business funding:   | -                                     | 1,137,452                         | 14,393                  | 672               | 1,059,059        |
| 5   | Stable deposits   | -                                     | 432,141                           | 2,403                   | 105               | 412,920          |
| 6   | Less stable deposits  | -                                     | 705,311                           | 11,990                  | 567               | 646,139          |
| 7   | Wholesale funding:  | -                                     | 1,578,720                         | 28,501                  | 1,698             | 489,924          |
| 8   | Operational deposits  | -                                     | 488,520                           | -                       | -                 | 244,260          |
| 9   | Other wholesale funding   | -                                     | 1,090,200                         | 28,501                  | 1,698             | 245,664          |
| 10  | Liabilities with matching interdependent assets   | 210,180                               | -                                 | -                       | -                 | -                |
| 11  | Other liabilities:  | 52,849                                | 36,048                            | 177                     | 12,691            | 12,779           |
| 12  | Net derivative liabilities  | 2,380                                 | -                                 | -                       | -                 | -                |
| 13  | All other funding and liabilities not included in the above categories  | 50,469                                | 36,048                            | 177                     | 12,691            | 12,779           |
| 14  | <b>Total ASF</b>  |                                       |                                   |                         |                   | <b>1,877,886</b> |
| <b>B. Required stable funding (“RSF”) item</b>  |   |                                       |                                   |                         |                   |                  |
| 15  | Total HQLA for NSFR purposes  |                                       | 937,800                           |                         |                   | 98,360           |
| 16  | Deposits held at other financial institutions for operational purposes  | -                                     | 5,970                             | -                       | -                 | 2,985            |
| 17  | Performing loans and securities:  | 18,239                                | 686,098                           | 220,902                 | 1,184,570         | 1,289,493        |
| 18  | Performing loans to financial institutions secured by Level 1 HQLA  | -                                     | 13,247                            | -                       | -                 | 1,325            |
| 19  | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions   | 79                                    | 287,661                           | 33,197                  | 34,306            | 94,133           |
| 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: | 17,401                                | 336,870                           | 150,807                 | 701,904           | 853,070          |
| 21  | With a risk-weight of less than or equal to 35% under the STC approach  | 11                                    | 2,511                             | -                       | 2,832             | 3,103            |
| 22  | Performing residential mortgages, of which:   | -                                     | 8,712                             | 8,718                   | 377,491           | 254,242          |
| 23  | With a risk-weight of less than or equal to 35% under the STC approach  | -                                     | 8,712                             | 8,718                   | 376,703           | 253,572          |
| 24  | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities   | 759                                   | 39,608                            | 28,180                  | 70,869            | 86,723           |
| 25  | Assets with matching interdependent liabilities   | 210,180                               | -                                 | -                       | -                 | -                |
| 26  | Other assets:   | 122,690                               | 20,357                            | 825                     | 1,329             | 103,521          |
| 27  | Physical traded commodities, including gold   | 7,119                                 | -                                 | -                       | -                 | 6,050            |
| 28  | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs   | 4,805                                 | -                                 | -                       | -                 | 4,085            |
| 29  | Net derivative assets   | -                                     | -                                 | -                       | -                 | -                |
| 30  | Total derivative liabilities before adjustments for deduction of variation margin posted  | 23,700                                | -                                 | -                       | -                 | 1,185            |
| 31  | All other assets not included in the above categories   | 87,066                                | 20,357                            | 825                     | 1,329             | 92,201           |
| 32  | Off-balance sheet items   |                                       |                                   | 768,031                 |                   | 21,822           |
| 33  | <b>Total RSF</b>  |                                       |                                   |                         |                   | <b>1,516,181</b> |
| 34  | <b>Net Stable Funding Ratio (%)</b>   |                                       |                                   |                         |                   | <b>123.86%</b>   |

## 6. Credit risk for non-securitization exposures

### CR1: Credit quality of exposures

|   |                             | At 30 June 2022           |                         |                            |  |   |  |                    |
|---|-----------------------------|---------------------------|-------------------------|----------------------------|--|---|--|--------------------|
|   |                             | (a)                       | (b)                     | (c)                        | (d)  | (e)   | (f)  | (g)                |
|   |                             | Gross carrying amounts of |                         | Allowances/<br>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 (a+b-c) |
|   |                             | Defaulted exposures       | Non-defaulted exposures |                            | Allocated in regulatory category of specific provisions                        | Allocated in regulatory category of collective provisions |  |                    |
|   |                             | HK\$m                     | HK\$m                   | HK\$m                      | HK\$m  | HK\$m   | HK\$m  | HK\$m              |
| 1 | Loans                       | 6,896                     | 2,097,833               | (11,129)                   | (1,470)  | (1,164)   | (8,495)  | 2,093,600          |
| 2 | Debt securities             | -                         | 882,534                 | (59)                       | -  | (29)  | (30)   | 882,475            |
| 3 | Off-balance sheet exposures | 320                       | 746,239                 | (590)                      | (17)   | (61)  | (512)  | 745,969            |
| 4 | <b>Total</b>                | <b>7,216</b>              | <b>3,726,606</b>        | <b>(11,778)</b>            | <b>(1,487)</b>   | <b>(1,254)</b>  | <b>(9,037)</b>   | <b>3,722,044</b>   |

The Group identifies the exposures as "default" if the exposure is past due for more than 90 days or the borrower is unlikely to pay in full for the credit obligations to the Group.

### CR2: Changes in defaulted loans and debt securities

|   |   | (a)          |
|---|---|--------------|
|   |   | HK\$m        |
| 1 | <b>Defaulted loans and debt securities at 31 December 2021</b>                | <b>3,681</b> |
| 2 | Loans and debt securities that have defaulted since the last reporting period | 3,758        |
| 3 | Returned to non-defaulted status  | (36)         |
| 4 | Amounts written off   | (299)        |
| 5 | Other changes   | (208)        |
| 6 | <b>Defaulted loans and debt securities at 30 June 2022</b>                    | <b>6,896</b> |

The increase in defaulted exposures in the current reporting period was due to default of a few corporate loans.

### CR3: Overview of recognized credit risk mitigation

|   |                    | At 30 June 2022                      |                         |  |  |   |
|---|--------------------|--------------------------------------|-------------------------|--|--|---|
|   |                    | (a)                                  | (b1)                    | (b)  | (d)  | (f)   |
|   |                    | Exposures unsecured: carrying amount | Exposures to be secured | Exposures secured by recognized collateral | Exposures secured by recognized guarantees | Exposures secured by recognized credit derivative contracts |
|   |                    | HK\$m                                | HK\$m                   | HK\$m                                      | HK\$m                                      | HK\$m   |
| 1 | Loans              | 1,593,257                            | 500,343                 | 82,881                                     | 417,462                                    | -   |
| 2 | Debt securities    | 837,760                              | 44,715                  | -  | 44,715                                     | -   |
| 3 | <b>Total</b>       | <b>2,431,017</b>                     | <b>545,058</b>          | <b>82,881</b>                              | <b>462,177</b>                             | <b>-</b>  |
| 4 | Of which defaulted | 2,705                                | 827                     | 700  | 127  | -   |

## 6. Credit risk for non-securitization exposures (continued)

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

|                  |  | At 30 June 2022               |                         |                                 |               |                     |           |
|------------------|--|-------------------------------|-------------------------|---------------------------------|---------------|---------------------|-----------|
|                  |  | (a)                           | (b)                     | (c)                             | (d)           | (e)                 | (f)       |
|                  |  | Exposures pre-CCF and pre-CRM |                         | Exposures post-CCF and post-CRM |               | RWA and RWA density |           |
| Exposure classes | On-balance sheet amount  | Off-balance sheet amount      | On-balance sheet amount | Off-balance sheet amount        | RWA           | RWA density         |           |
|                  | HK\$m  | HK\$m                         | HK\$m                   | HK\$m                           | HK\$m         | %                   |           |
| 1                | Sovereign exposures  | 673,529                       | 1,105                   | 673,529                         | 221           | 13,753              | 2         |
| 2                | PSE exposures  | 58,088                        | 4,558                   | 61,376                          | 4,648         | 7,056               | 11        |
| 2a               | Of which: domestic PSEs  | 8,602                         | 4,558                   | 11,890                          | 4,648         | 3,308               | 20        |
| 2b               | Of which: foreign PSEs   | 49,486                        | -                       | 49,486                          | -             | 3,748               | 8         |
| 3                | Multilateral development bank exposures  | 57,674                        | -                       | 57,674                          | -             | -                   | -         |
| 4                | Bank exposures   | 756                           | 237                     | 2,133                           | 133           | 872                 | 38        |
| 5                | Securities firm exposures  | 248                           | 25                      | 248                             | 9             | 128                 | 50        |
| 6                | Corporate exposures  | 46,392                        | 36,169                  | 42,105                          | 8,404         | 47,438              | 94        |
| 7                | CIS exposures  | -                             | -                       | -                               | -             | -                   | -         |
| 8                | Cash items   | 402                           | -                       | 402                             | -             | -                   | -         |
| 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  | 7,916                         | 18,632                  | 7,388                           | 737           | 6,093               | 75        |
| 11               | Residential mortgage loans   | 5,144                         | 6,849                   | 1,853                           | -             | 966                 | 52        |
| 12               | Other exposures which are not past due exposures   | 28,826                        | 23,770                  | 10,114                          | 97            | 10,211              | 100       |
| 13               | Past due exposures   | 365                           | -                       | 365                             | -             | 545                 | 149       |
| 14               | Significant exposures to commercial entities   | -                             | -                       | -                               | -             | -                   | -         |
| 15               | <b>Total</b>   | <b>879,340</b>                | <b>91,345</b>           | <b>857,187</b>                  | <b>14,249</b> | <b>87,062</b>       | <b>10</b> |

## 6. Credit risk for non-securitization exposures (continued)

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

| Risk Weight<br>Exposure class |  | At 30 June 2022 |          |               |              |               |              |               |              |          |          | Total credit risk exposures amount (post CCF and post CRM)<br>HK\$m |
|-------------------------------|--|-----------------|----------|---------------|--------------|---------------|--------------|---------------|--------------|----------|----------|---|
|                               |  | (a)             | (b)      | (c)           | (d)          | (e)           | (f)          | (g)           | (h)          | (ha)     | (i)      |   |
|                               |  | 0%              | 10%      | 20%           | 35%          | 50%           | 75%          | 100%          | 150%         | 250%     | Others   |   |
|                               |  | HK\$m           | HK\$m    | HK\$m         | HK\$m        | HK\$m         | HK\$m        | HK\$m         | HK\$m        | HK\$m    | HK\$m    | HK\$m   |
| 1                             | Sovereign exposures  | 652,215         | -        | 3,475         | -            | 12,442        | -            | 3,180         | 2,438        | -        | -        | 673,750   |
| 2                             | PSE exposures  | 40,243          | -        | 19,447        | -            | 6,334         | -            | -             | -            | -        | -        | 66,024  |
| 2a                            | Of which: domestic PSEs  | -               | -        | 16,538        | -            | -             | -            | -             | -            | -        | -        | 16,538  |
| 2b                            | Of which: foreign PSEs   | 40,243          | -        | 2,909         | -            | 6,334         | -            | -             | -            | -        | -        | 49,486  |
| 3                             | Multilateral development bank exposures  | 57,674          | -        | -             | -            | -             | -            | -             | -            | -        | -        | 57,674  |
| 4                             | Bank exposures   | -               | -        | 875           | -            | 1,389         | -            | 2             | -            | -        | -        | 2,266   |
| 5                             | Securities firm exposures  | -               | -        | -             | -            | 257           | -            | -             | -            | -        | -        | 257   |
| 6                             | Corporate exposures  | -               | -        | 1,035         | -            | 4,951         | -            | 44,059        | 464          | -        | -        | 50,509  |
| 7                             | CIS exposures  | -               | -        | -             | -            | -             | -            | -             | -            | -        | -        | -   |
| 8                             | Cash items   | 402             | -        | -             | -            | -             | -            | -             | -            | -        | -        | 402   |
| 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  | -               | -        | -             | -            | -             | 8,125        | -             | -            | -        | -        | 8,125   |
| 11                            | Residential mortgage loans   | -               | -        | -             | 1,067        | -             | 776          | 10            | -            | -        | -        | 1,853   |
| 12                            | Other exposures which are not past due exposures   | -               | -        | -             | -            | -             | -            | 10,211        | -            | -        | -        | 10,211  |
| 13                            | Past due exposures   | 2               | -        | -             | -            | -             | -            | -             | 363          | -        | -        | 365   |
| 14                            | Significant exposures to commercial entities   | -               | -        | -             | -            | -             | -            | -             | -            | -        | -        | -   |
| 15                            | <b>Total</b>   | <b>750,536</b>  | <b>-</b> | <b>24,832</b> | <b>1,067</b> | <b>25,373</b> | <b>8,901</b> | <b>57,462</b> | <b>3,265</b> | <b>-</b> | <b>-</b> | <b>871,436</b>  |

## 6. Credit risk for non-securitization exposures (continued)

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

#### (a) FIRB approach

|   | PD scale          | At 30 June 2022                          |                                     |             |                           |            |                    |             |                  |         |             |       |            |
|---|-------------------|--|-------------------------------------|-------------|---------------------------|------------|--------------------|-------------|------------------|---------|-------------|-------|------------|
|   |                   | (a)                                      | (b)                                 | (c)         | (d)                       | (e)        | (f)                | (g)         | (h)              | (i)     | (j)         | (k)   | (l)        |
|   |                   | 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\$m             | HK\$m                                    | %                                   | HK\$m       | %                         |            | %                  | Year        | HK\$m            | %       | HK\$m       | HK\$m |            |
| Portfolio (i)<br>– Sovereign  | 0.00 to < 0.15    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     | -          |
|   | 0.15 to < 0.25    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     | -          |
|   | 0.25 to < 0.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     | -          |
|   | 0.50 to < 0.75    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     | -          |
|   | 0.75 to < 2.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     | -          |
|   | 2.50 to < 10.00   | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     | -          |
|   | 10.00 to < 100.00 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     | -          |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     | -          |
| Sub-total   | -                 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     | -          |
| Portfolio (ii)<br>– Bank  | 0.00 to < 0.15    | 387,813                                  | 22,480                              | 35          | 406,864                   | 0.06       | 275                | 45          | 2.50             | 115,039 | 28          | 103   |            |
|   | 0.15 to < 0.25    | 13,356                                   | 8,547                               | 3           | 13,976                    | 0.22       | 61                 | 43          | 2.50             | 8,052   | 58          | 13    |            |
|   | 0.25 to < 0.50    | 1,919                                    | 3,377                               | -           | 1,919                     | 0.39       | 18                 | 38          | 2.50             | 1,211   | 63          | 3     |            |
|   | 0.50 to < 0.75    | 1,022                                    | 4,789                               | -           | 1,047                     | 0.57       | 21                 | 14          | 2.50             | 289     | 28          | 1     |            |
|   | 0.75 to < 2.50    | 636                                      | 497                                 | -           | 636                       | 1.06       | 17                 | 43          | 2.50             | 566     | 89          | 3     |            |
|   | 2.50 to < 10.00   | 1,846                                    | 15                                  | -           | 1,846                     | 4.78       | 12                 | 45          | 2.50             | 2,717   | 147         | 39    |            |
|   | 10.00 to < 100.00 | 1  | -                                   | -           | 1                         | 18.00      | 1                  | 45          | 2.50             | 4       | 265         | -     |            |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |
| Sub-total   | 406,593           | 39,705                                   | 20                                  | 426,289     | 0.09                      | 405        | 45                 | 2.50        | 127,878          | 30      | 162         | 1,795 |            |
| Portfolio (iii)<br>– Corporate –<br>specialized<br>lending (other<br>than HVCRE) –<br>FIRB/AIRB | 0.00 to < 0.15    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |
|   | 0.15 to < 0.25    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |
|   | 0.25 to < 0.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |
|   | 0.50 to < 0.75    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |
|   | 0.75 to < 2.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |
|   | 2.50 to < 10.00   | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |
|   | 10.00 to < 100.00 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |
| Sub-total   | -                 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -     |            |

## 6. Credit risk for non-securitization exposures (continued)

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

#### (a) FIRB approach (continued)

|   | PD scale          | At 30 June 2022                          |                                     |             |                           |            |                    |             |                  |         |             |        |            |
|---|-------------------|--|-------------------------------------|-------------|---------------------------|------------|--------------------|-------------|------------------|---------|-------------|--------|------------|
|   |                   | (a)                                      | (b)                                 | (c)         | (d)                       | (e)        | (f)                | (g)         | (h)              | (i)     | (j)         | (k)    | (l)        |
|   |                   | 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\$m             | HK\$m                                    | %                                   | HK\$m       | %                         |            | %                  | Year        | HK\$m            | %       | HK\$m       | HK\$m  |            |
| Portfolio (iv)<br>– Corporate – small-and-medium sized corporates                 | 0.00 to < 0.15    | 10,474                                   | 3,937                               | 8           | 12,612                    | 0.09       | 244                | 43          | 2.50             | 3,016   | 24          | 5      |            |
|   | 0.15 to < 0.25    | 3,088                                    | 3,476                               | 11          | 9,455                     | 0.22       | 174                | 42          | 2.50             | 3,272   | 35          | 9      |            |
|   | 0.25 to < 0.50    | 5,002                                    | 3,661                               | 7           | 11,921                    | 0.39       | 236                | 42          | 2.50             | 5,849   | 49          | 19     |            |
|   | 0.50 to < 0.75    | 10,334                                   | 6,567                               | 5           | 12,051                    | 0.57       | 311                | 41          | 2.50             | 6,659   | 55          | 28     |            |
|   | 0.75 to < 2.50    | 35,028                                   | 8,427                               | 16          | 29,489                    | 1.23       | 587                | 42          | 2.50             | 22,694  | 77          | 153    |            |
|   | 2.50 to < 10.00   | 23,364                                   | 4,360                               | 27          | 20,455                    | 3.85       | 263                | 39          | 2.50             | 20,272  | 99          | 302    |            |
|   | 10.00 to < 100.00 | 536                                      | 137                                 | 1           | 490                       | 11.78      | 28                 | 39          | 2.50             | 687     | 140         | 23     |            |
|   | 100.00 (Default)  | 34                                       | 1                                   | -           | 21                        | 100.00     | 4                  | 45          | 2.50             | 28      | 130         | 14     |            |
| Sub-total   | 87,860            | 30,566                                   | 12                                  | 96,494      | 1.43                      | 1,847      | 41                 | 2.50        | 62,477           | 65      | 553         | 812    |            |
| Portfolio (v)<br>– Corporate – HVCRE – FIRB/AIRB                                  | 0.00 to < 0.15    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -      |            |
|   | 0.15 to < 0.25    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -      |            |
|   | 0.25 to < 0.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -      |            |
|   | 0.50 to < 0.75    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -      |            |
|   | 0.75 to < 2.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -      |            |
|   | 2.50 to < 10.00   | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -      |            |
|   | 10.00 to < 100.00 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -      |            |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -      |            |
| Sub-total   | -                 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -       | -           | -      |            |
| Portfolio (vi)<br>– Corporate – other (including purchased corporate receivables) | 0.00 to < 0.15    | 354,012                                  | 110,411                             | 43          | 606,291                   | 0.10       | 632                | 45          | 2.50             | 183,887 | 30          | 277    |            |
|   | 0.15 to < 0.25    | 83,999                                   | 56,369                              | 16          | 112,911                   | 0.22       | 238                | 45          | 2.50             | 53,402  | 47          | 111    |            |
|   | 0.25 to < 0.50    | 95,571                                   | 54,436                              | 26          | 153,151                   | 0.39       | 259                | 43          | 2.50             | 92,311  | 60          | 255    |            |
|   | 0.50 to < 0.75    | 269,530                                  | 104,416                             | 16          | 132,087                   | 0.59       | 489                | 44          | 2.50             | 97,564  | 74          | 345    |            |
|   | 0.75 to < 2.50    | 245,225                                  | 82,478                              | 17          | 176,228                   | 1.24       | 866                | 42          | 2.50             | 159,940 | 91          | 881    |            |
|   | 2.50 to < 10.00   | 69,901                                   | 34,693                              | 9           | 37,960                    | 3.45       | 287                | 42          | 2.50             | 47,366  | 125         | 550    |            |
|   | 10.00 to < 100.00 | 8,660                                    | 2,734                               | 24          | 5,653                     | 18.29      | 41                 | 42          | 2.50             | 12,628  | 223         | 427    |            |
|   | 100.00 (Default)  | 5,217                                    | 237                                 | 50          | 5,220                     | 100.00     | 41                 | 43          | 2.50             | 5,160   | 99          | 2,362  |            |
| Sub-total   | 1,132,115         | 445,774                                  | 26                                  | 1,229,501   | 0.97                      | 2,853      | 44                 | 2.50        | 652,258          | 53      | 5,208       | 10,767 |            |

**6. Credit risk for non-securitization exposures (continued)**
**CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)**
**(a) FIRB approach (continued)**

|   | PD scale          | At 30 June 2022                                    |  |                |                                  |               |                          |                |                     |       |                |     |            |
|---|-------------------|--|--|----------------|----------------------------------|---------------|--------------------------|----------------|---------------------|-------|----------------|-----|------------|
|   |                   | (a)  | (b)  | (c)            | (d)                              | (e)           | (f)                      | (g)            | (h)                 | (i)   | (j)            | (k) | (l)        |
|   |                   | Original on-<br>balance<br>sheet gross<br>exposure | Off-<br>balance<br>sheet<br>exposures<br>pre-CCF | Average<br>CCF | EAD post-<br>CRM and<br>post-CCF | Average<br>PD | Number<br>of<br>obligors | Average<br>LGD | Average<br>maturity | RWA   | RWA<br>density | EL  | Provisions |
| %   | HK\$m             | HK\$m  | %  | HK\$m          | %                                | %             | Year                     | HK\$m          | %                   | HK\$m | HK\$m          |     |            |
| Portfolio (vii)<br>– Equity –<br>PD/LGD<br>approach   | 0.00 to < 0.15    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.15 to < 0.25    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.25 to < 0.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.50 to < 0.75    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.75 to < 2.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 2.50 to < 10.00   | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 10.00 to < 100.00 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 100.00 (Default)  | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
| Sub-total   | -                 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
| Portfolio (viii)<br>– Retail –<br>QRRE  | 0.00 to < 0.15    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.15 to < 0.25    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.25 to < 0.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.50 to < 0.75    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.75 to < 2.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 2.50 to < 10.00   | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 10.00 to < 100.00 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 100.00 (Default)  | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
| Sub-total   | -                 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
| Portfolio (ix)<br>– Retail –<br>Residential<br>mortgage<br>exposures<br>(including both<br>to individuals<br>and to<br>property-<br>holding shell<br>companies) | 0.00 to < 0.15    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.15 to < 0.25    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.25 to < 0.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.50 to < 0.75    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 0.75 to < 2.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 2.50 to < 10.00   | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 10.00 to < 100.00 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
|   | 100.00 (Default)  | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |
| Sub-total   | -                 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -     | -              | -   |            |

## 6. Credit risk for non-securitization exposures (continued)

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

#### (a) FIRB approach (continued)

|   | PD scale          | At 30 June 2022                          |                                     |             |                           |             |                    |             |                  |                |             |              |               |
|---|-------------------|--|-------------------------------------|-------------|---------------------------|-------------|--------------------|-------------|------------------|----------------|-------------|--------------|---------------|
|   |                   | (a)                                      | (b)                                 | (c)         | (d)                       | (e)         | (f)                | (g)         | (h)              | (i)            | (j)         | (k)          | (l)           |
|   |                   | 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\$m             | HK\$m                                    | %                                   | HK\$m       | %                         |             | %                  | Year        | HK\$m            | %              | HK\$m       | HK\$m        |               |
| Portfolio (x)<br>– Retail – small business retail exposures | 0.00 to < 0.15    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 0.15 to < 0.25    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 0.25 to < 0.50    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 0.50 to < 0.75    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 0.75 to < 2.50    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 2.50 to < 10.00   | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 10.00 to < 100.00 | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | Sub-total         | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
| Portfolio (xi)<br>– Other retail exposures to individuals   | 0.00 to < 0.15    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 0.15 to < 0.25    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 0.25 to < 0.50    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 0.50 to < 0.75    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 0.75 to < 2.50    | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 2.50 to < 10.00   | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 10.00 to < 100.00 | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
|   | Sub-total         | -  | -                                   | -           | -                         | -           | -                  | -           | -                | -              | -           | -            | -             |
| <b>Total (sum of all portfolios)</b>                        |                   | <b>1,626,568</b>                         | <b>516,045</b>                      | <b>50</b>   | <b>1,752,284</b>          | <b>0.78</b> | <b>5,105</b>       | <b>43</b>   | <b>2.50</b>      | <b>842,613</b> | <b>48</b>   | <b>5,923</b> | <b>13,374</b> |

Compared with 31 December 2021, the 13% decrease in RWA of “Portfolio (ii) – Bank” was mainly due to decrease in “EAD post-CRM and post-CCF”.

**6. Credit risk for non-securitization exposures (continued)**
**CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)**
**(b) Retail IRB approach**

|   | PD scale          | At 30 June 2022                          |                                     |             |                           |            |                    |             |                  |     |             |       |            |
|---|-------------------|--|-------------------------------------|-------------|---------------------------|------------|--------------------|-------------|------------------|-----|-------------|-------|------------|
|   |                   | (a)                                      | (b)                                 | (c)         | (d)                       | (e)        | (f)                | (g)         | (h)              | (i) | (j)         | (k)   | (l)        |
|   |                   | 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\$m             | HK\$m                                    | %                                   | HK\$m       | %                         |            | %                  | Year        | HK\$m            | %   | HK\$m       | HK\$m |            |
| Portfolio (i)<br>– Sovereign  | 0.00 to < 0.15    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.15 to < 0.25    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.25 to < 0.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.50 to < 0.75    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.75 to < 2.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 2.50 to < 10.00   | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 10.00 to < 100.00 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
| Sub-total   | -                 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
| Portfolio (ii)<br>– Bank  | 0.00 to < 0.15    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.15 to < 0.25    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.25 to < 0.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.50 to < 0.75    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.75 to < 2.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 2.50 to < 10.00   | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 10.00 to < 100.00 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
| Sub-total   | -                 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
| Portfolio (iii)<br>– Corporate – specialized lending (other than HVCRE) – FIRB/AIRB | 0.00 to < 0.15    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.15 to < 0.25    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.25 to < 0.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.50 to < 0.75    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 0.75 to < 2.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 2.50 to < 10.00   | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 10.00 to < 100.00 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |
| Sub-total   | -                 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -   | -           | -     | -          |

## 6. Credit risk for non-securitization exposures (continued)

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

#### (b) Retail IRB approach (continued)

|  | PD scale          | At 30 June 2022                                    |  |                |                                  |               |                          |                |                     |     |                |       |            |
|--|-------------------|--|--|----------------|----------------------------------|---------------|--------------------------|----------------|---------------------|-----|----------------|-------|------------|
|  |                   | (a)  | (b)  | (c)            | (d)                              | (e)           | (f)                      | (g)            | (h)                 | (i) | (j)            | (k)   | (l)        |
|  |                   | Original on-<br>balance<br>sheet gross<br>exposure | Off-<br>balance<br>sheet<br>exposures<br>pre-CCF | Average<br>CCF | EAD post-<br>CRM and<br>post-CCF | Average<br>PD | Number<br>of<br>obligors | Average<br>LGD | Average<br>maturity | RWA | RWA<br>density | EL    | Provisions |
| %  | HK\$m             | HK\$m  | %  | HK\$m          | %                                |               | %                        | Year           | HK\$m               | %   | HK\$m          | HK\$m |            |
| Portfolio (iv)<br>– Corporate –<br>small-and-<br>medium sized<br>corporates                      | 0.00 to < 0.15    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.15 to < 0.25    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.25 to < 0.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.50 to < 0.75    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.75 to < 2.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 2.50 to < 10.00   | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 10.00 to < 100.00 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 100.00 (Default)  | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
| Sub-total  | -                 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
| Portfolio (v)<br>– Corporate<br>– HVCRE –<br>FIRB/AIRB   | 0.00 to < 0.15    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.15 to < 0.25    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.25 to < 0.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.50 to < 0.75    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.75 to < 2.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 2.50 to < 10.00   | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 10.00 to < 100.00 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 100.00 (Default)  | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
| Sub-total  | -                 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
| Portfolio (vi)<br>– Corporate<br>– other<br>(including<br>purchased<br>corporate<br>receivables) | 0.00 to < 0.15    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.15 to < 0.25    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.25 to < 0.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.50 to < 0.75    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 0.75 to < 2.50    | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 2.50 to < 10.00   | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 10.00 to < 100.00 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
|  | 100.00 (Default)  | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |
| Sub-total  | -                 | -  | -  | -              | -                                | -             | -                        | -              | -                   | -   | -              | -     | -          |

## 6. Credit risk for non-securitization exposures (continued)

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

#### (b) Retail IRB approach (continued)

|   | PD scale          | At 30 June 2022                          |                                     |             |                           |            |                    |             |                  |        |             |       |            |
|---|-------------------|--|-------------------------------------|-------------|---------------------------|------------|--------------------|-------------|------------------|--------|-------------|-------|------------|
|   |                   | (a)                                      | (b)                                 | (c)         | (d)                       | (e)        | (f)                | (g)         | (h)              | (i)    | (j)         | (k)   | (l)        |
|   |                   | 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\$m             | HK\$m                                    | %                                   | HK\$m       | %                         |            | %                  | Year        | HK\$m            | %      | HK\$m       | HK\$m |            |
| Portfolio (vii)<br>– Equity –<br>PD/LGD<br>approach   | 0.00 to < 0.15    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -      | -           | -     | -          |
|   | 0.15 to < 0.25    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -      | -           | -     | -          |
|   | 0.25 to < 0.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -      | -           | -     | -          |
|   | 0.50 to < 0.75    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -      | -           | -     | -          |
|   | 0.75 to < 2.50    | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -      | -           | -     | -          |
|   | 2.50 to < 10.00   | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -      | -           | -     | -          |
|   | 10.00 to < 100.00 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -      | -           | -     | -          |
|   | 100.00 (Default)  | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -      | -           | -     | -          |
| Sub-total   | -                 | -  | -                                   | -           | -                         | -          | -                  | -           | -                | -      | -           | -     | -          |
| Portfolio (viii)<br>– Retail –<br>QRRE  | 0.00 to < 0.15    | 5,000                                    | 55,553                              | -           | 33,839                    | 0.10       | 674,834            | 90          |                  | 1,874  | 6           | 31    |            |
|   | 0.15 to < 0.25    | 1,351                                    | 30,548                              | -           | 24,487                    | 0.23       | 697,624            | 89          |                  | 2,645  | 11          | 51    |            |
|   | 0.25 to < 0.50    | 481                                      | 15,237                              | -           | 12,484                    | 0.33       | 421,643            | 89          |                  | 1,766  | 14          | 36    |            |
|   | 0.50 to < 0.75    | 777                                      | 2,684                               | -           | 2,665                     | 0.57       | 73,111             | 93          |                  | 610    | 23          | 14    |            |
|   | 0.75 to < 2.50    | 647                                      | 1,289                               | -           | 1,757                     | 1.28       | 40,515             | 94          |                  | 758    | 43          | 21    |            |
|   | 2.50 to < 10.00   | 1,155                                    | 1,046                               | -           | 1,873                     | 5.53       | 32,492             | 95          |                  | 2,259  | 121         | 98    |            |
|   | 10.00 to < 100.00 | 479                                      | 156                                 | -           | 611                       | 17.44      | 12,356             | 96          |                  | 1,341  | 219         | 101   |            |
|   | 100.00 (Default)  | 43                                       | 82                                  | -           | 107                       | 100.00     | 2,592              | 88          |                  | 744    | 698         | 37    |            |
| Sub-total   | 9,933             | 106,595                                  | -                                   | 77,823      | 0.63                      | 1,955,167  | 90                 |             | 11,997           | 15     | 389         | 186   |            |
| Portfolio (ix)<br>– Retail –<br>Residential<br>mortgage<br>exposures<br>(including both<br>to individuals<br>and to<br>property-<br>holding shell<br>companies) | 0.00 to < 0.15    | 136,527                                  | -                                   | -           | 136,527                   | 0.11       | 68,557             | 11          |                  | 27,941 | 20          | 16    |            |
|   | 0.15 to < 0.25    | 59,697                                   | -                                   | -           | 59,697                    | 0.22       | 17,667             | 11          |                  | 13,279 | 22          | 15    |            |
|   | 0.25 to < 0.50    | 61,111                                   | -                                   | -           | 61,111                    | 0.39       | 17,385             | 11          |                  | 14,661 | 24          | 27    |            |
|   | 0.50 to < 0.75    | 84,600                                   | -                                   | -           | 84,600                    | 0.61       | 25,045             | 13          |                  | 21,788 | 26          | 68    |            |
|   | 0.75 to < 2.50    | 51,523                                   | -                                   | -           | 51,523                    | 0.97       | 13,158             | 14          |                  | 13,555 | 26          | 72    |            |
|   | 2.50 to < 10.00   | 1,174                                    | -                                   | -           | 1,174                     | 5.22       | 504                | 12          |                  | 487    | 42          | 8     |            |
|   | 10.00 to < 100.00 | 660                                      | -                                   | -           | 660                       | 25.63      | 281                | 12          |                  | 449    | 68          | 20    |            |
|   | 100.00 (Default)  | 203                                      | -                                   | -           | 203                       | 100.00     | 127                | 13          |                  | 316    | 156         | 1     |            |
| Sub-total   | 395,495           | -  | -                                   | 395,495     | 0.50                      | 142,724    | 12                 |             | 92,476           | 23     | 227         | 1,182 |            |

## 6. Credit risk for non-securitization exposures (continued)

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

#### (b) Retail IRB approach (continued)

|   | PD scale          | At 30 June 2022                          |                                     |                |                           |                  |                    |             |                  |           |             |              |            |
|---|-------------------|--|-------------------------------------|----------------|---------------------------|------------------|--------------------|-------------|------------------|-----------|-------------|--------------|------------|
|   |                   | (a)                                      | (b)                                 | (c)            | (d)                       | (e)              | (f)                | (g)         | (h)              | (i)       | (j)         | (k)          | (l)        |
|   |                   | 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\$m             | HK\$m                                    | %                                   | HK\$m          | %                         |                  | %                  | Year        | HK\$m            | %         | HK\$m       | HK\$m        |            |
| Portfolio (x)<br>– Retail – small business retail exposures | 0.00 to < 0.15    | 865                                      | 1,683                               | 34             | 1,444                     | 0.08             | 1,260              | 13          |                  | 40        | 3           | -            |            |
|   | 0.15 to < 0.25    | 354                                      | 174                                 | 39             | 422                       | 0.22             | 238                | 13          |                  | 23        | 5           | -            |            |
|   | 0.25 to < 0.50    | 382                                      | 255                                 | 37             | 477                       | 0.39             | 284                | 13          |                  | 37        | 8           | -            |            |
|   | 0.50 to < 0.75    | 438                                      | 295                                 | 32             | 533                       | 0.58             | 331                | 13          |                  | 55        | 10          | -            |            |
|   | 0.75 to < 2.50    | 762                                      | 333                                 | 31             | 867                       | 1.33             | 699                | 17          |                  | 156       | 18          | 2            |            |
|   | 2.50 to < 10.00   | 185                                      | 27                                  | 59             | 201                       | 3.50             | 155                | 14          |                  | 41        | 20          | 2            |            |
|   | 10.00 to < 100.00 | 8  | -                                   | 99             | 8                         | 22.36            | 9                  | 18          |                  | 3         | 38          | -            |            |
|   | 100.00 (Default)  | 22                                       | 1                                   | 109            | 22                        | 100.00           | 21                 | 43          |                  | 38        | 171         | 13           |            |
| Sub-total   | 3,016             | 2,768                                    | 35                                  | 3,974          | 1.26                      | 2,997            | 14                 |             | 393              | 10        | 17          | 18           |            |
| Portfolio (xi)<br>– Other retail exposures to individuals   | 0.00 to < 0.15    | 3,537                                    | 9,305                               | -              | 12,273                    | 0.05             | 3,691              | 16          |                  | 312       | 3           | 1            |            |
|   | 0.15 to < 0.25    | 4,884                                    | 67                                  | -              | 4,939                     | 0.22             | 5,622              | 13          |                  | 279       | 6           | 1            |            |
|   | 0.25 to < 0.50    | 35,181                                   | 30                                  | -              | 35,204                    | 0.37             | 16,839             | 12          |                  | 2,463     | 7           | 15           |            |
|   | 0.50 to < 0.75    | 17,790                                   | 35                                  | 1              | 17,818                    | 0.61             | 7,877              | 14          |                  | 1,947     | 11          | 15           |            |
|   | 0.75 to < 2.50    | 15,957                                   | 19,267                              | 1              | 17,777                    | 1.38             | 9,589              | 31          |                  | 6,541     | 37          | 93           |            |
|   | 2.50 to < 10.00   | 744                                      | 10                                  | -              | 752                       | 3.93             | 326                | 24          |                  | 255       | 34          | 7            |            |
|   | 10.00 to < 100.00 | 408                                      | -                                   | -              | 408                       | 17.51            | 771                | 27          |                  | 222       | 54          | 22           |            |
|   | 100.00 (Default)  | 113                                      | -                                   | -              | 113                       | 100.00           | 771                | 58          |                  | 592       | 526         | 21           |            |
| Sub-total   | 78,614            | 28,714                                   | -                                   | 89,284         | 0.80                      | 45,486           | 17                 |             | 12,611           | 14        | 175         | 182          |            |
| <b>Total (sum of all portfolios)</b>                        | <b>487,058</b>    | <b>138,077</b>                           | <b>1</b>                            | <b>566,576</b> | <b>0.57</b>               | <b>2,146,374</b> | <b>24</b>          |             | <b>117,477</b>   | <b>21</b> | <b>808</b>  | <b>1,568</b> |            |

## 6. Credit risk for non-securitization exposures (continued)

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

|           |  | At 30 June 2022            |                  |
|-----------|--|----------------------------|------------------|
|           |  | (a)                        | (b)              |
|           |  | Pre-credit derivatives RWA | Actual RWA       |
|           |  | HK\$m                      | HK\$m            |
| 1         | Corporate – Specialized lending under supervisory slotting criteria approach (project finance)                   | 2,426                      | 2,426            |
| 2         | Corporate – Specialized lending under supervisory slotting criteria approach (object finance)                    | -                          | -                |
| 3         | Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance)               | -                          | -                |
| 4         | Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate)      | -                          | -                |
| 5         | Corporate – Specialized lending (high-volatility commercial real estate)   | -                          | -                |
| 6         | Corporate – Small-and-medium sized corporates  | 62,477                     | 62,477           |
| 7         | Corporate – Other corporates   | 652,258                    | 652,258          |
| 8         | Sovereigns   | -                          | -                |
| 9         | Sovereign foreign public sector entities   | -                          | -                |
| 10        | Multilateral development banks   | -                          | -                |
| 11        | Bank exposures – Banks   | 127,572                    | 127,572          |
| 12        | Bank exposures – Securities firms  | 306                        | 306              |
| 13        | Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)                     | -                          | -                |
| 14        | Retail – Small business retail exposures   | 393                        | 393              |
| 15        | Retail – Residential mortgages to individuals  | 92,018                     | 92,018           |
| 16        | Retail – Residential mortgages to property-holding shell companies   | 458                        | 458              |
| 17        | Retail – Qualifying revolving retail exposures (QRRE)  | 11,997                     | 11,997           |
| 18        | Retail – Other retail exposures to individuals   | 12,611                     | 12,611           |
| 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  | 70,993                     | 70,993           |
| <b>28</b> | <b>Total (under the IRB calculation approaches)</b>  | <b>1,033,509</b>           | <b>1,033,509</b> |

The Group did not use any recognised credit derivative contracts for credit risk mitigation.

## 6. Credit risk for non-securitization exposures (continued)

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

|          |                                | (a)              |
|----------|--------------------------------|------------------|
|          |                                | HK\$m            |
| <b>1</b> | <b>RWA as at 31 March 2022</b> | <b>1,057,330</b> |
| 2        | Asset size                     | (11,456)         |
| 3        | Asset quality                  | (7,190)          |
| 4        | Model updates                  | -                |
| 5        | Methodology and policy         | -                |
| 6        | Acquisitions and disposals     | -                |
| 7        | Foreign exchange movements     | (5,175)          |
| 8        | Other                          | -                |
| <b>9</b> | <b>RWA as at 30 June 2022</b>  | <b>1,033,509</b> |

## 6. Credit risk for non-securitization exposures (continued)

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

#### I. Specialized lending under supervisory slotting criteria approach – HVCRE

There were no specialised lending under supervisory slotting criteria approach – HVCRE as at 30 June 2022.

#### II. Specialized lending under supervisory slotting criteria approach – other than HVCRE

|                          |                                 | At 30 June 2022                  |                                   |      |              |          |          |          |              |              |                      |
|--------------------------|---------------------------------|----------------------------------|-----------------------------------|------|--------------|----------|----------|----------|--------------|--------------|----------------------|
| Supervisory Rating Grade | Remaining Maturity              | (a)                              | (b)                               | (c)  | (d)(i)       | (d)(ii)  | (d)(iii) | (d)(iv)  | (d)(v)       | (e)          | (f)                  |
|                          |                                 | On-balance sheet exposure amount | Off-balance sheet exposure amount | SRW  | EAD amount   |          |          |          |              | RWA          | Expected loss amount |
|                          |                                 | HK\$m                            | HK\$m                             |      | PF           | OF       | CF       | IPRE     | Total        | HK\$m        | HK\$m                |
| Strong <sup>^</sup>      | Less than 2.5 years             | -                                | -                                 | 50%  | -            | -        | -        | -        | -            | -            | -                    |
| Strong                   | Equal to or more than 2.5 years | -                                | -                                 | 70%  | -            | -        | -        | -        | -            | -            | -                    |
| Good <sup>^</sup>        | Less than 2.5 years             | -                                | -                                 | 70%  | -            | -        | -        | -        | -            | -            | -                    |
| Good                     | Equal to or more than 2.5 years | 1,803                            | 56                                | 90%  | 1,804        | -        | -        | -        | 1,804        | 1,624        | 15                   |
| Satisfactory             |                                 | 697                              | -                                 | 115% | 697          | -        | -        | -        | 697          | 802          | 20                   |
| Weak                     |                                 | -                                | -                                 | 250% | -            | -        | -        | -        | -            | -            | -                    |
| Default                  |                                 | -                                | -                                 | 0%   | -            | -        | -        | -        | -            | -            | -                    |
| <b>Total</b>             |                                 | <b>2,500</b>                     | <b>56</b>                         |      | <b>2,501</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>2,501</b> | <b>2,426</b> | <b>35</b>            |

<sup>^</sup> Use of preferential risk-weights.

#### III. Equity exposures under simple risk-weight method

The Group did not use simple risk-weight method to measure equities exposures as at 30 June 2022.

## 7. Counterparty credit risk

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

|          |  | At 30 June 2022       |        |               |  |                                 |               |
|----------|--|-----------------------|--------|---------------|--|---------------------------------|---------------|
|          |  | (a)                   | (b)    | (c)           | (d)  | (e)                             | (f)           |
|          |  | Replacement cost (RC) | PFE    | Effective EPE | Alpha (α) used for computing default risk exposure | Default risk exposure after CRM | RWA           |
|          |  | HK\$m                 | HK\$m  | HK\$m         |  | HK\$m                           | HK\$m         |
| 1        | SA-CCR approach (for derivative contracts) | 8,929                 | 20,077 |               | 1.4  | 40,608                          | 15,880        |
| 1a       | CEM (for derivative contracts)             | -                     | -      |               | 1.4  | -                               | -             |
| 2        | IMM(CCR) approach                          |                       |        | -             | -  | -                               | -             |
| 3        | Simple approach (for SFTs)                 |                       |        |               |  | -                               | -             |
| 4        | Comprehensive approach (for SFTs)          |                       |        |               |  | 75,381                          | 48            |
| 5        | VaR (for SFTs)                             |                       |        |               |  | -                               | -             |
| <b>6</b> | <b>Total</b>                               |                       |        |               |  |                                 | <b>15,928</b> |

Compared with 31 December 2021, the 31% increase in SA-CCR's default risk exposure after CRM was mainly driven by change in outstanding transactions' market value and increase in outstanding transaction volume. The 10% decrease in SFTs' default risk exposure after CRM was mainly driven by decrease in outstanding transaction volume.

### CCR2: CVA capital charge

|          |  | At 30 June 2022 |              |
|----------|--|-----------------|--------------|
|          |  | (a)             | (b)          |
|          |  | EAD post CRM    | RWA          |
|          |  | HK\$m           | HK\$m        |
|          | Netting sets for which CVA capital charge is calculated by the advanced CVA method     | -               | -            |
| 1        | (i) VaR (after application of multiplication factor if applicable)                     |                 | -            |
| 2        | (ii) Stressed VaR (after application of multiplication factor if applicable)           |                 | -            |
| 3        | Netting sets for which CVA capital charge is calculated by the standardized CVA method | 40,461          | 6,954        |
| <b>4</b> | <b>Total</b>   | <b>40,461</b>   | <b>6,954</b> |

## 7. Counterparty credit risk (continued)

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

| Risk Weight<br>Exposure class |  | At 30 June 2022 |          |           |          |          |            |              |          |          |          | Total default risk exposure after CRM<br>HK\$m |     |
|-------------------------------|--|-----------------|----------|-----------|----------|----------|------------|--------------|----------|----------|----------|--|-----|
|                               |  | (a)             | (b)      | (c)       | (ca)     | (d)      | (e)        | (f)          | (g)      | (ga)     | (h)      |  | (i) |
|                               |  | 0%              | 10%      | 20%       | 35%      | 50%      | 75%        | 100%         | 150%     | 250%     | Others   |  |     |
|                               |  | HK\$m           | HK\$m    | HK\$m     | HK\$m    | HK\$m    | HK\$m      | HK\$m        | HK\$m    | HK\$m    | HK\$m    | HK\$m  |     |
| 1                             | Sovereign exposures                              | 531             | -        | 1         | -        | 5        | -          | -            | -        | -        | -        | 537  |     |
| 2                             | PSE exposures                                    | -               | -        | 84        | -        | -        | -          | -            | -        | -        | -        | 84   |     |
| 2a                            | Of which: domestic PSEs                          | -               | -        | 84        | -        | -        | -          | -            | -        | -        | -        | 84   |     |
| 2b                            | Of which: foreign PSEs                           | -               | -        | -         | -        | -        | -          | -            | -        | -        | -        | -  |     |
| 3                             | Multilateral development bank exposures          | 20              | -        | -         | -        | -        | -          | -            | -        | -        | -        | 20   |     |
| 4                             | Bank exposures                                   | -               | -        | 3         | -        | -        | -          | -            | -        | -        | -        | 3  |     |
| 5                             | Securities firm exposures                        | -               | -        | -         | -        | -        | -          | -            | -        | -        | -        | -  |     |
| 6                             | Corporate exposures                              | -               | -        | -         | -        | -        | -          | 214          | -        | -        | -        | 214  |     |
| 7                             | CIS exposures                                    | -               | -        | -         | -        | -        | -          | -            | -        | -        | -        | -  |     |
| 8                             | Regulatory retail exposures                      | -               | -        | -         | -        | -        | 196        | -            | -        | -        | -        | 196  |     |
| 9                             | Residential mortgage loans                       | -               | -        | -         | -        | -        | -          | -            | -        | -        | -        | -  |     |
| 10                            | Other exposures which are not past due exposures | -               | -        | -         | -        | -        | -          | 1,021        | -        | -        | -        | 1,021  |     |
| 11                            | Significant exposures to commercial entities     | -               | -        | -         | -        | -        | -          | -            | -        | -        | -        | -  |     |
| <b>12</b>                     | <b>Total</b>                                     | <b>551</b>      | <b>-</b> | <b>88</b> | <b>-</b> | <b>5</b> | <b>196</b> | <b>1,235</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>2,075</b>                                   |     |

Compared with 31 December 2021, the 421% increase in sovereign exposures, 200% increase in PSE exposures and 47% decrease in multilateral development bank exposures, were mainly driven by changes in respective outstanding transaction volumes.

## 7. Counterparty credit risk (continued)

### 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 2022 |            |                    |             |                  |           |             |
|--------------------------------------|-------------------|-----------------|------------|--------------------|-------------|------------------|-----------|-------------|
|                                      |                   | (a)             | (b)        | (c)                | (d)         | (e)              | (f)       | (g)         |
|                                      |                   | EAD post-CRM    | Average PD | Number of obligors | Average LGD | Average maturity | RWA       | RWA density |
|                                      |                   | %               | HK\$m      | %                  | %           | Year             | HK\$m     | %           |
| Portfolio (i)<br>– Sovereign         | 0.00 to < 0.15    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 0.15 to < 0.25    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 0.25 to < 0.50    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 0.50 to < 0.75    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 0.75 to < 2.50    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 2.50 to < 10.00   | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 10.00 to < 100.00 | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 100.00 (Default)  | -               | -          | -                  | -           | -                | -         | -           |
| Sub-total                            | -                 | -               | -          | -                  | -           | -                | -         |             |
| Portfolio (ii)<br>– Bank             | 0.00 to < 0.15    | 102,896         | 0.05       | 133                | 13          | 1.08             | 8,687     | 8           |
|                                      | 0.15 to < 0.25    | 5,063           | 0.22       | 28                 | 37          | 2.15             | 2,512     | 50          |
|                                      | 0.25 to < 0.50    | 547             | 0.39       | 16                 | 34          | 2.02             | 314       | 57          |
|                                      | 0.50 to < 0.75    | 1,332           | 0.52       | 6                  | 3           | 0.65             | 83        | 6           |
|                                      | 0.75 to < 2.50    | 1,165           | 1.02       | 8                  | 36          | 2.11             | 1,056     | 91          |
|                                      | 2.50 to < 10.00   | 7               | 2.67       | 1                  | 45          | 2.50             | 11        | 153         |
|                                      | 10.00 to < 100.00 | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 100.00 (Default)  | -               | -          | -                  | -           | -                | -         | -           |
| Sub-total                            | 111,010           | 0.08            | 192        | 14                 | 1.14        | 12,663           | 11        |             |
| Portfolio (iii)<br>– Corporate       | 0.00 to < 0.15    | 1,469           | 0.09       | 30                 | 45          | 2.50             | 531       | 36          |
|                                      | 0.15 to < 0.25    | 87              | 0.22       | 14                 | 45          | 2.50             | 40        | 46          |
|                                      | 0.25 to < 0.50    | 102             | 0.39       | 11                 | 45          | 2.50             | 65        | 64          |
|                                      | 0.50 to < 0.75    | 333             | 0.61       | 28                 | 45          | 2.50             | 251       | 75          |
|                                      | 0.75 to < 2.50    | 834             | 1.49       | 32                 | 45          | 2.50             | 866       | 104         |
|                                      | 2.50 to < 10.00   | 75              | 3.49       | 15                 | 45          | 2.50             | 100       | 135         |
|                                      | 10.00 to < 100.00 | 4               | 13.77      | 1                  | 45          | 2.50             | 10        | 216         |
|                                      | 100.00 (Default)  | -               | -          | -                  | -           | -                | -         | -           |
| Sub-total                            | 2,904             | 0.68            | 131        | 45                 | 2.50        | 1,863            | 64        |             |
| Portfolio (iv)<br>– Retail           | 0.00 to < 0.15    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 0.15 to < 0.25    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 0.25 to < 0.50    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 0.50 to < 0.75    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 0.75 to < 2.50    | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 2.50 to < 10.00   | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 10.00 to < 100.00 | -               | -          | -                  | -           | -                | -         | -           |
|                                      | 100.00 (Default)  | -               | -          | -                  | -           | -                | -         | -           |
| Sub-total                            | -                 | -               | -          | -                  | -           | -                | -         |             |
| <b>Total (sum of all portfolios)</b> | <b>113,914</b>    | <b>0.09</b>     | <b>323</b> | <b>15</b>          | <b>1.18</b> | <b>14,526</b>    | <b>13</b> |             |

Compared with 31 December 2021, the 34% increase in RWA of “Portfolio (ii) – Bank” was mainly due to increase in “EAD post-CRM”.

## 7. Counterparty credit risk (continued)

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

|                   | At 30 June 2022                              |               |                                 |               |  |                                 |
|-------------------|--|---------------|---------------------------------|---------------|--|---------------------------------|
|                   | (a)  | (b)           | (c)                             | (d)           | (e)  | (f)                             |
|                   | Derivative contracts                         |               |                                 |               | SFTs   |                                 |
|                   | Fair value of recognized collateral received |               | Fair value of posted collateral |               | Fair value of recognized collateral received | Fair value of posted collateral |
|                   | Segregated                                   | Unsegregated  | Segregated                      | Unsegregated  |  |                                 |
| HK\$m             | HK\$m  | HK\$m         | HK\$m                           | HK\$m         | HK\$m  |                                 |
| Cash              | -  | 29,432        | -                               | 10,714        | 63,615                                       | 12,442                          |
| Debt securities   | -  | -             | -                               | -             | 12,498                                       | 63,269                          |
| Equity securities | -  | -             | -                               | -             | 428  | -                               |
| <b>Total</b>      | -  | <b>29,432</b> | -                               | <b>10,714</b> | <b>76,541</b>                                | <b>75,711</b>                   |

Compared with 31 December 2021, the 151% increase in fair value of recognised collateral received (unsegregated) under derivative contracts was mainly driven by change in outstanding transactions' market value and increase in outstanding transaction volume.

The 15% decrease in fair value of recognised collateral received and 31% decrease in fair value of posted collateral under SFTs were mainly driven by decrease in outstanding transaction volume.

### CCR6: Credit-related derivatives contracts

|                                 | At 30 June 2022   |                 |
|---------------------------------|-------------------|-----------------|
|                                 | (a)               | (b)             |
|                                 | Protection bought | Protection sold |
|                                 | HK\$m             | HK\$m           |
| <b>Notional amounts</b>         |                   |                 |
| Index credit default swaps      | -                 | -               |
| <b>Total notional amounts</b>   | -                 | -               |
| <b>Fair values</b>              |                   |                 |
| Positive fair value (asset)     | -                 | -               |
| Negative fair value (liability) | -                 | -               |

### CCR7: RWA flow statements of default risk exposures under IMM(CCR) approach

The Group did not use IMM(CCR) approach to measure default risk exposures as at 30 June 2022.

## 7. Counterparty credit risk (continued)

### CCR8: Exposures to CCPs

|           |   | At 30 June 2022    |            |
|-----------|---|--------------------|------------|
|           |   | (a)                | (b)        |
|           |   | Exposure after CRM | RWA        |
|           |   | HK\$m              | HK\$m      |
| <b>1</b>  | <b>Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)</b>           |                    | <b>201</b> |
| 2         | Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:      | 1,670              | 41         |
| 3         | (i) OTC derivative transactions   | 1,215              | 32         |
| 4         | (ii) Exchange-traded derivative contracts   | 455                | 9          |
| 5         | (iii) Securities financing transactions   | -                  | -          |
| 6         | (iv) Netting sets subject to valid cross-product netting agreements                                   | -                  | -          |
| 7         | Segregated initial margin   | -                  | -          |
| 8         | Unsegregated initial margin   | 171                | 7          |
| 9         | Funded default fund contributions   | 320                | 153        |
| 10        | Unfunded default fund contributions   | -                  | -          |
| <b>11</b> | <b>Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)</b>       |                    | <b>-</b>   |
| 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   | -                  | -          |

## **8. Securitization exposures**

### **SEC1: Securitization exposures in banking book**

There was no securitisation exposure in the banking book as at 30 June 2022.

### **SEC2: Securitization exposures in trading book**

There was no securitisation exposure in the trading book as at 30 June 2022.

### **SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator**

There was no securitisation exposure in the banking book and the associated capital requirements where the Group acts as an originator as at 30 June 2022.

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

There was no securitisation exposure in the banking book and the associated capital requirements where the Group acts as an investor as at 30 June 2022.

## 9. Market risk

### MR1: Market risk under STM approach

|          |   | At 30 June 2022 |
|----------|---|-----------------|
|          |   | (a)             |
|          |   | RWA             |
|          |   | HK\$m           |
|          | Outright product exposures                          |                 |
| 1        | Interest rate exposures (general and specific risk) | 626             |
| 2        | Equity exposures (general and specific risk)        | 204             |
| 3        | Foreign exchange (including gold) exposures         | -               |
| 4        | Commodity exposures                                 | 1,045           |
|          | Option exposures                                    |                 |
| 5        | Simplified approach                                 | -               |
| 6        | Delta-plus approach                                 | 3               |
| 7        | Other approach                                      | -               |
| 8        | Securitization exposures                            | -               |
| <b>9</b> | <b>Total</b>  | <b>1,878</b>    |

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

|           |   | (a)          | (b)           | (c)   | (d)   | (e)   | (f)           |
|-----------|---|--------------|---------------|-------|-------|-------|---------------|
|           |   | VaR          | Stressed VaR  | IRC   | CRC   | Other | Total RWA     |
|           |   | HK\$m        | HK\$m         | HK\$m | HK\$m | HK\$m | HK\$m         |
| <b>1</b>  | <b>RWA as at 31 March 2022</b>            | <b>3,208</b> | <b>16,410</b> | -     | -     | -     | <b>19,618</b> |
| 1a        | Regulatory adjustment                     | (1,987)      | (11,090)      | -     | -     | -     | (13,077)      |
| <b>1b</b> | <b>RWA as at day-end of 31 March 2022</b> | <b>1,221</b> | <b>5,320</b>  | -     | -     | -     | <b>6,541</b>  |
| 2         | Movement in risk levels*                  | (522)        | (1,409)       | -     | -     | -     | (1,931)       |
| 3         | Model updates/changes                     | -            | -             | -     | -     | -     | -             |
| 4         | Methodology and policy                    | -            | -             | -     | -     | -     | -             |
| 5         | Acquisitions and disposals                | -            | -             | -     | -     | -     | -             |
| 6         | Foreign exchange movements                | -            | -             | -     | -     | -     | -             |
| 7         | Other                                     | -            | -             | -     | -     | -     | -             |
| <b>7a</b> | <b>RWA as at day-end of 30 June 2022</b>  | <b>699</b>   | <b>3,911</b>  | -     | -     | -     | <b>4,610</b>  |
| 7b        | Regulatory adjustment                     | 2,067        | 10,713        | -     | -     | -     | 12,780        |
| <b>8</b>  | <b>RWA as at 30 June 2022</b>             | <b>2,766</b> | <b>14,624</b> | -     | -     | -     | <b>17,390</b> |

\* Movements as a result of changes in positions and risk levels.

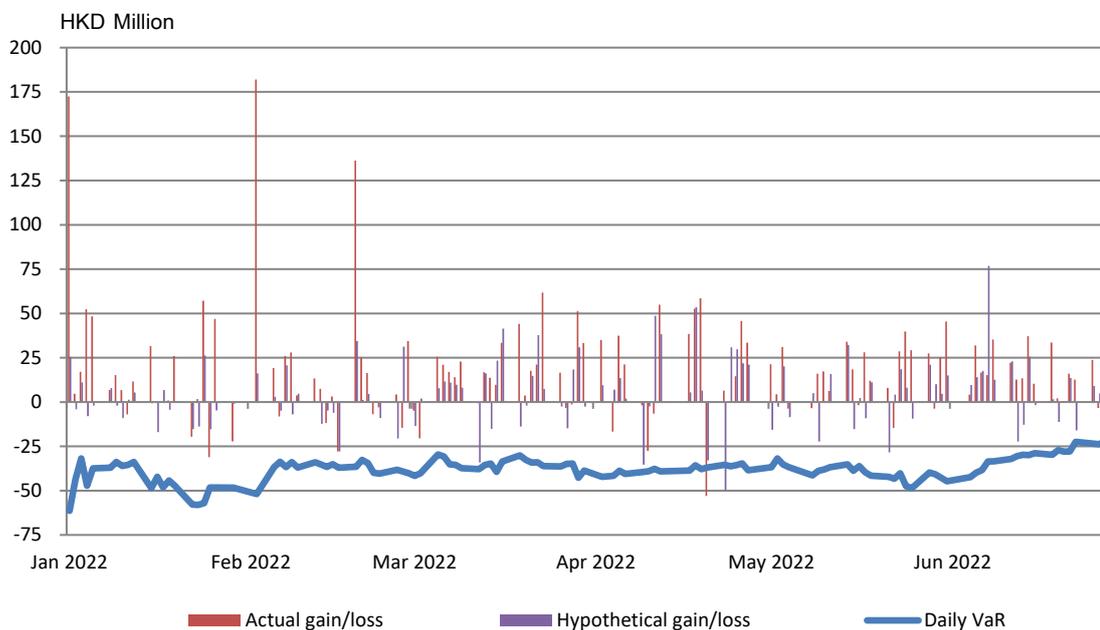
## 9. Market risk (continued)

### MR3: IMM approach values for market risk exposures

|  |               | (a)   |
|--|---------------|-------|
|  |               | HK\$m |
| <b>VaR (10 days – one-tailed 99% confidence interval)</b>          |               |       |
| 1  | Maximum Value | 134   |
| 2  | Average Value | 80    |
| 3  | Minimum Value | 46    |
| 4  | Period End    | 56    |
| <b>Stressed VaR (10 days – one-tailed 99% confidence interval)</b> |               |       |
| 5  | Maximum Value | 678   |
| 6  | Average Value | 415   |
| 7  | Minimum Value | 262   |
| 8  | Period End    | 313   |
| <b>Incremental risk charge (IRC) (99.9% confidence interval)</b>   |               |       |
| 9  | Maximum Value | -     |
| 10   | Average Value | -     |
| 11   | Minimum Value | -     |
| 12   | Period End    | -     |
| <b>Comprehensive risk charge (CRC) (99.9% confidence interval)</b> |               |       |
| 13   | Maximum Value | -     |
| 14   | Average Value | -     |
| 15   | Minimum Value | -     |
| 16   | Period End    | -     |
| 17   | Floor         | -     |

## 9. Market risk (continued)

### MR4: Comparison of VaR estimates with gains or losses



Regulatory VaR and stressed VaR for determining market risk capital requirements are calculated at a 99% confidence level for a 10-day holding period. The stressed VaR uses the same methodology as the VaR model and is generated with inputs calibrated to the historical market data from a continuous 12-month period of significant financial stress relevant to the Group's portfolio.

The Group adopts a regulatory VaR model, using a historical simulation approach and two years of historical data, to capture general interest rate and foreign exchange risks over a 10-day holding period with a 99% confidence level. The Group adopts back-testing to measure the accuracy of VaR model results. Actual and hypothetical P&L are compared against the corresponding 99% one-day regulatory VaR. The numbers of exception over the recent 250 business days (Actual or hypothetical P&L exceeds the VaR) determines the value of VaR multiplication factor.

Actual P&Ls are the P&Ls in respect to trading activities within the scope of regulatory VaR model, which includes intraday P&Ls; excludes commissions, fees and reserves. Hypothetical P&Ls are the hypothetical changes in portfolio value assuming unchanged end-of-day position.

One exception was noted in actual P&L back-testing on 22 April (excess amount: HK\$16 million); one exception was noted in hypothetical P&L back-testing on 25 April (excess amount: HK\$14 million) in the first-half of 2022. Those exceptions were both driven by unexpected market movements.