Regulatory Disclosures

31 March 2018

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The information contained in this Regulatory Disclosures has not been audited.

1. Key ratio

Capital ratio

	At 31 March 2018 HK$'m
Total risk-weighted assets	1,087,903
CET1 capital	174,287
CET1 capital ratio (as a percentage of risk-weighted assets)	**16.02%**
Tier 1 capital	174,287
Tier 1 capital ratio (as a percentage of risk-weighted assets)	**16.02%**
Total capital	210,552
Total capital ratio (as a percentage of risk-weighted assets)	**19.35%**

Leverage ratio

	At 31 March 2018 HK$'m
Tier 1 capital	174,287
Leverage ratio exposure	2,637,364
Leverage ratio	**6.61%**

2. Overview of RWA

OV1: Overview of RWA

		RWA		Minimum capital requirements
		At 31 March 2018	At 31 December 2017	At 31 March 2018
		HK$'m	HK$'m	HK$'m
1	Credit risk for non-securitization exposures	942,007	894,857	79,435
2	Of which STC approach	93,131	94,858	7,450
2a	Of which BSC approach	-	-	-
3	Of which IRB approach	848,876	799,999	71,985
4	Counterparty credit risk	20,062	16,203	1,656
5	Of which SA-CCR	-	-	-
5a	Of which CEM	11,244	9,256	947
6	Of which IMM(CCR) approach	-	-	-
7	Equity exposures in banking book under the market-based approach	-	-	-
8	CIS exposures – LTA	-	-	-
9	CIS exposures – MBA	-	-	-
10	CIS exposures – FBA	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which SEC-IRBA	-	-	-
14	Of which SEC-ERBA	-	-	-
15	Of which SEC-SA	-	-	-
15a	Of which SEC-FBA	-	-	-
16	Market risk	17,800	17,131	1,424
17	Of which STM approach	4,766	3,787	381
18	Of which IMM approach	13,034	13,344	1,043
19	Operational risk	79,495	75,514	6,359
20	Of which BIA approach	-	-	-
21	Of which STO approach	79,495	75,514	6,359
21a	Of which ASA approach	-	-	-
22	Of which AMA approach	N/A	N/A	N/A
23	Amounts below the thresholds for deduction (subject to 250% RW)	3,895	3,836	312
24	Capital floor adjustment	-	-	-
24a	Deduction to RWA	26,931	26,899	2,154
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	225	193	18
24c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	26,706	26,706	2,136
25	**Total**	**1,036,328**	**980,642**	**87,032**

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%.

3. Credit risk for non-securitization exposures

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

		HK$'m
1	**RWA as at 31 December 2017**	**799,999**
2	Asset size	36,333
3	Asset quality	8,409
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	4,135
8	Other	-
9	**RWA as at 31 March 2018**	**848,876**

4. Counterparty credit risk

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 31 March 2018.

5. Market risk

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

		VaR	Stressed VaR	IRC	CRC	Other	Total RWA
		HK$'m	HK$'m	HK$'m	HK$'m	HK$'m	HK$'m
1	**RWA as at 31 December 2017**	**3,801**	**9,543**	**-**	**-**	**-**	**13,344**
1a	*Regulatory adjustment*	*(2,658)*	*(6,494)*	-	-	-	*(9,152)*
1b	***RWA as at day-end of 31 December 2017***	***1,143***	***3,049***	**-**	**-**	**-**	***4,192***
2	Movement in risk levels*	356	282	-	-	-	638
3	Model updates/changes	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-
5	Acquisitions and disposals	(8)	(8)	-	-	-	(16)
6	Foreign exchange movements	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
7a	***RWA as at day-end of 31 March 2018***	***1,491***	***3,323***	**-**	**-**	**-**	***4,814***
7b	*Regulatory adjustment*	*2,044*	*6,176*	-	-	-	*8,220*
8	**RWA as at 31 March 2018**	**3,535**	**9,499**	**-**	**-**	**-**	**13,034**

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