

Regulatory Disclosures

30 June 2022



集友銀行
Chiyu Banking Corporation Ltd.

CONTENTS	PAGE
1. Basis of reporting	1
2. Key prudential ratios, overview of risk management and RWA	2
KM1: Key prudential ratios	2
OV1: Overview of RWA	3
3. Composition of regulatory capital	4
CC1: Composition of regulatory capital	4
CC2: Reconciliation of regulatory capital to balance sheet	11
CCA: Main features of regulatory capital instruments	12
4. Macroprudential supervisory measures	15
CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer	15
5. Leverage ratio	16
LR1: Summary comparison of accounting assets against leverage ratio exposure measure	16
LR2: Leverage ratio	17
6. Liquidity	18
LIQ1: Liquidity Coverage Ratio	18
LIQ2: Net Stable Funding Ratio	20
7. Credit risk for non-securitization exposures	23
CR1: Credit quality of exposures	23
CR2: Changes in defaulted loans and debt securities	23
CR3: Overview of recognized credit risk mitigation	23
CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach	24
CR5: Credit risk exposures by asset classes and by risk weights – for STC approach	25

CONTENTS	PAGE
8. Counterparty credit risk	26
CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches	26
CCR2: CVA capital charge	26
CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach	27
CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)	28
CCR6: Credit-related derivatives contracts	28
CCR7: RWA flow statements of default risk exposures under IMM (CCR) approach	28
CCR8: Exposures to CCPs	28
9. Securitization exposures	29
SEC1: Securitization exposures in banking book	29
SEC2: Securitization exposures in trading book	29
SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator	29
SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor	29
10. Market risk	30
MR1: Market risk under STM approach	30
MR2: RWA flow statements of market risk exposures under IMM approach	30
MR3: IMM approach values for market risk exposures	30
MR4: Comparison of VaR estimates with gains or losses	30



1. Basis of reporting

Liquidity Coverage Ratio (LCR):

The average value of liquidity coverage ratio is computed on the consolidated basis which comprises the positions of local offices, overseas branches and subsidiaries of the Bank specified by the Hong Kong Monetary Authority ("HKMA") for its regulatory purposes and in accordance with the Banking (Liquidity) Rules.

Net Stable Funding Ratio (NSFR):

The net stable funding ratio is computed on the consolidated basis which comprises the positions of local offices, overseas branches and subsidiaries of the Bank specified by the HKMA for its regulatory purposes and in accordance with the Banking (Liquidity) Rules.

Capital Adequacy Ratio (CAR):

Total capital ratio is computed on the consolidated basis which comprises the positions of local offices, overseas branches and designated subsidiaries of the Bank specified by the HKMA for its regulatory purposes and in accordance with the Banking (Capital) Rules.



2. Key prudential ratios, overview of risk management and RWA

KM1: Key prudential ratios

		At 30 June 2022	At 31 March 2022	At 31 December 2021	At 30 September 2021	At 30 June 2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	14,055,365	14,851,212	14,978,719	14,943,080	14,593,819
2	Tier 1	15,850,155	16,788,924	16,916,431	16,880,792	16,531,531
3	Total capital	18,631,387	18,154,594	18,255,708	18,213,214	17,845,391
	RWA (amount)					
4	Total RWA	100,994,265	103,747,087	102,272,996	101,872,809	100,270,528
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.92	14.31	14.65	14.67	14.55
6	Tier 1 ratio (%)	15.69	16.18	16.54	16.57	16.49
7	Total capital ratio (%)	18.45	17.50	17.85	17.88	17.80
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500	2.500	2.500	2.500	2.500
9	Countercyclical capital buffer requirement (%)	0.630	0.620	0.638	0.638	0.642
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.130	3.120	3.138	3.138	3.142
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.417	9.131	9.455	9.476	9.365
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	182,248,504	183,540,491	178,120,231	162,730,134	164,438,630
14	LR (%)	8.70	9.15	9.50	10.37	10.05
	Liquidity Coverage Ratio (LCR)					
15	Total high quality liquid assets (HQLA)	24,293,818	26,111,799	25,851,439	24,434,765	23,922,987
16	Total net cash outflows	12,457,173	14,304,595	15,080,650	13,479,302	12,054,244
17	LCR (%)	197.00	184.03	172.44	183.26	200.15
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	108,585,632	106,582,758	105,943,387	104,670,478	108,473,852
19	Total required stable funding	90,501,375	88,628,340	85,859,285	82,145,109	80,608,107
20	NSFR (%)	119.98	120.26	123.39	127.42	134.57

2. Key prudential ratios, overview of risk management and RWA (continued)

OV1: Overview of RWA

		RWA		Minimum capital requirements
		At 30 June 2022	At 31 March 2022	At 30 June 2022
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	95,518,372	98,056,885	7,641,470
2	Of which STC approach	95,518,372	98,056,885	7,641,470
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	237,438	239,237	18,995
7	Of which SA-CCR approach	167,749	166,682	13,420
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	69,689	72,555	5,575
10	CVA risk	59,525	48,200	4,762
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	392,650	630,625	31,412
21	Of which STM approach	392,650	630,625	31,412
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	Not applicable	Not applicable	Not applicable
24	Operational risk	4,665,700	4,658,550	373,256
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	904,500	904,500	72,360
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	783,920	790,910	62,714
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	783,920	790,910	62,714
27	Total	100,994,265	103,747,087	8,079,541



3. Composition of regulatory capital

CC1: Composition of regulatory capital

		At 30 June 2022	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	6,577,871	(4)
2	Retained earnings	8,734,469	(9)
3	Disclosed reserves	580,394	(5)+(6)+(7)+(8)
4	Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	CET1 capital before regulatory adjustments	15,892,734	
CET1 capital: regulatory deductions			
7	Valuation adjustments	5,707	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	100,500	(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	41	(1) + (3)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	95,990	
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



3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 30 June 2022	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
CET1 capital: regulatory deductions (continued)			
26	National specific regulatory adjustments applied to CET1 capital	1,635,131	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	1,425,310	(5) + (10)
26b	Regulatory reserve for general banking risks	209,821	(7)
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)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	Total regulatory deductions to CET1 capital	1,837,369	
29	CET1 capital	14,055,365	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	1,937,712	(11)
31	of which: classified as equity under applicable accounting standards	1,937,712	
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	of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements	-	
36	AT1 capital before regulatory deductions	1,937,712	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	142,922	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	1,794,790	
45	Tier 1 capital (T1 = CET1 + AT1)	15,850,155	

3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 30 June 2022	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	1,560,074	(12)
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	705,937	
51	Tier 2 capital before regulatory deductions	2,266,011	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	126,169	
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	(641,390)	
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	(641,390)	[(5) + (10)]*45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	Total regulatory adjustments to Tier 2 capital	(515,221)	
58	Tier 2 capital (T2)	2,781,232	
59	Total regulatory capital (TC = T1 + T2)	18,631,387	
60	Total RWA	100,994,265	



3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 30 June 2022	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	13.92%	
62	Tier 1 capital ratio	15.69%	
63	Total capital ratio	18.45%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.130%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.630%	
67	of which: higher loss absorbency requirement	-	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	9.417%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	1,413,608	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	361,800	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	705,937	
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	1,208,254	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	



3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 30 June 2022	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 capital instruments subject to phase-out arrangements	Not applicable	Not applicable
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable	Not applicable
82	Current cap on AT1 capital instruments subject to phase-out arrangements	-	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on Tier 2 capital instruments subject to phase-out arrangements	-	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	-	



3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
9	Other intangible assets (net of associated deferred tax liabilities)	-	-
	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	Deferred tax assets (net of associated deferred tax liabilities)	100,500	-
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be 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..		
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)	95,990	-
	<u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		



3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach..		
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)	142,922	-
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
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)	126,169	-
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
Remarks: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

3. Composition of regulatory capital (continued)

CC2: Reconciliation of regulatory capital to balance sheet

	At 30 June 2022		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	HK\$'000	HK\$'000	
Assets			
Cash and balances with banks and other financial institutions	30,585,284	30,393,096	
Placements with banks and other financial institutions maturing between one and twelve months	564,007	564,007	
Derivative financial instruments	120,294	120,294	
<i>of which: debit valuation adjustments in respect of derivative contracts</i>	-	2	(1)
Advances to customers and trade bills	85,815,293	85,815,293	
Investment in securities	60,361,662	60,101,664	
Investment in subsidiaries	-	373,777	
Amount due from subsidiaries	-	9,826	
Investment properties	149,180	149,180	
Properties, plant and equipment	2,019,356	2,004,796	
Current tax assets	6,937	-	
Deferred tax assets	104,809	100,500	(2)
Other assets	1,088,133	1,081,418	
Total assets	180,814,955	180,713,851	
Liabilities			
Deposits and balances from banks and other financial institutions	22,756,206	22,628,528	
Derivative financial instruments	65,227	65,227	
<i>of which: debit valuation adjustments in respect of derivative contracts</i>	-	(39)	(3)
Deposits from customers	135,952,325	135,996,281	
Other accounts and provisions	2,332,970	2,321,292	
Current tax liabilities	213,789	209,896	
Deferred tax liabilities	81,222	81,056	
Subordinated liabilities	1,581,125	1,581,125	
<i>of which: included in Tier 2 capital</i>	-	1,560,074	(12)
Total liabilities	162,982,864	162,883,405	
Shareholders' equity			
Share capital	6,577,871	6,577,871	(4)
Reserves	9,393,810	9,314,863	
Premises revaluation reserve	1,217,543	1,217,543	(5)
Fair value reserve	(889,593)	(889,593)	(6)
Regulatory reserve	209,821	209,821	(7)
Translation reserve	44,273	42,623	(8)
Retained earnings	8,734,464	8,734,469	(9)
<i>of which: cumulative fair value gains arising from the revaluation of investment properties</i>	-	207,767	(10)
Additional equity instruments	1,937,712	1,937,712	(11)
Total equity	17,832,091	17,830,446	
Total liabilities and equity	180,814,955	180,713,851	

3. Composition of regulatory capital (continued)

CCA: Main features of regulatory capital instruments

		CET1 Capital Ordinary shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
1	Issuer	Chiyu Banking Corporation Limited	Chiyu Banking Corporation Limited	Chiyu Banking Corporation Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	XS1720307344	XS2460522555
3	Governing law(s) of the instrument	Hong Kong law	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law
	<i>Regulatory treatment</i>			
4	Transitional Basel III rules ¹	Not applicable	Not applicable	Not applicable
5	Post-transitional Basel III rules ²	Common Equity Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo / group / solo and group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 capital instruments	Subordinated Tier 2 Bonds
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$6,578m (as of 30 June 2022)	HK\$1,938m (as of 30 June 2022)	HK\$1,560m (as of 30 June 2022)
9	Par value of instrument	No par value (refer to Note 1 for details)	US\$250m	US\$200m
10	Accounting classification	Shareholders' equity	Equity instruments	Liability – amortised cost
11	Original date of issuance	10 July 1947 (refer to Note 2 for details)	29 November 2017	7 April 2022
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	Not applicable	7 April 2032
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable	First call date: 29 November 2022 (Redemption in whole at 100%)	First call date: 4 April 2027 (Redemption in whole at 100%)
16	Subsequent call dates, if applicable	Not applicable	Any distribution payment date thereafter	Any Interest Payment Date thereafter
	<i>Dividend / coupon</i>			
17	Fixed or floating dividend / coupon	Floating	Fixed	Fixed

¹ Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.

² Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

3. Composition of regulatory capital (continued)

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
18	Coupon rate and any related index	Not applicable	Year 1-5: 5.25% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury rate plus a fixed initial spread	Year 1 - 5: 5.75% per annum payable semi-annually in arrear; Year 5 onwards: resets on year 5 at the then-prevailing 5-year U.S. Treasury rate plus a fixed initial spread
19	Existence of a dividend stopper	No	Yes	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step-up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	Noncumulative	Noncumulative	Not applicable
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable	Not applicable
30	Write-down feature	No	Yes	Yes
31	If write-down, write-down trigger(s)	Not applicable	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	Not applicable	Full or Partial	Full or Partial
33	If write-down, permanent or temporary	Not applicable	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	Not Applicable	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Not applicable	All unsubordinated creditors of the bank (including its depositors), creditors in respect of Tier 2 capital securities of the bank, and all other subordinated creditors of the bank whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract	All unsubordinated creditors of the bank (including its depositors), and all other subordinated creditors of the bank whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract

3. Composition of regulatory capital (continued)

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated notes
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not Applicable	Not Applicable

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

Note 2:

- Several issuance of ordinary share had been made since the first issuance. Last issuance was on 28 December 2020.
- 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.



4. Macroprudential supervisory measures

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

	Geographical breakdown by Jurisdiction (J)	At 30 June 2022			
		Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		%	HK\$'000	%	HK\$'000
1	Hong Kong SAR	1.000%	46,852,434		
	Sum		46,852,434		
	Total		74,399,970	0.630%	636,264

The sum of RWAs represents the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.

The total RWAs used in the computation of the CCyB ratio represents the total RWAs for the private sector credit exposures in all jurisdictions to which the Group is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero. The CCyB amount represents the Group's total RWAs multiplied by the Group's specific CCyB ratio.

5. Leverage ratio

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

	Item	At 30 June 2022
		Value under the LR framework
		HK\$'000
1	Total consolidated assets as per published financial statements	180,814,955
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(101,104)
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	281,048
5	Adjustment for SFTs (i.e. repos and similar secured lending)	177,374
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	3,064,099
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(7,616)
7	Other adjustments	(1,980,252)
8	Leverage ratio exposure measure	182,248,504

5. Leverage ratio (continued)

LR2: Leverage ratio

		At 30 June 2022	At 31 March 2022
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	171,523,754	172,354,767
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,980,252)	(1,839,334)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	169,543,502	170,515,433
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	63,056	5,939
5	Add-on amounts for PFE associated with all derivative contracts	338,286	327,094
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	-	(14,094)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	Total exposures arising from derivative contracts	401,342	318,939
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	9,895,885	10,618,596
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	177,374	172,773
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	10,073,259	10,791,369
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	17,938,944	16,018,787
18	Less: Adjustments for conversion to credit equivalent amounts	(14,874,845)	(13,520,290)
19	Off-balance sheet items	3,064,099	2,498,497
Capital and total exposures			
20	Tier 1 capital	15,850,155	16,788,924
20a	Total exposures before adjustments for specific and collective provisions	183,082,202	184,124,238
20b	Adjustments for specific and collective provisions	(833,698)	(583,747)
21	Total exposures after adjustments for specific and collective provisions	182,248,504	183,540,491
Leverage ratio			
22	Leverage ratio	8.70%	9.15%

6. Liquidity

LIQ1: Liquidity Coverage Ratio

Number of data points used in calculating the average value of the LCR and related components set out in this template		For the quarter ended 30 June 2022: 71 data points		For the quarter ended 31 March 2022: 73 data points	
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)	Unweighted value (average)	Weighted value (average)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
A. HQLA					
1	Total HQLA		24,293,818		26,111,799
B. Cash outflows					
2	Retail deposits and small business funding, of which:	73,711,395	4,590,183	74,702,381	4,701,053
3	<i>Stable retail deposits and stable small business funding</i>	13,370,279	401,108	14,079,144	422,374
4	<i>Less stable retail deposits and less stable small business funding</i>	23,390,280	2,339,028	24,896,388	2,489,639
4a	<i>Retail term deposits and small business term funding</i>	36,950,836	1,850,047	35,726,849	1,789,040
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	35,053,025	25,528,900	36,256,242	27,208,720
6	<i>Operational deposits</i>	3,780,210	901,584	3,849,258	916,803
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	31,272,815	24,627,316	32,406,984	26,291,917
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)		-		-
10	Additional requirements, of which:	14,762,467	2,838,060	14,026,558	2,595,543
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	189,156	189,156	230,204	230,204
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>	14,573,311	2,648,904	13,796,354	2,365,339
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,221,641	2,221,641	2,032,156	2,032,156
15	Other contingent funding obligations (whether contractual or non-contractual)	2,000,936	78,821	1,944,231	75,304
16	Total Cash Outflows		35,257,605		36,612,776
C. Cash Inflows					
17	Secured lending transactions (including securities swap transactions)	30,311	30,311	13,364	13,364
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	25,115,217	20,995,175	23,418,511	20,051,191
19	Other cash inflows	1,787,397	1,787,397	2,243,626	2,243,626
20	Total Cash Inflows	26,932,926	22,812,884	25,675,501	22,308,181
D. Liquidity Coverage Ratio					
21	Total HQLA		24,293,818		26,111,799
22	Total Net Cash Outflows		12,457,173		14,304,595
23	LCR (%)		197.00%		184.03%

6. Liquidity (continued)

LIQ1: Liquidity Coverage Ratio (continued)

Notes:

- The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.
- The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.
- The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.
- The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

In the first half of 2022, the Group has maintained a healthy liquidity position. The LCR was sensitive to the asset deployment and the funding structure of the Group. The average LCR of the first and second quarter were 184.03% and 197.00% respectively. The ratio has maintained at stable and healthy levels.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks and non-financial corporate debt securities. In the first half of 2022, the majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposit which are the Group's primary source of funds, together with deposit and balance from bank and other financial institution. To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, were minimal to the LCR.

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



6. Liquidity (continued)

LIQ2: Net Stable Funding Ratio

Basis of disclosure: consolidated		At 30 June 2022				
		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	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A. Available stable funding ("ASF") item						
1	Capital:	17,830,446	-	-	-	17,830,446
2	Regulatory capital	17,830,446	-	-	-	17,830,446
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	64,478,564	9,147,334	161,560	67,380,885
5	Stable deposits	-	17,816,653	1,303,668	32,015	18,196,320
6	Less stable deposits	-	46,661,911	7,843,666	129,545	49,184,565
7	Wholesale funding:	-	75,143,649	6,637,318	3,012,424	21,314,906
8	Operational deposits	-	5,838,092	-	-	2,919,046
9	Other wholesale funding	-	69,305,557	6,637,318	3,012,424	18,395,860
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	1,661,035	1,428,650	-	1,560,074	2,059,395
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	1,661,035	1,428,650	-	1,560,074	2,059,395
14	Total ASF					108,585,632
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				40,636,084	2,812,471
16	Deposits held at other financial institutions for operational purposes	-	592,983	-	-	296,492
17	Performing loans and securities:	12,216,895	42,600,251	22,558,459	55,526,032	80,492,911
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	44	25,405,080	3,394,914	4,654,889	10,163,152
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:	11,070,806	12,922,005	11,305,764	27,816,639	45,082,249
21	With a risk-weight of less than or equal to 35% under the STC approach	-	875	-	429,825	279,824
22	Performing residential mortgages, of which:	-	146,942	144,470	6,950,908	4,665,548
23	With a risk-weight of less than or equal to 35% under the STC approach	-	146,438	144,064	6,942,149	4,657,648
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	1,146,045	4,126,224	7,713,311	16,103,596	20,581,962
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	5,864,780	949,408	14,136	23,148	6,239,629
27	Physical traded commodities, including gold	65,250	-	-	-	65,250
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	Net derivative assets	44,476	-	-	-	44,476
30	Total derivative liabilities before adjustments for deduction of variation margin posted	32,876	-	-	-	1,644
31	All other assets not included in the above categories	5,722,178	949,408	14,136	23,148	6,128,259
32	Off-balance sheet items	-	-	-	17,938,943	659,872
33	Total RSF					90,501,375
34	Net Stable Funding Ratio (%)					119.98%



6. Liquidity (continued)

LIQ2: Net Stable Funding Ratio (continued)

Basis of disclosure: consolidated		At 31 March 2022				
		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	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A. Available stable funding ("ASF") item						
1	Capital:	18,628,265	-	-	-	18,628,265
2	Regulatory capital	18,628,265	-	-	-	18,628,265
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	71,478,647	2,041,319	44,755	67,178,483
5	Stable deposits	-	19,060,406	254,769	8,161	18,357,577
6	Less stable deposits	-	52,418,241	1,786,550	36,594	48,820,906
7	Wholesale funding:	-	76,227,610	6,299,518	2,386,920	20,394,694
8	Operational deposits	-	5,264,774	-	-	2,632,387
9	Other wholesale funding	-	70,962,836	6,299,518	2,386,920	17,762,307
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	1,467,685	5,063,084	-	-	381,316
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	1,467,685	5,063,084	-	-	381,316
14	Total ASF					106,582,758
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				40,748,762	2,895,403
16	Deposits held at other financial institutions for operational purposes	-	326,223	-	-	163,112
17	Performing loans and securities:	11,510,221	51,414,799	21,861,682	50,962,301	78,820,118
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1	28,532,145	2,967,352	2,730,614	8,494,113
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:	10,537,160	15,142,428	12,774,086	26,595,105	45,434,911
21	With a risk-weight of less than or equal to 35% under the STC approach	-	2,127	-	428,862	279,824
22	Performing residential mortgages, of which:	-	140,103	139,430	6,295,639	4,233,722
23	With a risk-weight of less than or equal to 35% under the STC approach	-	139,552	139,002	6,286,688	4,225,624
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	973,060	7,600,123	5,980,814	15,340,943	20,657,372
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	6,024,068	737,695	17,070	20,987	6,180,090
27	Physical traded commodities, including gold	64,384	-	-	-	64,384
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
29	Net derivative assets	39,491	-	-	-	39,491
30	Total derivative liabilities before adjustments for deduction of variation margin posted	53,857	-	-	-	2,693
31	All other assets not included in the above categories	5,866,336	737,695	17,070	20,987	6,073,522
32	Off-balance sheet items	-	-	-	16,018,785	569,617
33	Total RSF					88,628,340
34	Net Stable Funding Ratio (%)					120.26%



6. Liquidity (continued)

LIQ2: Net Stable Funding Ratio (continued)

Notes:

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

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

The NSFR of the group remained robust and well above the regulatory requirement of 100%. The NSFR of the first quarter and the second quarter of 2022 were 120.26% and 119.98% respectively. The weighted amount of ASF items mainly consists of retail deposits. The weighted amount of RSF items mainly consists of loans to customers and investments in debt securities.

7. Credit risk for non-securitization exposures

CR1: Credit quality of exposures

		At 30 June 2022						
		Gross carrying amounts of		Allowances / Impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	212,541	116,910,357	815,298	337,183	478,115	-	116,307,600
2	Debt securities	202,478	58,201,119	7,250	-	7,250	-	58,396,347
3	Off-balance sheet exposures	-	17,938,944	7,616	-	7,616	-	17,931,328
4	Total	415,019	193,050,420	830,164	337,183	492,981	-	192,635,275

"Defaulted exposures" are defined as the exposures are past due for more than 90 days or the borrower is unlikely to pay in full for the credit obligations.

CR2: Changes in defaulted loans and debt securities

	HK\$'000
1 Defaulted loans and debt securities as at 31 December 2021	257,672
2 Loans and debt securities that have defaulted since the last reporting period	170,091
3 Returned to non-defaulted status	-
4 Amounts written off	(45)
5 Other changes	(12,699)
6 Defaulted loans and debt securities as at 30 June 2022	415,019

CR3: Overview of recognized credit risk mitigation

		At 30 June 2022				
		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\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	100,049,656	16,257,944	12,466,469	3,791,475	-
2	Debt securities	56,929,503	1,466,844	-	1,466,844	-
3	Total	156,979,159	17,724,788	12,466,469	5,258,319	-
4	Of which defaulted	77,836	-	-	-	-

7. Credit risk for non-securitization exposures (continued)

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

	Exposure classes	At 30 June 2022					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
1	Sovereign exposures	29,257,284	-	29,258,596	-	344,259	1.18
2	PSE exposures	2,816,882	430,000	3,131,396	215,000	742,741	22.20
2a	Of which: domestic PSEs	2,456,561	430,000	2,771,075	215,000	597,215	20.00
2b	Of which: foreign PSEs	360,321	-	360,321	-	145,526	40.39
3	Multilateral development bank exposures	689,070	-	689,070	-	-	0.00
4	Bank exposures	46,786,225	-	47,100,029	-	17,319,174	36.77
5	Securities firm exposures	3,309,996	1,721,137	4,576,232	-	2,288,116	50.00
6	Corporate exposures	71,468,007	12,363,608	58,377,317	1,436,512	57,635,871	96.36
7	CIS exposures	-	-	-	-	-	-
8	Cash items	296,402	-	296,402	-	-	-
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	8,882,795	2,384,709	8,821,131	12,883	6,625,510	75.00
11	Residential mortgage loans	7,357,234	-	7,044,449	-	2,529,250	35.90
12	Other exposures which are not past due exposures	7,974,968	1,039,490	7,547,656	-	7,547,655	100.00
13	Past due exposures	323,864	-	323,864	-	485,796	150.00
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	Total	179,162,727	17,938,944	167,166,142	1,664,395	95,518,372	56.58

7. Credit risk for non-securitization exposures (continued)

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

	Exposure class	Risk Weight	At 30 June 2022									
			0%	10%	20%	35%	50%	75%	100%	150%	250%	Others
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Sovereign exposures		27,537,301	-	1,721,295	-	-	-	-	-	-	-
2	PSE exposures		69,270	-	2,986,075	-	291,051	-	-	-	-	-
2a	Of which: domestic PSEs		-	-	2,986,075	-	-	-	-	-	-	-
2b	Of which: foreign PSEs		69,270	-	-	-	291,051	-	-	-	-	-
3	Multilateral development bank exposures		689,070	-	-	-	-	-	-	-	-	-
4	Bank exposures		-	-	21,370,324	-	25,369,194	-	360,511	-	-	-
5	Securities firm exposures		-	-	-	-	4,576,232	-	-	-	-	-
6	Corporate exposures		-	-	1,013	-	6,940,364	-	50,286,384	2,586,068	-	-
7	CIS exposures		-	-	-	-	-	-	-	-	-	-
8	Cash items		296,402	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	8,834,014	-	-	-	-
11	Residential mortgage loans		-	-	-	6,924,540	9,680	37,631	72,598	-	-	-
12	Other exposures which are not past due exposures		-	-	-	-	-	-	7,547,656	-	-	-
13	Past due exposures		-	-	-	-	-	-	-	323,864	-	-
14	Significant exposures to commercial entities		-	-	-	-	-	-	-	-	-	-
15	Total		28,592,043	-	26,078,707	6,924,540	37,186,521	8,871,645	58,267,149	2,909,932	-	-



8. Counterparty credit risk

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

		At 30 June 2022					
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1	SA-CCR approach (for derivative contracts)	45,040	231,848		1.4	387,643	167,749
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					348,447	69,689
5	VaR (for SFTs)					-	-
6	Total						237,438

CCR2: CVA capital charge

		At 30 June 2022	
		EAD post CRM	RWA
		HK\$'000	HK\$'000
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	387,659	59,525
4	Total	387,659	59,525

8. Counterparty credit risk (continued)

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

	Exposure class	Risk Weight	At 30 June 2022										Total default risk exposure after CRM
			0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Sovereign exposures		-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures		-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs		-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs		-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures		-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures		-	-	620,448	-	4,439	-	103,076	-	-	-	727,963
5	Securities firm exposures		-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures		-	-	-	-	-	-	7,831	-	-	-	7,831
7	CIS exposures		-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures		-	-	-	-	-	296	-	-	-	-	296
9	Residential mortgage loans		-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures		-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities		-	-	-	-	-	-	-	-	-	-	-
12	Total		-	-	620,448	-	4,439	296	110,907	-	-	-	736,090

8. 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					
	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\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash	-	85,985	-	-	9,663,916	233,645
Domestic sovereign debt	-	-	-	-	-	4,997,399
Other sovereign debt	-	-	-	-	235,309	4,262,092
Other bonds	-	-	-	-	-	750,272
Total	-	85,985	-	-	9,899,225	10,243,408

CCR6: Credit-related derivatives contracts

The Group had no exposures of Credit-related derivatives contracts as at 30 June 2022.

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.

CCR8: Exposures to CCPs

The Group had no exposures to CCP as at 30 June 2022.



9. Securitization exposures

SEC1: Securitization exposures in banking book

There were no securitization exposures in the banking book as at 30 June 2022.

SEC2: Securitization exposures in trading book

There were no securitization exposures 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 were no securitization exposures 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 were no securitization exposures in the banking book and the associated capital requirements where the Group acts as an investor as at 30 June 2022.

10. Market risk

MR1: Market risk under STM approach

		At 30 June 2022
		RWA
		HK\$'000
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	137,775
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	254,875
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	Total	392,650

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

There were no market risk exposures under the IMM approach as at 30 June 2022.

MR3: IMM approach values for market risk exposures

There were no market risk exposures under the IMM approach as at 30 June 2022.

MR4: Comparison of VaR estimates with gains or losses

There were no market risk exposures under the IMM approach as at 30 June 2022.