

Regulatory Disclosures

30 June 2024



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 2024	At 31 March 2024	At 31 December 2023	At 30 September 2023	At 30 June 2023
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	14,864,799	15,071,883	14,837,955	14,603,639	14,499,780
2	Tier 1	16,422,611	16,629,695	16,395,767	16,137,962	15,992,123
3	Total capital	19,278,730	19,517,145	19,046,445	18,837,488	18,457,862
	RWA (amount)					
4	Total RWA	106,388,317	105,156,332	106,947,215	110,470,001	110,152,975
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.97	14.33	13.87	13.22	13.16
6	Tier 1 ratio (%)	15.44	15.81	15.33	14.61	14.52
7	Total capital ratio (%)	18.12	18.56	17.81	17.05	16.76
	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 (%)	0.648	0.649	0.648	0.647	0.670
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.148	3.149	3.148	3.147	3.170
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.437	9.814	9.331	8.609	8.518
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	185,435,988	178,296,314	186,069,687	182,307,029	187,132,084
14	LR (%)	8.86%	9.33	8.81	8.85	8.55
	Liquidity Coverage Ratio (LCR)					
15	Total high quality liquid assets (HQLA)	22,798,890	22,496,568	22,438,340	30,291,645	30,892,853
16	Total net cash outflows	11,331,626	12,309,630	12,593,596	15,908,878	17,621,574
17	LCR (%)	204.63	187.28	179.21	191.52	176.10
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	129,346,012	126,477,681	122,445,100	119,810,966	122,177,340
19	Total required stable funding	99,397,876	98,322,939	98,941,798	99,058,129	97,665,326
20	NSFR (%)	130.13	128.63	123.75	120.95	125.10

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

OV1: Overview of RWA

		RWA		Minimum capital requirements
		At 30 June 2024	At 31 March 2024	At 30 June 2024
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	99,685,574	98,365,775	7,974,846
2	Of which STC approach	99,685,574	98,365,775	7,974,846
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	373,972	301,035	29,918
7	Of which SA-CCR approach	354,949	248,708	28,396
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	19,023	52,327	1,522
10	CVA risk	104,613	77,575	8,369
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	-	-	-
13	CIS exposures – MBA*	-	-	-
14	CIS exposures – FBA*	-	-	-
14a	CIS exposures – combination of approaches*	-	-	-
15	Settlement risk	57	-	5
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	1,394,250	1,634,913	111,540
21	Of which STM approach	1,394,250	1,634,913	111,540
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	5,007,725	4,996,288	400,618
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	530,883	519,553	42,471
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	708,757	738,807	56,701
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	708,757	738,807	56,701
27	Total	106,388,317	105,156,332	8,511,066

3. Composition of regulatory capital

CC1: Composition of regulatory capital

		At 30 June 2024	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	6,577,871	(4)
2	Retained earnings	8,871,777	(9)
3	Disclosed reserves	1,060,286	(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	16,509,934	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	10,708	
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)	39,659	(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	13	(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)	-	
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 2024	
		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	1,594,755	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	1,288,650	(5) + (10)
26b	Regulatory reserve for general banking risks	306,105	(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	1,645,135	
29	CET1 capital	14,864,799	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	1,557,812	(11)
31	of which: classified as equity under applicable accounting standards	1,557,812	
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	1,557,812	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	1,557,812	
45	Tier 1 capital (T1 = CET1 + AT1)	16,422,611	

3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 30 June 2024	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	1,554,306	(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	721,920	
51	Tier 2 capital before regulatory deductions	2,276,226	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(579,893)	
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	(579,893)	[(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	(579,893)	
58	Tier 2 capital (T2)	2,856,119	
59	Total regulatory capital (TC = T1 + T2)	19,278,730	
60	Total RWA	106,388,317	

3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 30 June 2024	
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	13.97%	
62	Tier 1 capital ratio	15.44%	
63	Total capital ratio	18.12%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.148%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.648%	
67	of which: higher loss absorbency requirement	-	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	9.437%	
	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	911,165	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	212,353	
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)	721,920	
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	1,257,381	
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 2024	
		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)	39,659	-
	<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)	-	-
	<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)	-	-
	<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)	-	-
	<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 2024		
	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	15,324,389	15,292,177	
Placements with banks and other financial institutions maturing between one and twelve months	5,051,542	5,051,542	
Derivative financial instruments	238,159	238,159	
<i>of which: debit valuation adjustments in respect of derivative contracts</i>	-	4	(1)
Advances to customers and trade bills	84,357,501	84,357,501	
Investment in securities	75,989,545	75,754,878	
Investment in subsidiaries	-	212,353	
Amount due from subsidiaries	-	11,503	
Investment properties	783,185	783,185	
Properties, plant and equipment	1,961,042	1,960,752	
Current tax assets	27,119	27,119	
Deferred tax assets	46,065	39,659	(2)
Other assets	591,377	581,834	
Total assets	184,369,924	184,310,662	
Liabilities			
Deposits and balances from banks and other financial institutions	12,359,660	12,359,660	
Derivative financial instruments	48,506	48,506	
<i>of which: debit valuation adjustments in respect of derivative contracts</i>	-	(9)	(3)
Deposits from customers	149,010,434	149,046,922	
Other accounts and provisions	2,585,375	2,580,546	
Current tax liabilities	50,654	50,515	
Deferred tax liabilities	158,450	158,213	
Debt securities and certificates of deposit in issue	1,998,553	1,998,553	
<i>of which: included in Tier 2 capital</i>	1,554,306	1,554,306	(12)
Total liabilities	166,211,632	166,242,915	
Shareholders' equity			
Share capital	6,577,871	6,577,871	(4)
Reserves	10,022,609	9,932,064	
Premises revaluation reserve	1,149,912	1,149,912	(5)
Fair value reserve	(123,728)	(123,728)	(6)
Regulatory reserve	306,105	306,105	(7)
Translation reserve	(272,598)	(272,002)	(8)
Retained earnings	8,962,918	8,871,777	(9)
<i>of which: cumulative fair value gains arising from the revaluation of investment properties</i>	-	138,739	(10)
Additional equity instruments	1,557,812	1,557,812	
<i>of which: included in AT1 capital</i>	1,557,812	1,557,812	(11)
Total equity	18,158,292	18,067,747	
Total liabilities and equity	184,369,924	184,310,662	

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	XS2543377068	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 2024)	HK\$1,558m (as of 30 June 2024)	HK\$1,554m (as of 30 June 2024)
9	Par value of instrument	No par value (refer to Note 1 for details)	US\$200m	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)	26 October 2022	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: 26 October 2027 (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: 8.00% 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	Depositors, bank's unsubordinated creditors, creditors of Tier 2 capital and all other subordinated indebtedness of the bank stated to rank senior to the Capital Securities.	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 2024			
		Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		%	HK\$'000	%	HK\$'000
1	Hong Kong SAR	1.000%	47,948,088		
2	Australia	1.000%	42,746		
3	United Kingdom	2.000%	50,994		
	Sum		48,041,828		
	Total		74,191,212	0.648%	689,396

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 2024
		Value under the LR framework
		HK\$'000
1	Total consolidated assets as per published financial statements	184,369,924
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(59,262)
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	395,145
5	Adjustment for SFTs (i.e. repos and similar secured lending)	83,086
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	2,315,726
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(23,505)
7	Other adjustments	(1,645,126)
8	Leverage ratio exposure measure	185,435,988

5. Leverage ratio (continued)

LR2: Leverage ratio

		At 30 June 2024	At 31 March 2024
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	179,325,940	174,650,914
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,645,126)	(1,646,108)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	177,680,814	173,004,806
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)	323,429	183,578
5	Add-on amounts for PFE associated with all derivative contracts	344,515	277,526
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	(34,640)	(8)
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	633,304	461,096
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	5,591,281	3,301,002
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	83,086	91,501
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	5,674,367	3,392,503
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	12,473,071	13,313,211
18	Less: Adjustments for conversion to credit equivalent amounts	(10,157,345)	(10,762,105)
19	Off-balance sheet items	2,315,726	2,551,106
Capital and total exposures			
20	Tier 1 capital	16,422,611	16,629,695
20a	Total exposures before adjustments for specific and collective provisions	186,304,211	179,409,511
20b	Adjustments for specific and collective provisions	(868,223)	(1,113,197)
21	Total exposures after adjustments for specific and collective provisions	185,435,988	178,296,314
Leverage ratio			
22	Leverage ratio	8.86%	9.33%

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 2024: 73 data points		For the quarter ended 31 March 2024: 72 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		22,798,890		22,496,568
B. Cash outflows					
2	Retail deposits and small business funding, of which:	95,554,898	5,757,960	91,897,865	5,455,142
3	<i>Stable retail deposits and stable small business funding</i>	13,867,919	416,037	12,856,532	385,696
4	<i>Less stable retail deposits and less stable small business funding</i>	24,967,984	2,496,799	22,184,649	2,218,465
4a	<i>Retail term deposits and small business term funding</i>	56,718,995	2,845,124	56,856,684	2,850,981
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	21,062,519	13,119,897	24,450,062	15,634,623
6	<i>Operational deposits</i>	2,783,778	659,262	3,341,976	795,695
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	18,278,741	12,460,635	21,108,086	14,838,928
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)		707,723		129,015
10	Additional requirements, of which:	11,711,450	2,134,456	12,674,468	2,298,686
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	277,182	277,182	268,214	268,214
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>	11,434,268	1,857,274	12,406,254	2,030,472
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,078,149	2,078,149	1,929,514	1,929,514
15	Other contingent funding obligations (whether contractual or non-contractual)	940,505	60,435	1,078,552	60,134
16	Total Cash Outflows		23,858,620		25,507,114
C. Cash Inflows					
17	Secured lending transactions (including securities swap transactions)	680,653	680,653	368,022	368,022
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	12,268,054	9,112,264	12,052,721	9,765,925
19	Other cash inflows	2,734,078	2,734,077	3,063,537	3,063,537
20	Total Cash Inflows	15,682,785	12,526,994	15,484,280	13,197,484
D. Liquidity Coverage Ratio					
21	Total HQLA		22,798,890		22,496,568
22	Total Net Cash Outflows		11,331,626		12,309,630
23	LCR (%)		204.63%		187.28%

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 2024, 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 187.28% and 204.63% 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 2024, the majority of the HQLA was composed of Level 1 HQLA.

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

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

6. Liquidity (continued)

LIQ2: Net Stable Funding Ratio

Basis of disclosure: consolidated		At 30 June 2024				
		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:	18,554,120	20,954	-	1,554,306	20,108,426
2	Regulatory capital	18,483,561	20,954	-	1,554,306	20,037,867
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	70,559	-	-	-	70,559
4	Retail deposits and small business funding:	-	92,292,491	3,384,617	51,565	87,386,077
5	Stable deposits	-	24,020,338	481,949	7,764	23,284,937
6	Less stable deposits	-	68,272,153	2,902,668	43,801	64,101,140
7	Wholesale funding:	-	55,062,177	7,480,213	3,099,030	21,746,111
8	Operational deposits	-	4,413,591	-	-	2,206,796
9	Other wholesale funding	-	50,648,586	7,480,213	3,099,030	19,539,315
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	893,147	2,065,042	210,796	-	105,398
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	893,147	2,065,042	210,796	-	105,398
14	Total ASF					129,346,012
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				36,407,544	3,120,162
16	Deposits held at other financial institutions for operational purposes	-	269,655	-	-	134,828
17	Performing loans and securities:	13,946,263	37,983,814	30,882,321	57,688,748	88,438,025
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	16	16,669,559	5,159,124	3,505,000	8,585,012
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:	13,068,604	12,764,454	10,583,268	26,038,441	44,909,719
21	With a risk-weight of less than or equal to 35% under the STC approach	-	4,152	430,396	25,654	233,949
22	Performing residential mortgages, of which:	-	150,901	140,436	7,862,360	5,257,595
23	With a risk-weight of less than or equal to 35% under the STC approach	-	150,500	140,025	7,855,400	5,251,273
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	877,643	8,398,900	14,999,493	20,282,947	29,685,699
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	6,935,842	466,609	16,101	11,255	7,085,722
27	Physical traded commodities, including gold	70,489	-	-	-	70,489
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	5,000	-	-	-	4,250
29	Net derivative assets	197,945	-	-	-	197,945
30	Total derivative liabilities before adjustments for deduction of variation margin posted	17,784	-	-	-	889
31	All other assets not included in the above categories	6,644,624	466,609	16,101	11,255	6,812,149
32	Off-balance sheet items	-	-	-	12,473,070	619,139
33	Total RSF					99,397,876
34	Net Stable Funding Ratio (%)					130.13%

6. Liquidity (continued)

LIQ2: Net Stable Funding Ratio (continued)

Basis of disclosure: consolidated		At 31 March 2024				
		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:	18,831,937	43,490	-	1,557,316	20,389,253
2	Regulatory capital	18,755,583	43,490	-	1,557,316	20,312,899
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	76,354	-	-	-	76,354
4	Retail deposits and small business funding:	-	89,215,648	3,896,843	17,135	85,019,173
5	Stable deposits	-	23,587,565	428,363	-	22,815,132
6	Less stable deposits	-	65,628,083	3,468,480	17,135	62,204,041
7	Wholesale funding:	-	50,016,652	9,086,292	3,171,201	20,857,436
8	Operational deposits	-	4,577,827	-	-	2,288,914
9	Other wholesale funding	-	45,438,825	9,086,292	3,171,201	18,568,522
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	910,508	501,297	423,638	-	211,819
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	910,508	501,297	423,638	-	211,819
14	Total ASF					126,477,681
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				34,983,686	3,050,543
16	Deposits held at other financial institutions for operational purposes	-	362,798	-	-	181,399
17	Performing loans and securities:	14,430,219	39,295,783	20,581,333	60,869,750	88,160,696
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	14,050,360	1,998,975	5,069,818	8,176,861
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:	13,538,083	12,293,555	9,252,405	30,300,782	47,948,180
21	With a risk-weight of less than or equal to 35% under the STC approach	-	3,847	490	439,178	287,634
22	Performing residential mortgages, of which:	-	149,145	138,997	7,696,408	5,148,170
23	With a risk-weight of less than or equal to 35% under the STC approach	-	148,748	138,591	7,689,237	5,141,674
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	892,135	12,802,723	9,190,956	17,802,742	26,887,485
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	6,104,633	906,896	24,968	11,770	6,267,516
27	Physical traded commodities, including gold	57,272	-	-	-	57,272
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	5,000	-	-	-	4,250
29	Net derivative assets	143,743	-	-	-	143,743
30	Total derivative liabilities before adjustments for deduction of variation margin posted	11,630	-	-	-	582
31	All other assets not included in the above categories	5,886,988	906,896	24,968	11,770	6,061,669
32	Off-balance sheet items	-	-	-	13,313,211	662,785
33	Total RSF					98,322,939
34	Net Stable Funding Ratio (%)					128.63%

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 2024 were 128.63% and 130.13% 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 2024						
		Gross carrying amounts of		Allowances / Impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	1,190,210	103,437,964	680,632	255,556	425,076	-	103,947,542
2	Debt securities	215,813	69,800,802	4,081	-	4,081	-	70,012,534
3	Off-balance sheet exposures	-	12,473,071	23,503	-	23,503	-	12,449,568
4	Total	1,406,023	185,711,837	708,216	255,556	452,660	-	186,409,644

"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 2023
	1,127,726
2	Loans and debt securities that have defaulted since the last reporting period
	724,546
3	Returned to non-defaulted status
	(131,045)
4	Amounts written off
	(503,443)
5	Other changes
	(26,398)
6	Defaulted loans and debt securities as at 30 June 2024
	1,191,386

CR3: Overview of recognized credit risk mitigation

		At 30 June 2024				
		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	92,440,691	11,506,851	8,874,154	2,632,697	-
2	Debt securities	68,907,542	1,104,992	-	1,104,992	-
3	Total	161,348,233	12,611,843	8,874,154	3,737,689	-
4	Of which defaulted	1,150,467	-	-	-	-

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 2024					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
1	Sovereign exposures	21,327,204	-	21,327,204	-	38,783	0.18
2	PSE exposures	4,814,196	430,000	5,202,850	215,000	1,454,711	26.85
2a	Of which: domestic PSEs	3,577,061	430,000	3,965,715	215,000	836,143	20.00
2b	Of which: foreign PSEs	1,237,135	-	1,237,135	-	618,568	50.00
3	Multilateral development bank exposures	2,561,919	-	2,561,919	-	-	0.00
4	Bank exposures	52,419,321	-	52,633,185	-	20,878,559	39.67
5	Securities firm exposures	1,432,145	1,120,000	2,537,137	-	1,268,569	50.00
6	Corporate exposures	67,163,841	9,055,688	58,306,543	1,105,529	55,142,511	92.81
7	CIS exposures	-	-	-	-	-	-
8	Cash items	289,400	-	289,400	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	57	-	57	-	57	100.00
10	Regulatory retail exposures	10,014,476	1,326,617	9,955,881	3,544	7,469,569	75.00
11	Residential mortgage loans	8,244,280	-	7,856,444	-	2,794,760	35.57
12	Other exposures which are not past due exposures	9,438,789	540,766	9,165,622	-	9,165,622	100.00
13	Past due exposures	1,337,446	-	1,337,446	-	1,472,490	110.10
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	Total	179,043,074	12,473,071	171,173,688	1,324,073	99,685,631	57.79

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 2024									
			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		21,133,287	-	193,917	-	-	-	-	-	-	-
2	PSE exposures		-	-	4,180,715	-	1,237,135	-	-	-	-	-
2a	Of which: domestic PSEs		-	-	4,180,715	-	-	-	-	-	-	-
2b	Of which: foreign PSEs		-	-	-	-	1,237,135	-	-	-	-	-
3	Multilateral development bank exposures		2,561,919	-	-	-	-	-	-	-	-	-
4	Bank exposures		-	-	19,642,821	-	32,080,738	-	909,626	-	-	-
5	Securities firm exposures		-	-	-	-	2,537,137	-	-	-	-	-
6	Corporate exposures		-	-	655,659	-	7,592,462	-	51,061,557	102,394	-	-
7	CIS exposures		-	-	-	-	-	-	-	-	-	-
8	Cash items		289,400	-	-	-	-	-	-	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis		-	-	-	-	-	-	57	-	-	-
10	Regulatory retail exposures		-	-	-	-	-	9,959,425	-	-	-	-
11	Residential mortgage loans		-	-	-	7,763,637	7,784	45,712	39,311	-	-	-
12	Other exposures which are not past due exposures		-	-	-	-	-	-	9,165,622	-	-	-
13	Past due exposures		-	-	-	-	-	-	1,067,359	270,087	-	-
14	Significant exposures to commercial entities		-	-	-	-	-	-	-	-	-	-
15	Total		23,984,606	-	24,673,112	7,763,637	43,455,256	10,005,137	62,243,532	372,481	-	-

8. Counterparty credit risk

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

		At 30 June 2024					
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1	SA-CCR approach (for derivative contracts)	231,021	242,403		1.4	662,794	354,949
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					95,117	19,023
5	VaR (for SFTs)					-	-
6	Total						373,972

CCR2: CVA capital charge

		At 30 June 2024	
		EAD post CRM	RWA
		HK\$'000	HK\$'000
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	621,361	104,613
4	Total	621,361	104,613

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 2024										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		-	-	169,165	-	497,182	-	86,371	-	-	-	752,718
5	Securities firm exposures		-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures		-	-	-	-	-	-	5,125	-	-	-	5,125
7	CIS exposures		-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures		-	-	-	-	-	68	-	-	-	-	68
9	Residential mortgage loans		-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures		-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities		-	-	-	-	-	-	-	-	-	-	-
12	Total		-	-	169,165	-	497,182	68	91,496	-	-	-	757,911

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 2024					
	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	-	23,047	-	34,810	5,062,241	534,767
Domestic sovereign debt	-	-	-	-	-	3,983,788
Other sovereign debt	-	-	-	-	548,777	73,489
Other bonds	-	-	-	-	-	1,083,869
Total	-	23,047	-	34,810	5,611,018	5,675,913

CCR6: Credit-related derivatives contracts

The Group had no exposures of Credit-related derivatives contracts as at 30 June 2024.

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 2024.

CCR8: Exposures to CCPs

The Group had no exposures to CCP as at 30 June 2024.

9. Securitization exposures

SEC1: Securitization exposures in banking book

There were no securitization exposures in the banking book as at 30 June 2024.

SEC2: Securitization exposures in trading book

There were no securitization exposures in the trading book as at 30 June 2024.

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 2024.

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 2024.

10. Market risk

MR1: Market risk under STM approach

		At 30 June 2024
		RWA
		HK\$'000
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	178,925
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	1,215,325
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	Total	1,394,250

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 2024.

MR3: IMM approach values for market risk exposures

There were no market risk exposures under the IMM approach as at 30 June 2024.

MR4: Comparison of VaR estimates with gains or losses

There were no market risk exposures under the IMM approach as at 30 June 2024.