

Section A: New/revised disclosure templates and tables to align with the Basel III final reform package

Disclosure requirement	Templates and tables	Applicability* [L/O]	Format		Frequency of disclosure			Effective date#
			Fixed	Flexible	Quarterly	Semi-annual	Annual	
Part I : Key prudential ratios, overview of risk management and RWA	(Revised) Template KM1: Key prudential ratios	L	✓		✓			Date 1
	(Revised) Template OV1: Overview of RWA	L	✓		✓			Date 1
Part IIC : Leverage ratio	(Revised) Template LR1: Summary comparison of accounting assets against leverage ratio exposure measure	L	✓			✓		Date 1
	(Revised) Template LR2: Leverage ratio	L	✓		✓			Date 1
Part III : Credit risk for non-securitization exposures	(Revised) Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach or BSC approach	L	✓			✓		Date 1
	(Revised) Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach or BSC approach	L	✓			✓		Date 1

Disclosure requirement	Templates and tables	Applicability* [L/O]	Format		Frequency of disclosure			Effective date#
			Fixed	Flexible	Quarterly	Semi-annual	Annual	
	(Revised) Template CR10: Specialized lending under supervisory slotting criteria approach – for IRB approach	L		✓		✓		Date 1
Part IVA : Credit valuation adjustment risk	(New) Table CVAA : Qualitative disclosure related to CVA risk	L		✓			✓	Date 2
	(New) Template CVA1 : CVA risk under reduced basic CVA approach	L	✓			✓		Date 2
	(New) Template CVA2 : CVA risk under full basic CVA approach	L	✓			✓		Date 2
	(New) Table CVAB : Additional qualitative disclosures for Als using standardized CVA approach	L		✓			✓	Date 2
	(New) Template CVA3 : CVA risk under standardized CVA approach	L	✓			✓		Date 2
	(New) Template CVA4 : RWA flow statements of CVA risk exposures under standardized CVA approach	L	✓			✓		Date 2

Disclosure requirement	Templates and tables	Applicability* [L/O]	Format		Frequency of disclosure			Effective date#
			Fixed	Flexible	Quarterly	Semi-annual	Annual	
Part VI : Market risk	(Revised) Table MRA: Qualitative disclosures related to market risk	L [other than Als exempted from the market risk framework]		✓			✓	Date 2
	(New) Template MR1: Market risk under STM approach	L	✓			✓		Date 2
	(New) Table MRB: Additional qualitative disclosures for Als using IMA	L		✓			✓	Date 2
	(New) Template MR2: Market risk under IMA	L	✓		✓			Date 2
	(New) Template MR3: Market risk under SSTM approach	L	✓			✓		Date 2
Part IX : Operational risk	(New) Table ORA : General information on operational risk framework	L		✓			✓	Date 1
	(New) Template OR1: Historical losses	L	✓				✓	Date 1
	(New) Template OR2 : Business indicator and business indicator components breakdown	L	✓				✓	Date 1
	(New) Template OR3 : Minimum operational risk capital requirement	L	✓				✓	Date 1

Disclosure requirement	Templates and tables	Applicability* [L/O]	Format		Frequency of disclosure			Effective date#
			Fixed	Flexible	Quarterly	Semi-annual	Annual	
Part X : Comparison of modelled and standardized RWA	(New) Template CMS1 : Comparison of modelled and standardized RWA at risk level	L	✓		✓			Date 1
	(New) Template CMS2 : Comparison of modelled and standardized RWA for credit risk at asset class level	L	✓			✓		Date 1
Part XI : Asset encumbrance	(New) Template ENC : Asset encumbrance	L	✓			✓		Date 1

* 'L' denotes that a template/table is applicable to locally incorporated AIs; 'O' denotes that a template/table is applicable to overseas incorporated AIs.

"Date 1" is same as the effective date of the revised policy standards on credit risk, operational risk, output floor and leverage ratio, while "Date 2" is same as the effective date of the revised policy standards on market risk and CVA risk. Depending on the timing of the implementation of these revised policy standards, the two dates may be different.

Part I: Key prudential ratios, overview of risk management and RWA

Template KM1: Key prudential ratios

Purpose:	To provide an overview of an AI's key prudential ratios.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Key prudential ratios related to regulatory capital and buffers, leverage ratio and liquidity standards. An AI should disclose each ratio's value using the corresponding specifications pursuant to the Banking (Capital) Rules ("BCR") and Banking (Liquidity) Rules ("BLR"), for the current reporting period (designated as T in the template below) as well as the four previous quarterly reporting periods (designated as T-1 to T-4 respectively). –As Hong Kong does not provide any transitional arrangements for implementation of expected credit loss provisioning under HKFRS 9, information disclosed in this template is <u>disclosed on the basis of based-on-a "fully-loaded" provisioning basis. Metrics designated as "pre-floor" are before the adjustment of output floor (if applicable) and hence may not reflect actual values used for capital requirement computation.</u>
Frequency:	Quarterly.
Format:	Fixed. If an AI wishes to add rows to provide additional regulatory or financial ratios, it should provide definitions for these ratios and a full explanation of how the ratios are calculated (including the scope of consolidation and the regulatory capital used if relevant). The additional ratios should not replace the prudential ratios in this template.
Accompanying narrative:	An AI should explain the key drivers (e.g. whether the changes are due to changes in the regulatory framework, group structure or business model) behind any material changes across reporting periods for each ratio's value in a narrative commentary.
Corresponding BDR section:	16AB

		(a)	(b)	(c)	(d)	(e)
		T	T-1	T-2	T-3	T-4
Regulatory capital (amount)						
1 & 1a	Common Equity Tier 1 (CET1)					
2 & 2a	Tier 1					
3 & 3a	Total capital					
RWA (amount)						
4	Total RWA					
4a	<u>Total RWA (pre-floor)</u>					
Risk-based regulatory capital ratios (as a percentage of RWA)						

		(a)	(b)	(c)	(d)	(e)
		T	T-1	T-2	T-3	T-4
5 & 5a	CET1 ratio (%)					
5b	<u>CET1 ratio (%) (pre-floor ratio)</u>					
6 & 6a	Tier 1 ratio (%)					
6b	<u>Tier 1 ratio (%) (pre-floor ratio)</u>					
7 & 7a	Total capital ratio (%)					
7b	<u>Total capital ratio (%) (pre-floor ratio)</u>					
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)					
9	Countercyclical capital buffer requirement (%)					
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)					
11	Total AI-specific CET1 buffer requirements (%)					
12	CET1 available after meeting the AI's minimum capital requirements (%)					
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure					
13a	<u>LR exposure measure based on mean values for SFT assets</u>					
14, 14a & 14b	LR (%)					
14c & 14d	<u>LR (%) based on mean values for SFT assets</u>					
Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)						
Applicable to category 1 institutions _s only:						
15	Total high quality liquid assets (HQLA)					
16	Total net cash outflows					
17	LCR (%)					
Applicable to category 2 institutions _s only:						
17a	LMR (%)					
Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)						
Applicable to category 1 institutions _s only:						
18	Total available stable funding					
19	Total required stable funding					
20	NSFR (%)					
Applicable to category 2A institutions _s only:						
20a	CFR (%)					

Explanatory Note

Rows

1 & 1a	<i>Common Equity Tier 1 (CET1):</i> for an interim or annual reporting period, the value in [KM1:1 & 1a/a] should be equal to the value in [CC1:29/a].
2 &	<i>Tier 1:</i> for an interim or annual reporting period, the value in [KM1:2 & 2a/a] should be equal to the value in

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<u>2a</u>	[CC1:45/a].
<u>3 & 3a</u>	<i>Total capital</i> : for an interim or annual reporting period, the value in [KM1:3 <u>& 3a/a</u>] should be equal to the value in [CC1:59/a].
4	<i>Total RWA</i> : for the value in [KM1:4/a] should be equal to [OV1:29a]. For an interim or annual reporting period, the value in [KM1:4/a] should be equal to the value in [CC1:60/a].
<u>4a</u>	<i>Total RWA (pre-floor)</i> : the disclosed amount should exclude any adjustment made to total RWA from the application of the output floor. Amount in [KM1:4a/a] is equal to ([OV1:29/a] – [OV1:27/a])
<u>5 & 5a</u>	<i>CET1 ratio (%)</i> : for an interim or annual reporting period, the value in [KM1:5 <u>& 5a/a</u>] should be equal to the value in [CC1:61/a].
<u>5b</u>	<i>CET1 ratio (%) (pre-floor ratio)</i> : the disclosed ratios should exclude the impact of the output floor in the calculation of RWA.
<u>6 & 6a</u>	<i>Tier 1 ratio (%)</i> : for an interim or annual reporting period, the value in [KM1:6 <u>& 6a/a</u>] should be equal to the value in [CC1:62/a].
<u>6b</u>	<i>Tier 1 ratio (%) (pre-floor ratio)</i> : the disclosed ratios should exclude the impact of the output floor in the calculation of RWA.
<u>7 & 7a</u>	<i>Total capital ratio (%)</i> : for an interim or annual reporting period, the value in [KM1:7 <u>& 7a/a</u>] should be equal to the value in [CC1:63/a].
<u>7b</u>	<i>Total capital ratio (%) (pre-floor ratio)</i> : the disclosed ratios should exclude the impact of the output floor in the calculation of RWA.
8	<i>Capital conservation buffer requirement (%)</i> : for an interim or annual reporting period, the value in [KM1:8/a] should be equal to the value in [CC1:65/a].
9	<i>Countercyclical capital buffer requirement (%)</i> : for an interim or annual reporting period, the value in [KM1:9/a] should be equal to the value in [CC1:66/a].
10	<i>Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)</i> : for an interim or annual reporting period, the value in [KM1:10/a] should be equal to the value in [CC1:67/a].
11	<i>Total AI-specific buffer requirements (%)</i> : this is equal to the sum of values in rows 8, 9 and 10.
12	<i>CET1 available after meeting the AI's minimum capital requirements (%)</i> : it may not necessarily refer to the difference between CET1 ratio (row 5 <u>& 5a</u>) and the 4.5% minimum CET1 requirement under BCR §3B as an AI may have used CET1 capital to meet its minimum Tier 1 and/or total capital requirements. For an interim or annual reporting period, the value in [KM1:12/a] should be equal to the value in [CC1:68/a].
13	<i>Total leverage ratio (LR) exposure measure</i> : it should accord with according to the specifications set out in Templates LR1 and LR2. The value in [KM1:13/a] should be equal to the value in [LR2:21 <u>24</u> /a].
<u>13a</u>	<i>LR exposure measure based on mean values for SFT assets</i> : it should accord with the specifications set out in Template LR2. The value in [KM1:13a/a] should be equal to the value in [LR2:30 <u>& 30a/a</u>].
<u>14 & 14a</u>	<i>LR (%)</i> : Hong Kong does not exercise the discretion to allow for the temporary exemption of central bank reserves from the LR exposure measure. The disclosed amount is is derived from the value reported in row 2 <u>& 2a</u> divided by the value reported in row 13, expressed as a percentage. The value in [KM1:14, <u>14a & 14b/a</u>] should be equal

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14b	to the value in [LR2:2225 & 25a/a].
14c & 14d	<u>LR (%) based on mean values for SFT assets: Hong Kong does not exercise the discretion to allow for the temporary exemption of central bank reserves from the LR exposure measure. The value in [KM1:14c & 14d/a] should be equal to the value in [LR2:31 & 31a/a]</u>
15	<i>Total HQLA</i> : an AI designated as a category 1 institution should disclose the total adjusted value according to the specifications set out in Template LIQ1. Data should be presented as simple averages of daily observations over all working days of the quarter. The value in [KM1:15/a] should be equal to the value in [LIQ1:21/b].
16	<i>Total net cash outflows</i> : an AI designated as a category 1 institution should disclose the total adjusted value according to the specifications set out in Template LIQ1. Data should be presented as simple averages of daily observations over all working days of the quarter. The value in [KM1:16/a] should be equal to the value in [LIQ1:22/b].
17	<i>LCR (%)</i> : the value in [KM1:17/a] should be equal to the value in [LIQ1:23/b].
17a	<i>LMR (%)</i> : an AI that is a category 2 institution should disclose in this row the arithmetic mean of the average LMRs of the 3 calendar months within the quarter. The average LMR of each calendar month should be the figure reported in its Return of Liquidity Position (MA(BS)1E) submitted for the reporting month.
18	<i>Total available stable funding</i> : the value in [KM1:18/a] should be equal to the value in [LIQ2:14/e].
19	<i>Total required stable funding</i> : the value in [KM1:19/a] should be equal to the value in [LIQ2:33/e].
20	<i>NSFR (%)</i> : the value in [KM1:20/a] should be equal to the value in [LIQ2:34/e].
20a	<i>CFR (%)</i> : an AI designated as a category 2A institution should disclose in this row the arithmetic mean of the average CFRs of the 3 calendar months within the quarter. The average CFR of each calendar month should be the figure reported in its Return of Stable Funding Position (MA(BS)26) submitted for the reporting month.

Template OV1: Overview of RWA

Purpose:	To provide an overview of capital requirements in terms of a detailed breakdowns of RWAs for various risks.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	RWA and capital requirements under the Pillar 1 framework.
Frequency:	Quarterly.
Format:	Fixed.
Accompanying narrative:	An AI should explain the drivers behind differences in reporting periods T and T-1 where these differences are material. The AI should also explain the adjustments made if capital requirements in column (c) do not correspond to 8% of RWA in column (a). If an AI uses the internal models method to calculate its equity exposures in the banking book pursuant to the BCR, it should provide a description of its internal models used in an accompanying narrative.
Corresponding BDR section:	16C

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		T	T-1	T
1	Credit risk for non-securitization exposures			
2	Of which STC approach			
2a	Of which BSC approach			
3	Of which foundation IRB approach			
4	Of which supervisory slotting criteria approach			
5	Of which advanced IRB approach			
5a	<u>Of which retail IRB approach</u>			
5b	<u>Of which specific risk-weight approach</u>			
6	Counterparty default risk¹ and default fund contributions			
7	Of which SA-CCR approach			
7a	Of which CEM			
8	Of which IMM(CCR) approach			
9	Of which others			
10	CVA risk			
11	Equity positions in banking book under the simple risk-weight method and internal models method	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
12	Collective investment scheme ("CIS") exposures – <u>LTA*look-through approach / third-party approach</u>			
13	CIS exposures – <u>MBA*mandate-based approach</u>			

¹ After the revised CVA risk framework takes effect, all the terms "counterparty default risk" used in this template, as highlighted in yellow, will be revised as "counterparty credit risk".

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		T	T-1	T
14	CIS exposures – FBA [*] <u>fall-back approach</u>			
14a	CIS exposures – combination of approaches [‡]			
15	Settlement risk			
16	Securitization exposures in banking book			
17	Of which SEC-IRBA			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA			
19a	Of which SEC-FBA			
20	Market risk			
21	Of which STM approach			
22	Of which IMM approach ²			
<u>22a</u>	<u>Of which SSTM approach</u>			
23	Capital charge for switch between ^{of} exposures in ^{between} trading book and banking book (not applicable before the revised market risk framework takes effect) [‡]			
24	Operational risk			
24a	Sovereign concentration risk			
25	Amounts below the thresholds for deduction (subject to 250% RW)			
<u>26</u>	<u>Output floor level applied</u>			
<u>26</u> <u>27</u>	Capital floor ² <u>Floor adjustment (before application of transitional cap)</u>			
<u>28</u>	<u>Floor adjustment (after application of transitional cap)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>26a</u> <u>28a</u>	Deduction to RWA			
<u>26b</u> <u>28b</u>	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital			
<u>26c</u> <u>28c</u>	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital			
<u>27</u> <u>9</u>	Total			
<i>N/A: Not applicable in the case of Hong Kong</i>				
<i>Point to note:</i>				
<i>(i) — Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, “Not applicable” should be reported in the rows.</i>				

Explanatory Note

Columns

(a)	RWA (T): RWA referred to in the BCR and as reported in accordance with the subsequent parts of this document. Where the output of a calculation approach is a capital charge instead of a RWA (e.g. the approaches for market risk and operational risk), an AI should calculate the RWA by multiplying capital charge
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² After the revised market risk framework takes effect, all the terms “IMM approach” used in this template, as highlighted in pink, will be revised as “IMA”.

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	by 12.5.
(b)	RWA (T-1): RWA as reported in the previous reporting period (i.e. at the end of the previous quarter) of this template.
(c)	<i>Minimum capital requirements (T)</i> : Pillar 1 capital requirements, which in general are calculated as 8% of the RWA but may differ if a capital floor is applicable or adjustments (such as scaling factors) are applied in accordance with the BCR, as of the reporting date. Any such adjustments, if applicable, should be applied to all the applicable rows in column (c). For example, an AI using the IRB approach for credit risk is required to apply a scaling factor of 1.06 as specified in section 224 of the BCR to column (c) of all the items the credit risk requirement of which are calculated in accordance with Part 6 of the BCR (i.e. RWA x 8% x 1.06). <u> </u>
Rows	
1	<i>Credit risk for non-securitization exposures</i> : RWA and capital requirements according to the credit risk framework reported in Part III of this document. The amounts exclude all positions subject to capital requirements relating to <u>RWA and capital requirement arising from</u> counterparty default risk and default fund contributions, CVA risk, equity exposures (unless otherwise required), CIS exposures (exclusion of CIS exposures from this row only when the new CIS framework takes effect), settlement risk, securitization framework (e.g. securitization exposures in the banking book), and amount below the deduction threshold and subject to a 250% risk-weight.
2	<i>Of which STC approach</i> : RWA and capital requirements calculated using the STC approach under the BCR. For an interim or annual reporting period, the value in [OV1: 2/a] should be equal to the value in [CR4 (STC): 15 12/e].
2a	<i>Of which BSC approach</i> : RWA and capital requirements calculated using the BSC approach under the BCR. For an interim or annual reporting period, the value in [OV1: 2a/a] should be equal to the value in [CR4 (BSC): 10 16/e].
3	<i>Of which foundation IRB approach</i> : RWA and capital requirements for AIs using the foundation IRB approach (" FIRB approach ") to calculate their credit risk under the BCR, excluding specialized lending calculated using the supervisory slotting criteria approach (reported in row 4) and equity positions in banking book under the simple risk-weight method and internal models method (reported in row 11), but including equity exposures under the PD/LGD approach, retail exposures under the retail IRB approach (<u>reported in row 5a</u>) and other exposures under the specific risk-weight approach: (<u>reported in row 5b</u>).
4	<i>Of which supervisory slotting criteria approach</i> : RWA and capital requirements of specialized lending calculated using the supervisory slotting criteria approach under the BCR.
5	<i>Of which advanced IRB approach</i> : RWA and capital requirements for AIs using the advanced IRB approach (" AIRB approach ") to calculate their credit risk under the BCR, excluding specialized lending calculated using the supervisory slotting criteria approach (reported in row 4) and equity positions in banking book under the simple risk-weight method and internal models method (reported in row 11), but including equity exposures

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	under the PD/LGD approach, retail exposures under the retail IRB approach (reported in row 5a) and other exposures under the specific risk-weight approach: (reported in row 5b).
5a	Of which retail IRB approach: RWA and capital requirements for AIs using the retail IRB approach to calculate their credit risk under the BCR.
5b	Of which specific risk-weight approach: RWA and capital requirements for AIs using the specific risk-weight approach to calculate their credit risk under the BCR.
6	Counterparty default risk and default fund contributions: RWA and capital requirements for counterparty default risk (including such a risk to CCPs) and default fund contributions, calculated in accordance with the BCR as reported in Part IV of this document. The RWA and capital requirements for CVA should be reported in row 10 and must not be included in this row and rows 7 to 9 below. ³ The value in [OV1:6/a] is equal to the sum of values in [CCR1:6/f], [CCR8:1/b] and [CCR8:11/b].
7	Of which SA-CCR approach: RWA calculated based on the amount of default risk exposures calculated under the SA-CCR approach. The value in [OV1:7/a] should be equal to the value in [CCR1: 1/f].
7a	Of which CEM: RWA calculated based on the amount of default risk exposures calculated under the CEM, and the capital requirement calculated based on the RWA. The value in [OV1:7a/a] is equal to the value in [CCR1:1a/f].
8	Of which IMM(CCR) approach: RWA calculated based on the amount of default risk exposures calculated under the IMM(CCR) approach, and the capital requirement calculated based on the RWA. The value in [OV1:8/a] is equal to the value in [CCR1:2/f] and the value in [CCR7:9/a].
9	Of which others: RWA and capital requirements for the following items calculated in accordance with the BCR by using methods other than those falling under rows 7 to 8 above as reported in Part IV of this document: (i) counterparty default risk (including such a risk to CCPs) in respect of securities financing transactions; and default fund contributions.
10	CVA risk: capital requirements for CVA calculated in accordance with the BCR and the corresponding RWA for CVA, as reported in Part IV ⁴ of this document. The value in [OV1:10/a] is equal to the value in [CCR2:4/b]. ⁵
11	Equity positions in banking book under the simple risk-weight method and internal models method: The amounts correspond to the RWA and capital requirements where the AI applies the simple risk-weight method and internal models method specified in the BCR. Where the regulatory treatment of equities is in accordance with the simple risk-weight method, the corresponding RWA are included in Template CR10 and in this row. The value in [OV1:11/a] is equal to the sum of values in [CR10: total/e for equity exposures

³ After the revised CVA risk framework takes effect, the sentence "The RWA and capital requirements for CVA should be reported in row 10 and must not be included in this row and rows 7 to 9 below." will be removed.

⁴ After the revised CVA risk framework takes effect, "Part IV" will be replaced by "Part [IVA]".

⁵ After the revised CVA risk framework takes effect, the linkage will be removed.

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	<p>under the simple risk-weight method] and the RWA corresponding to the internal models method for equity exposures in the banking book.</p> <p>To avoid doubt, row 11 is not applicable to equity exposures that are subject to the STC approach or the BSC approach. The corresponding RWA calculated under the STC or BSC approach is reported in Template CR4 and included in row 2 (for STC approach) or row 2a (for BSC approach), as the case requires, of this template. <u>This row is not applicable in the case of Hong Kong because the BCR do not provide for any phase-in arrangement for the use of the IRB approach for equity exposures. Als may report "Not applicable" or "N/A" in this row.</u></p>
12	<p><i>Collective investment scheme ("CIS") exposures – LTA*<u>look-through approach / third-party approach</u></i>: <u>This row is not applicable before the new CIS framework takes effect. RWA and capital requirement of a CIS calculated under the look-through approach and/or third-party approach in accordance with Part 6B of the BCR.</u></p>
13	<p><i>CIS exposures – MBA*<u>mandate-based approach</u></i>: <u>This row is not applicable before the new CIS framework takes effect. RWA and capital requirement of a CIS calculated under the mandated-based approach in accordance with Part 6B of the BCR.</u></p>
14	<p><i>CIS exposures – FBA*<u>fall-back approach</u></i>: <u>This row is not applicable before the new CIS framework takes effect. RWA and capital requirement of a CIS calculated under the fall-back approach in accordance with Part 6B of the BCR.</u></p>
14a	<p><i>CIS exposures – combination of approaches*</i>: <u>This row is not applicable before the new CIS framework takes effect. RWA and capital requirement of a CIS calculated by using more than one approach under Part 6B of the BCR. For clarity, RWA and capital requirement of a CIS calculated only under the look-through approach and third-party approach is reported under row 12.</u></p>
15	<p><i>Settlement risk</i>: RWA and capital requirements for the exposures arising from the following items:</p> <ul style="list-style-type: none"> (i) Transactions in securities (other than repo-style transactions), foreign exchange, and commodities that are entered into on a delivery-versus-payment basis and remain outstanding for 5 or more business days after the settlement date, calculated in accordance with the risk-weight allocated to the exposures as specified in the BCR; and (ii) Transactions in securities (other than repo-style transactions), foreign exchange, and commodities that are entered into on a non-delivery-versus-payment basis and remain unsettled after the settlement date, calculated in accordance with the risk-weight allocated to the exposures as specified in the BCR.
16	<p><i>Securitization exposures in banking book</i>: The amounts correspond to capital requirements applicable to the securitization exposures in the banking book (Part V of this document). The RWA should be derived from the capital requirements (including the impact of the cap specified in the BCR), meaning that they do not necessarily systematically correspond to the RWA reported in Templates SEC3 and SEC4, which are before the application of the cap.</p>
17	<p><i>Of which SEC-IRBA</i>: RWA and capital requirements calculated using the SEC-IRBA under the BCR.</p>

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18	<i>Of which SEC-ERBA (including IAA):</i> RWA and capital requirements calculated using the SEC-ERBA (including those exposures that the AI uses IAA to determine the risk-weights) under the BCR.
19	<i>Of which SEC-SA:</i> RWA and capital requirements calculated using the SEC-SA under the BCR.
19a	<i>Of which SEC-FBA:</i> RWA and capital requirements calculated using the SEC-FBA under the BCR.
20	<i>Market risk:</i> The amounts correspond to the RWA and capital requirements in the market risk framework (Part VI of this document), which also includes capital charges for securitization exposures booked in the trading book but excludes the capital charges for counterparty default risk , default fund contributions and CVA risk associated with covered positions (reported in Part IV ⁶ of this document and in rows 6 and 10 of this template). An AI should derive the market risk RWAs by multiplying the market risk capital requirements by 12.5.
21	<i>Of which STM approach:</i> RWA and capital requirements calculated using the STM approach under the BCR, including capital charges for securitization exposures booked in the trading book. The value in [OV1:21/a] is equal to the value in [MR1:9/a] ⁷ .
22	<i>Of which IMM approach:</i> RWA and capital requirements calculated using the IMM approach under the BCR. The value in [OV1:22/a] is equal to the value in [MR2:8/f] ⁸ .
<u>22a</u>	<u><i>Of which SSTM approach:</i> RWA and capital requirements calculated using the SSTM approach under the BCR.</u>
23	<i>Capital charge for switch betweenof exposures inbetween trading book and banking book (not applicable before the revised market risk framework takes effect)*: This row is not applicable before the revised market risk framework takes effect. <u>Outstanding accumulated capital surcharge imposed on the AI in accordance with the market risk framework in the BCR when the total capital charge (across banking book and trading book) of an AI is reduced as a result of the instruments being switched between the trading book and the banking book after their original designation. The outstanding accumulated capital surcharge takes into account any adjustment due to run-off as the positions mature or expire, in a manner agreed with the MA.</u></i>
24	<i>Operational risk:</i> The amounts correspond to capital requirements in the operational risk framework specified in the BCR.
24a	<i>Sovereign concentration risk:</i> The amounts correspond to capital requirements in the sovereign concentration risk framework specified in the BCR.
25	<i>Amounts below the thresholds for deduction (subject to 250% RW):</i> The amounts correspond to items subject to a 250% risk-weight pursuant to the BCR.

⁶ After the revised CVA risk framework takes effect, "Part IV" will be replaced by "Part IV and Part IIVA".

⁷ After the revised market risk framework takes effect, the linkage will be replaced by "[OV1:21/c] is equal to the value in [MR1:12/a]".

⁸ After the revised market risk framework takes effect, the linkage will be replaced by "[OV1:22/c] is equal to the value in [MR2:16 minus MR2:13]".

Explanatory Note

<p><u>26</u></p>	<p><u>Output floor level applied</u>: the output floor level (expressed as a percentage) applied by the AI in accordance with the BCR in its computation of the floor adjustment value in row 27. An AI not subject to the output floor requirement should report "Not applicable" or "N/A" in this row.</p>
<p>26<u>27</u></p>	<p>Capital floor adjustment: The impact of any Pillar 1 capital floor adjustment on total RWA and total capital requirements determined according to the BCR so that the total amount in row 27 below reflects the total RWA and total capital requirements, including such an adjustment. An AI should not report Pillar 2 adjustments applied to it in this row. Where the capital floor or adjustments are applied at a more granular level (e.g. at risk category level), the AI should reflect them in the capital requirements reported for the risk category. <u>Floor adjustment (before application of transitional cap)</u>: The impact of the output floor, based on the output floor level applied in row 26, in terms of the increase in RWA. Before the revised market risk and CVA risk capital frameworks become effective, the AIs should exclude the RWA for market risk and CVA risk from both floor RWA and actual RWA for output floor calculation. A transitional cap that limits the RWA increase resulting from the application of the output floor is not applicable to Hong Kong.</p>
<p><u>28</u></p>	<p><u>Floor adjustment (after application of transitional cap)</u>: This row is not applicable in the case of Hong Kong.</p>
<p>26a<u>28a</u></p>	<p><u>Deduction to RWA</u>: This is the sum of values in rows 26b<u>28b</u> and 26c<u>28c</u>.</p>
<p>26b<u>28b</u></p>	<p><u>Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital</u>: This row is only applicable for an AI using the STC, BSC, SEC-SA, SEC-ERBA or SEC-FBA approach for calculating credit risk for all or part of its exposures. It refers to and has the same calculation basis as the amount reported in item 2.12(i), Division A, Part I of CAR return MA(BS)3.</p>
<p>26c<u>28c</u></p>	<p><u>Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital</u>: It refers to and has the same calculation basis as the amount reported in item 2.12(ii), Division A, Part I of CAR return MA(BS)3.</p>
<p>27<u>29</u></p>	<p><u>Total</u>: This is equal to the sum of values in rows 1, 6, 10, 11,[12, 13, 14, 14a]*, 15, 16, 20, [23]*, 24, 24a, 25 and 26, 27, minus the deduction value in row 26a<u>28a</u>. []* only applicable when relevant policy frameworks take<u>framework takes</u> effect.</p>

Part IIC: Leverage ratio

Template LR1: Summary comparison of accounting assets against leverage ratio (“LR”) exposure measure

Purpose:	To reconcile the total assets in the published financial statements (if any) to the LR exposure measure.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong. The LR framework should follow the same scope of regulatory consolidation as the risk-based capital framework (i.e. solo basis, solo-consolidated basis, and/or consolidated basis as specified by the MA under BCR §3C).
Content:	Quantitative information. Where an AI has a reporting date for disclosure (e.g. end-April, end-October) that does not fall on the same position date for the Return of Leverage Ratio (MA(BS)27) (i.e. end-March, end-June, end-September, end-December), the AI should disclose this template based on its own reporting date. In such circumstance, the calculation basis of values disclosed in this template should, however, follow the same calculation basis used for the return.
Frequency:	Semi-annually.
Format:	Fixed.
Accompanying narrative:	An AI should disclose and detail the source of material differences between its total balance sheet assets, (net of on-balance sheet derivative exposures and securities financing transaction (“SFT”) exposures) as reported in its financial statements, and its <u>LR exposure measure</u> . on-balance sheet exposures as set out in row 1 of Template LR2.
Corresponding BDR section:	16FH

	Item	(a) Value under the LR framework (HK\$ equivalent)
1	Total consolidated assets as per published financial statements	
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
2a3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	
4	<u>Adjustments for temporary exemption of central bank reserves</u>	<u>Not applicable</u>
35	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	

		(a)
	Item	Value under the LR framework (HK\$ equivalent)
<u>6</u>	<u>Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting</u>	
3a-7	Adjustments for eligible cash pooling transactions	
48	Adjustments for derivative contracts	
59	Adjustment for SFTs (i.e. repos and similar secured lending)	
610	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	
6a-1 <u>1</u>	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from <u>LR</u> exposure measure	
712	Other adjustments	
813	Leverage ratio exposure measure	
<i>Points to note:</i>		
<i>(i) a row shaded yellow represents an item that is not applicable to Hong Kong.</i>		

Explanatory Note	
Rows	
1	The AI's total consolidated assets as per published financial statements.
2	Adjustments in relation to the AI's investments in financial sector entities or commercial entities as defined in BCR §35 that are consolidated for accounting purposes, but outside the scope of regulatory consolidation. As these adjustments reduce the total leverage ratio <u>LR</u> exposure measure, they should be reported as a negative amount.
2a-3	Adjustment related to securitised exposures that meet the operational requirements for the recognition of risk transference. As the adjustment reduces the total leverage ratio <u>LR</u> exposure measure, it shall be reported as a negative amount.
<u>4</u>	<u>This row is not applicable as Hong Kong does not exercise the discretion to allow for the temporary exemption of central bank reserves from the LR exposure measure.</u>
35	Adjustments related to any fiduciary assets recognised on the balance sheet pursuant to the AI's applicable accounting framework <u>standard</u> but excluded from the LR exposure measure, provided that the assets meet the IAS 39 / IFRS 9 (or HKAS 39 / HKFRS 9) criteria for derecognition and, where applicable, IFRS 10 (or HKFRS 10) for deconsolidation. As these adjustments reduce the total leverage ratio <u>LR</u> exposure measure, they should be reported as a negative amount.
<u>6</u>	<u>Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting. The adjustment reflects (i) the reverse-out of any offsetting between cash receivables for unsettled sales and cash payables for unsettled purchases of financial assets that may be recognised under the applicable accounting standard, and (ii) the offset between those cash receivables and cash payables that are eligible per the criteria</u>

Explanatory Note

specified in the LR framework. If this adjustment leads to an increase in exposure, it shall be reported as a positive amount. If this adjustment leads to a decrease in exposure, it shall be reported as a negative amount.

~~3a7~~ Adjustments for eligible cash-pooling transactions. An adjustment is for the difference between the accounting value of cash-pooling transactions and the treatments specified in the LR framework Consolidated Basel Framework (2022) LEV30.12. If this adjustment leads to an increase in exposure, it shall be reported as a positive amount. If this adjustment leads to a decrease in exposure, it shall be reported as a negative amount.

~~48~~ Any adjustments in relation to derivative contracts should be in line with the LR calculation methodology under Part 1C of the BCR. If this adjustment leads to an increase in exposure, an AI should disclose this as a positive amount. If this adjustment leads to a decrease in exposure, the AI should disclose this as a negative amount.

~~59~~ Any adjustments in relation to SFTs (i.e. repos and other similar secured lending) should be in line with the LR calculation methodology under Part 1C of the BCR. If this adjustment leads to an increase in the exposure, an AI should disclose this as a positive amount. If this adjustment leads to a decrease in exposure, the AI should disclose this as a negative amount.

~~610~~ Aggregates of the credit equivalent amount of OBS exposures, as converted under the STC approach under the BCR, ~~subject to a floor of 10%~~, through the use of credit conversion factors ("CCFs"). For details of the OBS exposures and their applicable CCFs, please refer to the LR calculation methodology under Part 1C of the BCR. As these amounts increase the total LR exposure measure, they shall be reported as a positive amount.

~~6a11~~ Adjustments for prudent valuation adjustments and specific and collective provisions which have reduced Tier 1 capital. This adjustment reduces the LR exposure measure by the amount of prudent valuation adjustments and provisions that have reduced Tier 1 capital, which should be reported as a negative amount. Where specific and collective provisions are set aside against OBS exposures that have an effect to decrease Tier 1 capital, such provision amounts may be deducted from the credit equivalent amount of the exposures and in turn reported in this row. However, the resulting total credit equivalent amount for OBS exposures cannot be less than zero.

~~712~~ Any other adjustments that are necessary for the reconciliation but not included in rows 1 to ~~116a~~ above. These may include adjustments in relation to any items that are deducted from Tier 1 capital under the risk-based capital framework in accordance with BCR §38(2), §43 and §47, but are not already excluded from the calculation of the LR exposure measure. For a note-issuing bank as defined under the Legal Tender Notes Issue Ordinance (Cap. 65), the adjustments should also include any certificates of indebtedness issued under the Exchange Fund Ordinance (Cap. 66) and held by it as cover for legal tender notes issued.

~~813~~ The LR exposure measure, which should be the sum of rows 1 to ~~127~~ above, should be consistent with the

Explanatory Note

	total exposures amount reported in [LR2: 2424/a].
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Template LR2: Leverage ratio ("LR")

Purpose:	To provide a detailed breakdown of the components of the LR denominator, <u>as well as information on LR, minimum applicable LR and mean-SFT adjusted LR.</u>
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong. The LR framework should follow the same scope of regulatory consolidation as the risk-based capital framework (i.e. solo basis, solo-consolidated basis, and/or consolidated basis as specified by the MA under BCR §3C).
Content:	Quantitative information. Where an AI has a reporting date for disclosure (e.g. end-April, end-October) that does not fall on the same position date for the Return of Leverage Ratio (MA(BS)27) (i.e. end-March, end-June, end-September, end-December), the AI should disclose this template based on its own reporting date. In such circumstance, the calculation basis of values disclosed in this template should, however, follow the same calculation basis used for the return, <u>unless otherwise provided in the instructions for the relevant rows.</u>
Frequency:	Quarterly.
Format:	Fixed.
Accompanying narrative:	An AI should describe the key factors that have had a material impact on the LR for at the end of the current reporting period compared with to the end of the preceding reporting period. <u>An AI should also describe the key factors that explain any material differences between the amounts of SFTs that are disclosed in row 29 and the mean values of SFTs that are disclosed in row 28.</u>
Corresponding BDR section:	16FI

		(a)	(b)
		HK\$ equivalent	
		T	T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including <u>related on-balance sheet</u> collateral)		
2	<u>Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard</u>		
3	<u>Less: Deductions of receivables assets for cash variation margin provided under derivative contracts</u>		
4	<u>Less: Adjustment for securities received under SFTs that are recognised as an asset</u>		
5	<u>Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital</u>		
26	Less: Asset amounts deducted in determining Tier 1 capital		
37	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)		
Exposures arising from derivative contracts			
48	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)		
59	Add-on amounts for PFE associated with all derivative contracts		
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		
810	Less: Exempted CCP leg of client-cleared trade exposures		
911	Adjusted effective notional amount of written credit-related derivative contracts		
1012	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts		
1113	Total exposures arising from derivative contracts (sum of rows 8 to 12)		
Exposures arising from SFTs			
1214	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		
1315	Less: Netted amounts of cash payables and cash receivables of gross SFT assets		
1416	CCR exposure for SFT assets		
1517	Agent transaction exposures		
1618	Total exposures arising from SFTs (sum of rows 14 to 17)		
Other off-balance sheet exposures			
1719	Off-balance sheet exposure at gross notional amount		
1820	Less: Adjustments for conversion to credit equivalent amounts		
21	<u>Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital</u>		
1922	Off-balance sheet items (sum of rows 19 to 21)		

		(a)	(b)
		HK\$ equivalent	
		T	T-1
Capital and total exposures			
20 23	Tier 1 capital		
20a	Total exposures before adjustments for specific and collective provisions		
20b	Adjustments for specific and collective provisions		
21 24	Total exposures after adjustments for specific and collective provisions (sum of rows 7, 13, 18 and 22)		
Leverage ratio			
22 25 & 25a	Leverage ratio		
26	Minimum leverage ratio requirement		
27	Applicable leverage buffers	Not applicable	Not applicable
Disclosure of mean values			
28	<u>Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables</u>		
29	<u>Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables</u>		
30 & 30a	<u>Total exposures based on mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)</u>		
31 & 31a	<u>Leverage ratio based on mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)</u>		
<i>Points to note:</i>			
<i>(i) a row shaded yellow represents an item that is not applicable to Hong Kong.</i>			

Explanatory Note	
Rows	
1	An AI should include all consolidated assets on balance sheet as per its financial statements, including collateral for on-balance sheet derivative contracts and for SFTs, with the exception of on-balance sheet derivative contracts and SFT assets that are included in rows 84 to 1816. <u>Collateral for derivative contracts and SFTs refer to either collateral received or collateral provided (or any associated receivable asset) included as a balance sheet asset. Amounts are to be reported in accordance with the LR framework.</u> Where an AI is a note-issuing bank as defined under the Legal Tender Notes Issue Ordinance (Cap. 65), the AI's on-balance sheet exposure should not include, for the purpose of this template, any certificates of indebtedness issued under the Exchange Fund Ordinance (Cap. 66) and held by the AI as cover for legal tender notes issued.

Explanatory Note	
<u>2</u>	<u>Grossed-up amount of any collateral provided in relation to exposures arising from derivative contracts where the provision of that collateral has reduced the value of the balance sheet assets under the AI's applicable accounting standard.</u>
<u>3</u>	<u>Deductions of receivable assets in respect of cash variation margin provided under derivative contracts where the posting of cash variation margin has resulted in the recognition of a receivable asset under the AI's applicable accounting standard. As the adjustments in row 3 reduce the exposure measure, they should be reported as negative figures.</u>
<u>4</u>	<u>Adjustment for securities received under a SFT where an AI has recognised the securities as an asset on its balance sheet. These amounts are to be excluded from the exposure measure in accordance with the LR framework in respect of SFT exposures. As the adjustments in row 4 reduce the exposure measure, they shall be reported as negative figures.</u>
<u>5</u>	<u>Specific and collective provisions, if any, that reduce the on-balance sheet exposure measures may be presented in this row, provided that such reductions from exposure measures are allowable under Part 1C of the BCR. As these adjustments reduce the exposure measure, they should be reported as negative figures.</u>
<u>26</u>	<p>Adjustments to balance sheet assets due to deductions from Tier 1 capital in accordance with BCR §3ZB(4). For example:</p> <ul style="list-style-type: none"> Where a financial sector entity is not included in the regulatory scope of consolidation, the amount of any investment in the capital of that entity that is totally or partially deducted from CET1 capital or from additional Tier 1 capital of the bank following the corresponding deduction approach, may be deducted from the exposure measure. For an AI using the IRB approach to determining capital requirements for credit risk, it is required any excess of the total expected loss over the total eligible provisions be deducted from CET1 capital. The same amount may be deducted from the exposure measure. <p>As the adjustments in row <u>62</u> reduce the exposure measure, they should be reported as negative figures.</p>
<u>37</u>	Sum of values in rows 1 and to <u>62</u> .
<u>48</u>	Replacement cost ("RC") associated with all derivative contracts (including exposures resulting from direct transactions between a client and a CCP where the <u>AI bank</u> guarantees the performance of its clients' derivative trade exposures to the CCP), net of cash variation margin received and with, where applicable, bilateral netting under a qualifying bilateral netting agreement. This amount should be reported after applying the 1.4 alpha factor.
<u>59</u>	Add-on amount for the potential future exposure ("PFE") of all exposures arising from derivative contracts. This amount should be reported after applying the 1.4 alpha factor.
<u>6</u>	Grossed-up amount of any collateral provided in relation to exposures arising from derivative contracts where the provision of that collateral has reduced the value of the balance sheet assets under the AI's

Explanatory Note	
	applicable accounting framework.
7	Deductions of receivable assets in respect of cash variation margin provided under derivative contracts where the posting of cash variation margin has resulted in the recognition of a receivable asset under the AI's applicable accounting framework. As the adjustments in row 7 reduce the exposure measure, they should be reported as negative figures.
8 ¹⁰	Exempted trade exposures associated with the CCP leg of derivative contracts resulting from client-cleared transactions or which the clearing member, based on the contractual arrangements with the client, is not obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that a QCCP defaults. As the adjustments in row 10 ⁸ reduce the exposure measure, they should be reported as negative figures.
9 ¹¹	Adjustments relating to the effective notional amount of written credit-related derivative contracts, which may be reduced by the total amount of negative changes in fair value amounts that have been incorporated into the calculation of Tier 1 capital with respect to written credit-related derivative contracts.
10 ¹²	Adjustments relating to: <ul style="list-style-type: none"> • The amount by which the notional amount of a written credit-related derivative is reduced by a purchased credit-related derivative contract on the same reference name; and • The deduction of add-on amounts for PFE in relation to written credit-related derivative contracts. As the adjustments in row 12 ¹⁰ reduce the exposure measure, they should be reported as negative figures.
11 ¹³	Sum of values in rows 84 to 12 ¹⁰ .
12 ¹⁴	The gross amount of SFT assets without recognition of netting, other than novation with QCCPs (in which case the final contractual exposure is to replace the gross SFT assets amount), determined in accordance with the LR framework in respect of SFT exposures (e.g. excluding any securities received under an SFT where the AI has recognised the securities as an asset on its balance sheet), and adjusting for any sales accounting transactions.
13 ¹⁵	Adjustments for cash payables and cash receivables of gross SFT assets with netting determined in accordance with the LR framework in respect of SFT exposures. As these adjustments reduce the exposure measure, they should be reported as a negative figure.
14 ¹⁶	The amount of the counterparty credit risk add-on for SFTs determined in accordance with the LR framework in respect of SFT exposures.
15 ¹⁷	The amount for which the AI acting as an agent in an SFT has provided an indemnity or guarantee determined in accordance with the LR framework in respect of SFT exposures.

Explanatory Note	
16 18	Sum of values in rows 14 12 to 17 15.
17 19	Total off-balance sheet exposure amounts (excluding off-balance sheet exposure amounts associated with SFT and derivative contracts) on a gross notional basis, before any adjustment for credit conversion factors ("CCFs").
18 20	Reduction in gross amount of off-balance sheet exposures due to the application of CCFs. This corresponds to the complement of CCFs of the STC approach, subject to a floor of 10%. The floor of 10% will affect commitments that are unconditionally cancellable at any time by the AI without prior notice, or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness. As these adjustments reduce the exposure measure, they should be reported as negative figures.
21	<u>Amounts of specific and collective provisions associated with off-balance sheet exposures that have decreased Tier 1 capital, the absolute value of which is not to exceed the sum of rows 19 and 20. As these adjustments reduce the exposure measure, they shall be reported as negative figures.</u>
19 22	Sum of values in rows 19 17 and to 21 18 .
20 23	The amount of Tier 1 capital as determined under the BCR, taking into account of the transitional arrangements. The value in [LR2: 23 20/a] is equal to the value in [KM1:2 & 2a/a].
20a	Sum of values in rows 3, 11, 16 and 19.
20b	Specific and collective provisions, if any, that reduce the on- and off-balance sheet exposure measures may be presented in this row, provided that such reductions from exposure measures are allowable under Part 1C of the BCR. As these adjustments reduce the exposure measure, they should be reported as negative figures.
21 24	Sum of values in rows 20a and 20b 7, 13, 18 and 22. The value in [LR2: 24 21/a] is equal to the value in [KM1:13/a] and in [LR1: 13 8/a].
22 25 & 25a	Leverage ratio is defined as the Tier 1 capital measure of row 23 20 (the numerator) divided by the exposure measure of row 24 21 (the denominator), where the resultant quotient be expressed as a percentage. <u>Hong Kong does not exercise the discretion to allow for the temporary exemption of central bank reserves from the LR exposure measure.</u> The value in [LR2: 25 & 25a 22/a] is equal to the value in [KM1:14, 14a & 14b a].
26	<u>The minimum leverage ratio requirement applicable to an AI as specified in BCR §3Z.</u>
27	<u>Total applicable leverage buffers. This row is not applicable as Hong Kong does not adopt leverage buffers.</u>
28	<u>Mean of the sums of rows 14 and 15, based on the sums calculated as of each day of the reporting quarter.</u>

Explanatory Note

<u>29</u>	If rows 14 and 15 are based on quarter-end values, this amount is the sum of rows 14 and 15.
<u>30 & 30a</u>	<u>Total exposure measure, using mean values calculated as of each day of the reporting quarter for the amounts of the exposure measure associated with gross SFT assets (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables). Hong Kong does not exercise the discretion to allow for the temporary exemption of central bank reserves from the LR exposure measure. The value in [LR2:30 & 30a/a] should be equal to the value in [KM1:13a/a].</u>
<u>31 & 31a</u>	<u>Tier 1 capital measure divided by the exposure measure, using mean values calculated as of each day of the reporting quarter for the amounts of the exposure measure associated with gross SFT assets (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables). Hong Kong does not exercise the discretion to allow for the temporary exemption of central bank reserves from the LR exposure measure. The value in [LR2:31 & 31a/a] is equal to the value in [KM1:14c & 14d/a].</u>

Part III: Credit risk for non-securitization exposures

Unless the context otherwise requires, the scope of this section includes an AI's credit risk for non-securitization exposures subject to capital requirements under Part 4, 5 or 6 of the BCR, and excludes:

- all securitization exposures subject to capital requirements under Part 7 of the BCR; and
- ~~• all exposures in the banking book and trading book that are subject to a counterparty credit risk capital charge under Part 6A of the BCR (including the CVA capital charges and charges applied to exposures to CCPs).~~
- all counterparty credit risk exposures to CCPs and other counterparties arising from transactions in the banking book and trading book, and exposures in respect of default fund contributions to CCPs, that are subject to Part 6A of the BCR.

For the purpose of Part III of this document, any reference to exposures related to "credit risk" is referring to the same scope as described above (i.e. credit risk for non-securitization exposures excluding counterparty credit risk) unless otherwise specified.

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

Purpose:	To illustrate the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of capital requirements. RWA density provides a synthetic metric on riskiness of each portfolio.
Scope of application:	<p>The template, which comprises a STC version and a BSC version, is mandatory for AIs incorporated in Hong Kong that have credit risk exposures subject to the STC approach or the BSC approach. The STC version of this template is to be completed by AIs that use the STC approach and the BSC version by AIs that use the BSC approach. IRB AIs with exposures subject to the STC approach should report such exposures in the STC version. However, an AI may choose not to disclose the information required in this template provided that the following conditions are met:</p> <ul style="list-style-type: none"> (i) the exposure amounts and RWA calculated are negligible; (ii) the AI has clearly stated this fact in the disclosure statement; and (iii) the AI has explained in a narrative commentary why it considers the information not to be meaningful to information users, including a description of the portfolios concerned and the aggregate total of RWAs from such exposures. <p>CIS exposures should not be reported in this template but in Template OV1.</p>
Content:	Credit risk exposure amounts for the purpose of capital adequacy.
Frequency:	Semi-annual.
Format:	Fixed. The columns are fixed and the rows in the STC version and the BSC version of this template reflect respectively the classification of exposures as defined under the BCR, where applicable.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements. An AI should describe the sequence in which CCFs, provisioning and credit risk mitigation measures are applied.
Corresponding BDR section:	16N

Version for AIs using STC approach ("STC version")

	Exposure classes	(a)	(b)	(c)	(d)	(e)	(f)
		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-
1	Sovereign exposures						
2	PSE exposures						
2a	Of which: domestic PSEs						
2b	Of which: foreign PSEs						
3	Multilateral development bank exposures						
4	Bank exposures						
5	Securities firm exposures						
6	Corporate exposures						
7	CIS exposures						
8	Cash items						
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						
11	Residential mortgage loans						
12	Other exposures which are not past due exposures						
13	Past due exposures						
14	Significant exposures to commercial- entities						
15	Total						

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	<u>Sovereign exposures</u>						
2	<u>Public sector entity exposures</u>						
3	<u>Multilateral development bank exposures</u>						
3a	<u>Unspecified multilateral body exposures</u>						
4	<u>Bank exposures</u>						
4a	<u>Non-bank financial institution exposures</u>						
5	<u>Eligible covered bond exposures</u>						
6	<u>General corporate exposures</u>						
6a	<u>Of which: securities firms and financial institutions</u>						
6b	<u>Specialized lending</u>						
7	<u>Equity exposures</u>						
7a	<u>Significant capital investments in commercial entities</u>						
7b	<u>Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities</u>						
7c	<u>Subordinated debts issued by banks, non-bank financial institutions and corporates</u>						
8	<u>Retail exposures</u>						
8a	<u>[Reserved for Class X in the Division A, Part IIIb of the to be revised CAR return]</u>						
9	<u>Real estate exposures</u>						

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	<u>Exposure classes</u>	<u>On-balance sheet amount</u>	<u>Off-balance sheet amount</u>	<u>On-balance sheet amount</u>	<u>Off-balance sheet amount</u>	<u>RWA</u>	<u>RWA density</u>
9a	<u>Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)</u>						
9b	<u>Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)</u>						
9c	<u>Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)</u>						
9d	<u>Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)</u>						
9e	<u>Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)</u>						
9f	<u>Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)</u>						
9g	<u>Of which: land acquisition, development and construction exposures</u>						
10	<u>Defaulted exposures</u>						
11	<u>Other exposures</u>						
11a	<u>Cash and gold</u>						
11b	<u>Items in the process of clearing or settlement</u>						
12	Total						

Version for AIs using BSC approach ("BSC version")

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
<u>Exposure classes</u>		<u>On-balance sheet amount</u>	<u>Off-balance sheet amount</u>	<u>On-balance sheet amount</u>	<u>Off-balance sheet amount</u>	<u>RWA</u>	<u>RWA density</u>
1	Sovereign exposures						
2	PSE exposures						
3	Multilateral development bank exposures						
4	Bank exposures						
5	Cash items						
6	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery versus payment basis						
7	Residential mortgage loans						
8	Other exposures						
9	Significant exposures to commercial entities						
10	Total						

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
<u>Exposure classes</u>		<u>On-balance sheet amount</u>	<u>Off-balance sheet amount</u>	<u>On-balance sheet amount</u>	<u>Off-balance sheet amount</u>	<u>RWA</u>	<u>RWA density</u>
1	<u>Sovereign exposures</u>						
2	<u>Public sector entity exposures</u>						
3	<u>Multilateral development bank exposures</u>						
4	<u>Unspecified multilateral body exposures</u>						
5	<u>Bank exposures</u>						

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	<u>Exposure classes</u>	<u>On-balance sheet amount</u>	<u>Off-balance sheet amount</u>	<u>On-balance sheet amount</u>	<u>Off-balance sheet amount</u>	<u>RWA</u>	<u>RWA density</u>
6	<u>Eligible covered bond exposures</u>						
7	<u>[Reserved for Class VII in the Division A, Part IIIa of the to be revised CAR return]</u>						
8	<u>Real estate exposures</u>						
8a	<u>Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)</u>						
8b	<u>Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)</u>						
8c	<u>Of which: other real estate exposures</u>						
9	<u>Equity exposures</u>						
10	<u>Significant capital investments in commercial entities</u>						
11	<u>Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities</u>						
12	<u>Subordinated debts issued by banks and corporates</u>						
13	<u>Cash and gold</u>						
14	<u>Items in the process of clearing or settlement</u>						
15	<u>Other exposures</u>						
16	Total						

Explanatory Note	
Columns	
(a)	<i>Exposures pre-CCF and pre-CRM – On-Balance sheet amount:</i> the on-balance sheet exposure amount (net of <u>specific provisions, including</u> allowances / impairments and <u>partial</u> write-offs) under the regulatory scope of consolidation gross of the effect of recognized CRM.
(b)	<i>Exposures pre-CCF and pre-CRM – Off-Balance sheet amount:</i> the off-balance sheet exposure amount, gross of CCF and the effect of recognized CRM under the regulatory scope of consolidation.
(c)	<i>Exposures post-CCF and post-CRM – On-Balance sheet amount:</i> the on-balance sheet exposure amount to which the capital requirements are applied. It is a net credit <u>equivalent exposure</u> amount, after the effects of recognized CRM.
(d)	<i>Exposures post-CCF and post-CRM – Off-Balance sheet amount:</i> the off-balance sheet exposure amount to which the capital requirements are applied. It is a net credit equivalent amount, after the effects of recognized CRM and CCF.
(e)	<i>RWA:</i> for AIs using the STC approach, the value in [CR4(STC): 15 12/e] is equal to the value in [OV1: 2/a]; for AIs using the BSC approach, the value in [CR4(BSC): 10 16/e] is equal to the value in [OV1: 2a/a].
(f)	<i>RWA density:</i> this is derived from total RWA in column (e) divided by exposures post-CCF and post-CRM (i.e. the sum of values in columns (c) and (d)). The resultant ratio should be expressed in percentage.
Rows	
All	The rows and their respective definitions are aligned with the classification of exposures used in Division 2, Part 4 (for STC approach) or Division 2, Part 5 (for BSC approach) of the BCR. <u>For clarity, all CIS exposures under the new standard on bank's equity investment in funds should, upon its implementation, be excluded from this template.</u>
15 12 (STC) / 10 16	<i>Total:</i> for AIs using the STC approach, the sum of values in [CR4(STC): 15 12/c] and [CR4(STC): 15 12/d] is equal to the value in [CR5(STC): 15 11/d] <u>under the table "Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures (STC version)";</u> for AIs using the BSC approach, the sum of values in [CR4(BSC): 10 16/c] and [CR4(BSC): 10 16/d] is equal to the value in [CR5(BSC): 10 8/d] <u>under the table "Exposure amounts and CCFs applied</u>

Explanatory Note	
(BSC)	to off-balance sheet exposures, categorised based on risk bucket of converted exposures (BSC version)".

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

Purpose:	To present a breakdown of credit risk exposures by asset classes and by risk weights (corresponding to the classification of exposures according to the approaches used).
Scope of application:	<p>The template, which comprises a STC version and a BSC version, is mandatory for AIs incorporated in Hong Kong that have credit risk exposures subject to the STC approach or the BSC approach. The STC version of this template is to be completed by AIs that use the STC approach and the BSC version by AIs that use the BSC approach. IRB AIs with exposures subject to the STC approach should report such exposures in the STC version. However, an AI may choose not to disclose the information required in this template provided that the following conditions are met:</p> <ul style="list-style-type: none"> (i) the credit exposure amounts and RWA calculated are negligible; (ii) the AI has clearly stated this fact in the disclosure statement; and (iii) the AI has explained in a narrative commentary why it considers the information not to be meaningful to information users, including a description of the exposures included in the respective portfolios and the aggregate total RWAs from such exposures. <p><u>CIS exposures should not be reported in this template but in Template OV1.</u></p>
Content:	Credit risk exposure amounts for the purpose of capital adequacy, after taking into account CCFs and the effect of recognized CRM.
Frequency:	Semi-annual.
Format:	Fixed. The columns are fixed and the rows in the STC version and the BSC version of this template reflect respectively the exposure classes as defined under the BCR.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements. <u>An AI should describe the sequence in which CCFs, provisioning and credit risk mitigation measures are applied.</u>
Corresponding BDR section:	16O

Version for Als using STC approach ("STC version")

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post-CCF and post-CRM)
	Exposure class											
1	Sovereign exposures											
2	PSE exposures											
2a	Of which: domestic PSEs											
2b	Of which: foreign PSEs											
3	Multilateral development bank exposures											
4	Bank exposures											
5	Securities firm exposures											
6	Corporate exposures											
7	CIS exposures											
8	Cash items											
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											
11	Residential mortgage loans											
12	Other exposures which are not past due exposures											
13	Past due exposures											
14	Significant exposures to commercial entities	—	—	—				—	—	—		—
15	Total	—	—	—				—	—	—		—

		<u>0%</u>	<u>20%</u>	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>		
<u>1</u>	<u>Sovereign exposures</u>									
		<u>0%</u>	<u>20%</u>	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>		
<u>2</u>	<u>Public sector entity exposures</u>									
		<u>0%</u>	<u>20%</u>	<u>30%</u>	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>	
<u>3</u>	<u>Multilateral development bank exposures</u>									
		<u>20%</u>	<u>30%</u>	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>		
<u>3a</u>	<u>Unspecified multilateral body exposures</u>									
		<u>20%</u>	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>
<u>4</u>	<u>Bank exposures</u>									

		<u>20%</u>	<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>	
<u>4a</u>	<u>Non-bank financial institution exposures</u>										
		<u>10%</u>	<u>15%</u>	<u>20%</u>	<u>25%</u>	<u>35%</u>	<u>50%</u>	<u>100%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>	
<u>5</u>	<u>Eligible covered bond exposures</u>										
		<u>20%</u>	<u>30%</u>	<u>50%</u>	<u>65%</u>	<u>75%</u>	<u>85%</u>	<u>100%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>6</u>	<u>General corporate exposures</u>										
<u>6a</u>	<u>Of which: securities firms and financial institutions</u>										
		<u>20%</u>	<u>50%</u>	<u>75%</u>	<u>80%</u>	<u>100%</u>	<u>130%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>	
<u>6b</u>	<u>Specialized lending</u>										
		<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>Other</u>						<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>7</u>	<u>Equity exposures</u>										

		<u>250%</u>	<u>400%</u>	<u>1250%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>7a</u>	<u>Significant capital investments in commercial entities</u>					
		<u>150%</u>	<u>250%</u>	<u>400%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>7b</u>	<u>Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities</u>					
		<u>150%</u>		<u>Other</u>		<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>7c</u>	<u>Subordinated debts issued by banks, non-bank financial institutions and corporates</u>					
		<u>45%</u>	<u>75%</u>	<u>100%</u>	<u>Other</u>	<u>Total credit exposure amount (post CCF and post-CRM)</u>
<u>8</u>	<u>Retail exposures</u>					

		[]	Other	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>
8a	<u>[Reserved for Class X in the Division A, Part IIIb of the</u> <u>to be revised CAR return]</u>			

		<u>0</u> <u>%</u>	<u>20</u> <u>%</u>	<u>25</u> <u>%</u>	<u>30</u> <u>%</u>	<u>35</u> <u>%</u>	<u>40</u> <u>%</u>	<u>45</u> <u>%</u>	<u>50</u> <u>%</u>	<u>60</u> <u>%</u>	<u>65</u> <u>%</u>	<u>70</u> <u>%</u>	<u>75</u> <u>%</u>	<u>85</u> <u>%</u>	<u>90</u> <u>%</u>	<u>100</u> <u>%</u>	<u>105</u> <u>%</u>	<u>110</u> <u>%</u>	<u>150</u> <u>%</u>	<u>Other</u>	<u>Total credit</u> <u>exposure amount</u> <u>(post-CCF and</u> <u>post-CRM)</u>	
9	<u>Real estate exposures</u>																					
9a	<u>Of which: regulatory</u> <u>residential real estate</u> <u>exposures (not materially</u> <u>dependent on cash flows</u> <u>generated by mortgaged</u> <u>properties)</u>																					
9b	<u>Of which: no loan</u> <u>splitting applied</u>																					
9c	<u>Of which: loan splitting</u> <u>applied (secured)</u>																					
9d	<u>Of which: loan splitting</u> <u>applied (unsecured)</u>																					

		<u>0</u> %	<u>20</u> %	<u>25</u> %	<u>30</u> %	<u>35</u> %	<u>40</u> %	<u>45</u> %	<u>50</u> %	<u>60</u> %	<u>65</u> %	<u>70</u> %	<u>75</u> %	<u>85</u> %	<u>90</u> %	<u>100</u> %	<u>105</u> %	<u>110</u> %	<u>150</u> %	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>	
<u>9e</u>	<u>Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)</u>																					
<u>9f</u>	<u>Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)</u>																					
<u>9g</u>	<u>Of which: no loan splitting applied</u>																					
<u>9h</u>	<u>Of which: loan splitting applied (secured)</u>																					
<u>9i</u>	<u>Of which: loan splitting applied (unsecured)</u>																					

		<u>0</u> %	<u>20</u> %	<u>25</u> %	<u>30</u> %	<u>35</u> %	<u>40</u> %	<u>45</u> %	<u>50</u> %	<u>60</u> %	<u>65</u> %	<u>70</u> %	<u>75</u> %	<u>85</u> %	<u>90</u> %	<u>100</u> %	<u>105</u> %	<u>110</u> %	<u>150</u> %	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>	
<u>9j</u>	<u>Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)</u>																					
<u>9k</u>	<u>Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)</u>																					
<u>9l</u>	<u>Of which: no loan splitting applied</u>																					
<u>9m</u>	<u>Of which: loan splitting applied (secured)</u>																					
<u>9n</u>	<u>Of which: loan splitting applied (unsecured)</u>																					

		<u>0</u> %	<u>20</u> %	<u>25</u> %	<u>30</u> %	<u>35</u> %	<u>40</u> %	<u>45</u> %	<u>50</u> %	<u>60</u> %	<u>65</u> %	<u>70</u> %	<u>75</u> %	<u>85</u> %	<u>90</u> %	<u>100</u> %	<u>105</u> %	<u>110</u> %	<u>150</u> %	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>	
<u>9o</u>	<u>Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)</u>																					
<u>9p</u>	<u>Of which: land acquisition, development and construction exposures</u>																					

		<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>10</u>	<u>Defaulted exposures</u>					

		<u>100%</u>	<u>1250%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>11</u>	<u>Other exposures</u>				

		<u>0%</u>	<u>100%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>11</u> <u>a</u>	<u>Cash and gold</u>				

		<u>0%</u>	<u>20%</u>	<u>100%</u>	<u>625%</u>	<u>937.5%</u>	<u>1250%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>11</u> <u>b</u>	<u>Items in the process of clearing or settlement</u>								

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures (STC version)

	<u>Risk Weight[#]</u>	<u>(a)</u> <u>On-balance sheet exposure</u>	<u>(b)</u> <u>Off-balance sheet exposure (pre-CCF)</u>	<u>(c)</u> <u>Weighted average CCF*</u>	<u>(d)</u> <u>Exposure (post-CCF and post-CRM)</u>
<u>1</u>	<u>Less than 40%</u>				
<u>2</u>	<u>40-70%</u>				
<u>3</u>	<u>75%</u>				
<u>4</u>	<u>85%</u>				
<u>5</u>	<u>90- 100%</u>				
<u>6</u>	<u>105-130%</u>				
<u>7</u>	<u>150%</u>				
<u>8</u>	<u>250%</u>				

	<u>Risk Weight#</u>	(a) <u>On-balance sheet exposure</u>	(b) <u>Off-balance sheet exposure</u> <u>(pre-CCF)</u>	(c) <u>Weighted average CCF*</u>	(d) <u>Exposure</u> <u>(post-CCF and post-CRM)</u>
<u>9</u>	<u>400%</u>				
<u>10</u>	<u>1,250%</u>				
<u>11</u>	<u>Total exposures</u>				

Point to note:

An AI should add additional rows for the applicable risk weights that are not listed in the table, if any.


* Weighting is based on off-balance sheet exposure (pre-CCF).

Version for Als using BSC approach ("BSC version")

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Risk Weight	0%	10%	20%	35%	50%	100%	250%	Others	Total credit risk exposures amount (post-CCF and post-CRM)
1	Sovereign exposures									
2	PSE exposures									
3	Multilateral development bank exposures									
4	Bank exposures									
5	Cash items									
6	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery versus payment basis									
7	Residential mortgage loans									
8	Other exposures									
9	Significant exposures to commercial entities									
10	Total									

		<u>0%</u>	<u>10%</u>	<u>20%</u>	<u>100%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
1	<u>Sovereign exposures</u>						

		<u>20%</u>	<u>100%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
2	<u>Public sector entity exposures</u>				

		<u>0%</u>		<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>
<u>3</u>	<u>Multilateral development bank exposures</u>				
		<u>50%</u>		<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>
<u>4</u>	<u>Unspecified multilateral body exposures</u>				
		<u>20%</u>	<u>100%</u>	<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>
<u>5</u>	<u>Bank exposures</u>				
		<u>10%</u>	<u>50%</u>	<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>
<u>6</u>	<u>Eligible covered bond exposures</u>				
				<u>Other</u>	<u>Total credit exposure amount</u> <u>(post-CCF and post-CRM)</u>
<u>7</u>	<u>[Reserved for Class VII in the Division A, Part IIIa of the</u> <u>to be revised CAR return]</u>				

		<u>40%</u>	<u>50%</u>	<u>70%</u>	<u>100%</u>	<u>120%</u>	<u>150%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>8</u>	<u>Real estate exposures</u>								
<u>8a</u>	<u>Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)</u>								
<u>8b</u>	<u>Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)</u>								
<u>8c</u>	<u>Of which: other real estate exposures</u>								

		<u>250%</u>	<u>400%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>9</u>	<u>Equity exposures</u>				

		<u>250%</u>	<u>400%</u>	<u>1250%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>10</u>	<u>Significant capital investments in commercial entities</u>					

		<u>150%</u>	<u>250%</u>	<u>400%</u>	<u>Other</u>			<u>Total credit exposure amount (post-CCF and post-CRM)</u>	
<u>11</u>	<u>Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities</u>								
		<u>150%</u>		<u>Other</u>			<u>Total credit exposure amount (post-CCF and post-CRM)</u>		
<u>12</u>	<u>Subordinated debts issued by banks and corporates</u>								
		<u>0%</u>	<u>100%</u>	<u>Other</u>			<u>Total credit exposure amount (post-CCF and post-CRM)</u>		
<u>13</u>	<u>Cash and gold</u>								
		<u>0%</u>	<u>20%</u>	<u>100%</u>	<u>625%</u>	<u>937.5%</u>	<u>1250%</u>	<u>Other</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>14</u>	<u>Items in the process of clearing or settlement</u>								
		<u>100%</u>		<u>1250%</u>		<u>Other</u>		<u>Total credit exposure amount (post-CCF and post-CRM)</u>	
<u>15</u>	<u>Other exposures</u>								

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures (BSC version)

	<u>Risk Weight#</u>	<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
		<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure (pre-CCF)</u>	<u>Weighted average CCF*</u>	<u>Exposure (post-CCF and post-CRM)</u>
<u>1</u>	<u>Less than 40%</u>				
<u>2</u>	<u>40-70%</u>				
<u>3</u>	<u>100%-120%</u>				
<u>4</u>	<u>150%</u>				
<u>5</u>	<u>250%</u>				
<u>6</u>	<u>400%</u>				
<u>7</u>	<u>1,250%</u>				
<u>8</u>	<u>Total exposures</u>				

Point to note:

An AI should add additional rows for the applicable risk weights that are not listed in the table, if any.

* Weighting is based on off-balance sheet exposure (pre-CCF).

Explanatory Note	
Rows	
All	The rows and their respective definitions are aligned with the classification of exposures used in Division 2, Part 4 (for STC approach) or Division 2, Part 5 (for BSC approach) of the BCR. For clarity, all CIS exposures under the new standard on bank's equity investment in funds should, upon its implementation, be excluded from this template. Loan-splitting approach is not applicable to Hong Kong.
1511 (STC) / 108 (BSC)	Total: Total exposures under the table "Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures": for Als using the STC approach, the value in [CR5(STC): 1511/d] is equal to the sum of values in [CR4(STC): 1512/c] and [CR4(STC): 1512/d]; for Als using the BSC approach, the value in [CR5(BSC): 108/d] is equal to the sum of values in [CR4(BSC): 1016/c] and [CR4(BSC): 1016/d].

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

Purpose:	To provide quantitative information in respect of specialized lending under the supervisory slotting criteria approach and equity exposures under the simple risk-weight method.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use one of the following approaches: (I) supervisory slotting criteria approach – HVCRE; and (II) supervisory slotting criteria approach – other than HVCRE; and (III) simple risk-weight method.
Content:	Carrying values, exposure amounts and RWA.
Frequency:	Semi-annual.
Format:	Flexible.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements.
Corresponding BDR section:	16U

I. Specialized Lending under supervisory slotting criteria approach – HVCRE

		(a)	(b)	(c)	(d)	(e)	(f)
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount	RWA	Expected loss amount
Strong [^]	Less than 2.5 years			70%			
Strong	Equal to or more than 2.5 years			95%			
Good [^]	Less than 2.5 years			95%			
Good	Equal to or more than 2.5 years			120%			
Satisfactory				140%			
Weak				250%			

		(a)	(b)	(c)	(d)	(e)	(f)
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount	RWA	Expected loss amount
Default				0%			
Total							

^ Use of preferential risk-weights.

II. Specialized Lending under supervisory slotting criteria approach – Other than HVCRE

Supervisory Rating Grade	Remaining Maturity	(a) On-balance sheet exposure amount	(b) Off-balance sheet exposure amount	(c) SRW	(d) EAD amount					(e) RWA	(f) Expected loss amount
					(d)(i) PF	(d)(ii) OF	(d)(iii) CF	(d)(iv) IPRE	(d)(v) Total		
					Strong^	Less than 2.5 years			50%		
Strong	Equal to or more than 2.5 years			70%							
Good^	Less than 2.5 years			70%							
Good	Equal to or more than 2.5 years			90%							
Satisfactory				115%							
Weak				250%							
Default				0%							
Total											

^ Use of preferential risk-weights.

III.— Equity exposures under the simple risk-weight method

	(a)	(b)	(c)	(d)	(e)
Categories	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount	RWA
Publicly traded equity exposures			300%		
All other equity exposures			400%		
Total	—				

Explanatory Note	
Columns	
(a)	<i>On-balance sheet exposure amount:</i> the carrying value of exposure (net of allowances and write-offs) under the regulatory scope of consolidation.
(b)	<i>Off-balance sheet exposure amount:</i> the carrying value of exposure before applying the CCF and the effect of any recognized CRM.
(c)	<i>SRW:</i> the supervisory risk-weights assigned <u>attached to the corresponding supervisory rating grades</u> in accordance with Division 5 (for specialized lending under supervisory slotting criteria approach) and Division 7 (for equity exposures under the simple risk-weight method) , Part 6 of the BCR. The risk-weights in the tables should not be altered.
(d)	<i>EAD amount:</i> the amount relevant for the capital requirement's calculation with the effects of CRM and CCF already taken into account. For specialized lending other than HVCRE, an AI should further breakdown <u>provide</u> the exposure amount into categories for: (d)(i) <i>PF</i> – Project finance; (d)(ii) <i>OF</i> – Object finance; (d)(iii) <i>CF</i> – Commodities finance; and (d)(iv) <i>IPRE</i> – Income-producing real estate. Column (d)(v) is the sum of values reported in columns (d)(i) to (d)(iv).
(e)	<i>RWA:</i> for specialized lending other than HVCRE, this column equals the product of the values in column (c) and column (d)(v); for specialized lending – HVCRE and equity exposures under the simple risk-weight method , this column equals the product of values in column (c) and column (d).
(f)	<i>Expected loss amount:</i> for specialized lending only, the amount of expected losses are calculated according to Division 11, Part 6 of the BCR.

Part [IVA]: Credit valuation adjustment risk

Table CVAA: Qualitative disclosures related to CVA risk

Purpose:	To provide a description of the risk management objectives and policies for CVA risk.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong that are subject to CVA risk capital charges, including AIs which are qualified and have chosen to calculate their RWA for CVA risk at 100% of their RWA for counterparty credit risk exposures as prescribed under the BCR.
Content:	Qualitative information.
Frequency:	Annual.
Format:	Flexible.
Corresponding BDR section:	[]

An AI should describe its risk management objectives and policies for CVA risk as follows:

- (a) An explanation and/or a description of the AI's processes implemented to identify, measure, monitor and control its CVA risks, including policies for hedging CVA risk and the processes for monitoring the continuing effectiveness of hedges.
- (b) Whether the AI is qualified and has chosen to set its RWA for CVA risk at 100% of its RWA for counterparty credit risk exposures as prescribed under the BCR.

Template CVA1: CVA risk under reduced basic CVA approach

Purpose:	To provide the components used for the computation of CVA risk capital charge under the reduced basic CVA approach.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the reduced basic CVA approach to calculate part or all of their CVA risk capital charges. The template should be completed with only the capital charges obtained from the netting sets which are under the reduced basic CVA approach.
Content:	Capital charge.
Frequency:	Semi-annual.
Format:	Fixed.
Accompanying narrative:	An AI should describe the types of CVA hedge it uses even if the CVA hedges are not taken into account under the reduced basic CVA approach
Corresponding BDR section:	[1]

		(a)	(b)
		Components	CVA risk capital charge under the reduced basic CVA approach
1	Aggregation of systematic components of CVA risk		
2	Aggregation of idiosyncratic components of CVA risk		
3	Total		

Explanatory Note	
Rows	
1	<i>Aggregation of systematic components of CVA risk:</i> Capital charge under perfect correlation assumption ($\sum_c SCVA_c$) as calculated in accordance with Part [8A] of the BCR.
2	<i>Aggregation of idiosyncratic components of CVA risk:</i> Capital charge under zero correlation assumption ($\sqrt{\sum_c SCVA_c^2}$) as calculated in accordance with Part [8A] of the BCR.
3	<i>Total:</i> This is the CVA risk capital charge under the reduced basic CVA approach (i.e. $BA_CVA_{reduced}$) as calculated in accordance with Part [8A] of the BCR. The value in [CVA1:3/b] should be equal to the value in [OV1:10/c] if the AI only uses the reduced basic CVA approach for all CVA risk exposures.

Template CVA2: CVA risk under full basic CVA approach

Purpose:	To provide the components used for the computation of CVA risk capital charge under the full basic CVA approach.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the full basic CVA approach to calculate part or all of their CVA risk capital charges. The template should be completed with only the capital charges obtained from the netting sets which are under the full basic CVA approach.
Content:	Capital charge.
Frequency:	Semi-annual.
Format:	Fixed. Additional rows can be inserted for the breakdown of other risks.
Corresponding BDR section:	[1]

		(a)
		CVA risk capital charge under the full basic CVA approach
1	BA_CVA _{reduced}	
2	BA_CVA _{hedged}	
3	Total	

Explanatory Note	
Rows	
1	BA_CVA _{reduced} : as calculated in accordance with Part [8A] of the BCR.
2	BA_CVA _{hedged} : as calculated in accordance with Part [8A] of the BCR.
3	<i>Total</i> : This is the CVA risk capital charge under the full basic CVA approach (i.e. BA_CVA _{full}) as calculated in accordance with Part [8A] of the BCR. The value in [CVA2:3/a] should be equal to the value in [OV1:10/c] if the AI only uses the full basic CVA approach for all CVA risk exposures.

Table CVAB: Additional qualitative disclosures for AIs using standardized CVA approach

Purpose:	To provide the main characteristics of the AI's CVA risk management framework.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong using the standardized CVA approach to calculate part or all of their CVA capital charges.
Content:	Qualitative information.
Frequency:	Annual.
Format:	Flexible.
Corresponding BDR section:	[1]

An AI should provide the following information on its CVA risk management framework:

- (a) A description of the AI's CVA risk management framework.
- (b) A description of how senior management is involved in the CVA risk management framework.
- (c) An overview of the governance of the CVA risk management framework (e.g. documentation, independent control unit, independent review, independence of the data acquisition from the lines of business).

Template CVA3: CVA risk under standardized CVA approach

Purpose:	To provide the components used for the computation of CVA risk capital charge under the standardized CVA approach.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the standardized CVA approach to calculate part or all of their CVA risk capital charges.
Content:	Capital charge.
Frequency:	Semi-annual.
Format:	Fixed. Additional rows can be inserted for the breakdown of other risks.
Corresponding BDR section:	[]

		(a)	(b)
		CVA risk capital charge under the standardized CVA approach	Number of counterparties
1	Interest rate risk		
2	Foreign exchange risk		
3	Reference credit spread risk		
4	Equity risk		
5	Commodity risk		
6	Counterparty credit spread risk		
7	Total (sum of rows 1 to 6)		

Explanatory Note	
Rows	
7	<i>Total:</i> for column (a), this is the sum of values in rows 1 to 6, and should be equal to the value in [OV1: 10/c] if the AI only uses the standardized CVA approach for all CVA risk exposures.

Template CVA4: RWA flow statements of CVA risk exposures under standardized CVA approach

Purpose:	Flow statement explaining variations in RWA for CVA risk determined under the standardized CVA approach.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the standardized CVA approach to calculate part or all of their CVA risk capital charges.
Content:	RWA for CVA risk. Changes in RWA amounts over the reporting period for each of the key drivers should be based on an AI's reasonable estimation of the figure.
Frequency:	Quarterly.
Format:	Fixed.
Accompanying narrative:	AIs are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes. Factors behind changes could include movements in risk levels, scope changes (e.g. movement of netting sets between the standardized CVA approach and the full or reduced basic CVA approach), acquisition and disposal of business/product lines or entities or foreign currency translation movements.
Corresponding BDR section:	[]

		(a)
1	Total RWA for CVA risk at end of previous reporting period	
2	Total RWA for CVA risk at end of reporting period	

Explanatory Note	
Rows	
1	The value in [CVA4:1/a] should be equal to the value in [OV1:10/b] if the AI only uses the standardized CVA approach for all CVA risk exposures.
2	The value in [CVA4:2/a] should be equal to the value in [OV1:10/a] if the AI only uses the standardized CVA approach for all CVA risk exposures.

Part VI: Market risk

Unless the context otherwise requires, the market risk section includes exposures booked in the trading book and banking book that are subject to a market risk capital charge. It also includes capital requirements for securitization positions held in the trading book. However, it excludes the counterparty credit risk capital charges that apply to the same exposures and CVA risk, which are reported in Part IV – Counterparty credit risk and Part [IVA] – Credit valuation adjustment risk respectively.

Table MRA: Qualitative disclosures related to market risk

Purpose:	To provide a description of the risk management objectives and policies concerning market risk.
Scope of application:	The table is mandatory for AIs incorporated in Hong Kong that are subject to market risk capital <u>charge requirements</u> in Part 8 of the BCR (other than those exempted under section 22 of the BCR).
Content:	Qualitative information.
Frequency:	Annual
Format:	Flexible.
Corresponding BDR section:	16ZJ

An AI should describe its risk management objectives and policies for market risk according to the framework below ~~(the granularity of the information should support the provision of meaningful information to users)~~:

- (a) Strategies and processes of the AI, which this should include an explanation and/or a description of: management's
- (i) the AI's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the AI's market risks, including policies for hedging risk and strategies/processes for monitoring the continuing effectiveness of hedges;
 - (ii) policies for determining whether a position is designated as trading, including the definition of stale positions and the risk management policies for monitoring those positions. In addition, an AI should describe cases where instruments are assigned to the trading or banking book contrary to the general presumptions of their instrument category as set out in Part 8 of the BCR and the market and gross fair value of such cases, as well as cases where instruments have been moved between the banking book and the trading book since the last reporting period, including the gross fair value of such cases and the reason for the move; and
 - (iii) description of internal risk transfer activities, including the types of internal risk transfer trading desk.

(b) Structure and organisation of the market risk management function: including a description of the market risk governance structure established to implement the strategies and processes of the AI discussed in row (a) above, ~~and describing the relationships and the communication mechanisms between the different parties involved in market risk management.~~

(c) The scope and nature of risk reporting and/or measurement systems. ~~In particular, the AI should describe:~~

- ~~(i) — its risk analysis and risk management systems;~~
- ~~(ii) — how the items in (a) are commensurate with the nature and volume of transactions;~~
- ~~(iii) — how reporting and measurement systems provide an overall understanding of all the risks associated with the AI's market risk activities, including at least on a day to day basis the risks resulting from trading book positions;~~
- ~~(iv) — its organisational and internal control procedures;~~
- ~~(v) — its communication mechanisms between the different parties involved in risk management (management body, senior management, business lines and central risk management function); and~~
- ~~(vi) — how often the reporting and/or measurement systems are regularly updated and assessed.~~

Template MR1: Market risk under STM approach

Purpose:	To disclose the components of the market risk capital charge calculated using the STM approach.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the STM approach for calculating their market risk capital charges for all or part of their market risk exposures. AIs that have the MA's approval under section 18(2)(a) to use the IMA to calculate their market risk capital charges must disclose in this template their market risk capital charges for those exposures that are subject to the STM approach.
Content:	Market risk capital charge calculated under STM approach.
Frequency:	Semi-annual.
Format:	Fixed.
Accompanying narrative:	AIs should supplement the template with a narrative commentary to explain any material changes over the current reporting period and the key drivers of such changes. In particular, the narrative should inform about changes in the scope of application, including changes due to trading desks for which market risk capital charges are calculated using the STM approach.
Corresponding BDR section:	[]

		(a)
		Market risk capital charges under STM approach
1	General interest rate risk	
2	Equity risk	
3	Commodity risk	
4	Foreign exchange risk	
5	Credit spread risk (non-securitization)	
6	Credit spread risk (securitization: non-correlation trading portfolio ("CTP"))	
7	Credit spread risk (securitization: CTP)	
8	Standardized default risk charge ("SA-DRC") (non-securitization)	
9	SA-DRC (securitization: non-CTP)	
10	SA-DRC (securitization: CTP)	
11	Residual risk add-on	
12	Total	

Explanatory Note	
Rows	
12	<i>Total</i> : the sum of values in rows 1 to 11, which is also equal to the value in [OV1: 21/c].

Table MRB: Additional qualitative disclosures for AIs using IMA

Purpose:	To provide the scope, main characteristics and key modelling choices of the different models used for the calculation of market risk capital charge using the IMA.
Scope of application:	The table is mandatory for AIs incorporated in Hong Kong that use the IMA for calculating all or part of their market risk capital charge. To provide meaningful information to users on its use of internal models, an AI should describe the main characteristics of the models used at the group-wide level (according to the scope of regulatory consolidation) and explain the extent to which they represent all the models used at the group-wide level. The commentary should include the percentage of market risk capital charge covered by the models described for each of the market risk capital charge components (modellable risk factors, non-modellable risk factors (“NMRFs”) and default risk charge).
Content:	Qualitative information.
Frequency:	Annual.
Format:	Flexible.
Corresponding BDR section:	[1]

(I) An AI should provide a general description of the trading desk structure and types of instruments included in the IMA trading desks.

(II) An AI using internal models to determine the market risk charges for modellable risk factors (“ES models”) should provide the following information:

- | | |
|-----|---|
| (a) | A description of trading desks covered by the ES models. Where applicable, the AI should also describe the main trading desks not included in the calculation of market risk capital charge for modellable risk factors (due to lack of historical data or model constraints). |
| (b) | The soundness criteria on which the internal capital adequacy assessment is based (e.g. forward-looking stress testing) and a description of the methodologies used to achieve a capital adequacy assessment that is consistent with the soundness standards as set out in Schedule [3] of the BCR. |
| (c) | A general description of the ES model(s). For example, the AI may describe whether the model(s) is (are) based on historical simulation, Monte Carlo simulations or other appropriate analytical methods, and the stressed ES relevant period for stressed ES calculation. |
| (d) | The frequency by which model data is updated. |
| (e) | A description of the ES calculation based on current and stressed observations. For example, the AI should describe the reduced set of modellable risk factors used to calibrate the period of stress, the share of the variations |

	in the fully specified ES that is explained by the reduced set of modellable risk factors, and the observation period used to identify the stressed ES relevant period.
(III)	An AI using internal models to determine the market risk charges for NMRFs must provide the following information:
(a)	A general description of each methodology used to achieve a capital assessment for categories of NMRFs that is consistent with the required soundness standard as set out in Schedule [3] of the BCR.
(IV)	An AI using internal models to determine the default risk charge must provide the following information:
(a)	A general description of the methodology, including information about the characteristics and scope of the VAR and whether different models are used for different exposure classes. For example, the AI may describe the range of probability of default ("PD") by obligors on the different types of positions, the approaches used to correct market-implied PDs as applicable, the treatment of netting, basis risk between long and short exposures of different obligors, mismatch between a position and its hedge and concentrations that can arise within and across product classes during stressed conditions.
(b)	The methodology used to achieve a capital assessment that is consistent with both the required soundness standard as set out in Schedule [3] of the BCR.
(V)	Validation of models and modelling processes
(a)	The approaches used in the validation of the models and modelling processes, describing general approaches used and the types of assumptions and benchmarks on which they rely.

Template MR2: Market risk under IMA

Purpose:	To provide the components of the market risk capital charge calculated using the IMA for market risk
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the IMA for calculating all or part of their market risk capital charge.
Content:	Components for calculating market risk capital charge at the group-wide level (according to the scope of regulatory consolidation).
Frequency:	Quarterly.
Format:	Fixed
Accompanying narrative:	An AI should report the components of their total market risk capital charge that are included for their most recent measure as at the end of the current reporting period and the components that are included for their average of the last 60 trading days for expected shortfall, IMCC and SES, and 12 weeks for default risk charge. An AI should also provide a comparison of VaR estimates with actual gains/losses experienced by the AI, with analysis of important exceptions in backtesting results. An AI should explain any material changes in the current reporting period for the figures reported in the template and the key drivers of such changes.
Corresponding BDR section:	11

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		At the current quarter				At the previous quarter		
		Risk measure for previous 60 trading days/ 12 weeks				Number of backtesting exceptions	Risk measure: for previous 60 trading days/ 12 weeks	
		Most recent	Average	High	Low	VaR measure 99.0%	Most recent	Average
1	Unconstrained expected shortfall							
2	Expected shortfall for the regulatory risk classes	General interest rate risk						
3		Equity risk						
4		Commodity risk						
5		Foreign exchange risk						
6		Credit spread risk						

7	Constrained expected shortfall							
8	IMCC							
9	Non-modellable risk factors (i.e. SES)							
10	Default risk charge							
11	Capital surcharge for trading desks assigned to the yellow zone							
12	Market risk capital charge for trading desks assigned to the green or yellow zone (including capital surcharge)							
13	Total market risk capital charge for trading desks subject to STM approach as disclosed in Template MR1							
14	Difference in market risk capital charge under the IMA and STM approach for trading desks assigned to the green or yellow zone							
15	Market risk capital charge for all trading desks (including those subject to the IMA) calculated using the STM approach							
16	Total market risk capital charge							

Explanatory Note	
Columns	
a	<i>Most recent:</i> For each of the rows 1 to 10, the value in this column is the position as of the end of the reporting period.
b	<i>Average:</i> For each of the rows 1 to 9, the value in this column is an average-based figure of the last 60 trading days. For row 10, the value in this column is an average-based figure of the last 12 weeks.
c	<i>High:</i> For rows 1 to 6, an AI should report the highest value in the last 60 trading days.
d	<i>Low:</i> For rows 1 to 6, an AI should report the lowest value in the last 60 trading days.
f & g	Corresponding value for each of the rows as reported in the previous reporting period (i.e. the previous quarter).
Rows	
1	<i>Unconstrained expected shortfall:</i> IMCC(C) calculated in accordance with Division [13], Part 8 of the BCR.
2 to 6	IMCC(C _i) for each of the risk classes calculated in accordance with Division [13], Part 8 of the BCR.
7	<i>Constrained expected shortfall:</i> this is the sum of values in rows 2 to 6.
8	<i>IMCC:</i> IMCC calculated in accordance with Division [13], Part 8 of the BCR.

Explanatory Note	
9	<i>Non-modellable risk factors (i.e. SES):</i> SES calculated in accordance with Division [13], Part 8 of the BCR.
10	<i>Default risk charge:</i> default risk charge as defined in section [281] of the BCR. This is the measure of the default risk of trading book positions, except those subject to STM approach, covering inter alia, sovereign exposures (including those denominated in the sovereign's domestic currency), equity positions and defaulted debt positions.
11	<i>Capital surcharge for trading desks assigned to the yellow zone:</i> capital surcharge for approved trading desks that fulfil the backtesting requirements and are assigned to the yellow zone in the profit and loss attribution test, which is calculated in accordance with Division [13], Part 8 of the BCR.
12	<i>Market risk capital charge for trading desks assigned to the green or yellow zone (including capital surcharge):</i> the value is the sum of market risk capital charge for trading desks assigned to the green or yellow zone, including any capital surcharge for trading desks assigned to the yellow zone, where applicable. The value of row 12 = max(row 8/a + row 9/a; multiplication factor (i.e. m_c) * row 8/b + row 9/b) + max(row 10/a; row 10/b) + row 11.
13	<i>Total market risk capital charge for trading desks subject to STM approach as disclosed in Template MR1:</i> market risk capital charge for trading desks that are subject to the STM approach (i.e. C_U). The value in this row is equal to the total market risk capital charge under the STM approach as disclosed in [MR1: 12/a]. The value in this row multiplied by 12.5 is equal to the value in [CMS1:5/b] (Note: The linkage to [CMS1:5/b] will not hold if an AI using the STM approach for market risk also uses SEC-IRBA and/or SEC-IAA when determining the default risk charge component for securitizations held in the trading book.).
14	<i>Difference in market risk capital charge under the IMA and STM approach for trading desks assigned to the green or yellow zone:</i> this is the difference between the market risk capital charges for trading desks assigned to green zone and yellow zone in the profit and loss attribution test calculated under the IMA (i.e. $IMA_{G,Y}$ calculated in accordance with Division [13], Part 8 of the BCR) and the STM approach (i.e. $SA_{G,Y}$ calculated in accordance with Division [13], Part 8 of the BCR). The value reported in this row should be a negative value if the value of $IMA_{G,Y}$ is smaller than that of $SA_{G,Y}$.
15	<i>Market risk capital charge for all trading desks (including those subject to the IMA) calculated using the STM approach:</i> this is the market risk capital charge for all instruments across all trading desks of the AI, regardless of whether those trading desks are subject to the IMA, calculated under the STM approach (i.e. $SA_{all\ desks}$ calculated in accordance with Divisions [1A to 1D], Part 8 of the BCR). The value in this row multiplied by 12.5 should be equal to the value in [CMS1:5/d] (Note: The linkage to [CMS1:5/d] will not hold if an AI using the STM approach for market risk also uses SEC-IRBA and/or SEC-IAA when determining the default risk charge component for securitizations held in the trading book.).
16	<i>Total market risk capital charge:</i> The value of row 16 = min(row 12 + row 13; row 15) + max(0, row 14). The value in this row minus [MR2:13] is equal to [OV1:22/c]. The value in this row minus [MR2:13] is also equal to [CMS1:5/a] (Note: The linkage to [CMS1:5/a] will not hold if an AI using the STM approach for market risk also uses SEC-IRBA and/or SEC-IAA when determining the default risk charge component for securitizations held in the trading book.) The value in this row multiplied by 12.5 is equal to [CMS1:5/c].

Template MR3: Market risk under SSTM approach

Purpose:	Provide the components of the market risk capital charge under the SSTM approach for market risk.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the SSTM approach to determine their market risk capital charge.
Content:	Market risk capital charge
Frequency:	Semi-annual.
Format:	Fixed.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material changes over the current reporting period and the key drivers of such changes.
Corresponding BDR section:	[1]

		(a)	(b)	(c)	(d)
			Options		
		Outright products	Simplified approach	Delta-plus method	Other approach
1	Interest rate exposures (general and specific risk)				
2	Equity exposures (general and specific risk)				
3	Commodity exposures				
4	Foreign exchange (including gold) exposures				
5	Securitization exposures				
6	Total				

Explanatory Note	
Columns	
a	<i>Outright products:</i> The market risk capital charge calculated in accordance with Divisions 2, 3, 4, 5, 6 and 10, Part 8 of the BCR.
b	<i>Options under the simplified approach:</i> The market risk capital charge calculated in accordance with Divisions 2 and 8, Part 8 of the BCR.
c	<i>Options under the delta-plus method:</i> The market risk capital charge calculated in accordance with Divisions 2 and 9, Part 8 of the BCR.
d	<i>Options under the other approach:</i> The market risk capital charge calculated in accordance with any other

Explanatory Note	
	approach (e.g. scenario approach) which has been approved by the MA pursuant to Part 8 of the BCR.
Rows	
5	<i>Securitization exposures</i> : The market risk capital charge arising from securitization exposures (including re-securitization exposures) should be disclosed in this row and calculated in accordance with Division 3, Part 8 of BCR.

Part [IX]: Operational risk

An AI should ensure that disclosures made under this Part are consistent with the BCR, banking return completion instructions and supervisory guidance for implementing the Basel III revised operational risk capital framework.

Table ORA: General information on operational risk framework

Purpose:	To describe the main characteristics and elements of an AI's operational risk management framework.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong.
Content:	Qualitative information.
Frequency:	Annual.
Format:	Flexible.
Corresponding BDR section:	[1]

An AI should describe:

- (a) Its policies, frameworks and guidelines for the management of operational risk.
- (b) The organisation structure of its operational risk management and control function.
- (c) Its operational risk measurement system (i.e. the systems and data used to measure operational risk in order to estimate the operational risk capital charge).
- (d) The scope and main context of its reporting framework on operational risk to senior management and to the board of directors.
- (e) The risk mitigation and risk transfer used in the management of operational risk. This includes mitigation by policy (such as the policies on risk culture, risk appetite, and outsourcing), by divesting from high-risk businesses, and by the establishment of appropriate internal controls. The remaining exposure can then be absorbed by the AI or transferred, e.g. through insurance.

Template OR1: Historical losses

Purpose:	To disclose aggregate operational losses incurred over the past 10 annual reporting periods, based on the accounting date of the incurred losses. This entire period is referred to as the disclosure period. However, an AI that uses a shorter period (which must be no less than 5 years) of operational loss data to calculate its capital charge for operational risk on a transitional basis should use such period as its disclosure period instead. This disclosure informs the operational risk capital charge calculation. The general principle on retrospective disclosure set out in Supervisory Policy Manual module CA-D-1 “Guideline on the Application of the Banking (Disclosure) Rules” does not apply to this template. From the implementation date of this template onwards, disclosure of all preceding annual reporting periods in the disclosure period applicable to the AI is required.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong that are classified as (i) bucket 2 AIs or bucket 3 AIs or (ii) bucket 1 AIs which have obtained the prior consent of the MA or met specified conditions to include operational loss data to calculate their capital charge for operational risk.
Content:	Quantitative information.
Frequency:	Annual.
Format:	Fixed.
Accompanying narrative:	AIs are expected to supplement the template with narrative commentary explaining the rationale in aggregate, for new loss exclusions since disclosure in the last reporting period. AIs should disclose any other material information, in aggregate, that would help inform users as to their historical losses or their recoveries, with the exception of confidential and proprietary information, including information about legal reserves.
Corresponding BDR section:	1

		a	b	c	d	e	f	g	h	i	j	k
		T	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	Average
Using HKD200,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)											
2	Total number of operational risk losses											
3	Total amount of excluded operational risk											

	losses																				
4	Total number of exclusions																				
5	Total amount of operational losses net of recoveries and net of excluded losses																				

Using HKD1 million threshold																					
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6	Total amount of operational losses net of recoveries (no exclusions)																				
7	Total number of operational risk losses																				
8	Total amount of excluded operational risk losses																				
9	Total number of exclusions																				
10	Total amount of operational losses net of recoveries and net of excluded losses																				

Details of operational risk capital charge calculation																					
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11	Are losses used to calculate the ILM (yes/no)?																				
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?																				
13	Loss event threshold: HKD200,000 or HKD 1 million for the operational risk capital calculation if applicable																				

Points to note:

1. Loss amounts and the associated recoveries (i.e. receipt of payments) should be reported in the annual reporting period in which they were recorded in financial statements.
2. AIs must use the date of accounting for building the loss data set. That is (i) the date (or dates) when a loss event results in a loss, reserve or provision against a loss being recognised in the AI's profit and loss (P&L) accounts or (ii) for losses related to legal events, the date when a legal reserve is established for the probable

estimated loss in the P&L accounts.

3. Losses caused by a common operational risk event or by related operational risk events over time, but posted to the accounts over several years, should be allocated to the corresponding annual reporting periods in line with their accounting treatment.
4. An operational event having an overall positive financial impact over the disclosure period should not be included in this template.
5. The HKD200,000 threshold also includes losses listed in the HKD1 million threshold.

Explanatory Note	
Columns	
(a) to (k)	For rows 1 to 10, T denotes the end of current annual reporting period, T-1 denotes the annual reporting period immediately preceding T, etc. Column (k) refers to the average of an item over the disclosure period applicable to the AI.
Rows	
1	Based on a loss event threshold of HKD200,000, the total loss amount net of recoveries resulting from loss events above the loss event threshold for each annual reporting period in the disclosure period. Losses excluded from the operational risk capital charge calculation must still be included in this row.
2	Based on a loss event threshold of HKD200,000, the total number of operational risk losses.
3	Based on a loss event threshold of HKD200,000, the total net loss amounts above the loss threshold excluded for each annual reporting period in the disclosure period.
4	Based on a loss event threshold of HKD200,000, the total number of exclusions.
5	Based on a loss event threshold of HKD200,000, the total amount of operational risk losses net of recoveries and excluded losses.
6	Based on a loss event threshold of HKD1 million, the total loss amount net of recoveries resulting from loss events above the loss event threshold for each annual reporting period in the disclosure period. Losses excluded from the operational risk capital charge calculation must still be included in this row.
7	Based on a loss event threshold of HKD1 million, the total number of operational risk losses.
8	Based on a loss event threshold of HKD1 million, the total net loss amounts above the loss threshold excluded for each annual reporting period in the disclosure period.
9	Based on a loss event threshold of HKD1 million, the total number of exclusions.
10	Based on a loss event threshold of HKD1 million, the total amount of operational risk losses net of recoveries and excluded losses.
Explanatory Note	
11	Indicate whether the AI uses operational risk losses to calculate the internal loss multiplier.
12	Indicate whether internal loss data are not used in the ILM calculation due to non-compliance with the standards for high quality operational loss data as set out in supervisory guidance. The application of any resulting multipliers must be disclosed in row 2 of Template OR3 and accompanied by a narrative.
13	The loss event threshold used in the actual operational risk capital charge calculation (i.e. HKD200,000 or

	HKD1 million) if applicable.
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Template OR2: Business Indicator and business indicator components breakdown

Purpose:	To disclose the business indicator (BI) and a breakdown of its components, which inform the operational risk capital charge calculation. The general principle on retrospective disclosure set out in Supervisory Policy Manual module CA-D-1 “Guideline on the Application of the Banking (Disclosure) Rules” does not apply to this template. From the implementation date of this template onwards, disclosure should be made to all prior periods as required.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong.
Content:	Quantitative information.
Frequency:	Annual.
Format:	Fixed.
Accompanying narrative:	AIs are expected to supplement the template with narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements. Additional narrative is required for those AIs that have received MA’s approval to exclude divested activities from the calculation of the BI.
Corresponding BDR section:	[]

		(a)	(b)	(c)
	BI and its subcomponents	T	T-1	T-2
1	Interest, lease and dividend component			
1a	Interest and lease income			
1b	Interest and lease expenses			
1c	Interest earning assets			
1d	Dividend income			
2	Services component			
2a	Fee and commission income			
2b	Fee and commission expenses			
2c	Other operating income			
2d	Other operating expenses			
3	Financial component			
3a	Net P&L on the trading book			
3b	Net P&L on the banking book			
4	BI			
5	BIC			

Disclosure on the BI:

		(a)
6a	BI gross of excluded divested activities	
6b	Reduction in BI due to excluded divested activities	

Explanatory Note	
Columns	
(a) to (c)	T denotes the end of current annual reporting period, T-1 denotes the annual reporting period immediately preceding T, etc.
Rows	
1	<p>The interest, leases and dividend component (ILDC) = $\text{Min} \left[\overline{\text{Abs (Interest income - Interest expense)}}; 2.25\% * \overline{\text{Interest-earning assets}} \right] + \overline{\text{Dividend income}}$. In the formula, all the terms are calculated as the average over three annual reporting periods: T, T-1 and T-2. The absolute value of the net item (i.e. interest income – interest expense) should be calculated by individual annual reporting periods first before calculating the average of the three annual reporting periods.</p> <p>The interest-earning assets (balance sheet item) are the average of total gross outstanding loans, advances, interest-bearing securities (including government bonds) and lease assets measured at the end of the 4 calendar quarters for each annual reporting period.</p>
1a	Interest income from all financial assets and other interest income (includes interest income from financial and operating leases and profits from leased assets).
1b	Interest expenses from all financial liabilities and other interest expenses (includes interest expense from financial and operating leases, losses, depreciation and impairment of operating leased assets).
1c	Average of total gross outstanding loans, advances, interest-bearing securities (including government bonds) and lease assets measured at the end of the 4 calendar quarters for each annual reporting period.
1d	Dividend income from investments in stocks and funds not consolidated in the AI's financial statements, including dividend income from non-consolidated subsidiaries, associates and joint ventures.
2	<p>Service component (SC) = $\text{Max} \left(\overline{\text{Fee and commission income}}; \overline{\text{Fee and commission expense}} \right) + \text{Max} \left(\overline{\text{Other operating income}}; \overline{\text{Other operating expense}} \right)$. In the formula, all the terms are calculated as the average over three annual reporting periods: T, T-1 and T-2.</p>
2a	Income received from providing advice and services (includes income received by the AI as an outsourcer of financial services).
2b	Expenses paid for receiving advice and services (includes outsourcing fees paid by the AI for the supply of financial services, but not outsourcing fees paid for the supply of non-financial services (e.g. logistical, IT, human resources)).

Explanatory Note	
2c	Income from ordinary banking operations not included in other BI items but of a similar nature (income from operating leases should be excluded).
2d	Expenses and losses from ordinary banking operations not included in other BI items but of a similar nature and from operational loss events (expenses from operating leases should be excluded).
3	Financial component (FC) = $\overline{\text{Abs (Net P\&L Trading Book)}} + \overline{\text{Abs (Net P\&L Banking Book)}}$. In the formula, all the terms are calculated as the average over annual reporting periods: T, T-1 and T-2. The absolute value of a net P&L item should be calculated by individual annual reporting periods first before calculating the average of the three annual reporting periods.
3a	Net P&L on the trading book: This comprises (i) net profit/loss on trading assets and trading liabilities (derivatives, debt securities, equity securities, loans and advances, short positions, other assets and liabilities); (ii) net profit/loss from hedge accounting; and (iii) net profit/loss from exchange differences.
3b	Net P&L on the banking book: This comprises (i) net profit/loss on financial assets and liabilities measured at fair value through profit and loss; (ii) realised gains/losses on financial assets and liabilities not measured at fair value through profit and loss (loans and advances, assets available for sale, assets held to maturity, financial liabilities measured at amortised cost); (iii) net profit/loss from hedge accounting; and (iv) net profit/loss from exchange differences.
4	The BI is the sum of the three components: ILDC, SC and FC (i.e. sum of values in rows 1, 2 and 3).
5	The BIC is calculated by multiplying the BI by a set of regulatory determined marginal coefficients (α_i). The marginal coefficients increase with the size of the BI: 12% for BI \leq HKD10 billion; 15% for HKD10 billion < BI \leq HKD300 billion; and 18% for BI > HKD300 billion. The value in [OR2:5/a] should be equal to [OR3:1/a].
Disclosure on BI under rows 6a and 6b should be reported by AIs that have received MA's approval to excluded divested activities from the calculation of the BI.	
6a	The BI reported in this row includes divested activities.
6b	Difference between BI gross of divested activities (row 6a) and BI net of divested activities (row 4).

Template OR3: Minimum operational risk capital requirement

Purpose:	To disclose operational risk regulatory capital requirement.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong.
Content:	Quantitative information.
Frequency:	Annual.
Format:	Fixed.
Corresponding BDR section:	[]

		(a)
1	Business indicator component (BIC)	
2	Internal loss multiplier (ILM)	
3	Minimum operational risk capital requirement	
4	Total RWA for operational risk	

Explanatory Note	
Rows	
1	<i>BIC</i> : The BIC used for calculating capital charge for operational risk.
2	<i>ILM</i> : The ILM used for calculating capital charge for operational risk. For AIs whose ILMs are not determined based on internal loss data, the ILMs must be disclosed and accompanied by a narrative.
3	<i>Minimum operational risk capital requirement</i> : It equals the BIC times the ILM. For AIs having ILM equals to 1, this corresponds to the BIC.
4	<i>Total RWA for operational risk</i> : The minimum operational risk capital requirement is converted into RWA.

Part [X]: Comparison of modelled and standardized RWA

Template CMS1: Comparison of modelled and standardized RWA at risk level

Purpose:	To compare the RWA calculated under “full standardized” approaches against the actual RWA, part of which is calculated under any of the model-based approaches that AIs have MA’s approval to use. The disclosure also provides the full standardized RWA amount used in the computation of the output floor as specified in Part [11] of the BCR.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong using model-based approaches to calculate their credit risk or market risk or both.
Content:	RWA.
Frequency:	Quarterly.
Format:	Fixed.
Accompanying narrative:	An AI should explain the main drivers of difference (e.g. asset class or sub-asset class of a particular risk category, key assumptions underlying parameter estimations, national implementation differences) between the RWA calculated under the model-based approaches that are used to calculate its capital ratios and the RWA disclosed under the full standardized approach should the AI not be allowed to use any models in calculating its capital ratios. Explanation should be specific and, where appropriate, might be supplemented with quantitative information. In particular, if the RWA for securitization exposures in the banking book are a main driver of the difference, the AI should explain the extent to which it is using each of the three potential approaches (SEC-ERBA (except IAA), SEC-SA and SEC-FBA) for calculating the RWA for securitization exposures.
Corresponding BDR section:	[1]

		(a)	(b)	(c)	(d)
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for portfolios where standardized approaches are used	Total actual RWA (a + b) (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardized approach (i.e. used in the computation of the output floor)
1	Credit risk for non-securitization exposures				
2	Counterparty default risk ⁹ and default fund contributions				
3	CVA risk*				
4	Securitization exposures in banking book				
5	Market risk*				
6	Operational risk				
7	Residual RWA				
8	Total				

Point to note:

- (i) Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" should be reported in the rows.

Explanatory Note	
Columns	
(a)	RWA calculated under model-based approaches that the AI has the MA's approval to use: model-based approaches refer to those approaches specified in section [] of Part [11] of the BCR (i.e. IRB approach, SEC-IRBA, IAA, IMM(CCR) approach, VaR model and IMA).
(d)	RWA calculated using full standardized approach (i.e. used in the computation of the output floor): RWA disclosed in rows 1 to 8 are RWAs before applying the output floor level.
Rows	
1	<p><u>Credit risk for non-securitization exposures</u></p> <p>This row excludes RWA arising from counterparty default risk and default fund contributions (which are reported in row 2), CVA risk (which are reported in row 3), securitization framework (including securitization exposures in the banking book (which are reported in row 4)), CIS exposures, settlement risk and amounts below the thresholds for deduction from CET1 capital and subject to a 250% risk-weight (which are reported in row 7).</p> <p>[CMS1:1/b] i.e. RWA for portfolios where standardized approaches are used: RWA for exposures calculated under the STC approach; or where applicable, the BSC approach.</p>

⁹ After the revised CVA risk framework takes effect, all the terms "counterparty default risk" used in this template, as highlighted in yellow, will be revised as "counterparty credit risk".

Explanatory Note	
	<p><i>[CMS1:1/c] i.e. Total actual RWA:</i> the RWA reported is the sum of values in [CMS1:1/a] and [CMS1:1/b]. The value in [CMS1:1/c] is equal to the value in [OV1:1/a].</p> <p><i>[CMS1:1/d] i.e. RWA calculated using full standardized approach:</i> the RWA for credit risk serving as the basis for output floor calculation under the approach stated in [CMS1:1/b] for all exposures giving rise to the RWA reported in [CMS1:1/c].</p>
2	<p>Counterparty default risk and default fund contributions</p> <p>This row excludes all positions subject to capital requirements relating to CVA risk.</p> <p><i>[CMS1:2/b] i.e. RWA for portfolios where standardized approaches are used:</i> RWA for default risk exposures calculated under the SA-CCR approach or methods set out in Division 2B of Part 6A of the BCR (except the use of the VaR model), or where applicable, the current exposure method for an AI using the BSC approach to calculate its credit risk for all its non-securitization exposures. The RWA reported should also cover the RWA of the default fund contributions.</p> <p><i>[CMS1:2/c] i.e. Total actual RWA:</i> the RWA reported is the sum of values in [CMS1:2/a] and [CMS1:2/b]. The value in [CMS1:2/c] is equal to the value in [OV1:6/a].</p> <p><i>[CMS1:2/d] i.e. RWA calculated using full standardized approach:</i> the RWA for credit risk serving as the basis for output floor calculation for all exposures giving rise to the RWA reported in [CMS1:2/c], where the default risk exposures should be calculated under the approach(es) stated in [CMS1:2/b].</p>
3	<p>CVA risk (before the revised CVA risk framework takes effect, this row is not applicable.)</p> <p><i>[CMS1:3/b] i.e. RWA for portfolios where standardized approaches are used:</i> RWA calculated based on the approach(es) used by the AI for CVA risk.</p> <p><i>[CMS1:3/c] i.e. Total actual RWA:</i> the value in [CMS1:3/c] is equal to the values in [CMS1:3/b] and [OV1:10/a].</p> <p><i>[CMS1:3/d] i.e. RWA calculated using full standardized approach:</i> the RWA for CVA risk serving as the basis for output floor calculation under the approach(es) stated in [CMS1:3/b] for all exposures giving rise to the RWA reported in [CMS1:3/c].</p>
4	<p>Securitization exposures in banking book</p> <p><i>[CMS1:4/b] i.e. RWA for portfolios where standardized approaches are used:</i> the RWA calculated based on the SEC-ERBA (except the use of IAA), SEC-SA or SEC-FBA.</p> <p><i>[CMS1:4/c] i.e. Total actual RWA:</i> the RWA reported is the sum of the values in [CMS1:4/a] and [CMS1:4/b]. The value in [CMS1:4/c] is equal to the value in [OV1:16/a].</p> <p><i>[CMS1:4/d] i.e. RWA calculated using full standardized approach:</i> the RWA for credit risk serving as the basis for</p>

Explanatory Note	
	output floor calculation under the approach(es) stated in [CMS1:4/b] for all exposures giving rise to the RWA reported in [CMS1:4/c].
5	<p><u>Market risk</u> (before the revised market risk framework takes effect, this row is not applicable.)</p> <p><i>[CMS1:5/b] i.e. RWA for portfolios where standardized approaches are used:</i> the RWA calculated under the STM approach or where applicable the SSTM approach. For securitizations held in the trading book, the SEC-ERBA (except the use of IAA), SEC-SA or SEC-FBA should also be used when determining the default risk charge component under the STM approach and market risk capital charge factor for specific risk for interest rate exposures under the SSTM approach.</p> <p><i>[CMS1:5/c] i.e. Total actual RWA:</i> the RWA reported is the sum of values in [CMS1:5/a] and [CMS1:5/b]. The values in [CMS1: 5/c] is equal to the values in [OV1:20/a].</p> <p><i>[CMS1:5/d] i.e. RWA calculated using full standardized approach:</i> the RWA for market risk serving as the basis for output floor calculation under the approach(es) stated in [CMS1:5/b] for all exposures giving rise to the RWA reported in [CMS1:5/c].</p>
6	<p><u>Operational risk</u></p> <p><i>[CMS1:6/b] i.e. RWA for portfolios where standardized approaches are used:</i> RWA calculated based on the calculation approach used by the AI for operational risk.</p> <p><i>[CMS1:6/c] i.e. Total actual RWA:</i> the RWA reported refers to the calculation approach used by the AI for operational risk. The value in [CMS1:6/c] is equal to the value in [OV1:24/a].</p> <p><i>[CMS1:6/d] i.e. RWA calculated using full standardized approach:</i> the RWA for operational risk serving as the basis for output floor calculation under the approach stated in [CMS1:6/b] for all exposures giving rise to the RWA reported in [CMS1:6/c].</p>
7	<p><u>Residual RWA</u></p> <p>This row refers to the RWA not captured within rows 1 to 6 (i.e. this is the sum of the RWA arising from CIS exposures ([OV1:12/a], [OV1:13/a], [OV1:14/a] and [OV1:14a/a]), settlement risk ([OV1:15/a]), [capital charge for switch between exposures in trading book and banking book ([OV1:23/a], applicable only when the revised market risk framework takes effect)] and amounts below the thresholds for deduction from CET1 capital and subject to a 250% risk-weight ([OV1:25/a])).</p> <p><i>[CMS1:7/a] i.e. RWA calculated under model-based approaches that the AI has the MA's approval to use:</i> this cell is applicable only for the underlying exposures of a CIS exposure where the RWA is calculated based on any of the model-based approaches stated in the explanatory notes for column (a) above for calculating AI's credit risk.</p> <p><i>[CMS1:7/b] i.e. RWA for portfolios where standardized approaches are used:</i> for CIS exposures, this cell is</p>

Explanatory Note	
	<p>applicable for the underlying exposures of a CIS exposure where the RWA is calculated based on the approaches used by the AI for calculating its credit risk other than the model-based approach stated in [CMS1:7/a].</p> <p>[CMS1:7/c] i.e. <i>Total actual RWA</i>: the RWA reported is the sum of values in [CMS1:7/a] and [CMS1:7/b].</p> <p>[CMS1:7/d] i.e. <i>RWA calculated using full standardized approach</i>: where applicable, an AI should calculate the RWA for credit risk serving as the basis for output floor calculation for exposures giving rise to the RWA reported in [CMS1:7/c] based on the approach(es) other than the model-based approaches stated in the explanatory notes for column (a) above.</p>
8	<p><u>Total</u></p> <p>[CMS1:8/a] i.e. <i>RWA calculated under model-based approaches that the AI has the MA's approval to use</i>: this is the total sum of values in [CMS1:1/a], [CMS1:2/a], [CMS1:4/a], [[CMS1:5/a]]* and [CMS1:7a].</p> <p>[CMS1:8/b] i.e. <i>RWA for portfolios where standardized approaches are used</i>: this is the total sum of values in [CMS1:1/b], [CMS1:2/b], [[CMS1:3/b]]*, [CMS1:4/b], [[CMS1:5/b]]*, [CMS1:6/b] and [CMS1:7/b].</p> <p>[CMS1:8/c] i.e. <i>Total actual RWA</i>: this is the total actual RWA calculated in accordance with Part [11] of the BCR. The RWA reported is equal to the total sum of values in [CMS1:1/c], [CMS1:2/c], [[CMS1:3/c]]*, [CMS1:4/c], [[CMS1:5/c]]*, [CMS1:6/c] and [CMS1:7/c].</p> <p>[CMS1:8/d] i.e. <i>RWA calculated using full standardized approach</i>: it refers to the AI's total RWA that are the basis for output floor calculation in accordance with Part [11] of the BCR (i.e. amount before applying the output floor level). The amount reported is equal to the total sum of [CMS1:1/d], [CMS1:2/d], [[CMS1:3/d]]*, [CMS1:4/d], [[CMS1:5/d]]*, [CMS1:6/d] and [CMS1:7/d]. []* only applicable when relevant policy frameworks take effect.</p>

Template CMS2: Comparison of modelled and standardized RWA for credit risk at asset class level

Purpose:	To compare RWA calculated according to the STC approach for credit risk for non-securitization exposures at the asset class level against the corresponding RWA figure calculated under the approaches (including both the STC approach and IRB approach, including the supervisory slotting criteria approach) used by the AI for calculating its credit risk.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong that use IRB approach for all or part of its credit risk for non-securitization exposures. Same as row 1 of Template CMS1, it excludes all positions subject to capital requirements relating to counterparty default risk ¹⁰ and default fund contribution, CVA risk, CIS, settlement risk and securitization framework (including securitization exposures in the banking book) and amounts below the thresholds for deduction from CET1 capital and subject to a 250% risk-weight.
Content:	RWA.
Frequency:	Semi-annual.
Format:	Fixed. The columns are fixed, but the portfolio breakdowns in the rows reflect the exposure classification under Part 6 and Part 4 of the BCR. AIs are encouraged to add rows to show where significant differences occur.
Accompanying narrative:	An AI is expected to explain the main drivers of differences between the internally modelled amounts disclosed that are used to calculate their capital ratios and amounts disclosed should the AI apply the STC approach in accordance with Part [11] of the BCR. Where differences are attributable to mapping between IRB approach and STC approach, the AI is encouraged to provide explanation and estimated materiality.
Corresponding BDR section:	[1]

¹⁰ After the revised CVA risk framework takes effect, the term “counterparty default risk” will be revised as “counterparty credit risk”.

		(a)	(b)	(c)	(d)
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for column (a) if re-calculated using the standardized approach	Total actual RWA (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardized approach (i.e. RWA used in the computation of the output floor)
1	Sovereign exposures				
1a	Of which: categorised as public sector entity exposures and multilateral development bank exposures under the STC approach				
2	Bank exposures				
3	Equity				
4	Corporate exposures (excluding specialized lending)				
4a	Of which: F-IRB is applied				
4b	Of which: A-IRB is applied				
5	Retail exposures				
5a	Of which: qualifying revolving retail				
5b	Of which: other retail exposures to individuals and small business retail exposures				
5c	Of which: residential mortgages				
6	Corporate exposures - Specialized lending				
6a	Of which: income-producing real estate and high-volatility commercial real estate				
7	Other exposures				
8	Total				

Explanatory Note	
Columns	
(a)	<i>RWA calculated under model-based approaches that the AI has the MA's approval to use:</i> this column represents the portion of RWA calculated according to the IRB approach set out in Part 6 of the BCR .
(b)	<i>RWA for column (a) if re-calculated using the standardized approach:</i> this is the RWA as would result from applying the STC approach to all exposures giving rise to the RWA reported in column (a), irrespective of the exposure classification under STC approach to which the exposures belong when re-calculated under the STC approach.
(c)	<i>Total actual RWA (i.e. RWA which the AI reports as current requirements):</i> this is the sum of the actual RWA calculated under the IRB approach that AI has the MA's approval to use and the RWA calculated under STC approach. For the exposures whose actual RWAs are calculated under the STC approach, they are disclosed in accordance with the IRB class and IRB sub-class to which the corresponding exposures belong as if the IRB approach was used.
(d)	<i>RWA calculated using full standardized approach:</i> this is the total RWA assuming the full standardized approach for credit risk for non-securitization applied at asset class level in accordance with Part [11] of the BCR. For the exposures whose actual RWAs are calculated under the STC approach in column (c), they are disclosed in accordance with the IRB class and IRB sub-class to which the corresponding exposures belong as if the IRB approach was used. Disclosed numbers for each asset class are calculated purely for comparison purposes and do not represent the capital requirements under the BCR.
Rows	
8	<i>Total:</i> The values in [CMS2:8/a], [CMS2:8/c] and [CMS2:8/d] are equal to the values in [CMS1:1/a], [CMS1:1/c] and [CMS1:1/d] respectively.

Part [XI]: Asset encumbrance

Template ENC: Asset encumbrance

Purpose:	To provide the amount of encumbered and unencumbered assets.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Carrying amount for encumbered and unencumbered assets on the balance sheet using period-end values. An AI should use the specific definition of “encumbered assets” set out in the instructions below in making the disclosure. The scope of consolidation for the purposes of this disclosure requirement should be the AI’s regulatory scope of consolidation, but including its securitization exposures.
Frequency:	Semi-annual
Format:	Fixed. AIs should group any assets used in central bank facilities with other encumbered and unencumbered assets, as appropriate.
Accompanying narrative:	AIs are expected to supplement the template with a narrative commentary to explain (i) any significant change in the amount of encumbered and unencumbered assets from the previous disclosure; and (ii) any other relevant information necessary to understand the context of the disclosed figures.
Corresponding BDR section:	i

	a	c	d
	Encumbered assets	Unencumbered assets	Total
The assets on the balance sheet would be disaggregated; there can be as much disaggregation as desired			

Explanatory Note**Columns**

(a)	<i>Encumbered assets:</i> Encumbered assets are assets that the AI is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other limitations. The definition of “encumbered assets” in this template excludes the aspect of asset monetisation (which is required for an asset to be qualified as high-quality liquid assets in the BLR. For an unencumbered asset to qualify as high-quality liquid assets, the BLR requires an AI to have the ability to monetise that asset during the stress period such that the AI can meet net cash outflows).
(c)	<i>Unencumbered assets:</i> Unencumbered assets are assets which do not meet the definition of encumbered in this template.
(d)	<i>Total:</i> This refers to the sum of encumbered and unencumbered assets. The scope of consolidation for the purposes of this disclosure requirement should be based on the AI’s regulatory scope of consolidation, but including its securitization exposures.

Section B Revised disclosure templates and tables with miscellaneous consequential amendments to align with coming amendments to the BCR and the BDR

Disclosure requirement	Templates and tables	Applicability* [L/O]	Format		Frequency of disclosure			Effective date#
			Fixed	Flexible	Quarterly	Semi-annual	Annual	
Part II : Linkages between financial statements and regulatory exposures	Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	L		✓			✓	Date 2
	Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements	L		✓			✓	Date 1
	Table LIA: Explanations of differences between accounting and regulatory exposure amounts	L		✓			✓	Date 1
Part IIA : Composition of regulatory capital	Template CC1: Composition of regulatory capital	L	✓			✓		Date 1
	Table CCA: Main features of regulatory capital instruments	L		✓		✓		Date 1

Disclosure requirement	Templates and tables	Applicability* [L/O]	Format		Frequency of disclosure			Effective date#
			Fixed	Flexible	Quarterly	Semi-annual	Annual	
Part IID : Liquidity	Template LIQ2: Net Stable Funding Ratio – for category 1 institution	L & O [designated as category 1 institution]	✓			✓		Date 1
Part III : Credit risk for non-securitization exposures	Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach	L	✓			✓		Date 1
	Template CR7: Effects on RWA of recognized credit derivative contracts used as recognized credit risk mitigation – for IRB approach	L	✓			✓		Date 1
	Template CR9: Back-testing of PD per portfolio – for IRB approach	L		✓			✓	Date 1
Part IV : Counterparty Credit risk	Template CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches	L	✓			✓		Date 1
	Template CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach or BSC approach	L	✓			✓		Date 1

Disclosure requirement	Templates and tables	Applicability* [L/O]	Format		Frequency of disclosure			Effective date#
			Fixed	Flexible	Quarterly	Semi-annual	Annual	
	Template CCR4: Counterparty default risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach	L	✓			✓		Date 2
	Template CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)	L		✓ (fixed columns , flexible rows)		✓		Date 2
Part V : Securitization exposures	Template SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator	L	✓			✓		Date 1
	Template SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor	L	✓			✓		Date 1

* 'L' denotes that a template/table is applicable to locally incorporated AIs; 'O' denotes that a template/table is applicable to overseas incorporated AIs.

"Date 1" is same as the effective date of the revised policy standards on credit risk, operational risk, output floor and leverage ratio, while "Date 2" is same as the effective date of the revised policy standards on market risk and CVA risk. Depending on the timing of the implementation of these revised policy standards, the two dates may be different.

Part II: Linkages between financial statements and regulatory exposures

Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Purpose:	To provide information on assets and liabilities to enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Carrying values (corresponding to the values reported in financial statements).
Frequency:	Annual.
Format:	Flexible, but the rows should align with the presentation of the AI's financial statements.
Accompanying narrative:	As set out in table LIA. An AI should provide qualitative explanation on items that are subject to regulatory capital charges in more than one risk category.
Corresponding BDR section:	16D

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				not subject to capital requirements or subject to deduction from capital
			subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework*	
Assets							
Cash and balances at central banks							
Items in the course of collection from other banks							
Trading portfolio assets							
Financial assets designated at fair value							
Derivative financial instruments							
Loans and advances to banks							
Loans and advances to customers							
Reverse repurchase agreements and other similar secured lending							
Available for sale financial investments							
....							
Total assets							
Liabilities							
Deposits from banks							
Items in the course of collection due to other banks							
Customer accounts							
Repurchase agreements and other similar secured borrowings							
Trading portfolio liabilities							
Financial liabilities designated at fair value							

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				not subject to capital requirements or subject to deduction from capital
			subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework*	
Derivative financial instruments							
....							
Total liabilities							
<p>* For the purpose of this template, column (f) also includes items subject to CVA risk framework after the revised CVA risk framework takes effect. Before that, items subject to CVA risk framework are reported under column (d).</p>							

Explanatory Note	
Columns	
(a) and (b)	<i>Carrying values as reported in published financial statements / under scope of regulatory consolidation:</i> If an AI's scope of accounting consolidation and its scope of regulatory consolidation are exactly the same, columns (a) and (b) should be merged and this fact should be clearly disclosed.
(c) to (f)	<p><i>Carrying values of items:</i> The breakdown of regulatory categories in columns (c) to (f) corresponds to the breakdown prescribed in the rest of this document:-</p> <ul style="list-style-type: none"> • column (c) corresponds to the carrying values of items (other than OBS items) reported in Part III; • column (d) corresponds to the carrying values of items (other than OBS items) reported in Part IV; • column (e) corresponds to the carrying values of items in the banking book (other than OBS items) reported in Part V; and • column (f) corresponds to the carrying values of items (other than OBS items) reported in Part VI¹¹. <p>Where a single item attracts capital charges according to the risk frameworks for more than one risk category, it should be reported in all the relevant columns of risk categories. An example could be where assets/liabilities arising from derivative contracts held in the regulatory trading book are related to both column (d) (subject to capital charge for default risk exposure) and column (f) (subject to capital charge for market risk exposure) calculation thus the sum of the values in column (c) to (g) may not equal the value in column (b). Similarly, where the amount subject to such double counting (i.e. disclosed in two or more different columns) results in a material variance between the value in column (b) and the sum of values in columns (c) to (g), an AI should provide the reasons in the accompanying narrative.</p>
(g)	<i>Carrying values of items not subject to capital requirements or subject to deduction from capital:</i> Column (g) includes amounts not subject to capital requirements according to the BCR or subject to deductions from regulatory capital. Elements which are deducted from the AI's regulatory capital (e.g. goodwill, intangible assets, deferred tax assets) are to be included in column (g), taking into consideration the different thresholds that apply where relevant.
Rows	
All	The rows should strictly follow the balance sheet presentation used by the AI in its year-end financial statements.

¹¹ After the revised CVA risk framework takes effect, "Part VI" will be replaced by "Part VI and Part [IVA]".

Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Purpose:	To provide information on the main sources of differences between the carrying values in financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Carrying values (that correspond to values reported in financial statements but according to the scope of regulatory consolidation (rows 1 to 3) and amounts considered for regulatory exposure purposes (row N)).
Frequency:	Annual.
Format:	Flexible.
Accompanying narrative:	As set out in table LIA.
Corresponding BDR section:	16E

		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
			credit risk framework	securitization framework	counterparty credit risk framework	market risk framework*
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)					
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)					
3	Total net amount under regulatory scope of consolidation					
4	Off-balance sheet amounts					
5	<i>Differences in valuations</i>					
6	<i>Differences due to different netting rules, other than those already included in row 2</i>					
7	<i>Differences due to consideration of provisions</i>					
8	<i>Differences due to prudential filters</i>					
⋮	⋮					
N	Exposure amounts considered for regulatory purposes					

* For the purpose of this template, column (e) also includes items subject to CVA risk framework after the revised CVA risk framework takes effect. Before that, items subject to CVA risk framework are reported under column (d).

Explanatory Note	
Columns	
(a)	<i>Total:</i> the values reported in column (a) may not necessarily equal the sum of values in columns (b) to (e), as some items may be subject to regulatory capital charges in more than one risk category, and other items not subject to capital requirements or subject to deduction from capital may be also included in values reported in this column. The following linkage holds:- values in column (a) in LI2 = Values in column (b) in LI1 minus values in column (g) in LI1
(b)	<i>Items subject to credit risk framework:</i> the exposures reported in Part III of this document.
(c)	<i>Items subject to securitization framework:</i> the exposures reported in Part V of this document.
(d)	<i>Items subject to counterparty credit risk framework:</i> the exposures reported in Part IV of this document.
(e)	<i>Items subject to market risk framework:</i> the exposures reported in Part VI ¹² of this document.
Rows	
1	<i>Asset carrying value amount under scope of regulatory consolidation (as per template LI1):</i> the value reported in columns (b) to (e) of this row should correspond to the values reported in columns (c) to (f) of row 'total assets', of template LI1.
2	<i>Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1):</i> the value reported in columns (b) to (e) of this row should correspond to the values reported in columns (c) to (f) of row 'total liabilities', of template LI1.
3	<i>Total net amount under regulatory scope of consolidation:</i> all values in this row are derived from the subtraction of the respective values in row 1 and row 2.
4	<i>Off-balance sheet amounts:</i> these include original exposures of OBS items, prior to the application of CCFs in column (a), and the amounts subject to the respective regulatory frameworks, after application of the CCFs where relevant, in columns (b) to (e d).
5 to N-1	Row headings shown in rows 5 to N-1 in above are provided for illustrative purposes only and should be adapted by the AI to describe the most meaningful drivers for differences between its financial statement carrying values and the exposure amounts considered for regulatory purposes.
7	<u><i>Differences due to consideration of provisions: the exposure values under row 1 are the carrying amounts and hence net of provisions (ie specific and collective provisions). Nevertheless, exposures under the FIRB approach and AIRB approach are risk-weighted gross of provisions. Row 7 therefore is the re-inclusion of collective and specific</i></u>

¹² After the revised CVA risk framework takes effect, "Part VI" will be replaced by "Part VI and Part [IVA]".

	<p><u>provisions in the carrying amount of exposures in the FIRB approach and AIRB approach so that the carrying amount of those exposures is reconciled with their regulatory exposure value. Row 7 may also include the elements qualifying as collective provisions that may have been deducted from the carrying amount of exposures under the STC approach and that therefore need to be reintegrated in the regulatory exposure value of those exposures. Any differences between the accounting provisions and the regulatory provisions that have an impact on the exposure amounts considered for regulatory purposes should also be included in row 7.</u></p>
N	<p><i>Exposure amounts considered for regulatory purposes:</i> the row designates the aggregate amount considered as a 'starting point' of the RWA calculation (post CCF and CRM) for each of the risk categories. This should correspond either to the exposure amount applied in the STC approach, in the BSC approach or to the EAD in the IRB approach under the credit risk framework; the exposure amount of any securitization exposure under the securitization framework; <u>and</u> the default risk exposure or EAD under the counterparty credit risk framework; and the fair value (with necessary adjustments) of any market risk exposure under the market risk framework.</p>

Table LIA: Explanations of differences between accounting and regulatory exposure amounts

Purpose:	To provide qualitative explanations on the differences observed between accounting carrying values (as defined in template LI1) and amounts considered for regulatory capital purposes (as defined in template LI2) under each risk framework.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong.
Content:	Qualitative information.
Frequency:	Annual.
Format:	Flexible.
Corresponding BDR section:	16F

An AI should explain the sources of differences from financial statements amounts to regulatory exposure amounts, as displayed in templates LI1 and LI2. In particular, the AI should:

- (a) explain the derivation of any material differences between the amounts in columns (a) and (b) in template LI1.
- (b) explain the main drivers for the differences between accounting values and amounts considered for regulatory purposes shown in template LI2.
- (c) describe its systems and controls to ensure that the valuation estimates are prudent and reliable for the purposes of implementing the guidance on prudent valuation. The AI should provide a description of the following:
 - (i) Valuation methodologies, including a description of the extent of use of marking-to-market methodology and of a marking-to-model methodology;
 - (ii) Independent price verification process; and
 - (iii) Procedures for considering valuation adjustments or reserves, including a description of the process and the methodology for valuing trading positions by type of instrument.

(d) The AI with insurance subsidiaries must disclose:

- (i) the national regulatory approach used with respect to insurance entities in determining an AI's reported capital positions (i.e. deduction of investments in insurance subsidiaries); and
- (ii) any surplus capital in insurance subsidiaries recognised when calculating the bank's capital adequacy.

Part IIA: Composition of regulatory capital

Template CC1: Composition of regulatory capital

Purpose:	To provide a breakdown of the constituent elements of Total capital.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Breakdown of regulatory capital according to the scope of regulatory consolidation. Where an AI has a reporting date for disclosure (e.g. end-April, end-October) that does not fall on the same position date for the Return on Capital Adequacy Ratio (MA(BS)3) (i.e. end-March, end-June, end-September, end-December), the AI should disclose this template based on its own reporting date. In such circumstance, the calculation basis of values disclosed in this template should, however, follow the same calculation basis used for the return.
Frequency:	Semi-annual.
Format:	Fixed. AIs are not permitted to add, delete or change the definitions of any rows of this reporting template.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such change.
Corresponding BDR section:	16FB

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium		[e]
2	Retained earnings		
3	Disclosed reserves		
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 deductions		
CET1 capital: regulatory deductions			
7	Valuation adjustments		

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
8	Goodwill (net of associated deferred tax liabilities)		[a] - [c]
9	Other intangible assets (net of associated deferred tax liabilities)		[b] - [d]
10	Deferred tax assets (net of associated deferred tax liabilities)		
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		
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)		
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in CET1 capital instruments		
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital		
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)		
26b	Regulatory reserve for general banking risks		
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		

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
29	CET1 capital		
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium		[f]
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Capital instruments subject to phase-out arrangements from AT1 capital		
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		
	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		
45	Tier 1 capital (T1 = CET1 + AT1)		
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium		
47	Capital instruments subject to phase-out arrangements from Tier 2 capital		
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	of which: capital instruments issued by subsidiaries subject to phase-out arrangements		
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital		
51	Tier 2 capital before regulatory deductions		
	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		

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)		
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)		
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments applied to Tier 2 capital		
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		
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		
58	Tier 2 capital (T2)		
59	Total regulatory capital (TC = T1 + T2)		
60	Total RWA		
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio		
62	Tier 1 capital ratio		
63	Total capital ratio		
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)		
65	of which: capital conservation buffer requirement		
66	of which: bank specific countercyclical capital buffer requirement		
67	of which: higher loss absorbency requirement		
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements		
	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

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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		
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation		
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)		
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		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>		
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>		
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>		
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>		

Points to note:

(i) Rows with item titles in italics are rows that will be deleted after all the ineligible capital instruments have been fully phased out (i.e. from 1 January 2022 onwards).

(ii) Shaded rows with borders indicate the following:

- a row shaded dark grey introduces a new section which provides details of a certain component of regulatory capital;
- a row shaded light grey, with no thick border, represents the sum of cells in the relevant section above it;
- a row shaded light grey, with a thick border, indicates a key component of regulatory capital and the regulatory capital ratios;
- a row shaded yellow represents an item that is not applicable to Hong Kong.

(iii) The reconciliation requirements included in Template CC2 result in the decomposition of certain regulatory adjustments. For example, the disclosure template above includes the adjustment "Goodwill net of associated

deferred tax liabilities". The reconciliation requirements will lead to the disclosure of both the goodwill component and the related tax liability component of this regulatory adjustment.

(iv)(iii) Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards are disclosed below in Notes to the Template.

Notes to the Template

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

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

Explanatory Note	
Columns	
(a)	All amounts should be reported in Hong Kong dollars unless the AI uses another currency consistently for disclosure purposes.

Explanatory Note	
(b)	An AI is required to complete column (b) to show the source of every major input, which is to be cross-referenced to the corresponding rows in Template CC2. This is Step 3 as required under the three-step approach to reconciliation as explained and illustrated in paragraphs 23–6 and 44–5 (Annex 2) of BCBS's document <i>Composition of capital disclosure requirements</i> dated June 2012.
Rows	
1	Instruments that meet all the qualifying criteria for CET1 capital as set out in BCR Schedule 4A issued by an AI. This should be equal to the sum of ordinary shares (and any related share premium) and other capital instruments (in the case of non-joint stock companies) which meet the qualifying criteria. This item should be net of treasury stock and other investments in own shares to the extent that such investments are already derecognized on the balance sheet under the relevant accounting standards. Other paid-in capital elements should be excluded. All minority interests should be excluded.
2	Retained earnings, prior to all regulatory deductions, in accordance with BCR §38(1)(c). For interim disclosure, this row should report for the reporting period an AI's profit or loss as published in its interim financial statements (and therefore subject to internal review); and for annual disclosure, the audited profit or loss as published in its annual financial statements. Dividends should be removed in accordance with the applicable accounting standards, i.e. they should be excluded from this row when they are removed from the balance sheet of the AI.
3	Disclosed reserves (including accumulated other comprehensive income), prior to all regulatory adjustments.
4	Directly issued capital instruments subject to phase-out arrangements from CET1. This row is only applicable to non-joint stock companies which are not relevant in the case of Hong Kong.
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties. Only the amount that is eligible for inclusion in the CET1 capital of the consolidation group should be reported here, as determined by the application of BCR Schedule 4D.
6	Sum of values in rows 1 to 5.
7	Prudential valuation adjustments according to the requirements of BCR §43(1)(g) and paragraph 4.5 of the Supervisory Policy Manual module CA-S-10 "Financial Instrument Fair Value Practices".
8	Goodwill net of associated deferred tax liabilities, as referred to in BCR §43(1)(a).
9	Other intangible assets (referred to in BCR §43(1)(b)) including mortgage servicing rights ("MSRs"), net of associated deferred tax liabilities.
10	Deferred tax assets ("DTAs") (referred to in BCR §43(1)(d)) including those arising from temporary differences, net of associated deferred tax liabilities.
11	Cumulative cash flow hedge reserve that relate to the hedging of financial instruments that are not fair valued on the balance sheet (including projected cash flows) described in BCR §38(2)(a).

Explanatory Note	
12	Excess of total EL amount over total eligible provisions under the IRB approach as described in BCR §43(1)(i).
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions in which the AI is the originating institution as referred to in BCR §43(1)(e).
14	Gains and losses due to changes in own credit risk on fair valued liabilities, as described in BCR §38(2)(b), and debit valuation adjustments in respect of derivative contracts as referred to in BCR §43(1)(h).
15	Net assets of defined benefit pension fund or plan, net of associated deferred tax liabilities, as referred to in BCR §43(1)(c).
16	Investments in own CET1 capital instruments, as referred to in BCR §43(1)(l).
17	Reciprocal cross-holdings in CET1 capital instruments, as referred to in BCR §43(1)(m).
18	Amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities outside the scope of regulatory consolidation that is in excess of the 10% threshold according to BCR Schedule 4F after taking into account any amount of loans, facilities or other credit exposures that is required (i) by BCR §46(2) to be aggregated with this item for the purpose of determining the excess amount, and (ii) by BCR §43(1)(o) to be deducted from CET1 capital.
19	Amount of significant LAC investments in CET1 capital instruments issued by financial sector entities outside the scope of regulatory consolidation that is in excess of the 10% threshold according to BCR Schedule 4G, after taking into account any amount of loans, facilities or other credit exposures that is required (i) by BCR §46(2) to be aggregated with this item for the purpose of determining the excess amount, and (ii) by BCR §43(1)(p) to be deducted from CET1 capital.
20	This row is not applicable in the case of Hong Kong given that any amount of MSRs on an AI's balance sheet will be included in row 9 (other intangible assets) and fully deducted in accordance with BCR §43(1)(b).
21	This row is not applicable in the case of Hong Kong given that any amount of DTA arising from temporary difference on an AI's balance sheet will be included in row 10 (deferred tax assets) and fully deducted in accordance with BCR §43(1)(d).
22	This row is irrelevant as the "15% threshold" is not applicable to Hong Kong since MSRs and DTAs are required to be fully deducted under the BCR.
23	This row is irrelevant as the "15% threshold" is not applicable to Hong Kong since MSRs and DTAs are required to be fully deducted under the BCR.
24	This row is irrelevant as the "15% threshold" is not applicable to Hong Kong since MSRs and DTAs are required to be fully deducted under the BCR.
25	This row is irrelevant as the "15% threshold" is not applicable to Hong Kong since MSRs and DTAs are

Explanatory Note	
	required to be fully deducted under the BCR.
26	Specific regulatory adjustments that the MA requires AIs to apply to CET1 capital in addition to the adjustments required under Basel III, calculated as the sum of values in rows 26a to 26f and any other additional rows inserted between rows 26 and 27, if applicable.
26a	Cumulative fair value gains arising from revaluation of land and buildings (covering both own-use and investment properties) as set out in BCR §38(2)(c) and (d).
26b	Regulatory reserve for general banking risks as referred to in BCR §38(2)(e).
26c	Any securitization exposures specified in a notice given by the MA pursuant to BCR §43(1)(f).
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings as referred to in BCR §43(1)(j).
26e	Capital shortfall of regulated non-bank subsidiaries as specified in BCR §43(1)(k).
26f	Amount of the sum of any capital investment in commercial connected entities that is in excess of 15% of the capital base of the AI (as reported in its capital adequacy return as at the immediately preceding calendar quarter end date according to BCR §43(1)(n)), taking into account any amount of loans, facilities or other credit exposures that is required by BCR §46(1) to be aggregated with this item for the purpose of determining the excess amount subject to deduction.
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital being available to cover deductions, as required under BCR §43(1)(r). If the value reported in row 43 exceeds that in row 36, the excess is to be reported here.
28	Total regulatory deductions to CET1 capital, calculated as the sum of values in rows 7 to 19, rows 26 and 27.
29	CET1 capital, calculated as the difference of values in row 6 and row 28.
30	Instruments issued by an AI that meet all the qualifying criteria for AT1 capital as set out in BCR Schedule 4B, and any related share premium as referred to in BCR §39(1)(b). All instruments issued by subsidiaries of the consolidation group should be excluded from this row. This row may however include AT1 capital instruments issued by an SPV of the institution only if it meets the requirements set out in BCR §39(3) and Schedule 4B.
31	The amount of instruments in row 30 classified as equity under applicable accounting standards.
32	The amount of instruments in row 30 classified as liabilities under applicable accounting standards.
33	Capital instruments subject to phase-out arrangements from AT1 capital in accordance with the requirements of BCR Schedule 4H.
34	Applicable amount of capital instruments issued by consolidated bank subsidiaries and held by third parties allowed to be recognized in consolidated AT1 capital in accordance with BCR Schedule 4D.

Explanatory Note	
35	<i>The amount reported in row 34 that relates to instruments subject to phase-out arrangements from AT1 capital in accordance with BCR Schedule 4H.</i>
36	The sum of values in rows 30, 33 and 34.
37	Investments in own AT1 capital instruments, as referred to in BCR §47(1)(a).
38	Reciprocal cross-holdings in AT1 capital instruments, as referred to in BCR §47(1)(b).
39	Amount of insignificant LAC investments in AT1 capital instruments issued by financial sector entities outside the scope of regulatory consolidation that is in excess of the 10% threshold according to BCR Schedule 4F, and is required to be deducted from AT1 capital in accordance with BCR §47(1)(c).
40	Amount of significant LAC investments in AT1 capital instruments issued by financial sector entities outside the scope of regulatory consolidation that is required to be deducted from AT1 capital in accordance with BCR §47(1)(d).
41	Specific regulatory deductions that the MA requires AIs to apply to AT1 capital in addition to the adjustments required under Basel III, calculated as the sum of values in any other additional rows inserted between rows 41 and 42, if applicable.
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital being available to cover deductions, as required under BCR §47(1)(g). If the value reported in row 57 exceeds that in row 51, the excess is to be reported here.
43	The sum of values in rows 37 to 40, 41 (if applicable) and 42.
44	AT1 capital, calculated as the difference of values in row 36 and row 43. If the amount reported in row 43 exceeds that in row 36, include the excess amount in row 27 and report zero here.
45	Tier 1 capital, calculated as the sum of values in row 29 and row 44.
46	Instruments issued by an AI that meet all the qualifying criteria for Tier 2 capital as set out in BCR Schedule 4C and any related share premium as referred to in BCR §40(1)(b). All instruments issued by subsidiaries of the consolidation group should be excluded from this row. This row may however include Tier 2 capital instruments issued by an SPV of the institution only if it meets the requirements set out in BCR §40(3) and Schedule 4C.
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital in accordance with the requirements of BCR Schedule 4H.</i>
48	Applicable amount of capital instruments issued by consolidated bank subsidiaries and held by third parties allowed to be recognized in consolidated Tier 2 capital in accordance with BCR Schedule 4D.
49	<i>The amount reported in row 48 that relates to capital instruments subject to phase-out arrangements from Tier 2 capital in accordance with the requirements of BCR Schedule 4H.</i>
50	The aggregate amount of the AI's regulatory reserve for general banking risks and collective provisions

Explanatory Note	
	related to the BSC approach or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA, surplus provisions for exposures calculated by using the IRB approach, and the portion of the institution's total regulatory reserve for general banking risks and collective provisions apportioned to the SEC-IRBA approach, allowed to be included in Tier 2 capital, calculated in accordance with BCR §42.
51	The sum of values in rows 46, te 48 and 50.
52	Investments in own Tier 2 capital instruments, as referred to in BCR §48(1)(a).
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities, as referred to in BCR §48(1)(b).
54	Amount of insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities outside the scope of regulatory consolidation (net of eligible short positions) that is in excess of the 10% threshold and, where applicable, the gross long positions of non-capital LAC liabilities of such entities that is in excess of the 5% threshold according to BCR Schedule 4F, and is required to be deducted from Tier 2 capital in accordance with BCR §48(1)(c).
54a	Amount of insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation, formerly designated for the 5% threshold but no longer meeting the conditions for designation under BCR Schedule 4F, measured on a gross long basis. This row is applicable to "section 2 institutions" (as defined in §2 of Schedule 4F) only, where the amounts designated to this threshold may not subsequently be moved to the 10% threshold. This row does not apply to "section 3 institutions" (as defined in §3 of Schedule 4F), to which these conditions on the use of the 5% threshold do not apply.
55	Amount of significant LAC investments in Tier 2 capital instruments issued by financial sector entities outside the scope of regulatory consolidation (net of eligible short positions) that is required to be deducted from Tier 2 capital in accordance with BCR §48(1)(d).
55a	Amount of significant LAC investments in non-capital LAC liabilities of financial sector entities outside the scope of regulatory consolidation (net of eligible short positions) that is required to be deducted from Tier 2 capital in accordance with BCR §48(1)(d).
56	Specific regulatory adjustments that the MA requires AIs to apply to Tier 2 capital in addition to the minimum adjustments required under Basel III, calculated as the sum of values in any additional rows inserted between rows 56 and 57, if applicable.
56a	The portion (i.e. 45%) of the property revaluation reserve that is permitted to be included / added back as Tier 2 capital under BCR §40(1)(d). This item has the effect of reducing the total regulatory deductions to Tier 2 capital and must be reported as a negative figure.
56b	For institutions that maintain any non-capital LAC debt resources, the amount by which the total amount of the AI's holdings of non-capital LAC liabilities falling within BCR §48(1)(g) exceeds the institution's

Explanatory Note	
	non-capital LAC debt resources or, for institutions that do not maintain any non-capital LAC debt resources, the total amount of the institution's holdings of non-capital LAC liabilities falling within BCR §48(1)(g).
57	The sum of values in rows 52 to 56b.
58	Tier 2 capital, calculated as the difference of values in row 51 and row 57. If the amount reported in row 57 exceeds that in row 51, include the excess amount in row 42 and report zero here.
59	Total capital, calculated as the sum of values in row 45 and row 58.
60	Total RWA of the AI.
61	CET1 capital ratio (as a percentage of RWA), calculated as the quotient of value in row 29 to value in row 60, expressed as a percentage.
62	Tier 1 capital ratio (as a percentage of RWA), calculated as the quotient of value in row 45 to value in row 60, expressed as a percentage.
63	Total capital ratio (as a percentage of RWA), calculated as the quotient of value in row 59 to value in row 60, expressed as a percentage.
64	Institution-specific buffer requirement (i.e. capital conservation buffer ("CB"), any countercyclical capital buffer ("CCyB") and any higher loss absorbency ("HLA") requirements, all expressed as a percentage of RWA), to be calculated in accordance with the level specified in BCR §3M for CB requirement, plus the institution-specific CCyB requirement and the institution-specific HLA requirement.
65	The amount in row 64 (expressed as a percentage of RWA) that relates to the CB requirement (i.e. to report the level specified in BCR §3M).
66	The amount in row 64 (expressed as a percentage of RWA) that relates to the institution-specific CCyB requirement, which is equal to the value reported in cell N+2/d of Template CCyB1.
67	The amount in row 64 (expressed as a percentage of RWA) relates to any HLA requirements, if applicable. An AI should report the HLA requirement applicable to it as a G-SIB or a D-SIB, whichever is higher.
68	CET1 (as a percentage of risk-weighted assets) available after meeting the AI's minimum capital requirements, calculated as the CET1 capital ratio (row 61) less the sum of ratios of (i) the 4.5% minimum CET1 requirement under BCR §3B; and (ii) any other CET1 capital required to meet the minimum Tier 1 and Total capital requirements under BCR §43(1)(r) and §47(1)(g). For example, suppose an AI has 100 RWA, 10 CET1 capital, 1.5 AT1 capital and no Tier 2 capital. Since it does not have any Tier 2 capital, it will have to earmark its CET1 capital to meet the 8% minimum capital requirement. The net CET1 capital left to meet other requirements (which could include Pillar 2 or buffers requirements) will be $10 - 4.5 - 2 = 3.5$.
69	This row is not applicable in the case of Hong Kong where the CET1 capital ratio is as defined under Basel

Explanatory Note	
	III.
70	This row is not applicable in the case of Hong Kong where the Tier 1 capital ratio is as defined under Basel III.
71	This row is not applicable in the case of Hong Kong where the Total capital ratio is as defined under Basel III.
72	Insignificant LAC investments in CET1, AT1, Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities outside the regulatory scope of consolidation, to the extent that such holdings are not reported in row 18, row 39 and row 54.
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the regulatory scope of consolidation, to the extent that such holdings are not reported in row 19 and row 23.
74	This row is not applicable in the case of Hong Kong, as MSR's are fully deducted. Please refer to row 20.
75	This row is not applicable in the case of Hong Kong, as DTAs are fully deducted. Please refer to row 21.
76	Amount of an AI's regulatory reserve for general banking risks and provisions for Stages 1 and 2 of credit impairment related to the BSC approach, the STC approach and SEC-ERBA, SEC-SA and SEC-FBA eligible for inclusion in Tier 2 capital, calculated in accordance with BCR §42(1) or §42(2), where applicable, prior to the application of the cap.
77	Cap for inclusion of regulatory reserve for general banking risks and provisions for Stages 1 and 2 of credit impairment related to the BSC approach, the STC approach and the SEC-ERBA, SEC-SA and SEC-FBA in Tier 2 capital, calculated in accordance with BCR §42(1) or §42(2), where applicable.
78	The sum of surplus provisions for exposures calculated using the IRB approach and the portion of an AI's total regulatory reserve for general banking risks and provisions for Stages 1 and 2 of credit impairment that is apportioned to the SEC-IRBA in Tier 2 capital, calculated in accordance with BCR §42(2), (3) and (4), prior to the application of the cap.
79	Cap for inclusion of surplus provisions for exposures calculated using the IRB approach and the portion of an AI's total regulatory reserve for general banking risks and provisions for Stages 1 and 2 of credit impairment that is apportioned to the SEC-IRBA in Tier 2 capital, calculated in accordance with BCR §42(2), (3) and (4).
80	This row is only applicable to non-joint stock companies which are not relevant in the case of Hong Kong.
81	This row is only applicable to non-joint stock companies which are not relevant in the case of Hong Kong.
82	Current cap on AT1 capital instruments subject to phase-out arrangements, calculated according to BCR Schedule 4H.
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities).

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84	Current cap on Tier 2 capital instruments subject to phase-out arrangements, calculated according to BCR Schedule 4H.
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities).

Table CCA: Main features of regulatory capital instruments

Purpose:	To provide a description on the main features of the CET1, Additional Tier 1 and Tier 2 capital instruments, as applicable, that are included in an AI's regulatory capital.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong.
Content:	Qualitative and quantitative information.
Frequency:	Semi-annual. This table should be posted on the AI's internet website (or if permitted by the MA, the internet website of its parent bank). It should be updated whenever a capital instrument is issued, repaid, included in or excluded from the capital base by an AI, and whenever there is a redemption, conversion / write-down, or any other material change in the nature of the relevant instrument. The AI should include the web link to the issuances made over the previous period in each disclosure statement.
Format:	Flexible.
Accompanying information:	The full terms and conditions of all instruments included in an AI's regulatory capital should be made available on its internet website.
Corresponding BDR section:	16FE

		(a)
		Quantitative / qualitative information
1	Issuer	
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	
3	Governing law(s) of the instrument	
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules ¹	NA
5	Post-transitional Basel III rules ²	
6	Eligible at solo / group / solo and group	
7	Instrument type (types to be specified by each jurisdiction)	
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	
9	Par value of instrument	
10	Accounting classification	
11	Original date of issuance	
12	Perpetual or dated	
13	Original maturity date	
14	Issuer call subject to prior supervisory approval	

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.

		(a)
		Quantitative / qualitative information
15	Optional call date, contingent call dates and redemption amount	
16	Subsequent call dates, if applicable	
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	
18	Coupon rate and any related index	
19	Existence of a dividend stopper	
20	Fully discretionary, partially discretionary or mandatory	
21	Existence of step-up or other incentive to redeem	
22	Non-cumulative or cumulative	
23	Convertible or non-convertible	
24	If convertible, conversion trigger(s)	
25	If convertible, fully or partially	
26	If convertible, conversion rate	
27	If convertible, mandatory or optional conversion	
28	If convertible, specify instrument type convertible into	
29	If convertible, specify issuer of instrument it converts into	
30	Write-down feature	
31	If write-down, write-down trigger(s)	
32	If write-down, full or partial	
33	If write-down, permanent or temporary	
34	If temporary write-down, description of write-up mechanism	
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

Points to note:

- (i) An AI should report the main features of each outstanding regulatory capital instrument. For any item that is not applicable for a particular capital instrument, "NA" should be entered.
- (ii) In order to provide a "main features report" that summarises all of the regulatory capital instruments of the banking group, an AI should report each instrument, including ordinary shares, in a separate column of this template (by adding column (b), column (c) and so on).
- (iii) An AI should select one of the standard options in the list as the input for a particular cell, where relevant. The following table provides a more detailed explanation of reporting requirements for each of the cells, and, where relevant, the list of standard options from which the AI should select as the input for a particular cell.

Explanatory Note	
Rows	
1	The legal entity which is the issuer of the instrument. <i>Free text</i>
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement). <i>Free text</i>
3	Specifies the governing law(s) of the instrument.

	<i>Free text</i>
4	Specifies the regulatory capital treatment (if the instrument is subject to the transitional arrangements provided for in BCR Schedule 4H) (i.e. the component of capital that the instrument is being phased-out from). <i>Enter: [Common Equity Tier 1] [Additional Tier 1] [Tier 2]</i>
5	Specifies the regulatory capital treatment (if the instrument is not subject to the transitional arrangements provided for in BCR Schedule 4H). <i>Enter: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Ineligible]</i>
6	Specifies the level(s) within the group at which the instrument is included in capital. The level of solo includes solo-consolidated. <i>Enter: [Solo] [Group] [Solo and Group]</i>
7	Specifies the instrument type, varying by jurisdiction. This helps provide a more granular understanding of features, particularly during transition. <i>Enter: [Ordinary shares] [Perpetual non-cumulative preference shares] [Perpetual debt instruments] [Perpetual cumulative preference shares] [Redeemable non-cumulative preference shares] [Redeemable cumulative preference shares] [Other Tier 2 instruments] [Others: please specify]</i>
8	Specifies amount recognised in regulatory capital. Where more than one capital instrument is subject to the phase-out arrangements in a particular tier of capital, an AI may specify the total amount recognised in that tier of capital for all such instruments instead of the amount recognised for each individual capital instrument. <i>Free text</i>
9	Par value of the instrument. <i>Free text</i>
10	Specifies accounting classification which helps to assess loss absorbency. <i>Enter: [Shareholders' equity] [Liability – amortised cost] [Liability – fair value option] [Non-controlling interest in consolidated subsidiary]</i>
11	Specifies date of issuance. <i>Free text</i>
12	Specifies whether dated or perpetual. <i>Enter: [Perpetual] [Dated]</i>
13	For dated instrument, specifies original maturity date (day, month and year). For perpetual instrument, “no maturity” should be entered. <i>Free text</i>
14	Specifies whether there is an issuer call option. <i>Enter: [Yes] [No]</i>
15	For instrument with issuer call option, specifies (i) first date of call if the instrument has a call option on a specific date (day, month and year); (ii) if the instrument has a tax and / or regulatory event call; and (iii) the redemption price. <i>Free text</i>
16	Specifies the existence and frequency of subsequent call dates, if applicable.

	<i>Free text</i>
17	Specifies whether the coupon / dividend is: (i) fixed over the life of the instrument; (ii) floating over the life of the instrument; (iii) currently fixed but will move to a floating rate in the future; or (iv) currently floating but will move to a fixed rate in the future. <i>Enter: [Fixed] [Floating] [Fixed to floating] [Floating to fixed]</i>
18	Specifies the coupon rate of the instrument and any related index that the coupon / dividend rate references. <i>Free text</i>
19	Specifies whether the non-payment of a coupon or dividend on the instrument prohibits the payment of dividends on ordinary shares (i.e. whether there is a dividend stopper). <i>Enter: [Yes] [No]</i>
20	Specifies whether the issuer has (i) full discretion; (ii) partial discretion; or (iii) no discretion over whether a coupon / dividend is paid. If an AI has full discretion to cancel coupon / dividend payments under all circumstances, it should select "fully discretionary" (including when there is a dividend stopper that does not have the effect of preventing the AI from cancelling payments on the instrument). If there are conditions that should be met before payment can be cancelled (e.g. capital below a certain threshold), the AI should select "partially discretionary". If the AI is unable to cancel the payment outside of insolvency, it should select "mandatory". <i>Enter: [Fully discretionary] [Partially discretionary] [Mandatory]</i>
21	Specifies whether there is a step-up or other incentive to redeem. <i>Enter: [Yes] [No]</i>
22	Specifies whether dividends / coupons are cumulative or non-cumulative. <i>Enter: [Non-cumulative] [Cumulative]</i>
23	<i>Convertible or non-convertible:</i> specifies whether the instrument is convertible or not. <i>Enter: [Convertible] [Non-convertible]</i>
24	Specifies the conditions under which the instrument will convert, including point of non-viability. Where one or more authorities have the ability to trigger conversion, names of the authorities should be listed. For each of the authorities it should be stated whether it is the terms of the contract of the instrument that provide the legal basis for the authority to trigger conversion (a contractual approach) or whether the legal basis is provided by statutory means (a statutory approach). <i>Free text.</i>
25	For each conversion trigger separately, specifies whether the instrument will: (i) always convert fully; (ii) may convert fully or partially; or (iii) will always convert partially. <i>Free text referencing one of the options above</i>
26	Specifies rate of conversion into the more loss absorbent instrument. <i>Free text</i>
27	For convertible instruments, specifies whether conversion is mandatory or optional. <i>Enter: [Mandatory] [Optional] [NA]</i>
28	For convertible instruments, specifies instrument type convertible into. <i>Enter: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Others: please specify]</i>

29	If convertible, specifies issuer of instrument into which it converts. <i>Free text</i>
30	Specifies whether there is a write-down feature. <i>Enter: [Yes] [No]</i>
31	Specifies the trigger at which write-down occurs, including point of non-viability. Where one or more authorities have the ability to trigger write-down, names of the authorities should be listed. For each of the authorities it should be stated whether it is the terms of the contract of the instrument that provide the legal basis for the authority to trigger write-down (a contractual approach) or whether the legal basis is provided by statutory means (a statutory approach). <i>Free text</i>
32	For each write-down trigger separately, specifies whether the instrument will: (i) always be written down fully; (ii) may be written down partially; or (iii) will always be written down partially. <i>Free text referencing one of the options above</i>
33	For write-down instrument, specifies whether write-down is permanent or temporary. <i>Enter: [Permanent] [Temporary] [NA]</i>
34	For instrument that has a temporary write-down, description of write-up mechanism. Not applicable in the case of Hong Kong as no write-up is allowed. <i>Enter: [NA]</i>
35	Specifies instrument to which it is most immediately subordinate. Where applicable, an AI should specify the column numbers of the instruments in the completed main features template to which the instrument is most immediately subordinate. <i>Free text</i>
36	Specifies whether there are non-compliant features. <i>Enter: [Yes] [No]</i>
37	If there are non-compliant features, an AI should identify them. <i>Free text</i>

Part IID: Liquidity

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

Purpose:	To provide details of NSFR and details of ASF and RSF components.
Scope of application:	<p>The template is mandatory for locally incorporated and overseas incorporated AIs that are designated as category 1 institution. A category 1 institution should disclose the required items in this template on:-</p> <ul style="list-style-type: none"> (i) a consolidated basis – applicable to a category 1 institution incorporated in Hong Kong that is subject to BLR rule 11(1); (ii) an unconsolidated basis – applicable to a category 1 institution incorporated in Hong Kong that is not subject to BLR rule 11(1) but subject to BLR rule 10(1)(b); or (iii) a Hong Kong office basis – applicable to a category 1 institution:- <ul style="list-style-type: none"> • incorporated in Hong Kong that is not subject to BLR rule 10(1)(b) or 11 but subject to BLR rule 10(1)(a); and • incorporated outside Hong Kong that is subject to BLR rule 10(1)(a). <p>A category 1 institution should indicate the basis on which the required disclosure items in this template are disclosed.</p>
Content:	Items disclosed should be measured and defined according to the methodology and instructions set out in the Stable Funding Position Return (MA(BS)26). Data should be presented as quarter-end observations and in Hong Kong dollars or the equivalent amount of Hong Kong dollars.
Frequency:	Semi-annual (including two data sets covering the latest and the preceding quarter-ends).
Format:	Fixed.
Accompanying narrative:	<p>An AI should provide a sufficient qualitative discussion on the NSFR to facilitate an understanding of the results and the accompanying data. For example, where significant, the AI should discuss:</p> <ul style="list-style-type: none"> • the drivers of its NSFR results, the reasons for intra-period changes and the changes over time (e.g. changes in strategies, funding structure, circumstances); and • the composition of the AI's interdependent assets and liabilities (as defined under Division 2 of Part 9 of the BLR) and to what extent these transactions are interrelated.
Corresponding BDR section:	16FL and 103AB

		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		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	
A. Available stable funding ("ASF") item						
1	Capital:					
2	<i>Regulatory capital</i>					
2a	<i>Minority interests not covered by row 2</i>					
3	<i>Other capital instruments</i>					
4	Retail deposits and small business funding:					
5	<i>Stable deposits</i>					
6	<i>Less stable deposits</i>					
7	Wholesale funding:					
8	<i>Operational deposits</i>					
9	<i>Other wholesale funding</i>					
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	<i>Net derivative liabilities</i>					
13	<i>All other funding and liabilities not included in the above categories</i>					
14	Total ASF					
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:					
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>					
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>					
20	<i>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:</i>					
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>					
22	<i>Performing residential mortgages, of which:</i>					

		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		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	
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>					
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>					
25	Assets with matching interdependent liabilities					
26	Other assets:					
27	<i>Physical traded commodities, including gold</i>					
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>					
29	<i>Net derivative assets</i>					
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>					
31	<i>All other assets not included in the above categories</i>					
32	Off-balance sheet items					
33	Total RSF					
34	Net Stable Funding Ratio (%)					

Points to note:

- (i) *the rows without a numerical row number introduce a section of the NSFR template (i.e. ASF and RSF) and do not require any value to be input;*
- (ii) *the disclosure items shaded in light grey (e.g. rows 1, 4, 7, 10, 11) represent a broad sub-component category of the NSFR in the relevant section;*
- (iii) *the unshaded disclosure items represent a sub-component within the major categories under ASF and RSF items, except that rows 21 and 23 are sub-components of rows 20 and 22, respectively. See explanatory note below for a more detailed explanation of the composition of such sub-components;*
- (iv) *no disclosure is required for items shaded in dark grey (i.e. cells 5/a, 6/a, 8/a, 12/b-e, 14/a-d, 27/b-d, 28/b-d, 29/b-d, 30/b-d, 32/a, 33/a-d and 34/a-d).*

Explanatory Note	
Columns	
(a) to (d)	<i>Unweighted value by residual maturity: values entered in these columns should be the quarter-end observations of individual line items in accordance with the maturity bands. Items to be reported in column (a), i.e. the "no specified term to maturity" time bucket, do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, collective provisions, net derivative liabilities,</i>

Explanatory Note	
	currency notes and coins, equities, physical traded commodities, assets posted as initial margin for derivative contracts and contributions to default funds of CCPs, net derivative assets and total derivative liabilities before deduction of variation margin posted.
(e)	<i>Weighted amount:</i> values entered in this column are calculated in accordance with Part 9 of the BLR.
Rows	
1	<i>Capital:</i> the sum of values in rows 2 to 3.
2	<i>Regulatory capital:</i> CET1 capital, Additional Tier 1 capital and Tier 2 capital as defined by Part 3 of the BCR before the application of any regulatory adjustments required by the BCR. Capital instruments that will be phased out for regulatory capital purposes after completion of the transitional arrangements as referred to in section 5, Schedule 4H to the BCR should not be included in this row. However, these capital instruments may be reported under row 2a or 3 where appropriate. To avoid doubt, the aggregated amount of total Tier 1 capital can be reported under the time bucket of "No specified term to maturity" (i.e. column (a)).
2a	<i>Minority interests not covered by row 2:</i> if there is any minority interest that has a specified term to maturity, report it under the relevant column. Otherwise, report under the time bucket of "No specified term to maturity" (i.e. column (a)).
3	<i>Other capital instruments:</i> total amount of any capital instruments not included in row 2 or 2a.
4	<i>Retail deposits and small business funding:</i> as defined in BLR rule 39, which are equal to the sum of values in rows 5 and 6.
5	<i>Stable deposits:</i> they comprise stable retail deposits and stable small business funding, as defined in the BLR.
6	<i>Less stable deposits:</i> they comprise retail deposits and small business funding as defined in the BLR but not already covered by row 5 above.
7	<i>Wholesale funding:</i> the sum of values in rows 8 and 9.
8	<i>Operational deposits:</i> as defined in BLR rule 39.
9	<i>Other wholesale funding:</i> it is funding (other than operational deposits) provided to the AI by non-financial corporates (other than small business customers), sovereigns, public sector entities ("PSEs"), multilateral development banks, national development banks, the Monetary Authority ("MA") for the account of the Exchange Fund ("EF"), central banks, financial institutions and other entities.
10	<i>Liabilities with matching interdependent assets:</i> any liabilities that meet the descriptions in BLR rule 70 and match with interdependent assets should be included in this row and excluded from all other ASF items. For note-issuing banks, this row also includes the amount of legal tender notes in circulation issued by them, as follows: <ul style="list-style-type: none"> • for unweighted value, the legal tender notes in circulation should be included in column (a) for 'no

Explanatory Note	
	<p>specified term to maturity';</p> <ul style="list-style-type: none"> for weighted value, a note-issuing bank may choose either to (a) treat the amount for legal tender notes as \$0; or (b) apply BLR rules 65 and 68 to determine such weighted amounts in accordance with BLR rule 69(2).
11	<i>Other liabilities</i> : the sum of values in rows 12 and 13.
12	<i>Net derivative liabilities</i> : in the unweighted cell, report the amount of net derivatives liabilities as calculated according to Part 9 of the BLR (i.e. the net amount of total derivative liabilities (after adjustments) in excess of total derivative assets (after adjustments)). The cell for weighted amount under net derivative liabilities is darkened given that the value will be zero after the 0% ASF is applied.
13	<i>All other funding and liabilities not included in the above categories</i> : report in this row all other funding and liabilities that are counted towards ASF under the BLR but not included in rows 1 to 12 above (e.g. debt securities or prescribed instruments issued, deferred tax liabilities, trade-date payables, etc).
14	<i>Total ASF</i> : the sum of all weighted amounts in rows 1, 4, 7, 10 and 11.
15 to 31	For any assets that are not free from encumbrances (as defined in Part 9 of the BLR), report the unweighted value in columns (a) to (d) taking into account their remaining terms to maturity and periods of encumbrance (whichever is subject to a higher RSF factor), and the weighted amount (i.e. after the applicable RSF factor for encumbered assets) in column (e).
15	<p><i>Total HQLA for NSFR purposes</i>: being unencumbered high quality liquid assets without regard to LCR operational requirements and caps on Level 2 and Level 2B assets that might otherwise limit the ability of some HQLA to be included as eligible in calculation of the LCR. Under the BLR, these items include:</p> <ul style="list-style-type: none"> (i) currency notes and coins; (ii) claims on the MA for the account of the EF or central banks that are repayable on demand or readily monetizable (including funds placed with the AI's HKD CHATS Account, or with central banks to meet reserve requirements, EF debt securities and central bank debt securities that qualify for HQLA); and (iii) other level 1 assets, level 2A assets and level 2B assets held by the AI.
16	<i>Deposits held at other financial institutions for operational purposes</i> : as defined in Part 7 of the BLR.
17	<i>Performing loans and securities</i> : the sum of values in rows 18, 19, 20, 22 and 24.
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i> : comprising performing loans and funds (other than operational deposits) provided by the AI to other financial institutions that are secured by level 1 assets.
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i> : comprising performing loans and funds (other than operational deposits) provided by the

Explanatory Note	
	AI to other financial institutions not already covered by row 18.
20	<i>Performing loans, other than performing residential mortgages, to non-financial corporate clients, retail and small business customers, sovereigns, the MA for the account of the EF, central banks and PSEs:</i> comprising performing loans and funds (which are not residential mortgages) provided by the AI to retail customers and wholesale customers (other than financial institutions) that are not covered by rows 15 to 19 and 22 to 23.
21	<i>With a risk-weight of less than or equal to 35% under the STC approach:</i> being the portion of amount reported in row 20 that is subject to a risk-weight of less than or equal to 35% under Division 3, Part 4 of the BCR.
22	<i>Performing residential mortgages:</i> comprising all performing residential mortgages provided by the AI. In determining the scope of residential mortgage, an AI could make reference to BCR §2(1) for the scope of row 22. For clarity sake, residential mortgage loans to financial institutions, if any, should be excluded from row 22 and be included in row 18 or 19 where appropriate.
23	<i>With a risk-weight of less than or equal to 35% under the STC approach:</i> being the portion of amount reported in row 22 that is subject to a risk-weight of less than or equal to 35% under Division 3, Part 4 of the BCR.
24	<i>Securities that are not in default and do not qualify as HQLA including exchange-traded equities:</i> comprising debt securities, prescribed instruments and listed equities held by the AI that are not already included in row 15. To avoid doubt, debt securities or prescribed instruments that are not marketable should also be covered by this row, while unlisted equities should be reported under row 31.
25	<i>Assets with matching interdependent liabilities:</i> any assets which meet the descriptions in BLR rule 70 and match with interdependent liabilities should be included in this row and excluded from all other RSF items. For note-issuing banks, this row also includes the amount of certificate of indebtedness that are issued under section 4(1) of the Exchange Fund Ordinance (Cap. 66), as follows: <ul style="list-style-type: none"> • for unweighted value, the certificates of indebtedness held should be included in column (a) for 'no specified term to maturity'; • for weighted value, a note-issuing bank may choose either to (a) treat the amount for certificates of indebtedness as \$0; or (b) apply BLR rules 65 and 68 to determine such weighted amounts in accordance with BLR rule 69(2).
26	<i>Other assets:</i> the sum of values in rows 27 to 31.
27	<i>Physical traded commodities, including gold:</i> including all physical traded commodities held by the AI.
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs:</i> including cash, securities and other assets posted by the AI as initial margins or default fund contributions under all derivative contracts regardless of whether the assets are maintained on the AI's balance sheet.
29	<i>Net derivative assets:</i> in the unweighted cell, report the amount of net derivative assets as calculated according to Part 9 of the BLR (i.e. the net amount of the total derivative assets (after adjustments) in excess of total

Explanatory Note	
	derivative liabilities (after adjustments)). Since net derivative assets are subject to an RSF factor of 100%, the amount reported in the weighted cell should be equal to the amount reported in the unweighted cell.
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted:</i> report in this row the amount of total derivative liabilities (before adjustments) according to Part 9 of the BLR (i.e. the sum of the replacement costs of derivative contracts between the reporting AI and its counterparties, where each of those contracts has a negative replacement cost before adjustments for any variation margin posted by the reporting AI to the counterparty under the contract). The reported value should be in an absolute term (i.e. disregard the negative sign).
31	<i>All other assets not included in the above categories:</i> report in this row all other on-balance sheet assets that are counted towards RSF under the BLR but not included in rows 15 to 29 above (e.g. trade-date receivables, fixed assets, goodwill, investments in associated entities, unlisted equities, non-performing assets, etc).
32	<i>Off-balance sheet items:</i> the sum of all off-balance sheet obligations listed in Table 2, Schedule 6 to the BLR.
33	<i>Total RSF:</i> the sum of all weighted amounts in rows 15, 16, 17, 25, 26 and 32.
34	<i>Net Stable Funding Ratio (%):</i> presented as quarter-end observations.

Part III : Credit risk for non-securitization exposures

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

Purpose:	To provide the main parameters of internal models used for the calculation of credit risk capital requirements under the IRB approach, for the purpose of enhancing the transparency of RWA calculations and the reliability of regulatory measures.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the IRB calculation approaches for some or all of their exposures.
Content:	Columns (a) and (b) are based on accounting carrying amounts and columns (c) to (l) regulatory amounts. All values are based on the regulatory scope of consolidation for capital adequacy purposes.
Frequency:	Semi-annual.
Format:	Fixed. Where an AI makes use of the FIRB approach, AIRB approach, retail IRB approach and/or the PD/LGD approach for equity exposures under the IRB approach, it should disclose the IRB calculation approaches in separate templates. For each IRB calculation approach used, an AI should disclose the portfolio types subject to the IRB calculation approaches by major IRB class and/or subclass (which are in line with the classification used in the BCR) as follows:- (i) Sovereign; (ii) Bank; (iii) Corporate – specialized lending (other than HVCRE) – FIRB/AIRB; (iv) Corporate – small-and-medium sized corporates; (v) Corporate – <u>specialized lending (HVCRE)</u> – FIRB/AIRB; (vi) <u>Corporate – large corporates</u> ; (vii) <u>Corporate – non-regulated financial institutions</u> ; (viii) Corporate – other <u>corporates</u> (including purchased corporate receivables); (ix) Equity – PD/LGD approach <u>Retail – QRRE (transactor)</u> ; (x) Retail – QRRE (revolver) ; (xi) Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies); (xii) Retail – small business retail exposures; and (xiii) Other retail exposures to individuals. Divide the table into various sections, one section for each type of the IRB classes / subclasses according to (i) to (xiii) aforementioned.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material changes in the current reporting period and the key drivers of such changes.
Corresponding BDR section:	16Q

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Portfolio (i) – Sovereign	0.00 to < 0.15												
	0.15 to < 0.25												
	0.25 to < 0.50												
	0.50 to < 0.75												
	0.75 to < 2.50												
	2.50 to < 10.00												
	10.00 to < 100.00												
	100.00 (Default)												
Sub-total													
Portfolio (ii) – Bank	0.00 to < 0.15												
	0.15 to < 0.25												
	0.25 to < 0.50												
	0.50 to < 0.75												
	0.75 to < 2.50												
	2.50 to < 10.00												
	10.00 to < 100.00												
	100.00 (Default)												
Sub-total													
Portfolio (iii)...	...												
Portfolio (iv)...	...												
...	...												
Total (sum of all portfolios)													

Explanatory Note	
Columns	
<i>PD scale</i>	PD scale should not be changed. An AI should map the PD scale it uses in the calculations of RWA into the PD scale provided in the template.
(a)	<i>Original on-balance sheet gross exposure</i> : the amount of the on-balance sheet exposure gross of accounting provisions (before taking into account the effect of recognized CRM).
(b)	<i>Off-balance sheet exposure pre-CCF</i> : the exposure value determined under Part 6 of the BCR, as the case requires, without taking into account credit valuation adjustments and provisions, CCFs and the effect of recognized CRM.
(c)	<i>Average CCF</i> : this is derived from dividing the EAD post-CCF by the EAD pre-CCF determined in accordance with the BCR for off-balance sheet exposure.
(d)	<i>EAD post-CRM and post-CCF</i> : the amount determined under the BCR and relevant to the capital requirements calculation.
(e)	<i>Average PD</i> : the weighted average of obligor grade PD included in the same row, using the EAD of each obligor as the weight.
(f)	<i>Number of obligors</i> : the number of individual included in the same row. Approximation (round number) of obligor number is acceptable for disclosure purpose.
(g)	<i>Average LGD</i> : the weighted average of obligor grade LGD within the same PD band (or the same portfolio(s) for rows 'sub-total' and 'total' as appropriate), using the EAD of each obligor as the weight. The LGD should be net of any recognized CRM effect.
(h)	<i>Average maturity</i> : the weighted average of obligor maturity within the same PD band (or the same portfolio(s) for rows 'sub-total' and 'total' as appropriate), presented in years, using the EAD of each obligor as the weight. This parameter needs to be filled in only when it is used for calculating RWA.
(i)	<i>RWA</i> : the RWA calculated in accordance with Part 6 of the BCR.
(j)	<i>RWA density</i> : this is derived from total RWA in column (i) divided by EAD post-CCF and post-CRM in column (d). The resultant ratio should be expressed in percentage.
(k)	<i>EL</i> : the expected losses are calculated in accordance with the requirements under Division 11, Part 6 of the BCR.
(l)	<i>Provisions</i> : the eligible provisions as defined under Division 1, Part 6 of the BCR.

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

Purpose:	To disclose the effect of recognized credit derivative contracts on the calculation of credit risk capital requirements under the IRB approach. The hypothetical RWA before taking into account the mitigation effect of recognized credit derivative contracts (column (a) below) is disclosed to evaluate the impact of recognized credit derivative contracts on RWA. This is irrespective of the extent that <u>how the</u> recognized CRM are taken into account in calculating the RWA.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the IRB calculation approaches for some or all of their exposures.
Content:	RWA.
Frequency:	Semi-annual.
Format:	Fixed. Columns are fixed and the IRB class and subclass breakdown in the rows should follow the classification of exposures specified in Table 16, section 142 of the BCR.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain the effect on RWA of recognized credit derivative contracts used as credit risk mitigation.
Corresponding BDR section:	16R

		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialized lending under supervisory slotting criteria approach (project finance)		
2	Corporate – Specialized lending under supervisory slotting criteria approach (object finance)		
3	Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance)		
4	Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate)		
5	Corporate – Specialized lending (high-volatility commercial real estate)		
6	Corporate – Small-and-medium sized corporates		
7	Corporate – Large corporates		
8	Corporate – Non-regulated financial institutions		
9	Corporate – Other corporates		
10	Sovereign – Sovereigns		
11	Sovereign – Sovereign foreign public sector entities		
12	Sovereign – Multilateral development banks		
13	Bank exposures – Banks (excluding covered bonds)		

		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
14 ¹²	Bank exposures – Securities firms Regulated financial institutions		
15 ¹³	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)		
16	Bank – Unspecified multilateral bodies		
17	Bank – Covered bonds		
18 ¹⁴	Retail – Small business retail exposures		
19 ¹⁵	Retail – Residential mortgages to individuals		
20 ¹⁶	Retail – Residential mortgages to property-holding shell companies		
21 ¹⁷	Retail – Qualifying revolving retail exposures (QRRE) (transactor)		
22	Retail – QRRE (revolver)		
23 ¹⁸	Retail – Other retail exposures to individuals		
19	Equity – Equity exposures under market-based approach (simple risk-weight method)		
20	Equity – Equity exposures under market-based approach (internal models method)		
21	Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment)		
22	Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment)		
23	Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures)		
24	Equity – Equity exposures under PD/LGD approach (other equity exposures)		
24 ²⁵	Equity – Equity exposures associated with equity investments in funds (CIS exposures)		
25 ²⁶	Other – Cash items		
26 ²⁷	Other – Other items		
27 ²⁸	Total (under the IRB calculation approaches)		

Explanatory Note

Columns

(a)	<i>Pre-credit derivatives RWA</i> : the hypothetical RWA calculated assuming the absence of recognition of any recognized credit derivative contracts as CRM.
(b)	<i>Actual RWA</i> : RWA calculated taking into account the CRM effect of the recognized credit derivative contracts in accordance with Division 10, Part 6 of the BCR. If an AI does not consider the CRM effect of recognized credit derivative contracts in its RWA calculation of an exposure, or if certain exposures cannot recognize are not eligible for recognizing any CRM effect from credit derivative contracts, the AI should report identical amounts in both columns for these exposures.

Template CR9: Back-testing of PD per portfolio – for IRB approach

Purpose:	To provide back-testing data to validate the reliability of PD calculations, including a comparison of the PD used to calculate capital requirements with the effective default rates of obligors under the IRB approach.
Scope of application:	<p>The template is mandatory for AIs incorporated in Hong Kong that use AIRB, and/or FIRB and/or retail IRB approaches for credit risk. Where an AI makes use of <u>a combination of an FIRB, AIRB and/or retail IRB approaches</u> for certain exposures and an AIRB approach for others, it should disclose two separate sets of portfolio breakdown <u>for each approach</u> in separate templates.</p> <p>An AI should provide meaningful information to users on the back-testing of its internal model, or a combination of models, which are used to rate and assign a PD to its obligor the borrower. A minimum 5-year-average annual default rate is required, in order to compare the PD with a more stable default rate. An AI may use a longer historical period that is consistent with its actual risk management practices. The disclosed template should include the key models used at the group-wide level (according to the scope of regulatory consolidation) and explain in a narrative commentary how the scope of models described was determined. The commentary should include the percentage of RWAs covered by the models whose back-testing results are shown here for each of the AI's regulatory portfolios.</p>
Content:	Modelling parameters used in the capital calculation under the IRB approach.
Frequency:	Annual. Where the back-testing reference period does not coincide with the annual reporting period but on another time interval (e.g. a 12-month interval), the term "year" used in this template means "over the period used for the back-testing of a model", so that an AI could still disclose values that actually correspond to the performance of the models. The AI should disclose the time horizon (observation period) it uses for the back-testing.
Format:	Flexible.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements. The AI may wish to supplement the template with a disclosure of the exposure amount and the number of obligors whose defaulted exposures have been cured in the year.
Corresponding BDR section:	16T

(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)
					Beginning of the year	End of the year			
Portfolio X	PD Range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate

Explanatory Note

Columns

(a)	<i>Portfolio X</i> : the breakdown by portfolios should follow the major IRB class and/or subclass (which are in line with the classification used in the BCR), as follows:- (i) Sovereign; (ii) Bank; (iii) Corporate – specialized lending (other than HVCRE); (iv) Corporate – small-and-medium sized corporates; (v) Corporate – specialized lending (HVCRE)* ; (vi) Corporate – large corporates ; (vii) Corporate – non-regulated financial institutions ; (viii) Corporate – other corporates (including purchased corporate receivables); (vii) Equity – PD/LGD approach ; (ixviii) Retail – QRRE (transactor) ; (x) Retail – QRRE (revolver) ; (xi) Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies); (xii) Retail – small business retail exposures; and (xiii) Other retail exposures to individuals. (* Only for those IRB exposures specialized lending subject to the FIRB or AIRB approach.)
(b)	<i>PD Range</i> : the upper and lower bound of the PD assigned at the beginning of the period for obligors of the respective portfolios.
(c)	<i>External rating equivalent</i> : one column should be filled in for each ECAI or credit rating agency authorized for prudential purposes in Hong Kong or other jurisdictions where the AI operates. This may not be applicable to a retail portfolio for which external rating is not available. If there are more than one applicable ECAs or credit rating agencies, add column (c)(i), (c)(ii) and so on for disclosure.
(d)	<i>Weighted average PD</i> : the estimated PDs assigned at the beginning of the period for obligors by the internal model authorized under the IRB approach. The PD values are EAD-weighted and the “weight” is the EAD at the beginning of the period that are not in default.
(e)	<i>Arithmetic average PD by obligors</i> : the simple average of PD at the beginning of the period, calculated by aggregating the values of obligors’ PD within range which is then divided by the total number of obligors within the range.
(f)	<i>Number of obligors</i> : two sets of information are required: (i) the number of obligors at the beginning of the year; and (ii) the number of obligors at the end of the year subject to reporting. The ‘Beginning of the year’

Explanatory Note	
	sub-column includes non-default obligors at the beginning of the year for disclosure. The 'End of the year' sub-column includes all the non-default accounts related to obligors already included in the 'Beginning of the year' sub-column plus all the new obligors acquired during the year.
(g)	<i>Defaulted obligors in the year:</i> the number of defaulted obligors during the year, which includes: (i) obligors not in default at the beginning of the year who went into default during the year; and (ii) new obligors acquired – through origination or purchase of loans, debt securities or off-balance sheet commitments - during the year not in default who went into default during the year. Obligor under (ii) are also separately disclosed in column (h).
(h)	<i>Of which: new defaulted obligors in the year:</i> the number of obligors having defaulted during the last 12-month period that were not funded at the end of the previous financial year.
(i)	<i>Average historical annual default rate:</i> a minimum of 5-year average of the annual default rate is required. The annual default rate is calculated by dividing the number of obligors at the beginning of each year that are defaulted during that year, by the total number of obligors held at the beginning of the year. An AI may use a longer historical period (i.e. longer than 5 years) that is consistent with the AI's actual risk management practices for calculating the average historical annual default rate figure.
Rows	
An AI is expected not to aggregate-group obligor grades for the purposes of disclosure except in a manner which represents a breakdown of obligor grades, under the IRB approach used by the AI, which provides for a consistent, and logical and cogent differentiation of the credit risk exposures. To achieve this, a breakdown by obligor grades together with the corresponding PD ranges may be disclosed for each regulatory portfolio.	

Part IV: Counterparty Credit risk

Unless the context otherwise requires, the scope of the counterparty credit risk section (Part IV of this document) includes all counterparty credit risk exposures to CCPs and other counterparties arising from transactions in the banking book and trading book, and exposures in respect of default fund contributions to CCPs, that are subject to ~~a counterparty credit risk capital charge under Part 6A of the BCR (including the CVA capital charges and charges applied to exposures to CCPs).~~

Template CCR1: Analysis of counterparty default risk¹⁵ exposures (other than those to CCPs) by approaches

Purpose:	To provide a comprehensive breakdown of default risk exposures (other than those to CCPs), RWAs, and, where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Default risk exposures (other than those to CCPs), RWA and parameters used to calculate the AI's default risk exposures in respect of derivative contracts and SFTs.
Frequency:	Semi-annual.
Format:	Fixed.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material changes in relation to its RWA in the current reporting period and the key drivers of such changes.
Corresponding BDR section:	16W

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)				1.4		
1a	CEM (for derivative contracts)				1.4		
2	IMM (CCR) approach						
3	Simple approach (for SFTs)						
4	Comprehensive approach (for SFTs)						
5	VaR (for SFTs)						
6	Total						

Explanatory Note	
Columns	
(a)	♦ <i>Replacement Cost (RC)</i> : for the SA-CCR approach, means the RC calculated under the SA-CCR approach in accordance with Division 1A, Part 6A of the BCR. For the CEM, means the RC calculated under the CEM in

¹⁵ After the revised CVA risk framework takes effect, the term "counterparty default risk" will be revised as "counterparty credit risk".

Explanatory Note	
	accordance with Division 2A, Part 6A of the BCR.
(b)	<ul style="list-style-type: none"> ♦ <i>PFE</i>: For SA-CCR approach, means the PFE calculated under the SA-CCR approach in accordance with Division 1A, Part 6A of the BCR. For CEM, means the PFE calculated under the CEM in accordance with Division 2A, Part 6A of the BCR.
(c)	<i>Effective EPE</i> : this has the meaning given to it by the BCR.
(d)	<i>Alpha (α) used for computing default risk exposure</i> : under the CEM, SA-CCR approach or IMM(CCR) approach, as the case may be, means the alpha applicable to the AI as specified in the BCR.
(e)	<p><i>Default risk exposure after CRM</i>: In the case of the SA-CCR approach, the CEM, the IMM(CCR) approach, SFTs subject to section 226MJ of the BCR for which the CRM effect is taken into account by using the simple approach and SFTs subject to section 226MK or 226ML of the BCR, means the default risk exposure or outstanding default risk exposure, as the case may be, as defined under the BCR. In the case of SFTs subject to section 226MJ of the BCR for which the CRM effect is taken into account by using the comprehensive approach under Part 4 of the BCR, the amount disclosed in row 4 should be the amount calculated after taking into account any recognized collateral received under the SFTs.</p> <p>In the case of recognized guarantees and recognized credit derivative contracts where the CRM effect is taken into account in accordance with Parts 4 and 5 of the BCR, the default risk exposure (or outstanding default risk exposure) after taking into account the guarantee or credit derivative contract is equal to the default risk exposure (or outstanding default risk exposure) as defined under the BCR.</p> <p>In the case of recognized collateral for SFTs subject to section 226MJ of the BCR, recognized guarantees and recognized credit derivative contracts where the CRM effect is considered in the risk-weight function under Part 6 of the BCR, the post-CRM default risk exposure reported in column (e) is equal to the pre-CRM default risk exposure given that the related CRM effect is not reflected in the EAD of eligible IRB exposures.</p> <p>For the purposes of this disclosure template—</p> <ul style="list-style-type: none"> ♦ CRM does not include recognized collateral received by an AI outside a netting set where the collateral is not designated solely for offsetting losses on default risk exposures. ♦ Simple approach — <ul style="list-style-type: none"> – in relation to the STC approach, means the simple approach set out in Division 6 of Part 4 of the BCR; and – in relation to the BSC approach, means the method of reducing the risk-weighted amount of an exposure set out in Division 5 of Part 5 of the BCR.
(f)	<i>RWA</i> : the product of the default risk exposure after CRM and the risk weight applicable to the counterparty concerned.

Explanatory Note	
Rows	
1	<i>SA-CCR approach (for derivative contracts)</i> : for an AI that uses the SA-CCR approach to calculate default risk exposure in respect of derivative contracts, the AI should report the relevant figures under column (a) to (f) where applicable. The value in [CCR1: 1/f] should be equal to the value in [OV1: 7/a].
1a	<i>CEM (for derivative contracts)</i> : for an AI that uses the CEM to calculate default risk exposure in respect of derivative contracts, the AI should report the relevant figures under column (a) to (f) where applicable. The value in [CCR1: 1a/f] should be equal to the value in [OV1: 7a/a].
2	<i>IMM(CCR) approach</i> : this has the meaning given to it by the BCR. The value in [CCR1: 2/f] should be equal to the value in [CCR7: 9/a] and [OV1: 8/a].
3	<i>Simple approach (for SFTs)</i> : the default risk exposures after CRM and RWAs in respect of SFTs by the following AIs:- <ul style="list-style-type: none"> ♦ AIs that do not use the IMM(CCR) approach to calculate their default risk exposures in respect of SFTs; ♦ AIs that use the simple approach set out in Part 4 of the BCR, or the treatments for recognized collateral set out in Part 5 of the BCR, to take into account the recognized collateral received under SFTs.
4	<i>Comprehensive approach (for SFTs)</i> : the default risk exposures after CRM and RWAs in respect of SFTs by the following AIs:- <ul style="list-style-type: none"> ♦ AIs that do not use the IMM(CCR) approach to calculate their default risk exposures in respect of SFTs; ♦ AIs that use the comprehensive approach set out in Part 4 of the BCR to take into account the recognized collateral received under SFTs and/or use the method (other than a VaR model as discussed below) provided for under the BCR to take into account recognized netting for <u>nettable SFTs</u>repo-style transactions.
5	<i>VaR (for SFTs)</i> : this row is for AIs that have obtained the MA's approval for using a VaR model to calculate the default risk exposure of their nettable repo-style transactions ¹⁶ to disclose the default risk exposure so calculated and the associated RWA.
6	<i>Total</i> : this row reports the sum of values in rows 1 to 5.

¹⁶ After the revised market risk framework takes effect, "nettable repo style transactions" will be replaced by "single SFT or nettable SFTs".

Template CCR3: Counterparty default risk¹⁷ exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach or BSC approach

Purpose:	To present a breakdown of default risk exposures, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach or BSC approach, by asset classes and risk-weights (the latter representing the riskiness attributed to the exposure according to the respective approaches), irrespective of the approach used to determine the amount of default risk exposures.
Scope of application:	The template, which comprises a STC version and a BSC version, is mandatory for AIs incorporated in Hong Kong that have counterparty default risk exposures subject to the STC approach or the BSC approach. The STC version of this template is to be completed by AIs that use the STC approach and the BSC version by AIs that use the BSC approach. IRB AIs with exposures subject to the STC approach should report such exposures in the STC version. However, an AI may choose not to disclose the information required in this template provided that the following conditions are met: <ul style="list-style-type: none"> (i) the default risk exposure amounts and RWA for default risk exposure calculated under the STC or BSC approach, where applicable, are negligible; (ii) the AI has clearly stated this fact in the disclosure statement; and (iii) the AI has explained in a narrative commentary why it considers the information not to be meaningful to information users, including a description of the exposures included in the respective portfolios and the aggregate total RWAs from such exposures.
Content:	Default risk exposure amounts.
Frequency:	Semi-annual.
Format:	Fixed. The columns are fixed and the rows in the STC version and the BSC version of this template reflect respectively the classification of exposures as defined under the BCR, where applicable.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements.

¹⁷ After the revised CVA risk framework takes effect, all the terms “counterparty default risk” used in this template, as highlighted in yellow, will be revised as “counterparty credit risk”.

Corresponding BDR section: 16Y

Version for Als using the STC approach ("STC version")

		(a)	(b)	(ba)	(c)	(ca)	(cb)	(cac)	(cd)	(d)	(e)	(ea)	(f)	(g)	(ga)	(gb)	(h)	(i)
	Risk Weight	0%	10%	15%	20%	25%	30%	35%	40%	50%	75%	85%	100%	150%	250%	400%	Others	Total default risk exposure after CRM
Exposure class																		
1	Sovereign exposures																	
2	<u>PSE</u> <u>Public sector entity</u> exposures																	
2a	<u>Of which: domestic PSEs</u>																	
2b	<u>Of which: foreign PSEs</u>																	
3	Multilateral development bank exposures																	
4	<u>Unspecified multilateral body exposures</u>																	
4 5	Bank exposures																	
6	<u>Non-bank financial institution exposures</u>																	
7	<u>Eligible covered bond exposures</u>																	
5	<u>Securities firm exposures</u>																	
6 8	<u>General C</u> corporate exposures																	
7	<u>CIS exposures</u>																	
9	<u>Equity exposures</u>																	
10	<u>Subordinated debts issued by banks, non-bank financial institutions and corporates</u>																	
8 11	<u>Regulatory retail</u> <u>Retail</u> exposures																	

		(a)	(b)	<u>(ba)</u>	(c)	<u>(ca)</u>	<u>(cb)</u>	<u>(ca)</u>	<u>(cd)</u>	(d)	(e)	<u>(ea)</u>	(f)	(g)	(ga)	<u>(gb)</u>	(h)	(i)
	Risk Weight	0%	10%	<u>15%</u>	20%	<u>25%</u>	<u>30%</u>	35%	<u>40%</u>	50%	75%	<u>85%</u>	100%	150%	250%	<u>400%</u>	Others	Total default risk exposure after CRM
Exposure class																		
9	Residential mortgage loans																	
12 10	Other exposures which are not past due Defaulted exposures																	
<u>13</u>	<u>Other exposures</u>																	
11	Significant exposures to commercial entities	—	—		—								—	—	—			—
<u>14</u>	<u>CIS exposures</u>																	
12 15	Total																	

Version for AIs using the BSC approach ("BSC version")

		(a)	(b)	(c) (ca)	(d)	(f)	(g)	(ga)	(gb)	(h)	(i)
	Risk Weight	0%	10%	20% 35%	50%	100%	150%	250%	400%	Others	Total default risk exposure after CRM
1	Sovereign exposures										
2	PSE Public sector entity exposures										
3	Multilateral development bank exposures										
4	<u>Unspecified multilateral body exposures</u>										
5	Bank exposures										
5	CIS exposures ¹⁸										
6	<u>Eligible covered bond exposures</u>										
7	<u>Equity exposures</u>										
8	<u>Subordinated debts issued by banks and corporates</u>										
9	Other exposures										
7	Significant exposures to commercial entities										
10	<u>CIS exposures</u>										
11	Total										

¹⁸ Before the new standard on banks' equity investment in funds is effective, an AI's CIS exposures may be reported within the category of 'Other exposures' of the template.

Explanatory Note	
Column	
(i)	It is the sum of values in columns (a) to (h).
Rows	
All	The rows and their respective definitions are aligned with the exposure class used in Division 2, Part 4 (for the STC approach) or Division 2, Part 5 (for the BSC approach) of the BCR.

Template CCR4: Counterparty default risk¹⁹ exposures (other than those to CCPs) by portfolio and PD range – for IRB approach

Purpose:	To provide all the relevant parameters used for the calculation of counterparty default risk capital requirements for IRB exposures (other than those to CCPs).
Scope of application:	<p>The template is mandatory for AIs incorporated in Hong Kong that use the IRB approach for some or all of their exposures, irrespective of the approach used to determine their default risk exposure amounts.</p> <p>An AI should include the key models used at the group-wide level (according to the scope of regulatory consolidation) and explain in a narrative commentary how the scope of models described was determined. The commentary should include the percentage of RWAs covered by the models for each of the regulatory portfolios.</p>
Content:	RWA and parameters used in RWA calculations for exposures to counterparty default risk (excluding CVA charges or exposures cleared through a CCP ²⁰) and where the IRB approach is used for credit risk calculation. All disclosures are based on the regulatory scope of consolidation for capital adequacy purposes.
Frequency:	Semi-annual.
Format:	Fixed. Where an AI makes use of both the FIRB and AIRB approaches for credit risk, it should disclose the two approaches in separate templates. For each IRB calculation approach used, the AI should disclose the portfolio types subject to the IRB calculation approaches by major IRB class (which are in line with the classification used in the BCR) as follows:- (i) Sovereign; (ii) Bank; (iii) Corporate; and (iv) Retail. Divide the table into various sections, one section for each of the IRB classes according to (i) to (iv) aforementioned.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material changes in the current reporting period and the key drivers of such changes.
Corresponding BDR section:	16Z

¹⁹ After the revised CVA risk framework takes effect, all the terms “counterparty default risk” used in this template, as highlighted in yellow, will be revised as “counterparty credit risk”.

²⁰ After the revised CVA risk framework takes effect, “counterparty default risk (excluding CVA charges or exposures cleared through a CCP)” will be replaced by “counterparty credit risk (excluding exposures cleared through a CCP)”.

	PD scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
Portfolio (i) – Sovereign	0.00 to < 0.15							
	0.15 to < 0.25							
	0.25 to < 0.50							
	0.50 to < 0.75							
	0.75 to < 2.50							
	2.50 to < 10.00							
	10.00 to < 100.00							
	100.00 (Default)							
	Sub-total							
Portfolio (ii) – Bank	0.00 to < 0.15							
	0.15 to < 0.25							
	0.25 to < 0.50							
	0.50 to < 0.75							
	0.75 to < 2.50							
	2.50 to < 10.00							
	10.00 to < 100.00							
	100.00 (Default)							
	Sub-total							
Portfolio (iii)...	...							
Portfolio (iv)...	...							
Total (sum of all portfolios)								

Explanatory Note	
Columns	
<i>PD scale</i>	PD scale should not be changed. An AI should map the PD scale it uses in the calculations of RWA into the PD scale provided in the template.
(a)	<i>EAD post-CRM</i> : the amount relevant to the capital requirements calculation using the applicable approach for counterparty credit risk, after the effect of recognized CRM but gross of accounting provisions.
(b)	<i>Average PD</i> : the weighted average of obligor grade PD included in the same row, using the EAD of each obligor as the weight.
(c)	<i>Number of obligors</i> : the number of individual PDs included in the same row. Approximation (round number) of obligor numbers is acceptable for disclosure purpose.
(d)	<i>Average LGD</i> : the weighted average of obligor grade LGD within the same PD band (or the same portfolio(s) for rows 'sub-total' and 'total' as appropriate), using the EAD of each obligor as the weight. The LGD should be net of any effect of recognized CRM.
(e)	<i>Average maturity</i> : the weighted average of obligor maturity within the same PD band (or the same portfolio(s) for rows 'sub-total' and 'total' as appropriate), presented in years, using the EAD of each obligor as the weight. This parameter needs to be filled in only when it is used for the RWA calculation.
(f)	<i>RWA</i> : the RWA calculated in accordance with Part 6 of the BCR.
(g)	<i>RWA density</i> : this is derived from total RWA in column (f) divided by EAD post-CRM in column (a). The resultant ratio should be expressed in percentage.

Template CCR5: Composition of collateral for counterparty default risk²¹ exposures (including those for contracts or transactions cleared through CCPs)

Purpose:	To provide a breakdown of all types of collateral posted or recognized collateral received to support or reduce the exposures to counterparty default risk exposures in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Carrying values of collateral posted and recognized collateral received in the context of derivative contracts or SFTs, irrespective of whether the contracts or transactions are cleared through a CCP and whether the collateral is posted to a CCP.
Frequency:	Semi-annual.
Format:	Flexible. The columns are fixed but the rows are flexible where the categories of collateral which may be recognized are those specified under Division 5 of Part 4, Division 5 of Part 5, or Division 10 of Part 6, of the BCR, as the case requires.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements.
Corresponding BDR section:	16ZA

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs ²²	
	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		
Cash - domestic currency ²³						
Cash - other currencies						
Domestic sovereign debt						
Other sovereign debt						
Government agency debt						
Corporate bonds						
Equity securities						

²¹ After the revised CVA risk framework takes effect, all the terms "counterparty default risk" used in this template, as highlighted in yellow, will be revised as "counterparty credit risk".

²² For "SFTs" reported in columns (e) and (f), the collateral used is defined as referring to both legs of the transaction. For example, an AI transfers securities to a third party, which in turn posts collateral to the AI. The AI should report both legs of the transaction in the template; on one hand the collateral received is reported in column (e), on the other hand the collateral posted by the AI is reported in column (f).

²³ "Domestic currency" refers to the AI's reporting currency (not the currency / currencies in which the derivative contract or SFT is denominated).

Other collateral						
...						
Total						

Explanatory Note	
Columns	
(a), (b) and (e)	<i>Fair value of recognized collateral received:</i> the disclosed fair value of recognized collateral received should be after any haircut (if applicable), meaning the value of recognized collateral received will be reduced after haircut (i.e. $C(1-H_s)$).
(c), (d) and (f)	<i>Fair value of posted collateral:</i> the disclosed fair value of collateral posted should be after any haircut (if applicable), meaning the value of collateral posted (which is an exposure) will be increased after haircut (i.e. $E(1+H_s)$).
(a) & (c)	<i>Segregated:</i> this refers to collateral which is held in a bankruptcy remote manner.
(b) & (d)	<i>Unsegregated:</i> this refers to collateral which is not held in a bankruptcy remote manner.

Part V: Securitization exposures

II. Quantitative disclosure – calculation of capital requirements

Template SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator²⁴

Purpose:	To present securitization exposures in the banking book where an AI acts as an originating institution of eligible securitization transactions and the associated capital requirements.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong with securitization exposures and acting as originator.
Content:	Exposure values, RWAs and capital charges. This template only contains securitization exposures arising from eligible securitization transactions.
Frequency:	Semi-annual.
Format:	Fixed.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements.
Corresponding BDR section:	16ZH

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA
1 Total exposures																	
2 Traditional securitization																	
3 Of which securitization																	

²⁴ For clarity, "originator" has the meaning given by Part 7 of the BCR, which includes a person who serves as a sponsor of an ABCP programme or a programme with similar features.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA
4	Of which retail																	
5	Of which simple, transparent and comparable	N/A																
56	Of which wholesale																	
7	Of which simple, transparent and comparable	N/A																
68	Of which re-securitization																	
7	Of which senior																	
8	Of which non-senior																	
9	Synthetic securitization																	
10	Of which securitization																	
11	Of which retail																	
12	Of which wholesale																	
13	Of which re-securitization																	
14	Of which senior																	
15	Of which non-senior																	

Explanatory Note	
Columns	
(a) to (e)	<i>Exposure values (by RW bands)</i> : the exposure values subject to the securitization framework, allocated in accordance with the applicable risk-weights of the exposures.
(f) to (i)	<i>Exposure values (by regulatory approach)</i> : the exposure values subject to the securitization framework, allocated in accordance with the applicable regulatory approaches, namely the SEC-IRBA, SEC-ERBA (including those exposures that the AI uses IAA to determine the risk-weights), SEC-SA and SEC-FBA.
(j) to (m)	<i>RWAs (by regulatory approach)</i> : the RWAs (to be calculated before application of the regulatory maximum or cap as explain below) subject to the securitization framework, allocated in accordance with the allocation method of exposure values as in columns (f) to (i).

Explanatory Note	
(n) to (q)	Capital charges after cap: the capital charges (after application of the regulatory maximum or cap pursuant to Part 7 of the BCR, as the case may require) as determined according to the securitization framework, allocated in accordance with the allocation method of RWAs as in columns (j) to (m). ²⁵

²⁵ Capital charges after cap in columns (n) to (q) will refer to capital charges after application of the caps on risk-weights for senior exposures and maximum capital charge under Part 7 of the BCR.

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

Purpose:	To present securitization exposures in the banking book where an AI acts as an investing institution of securitization transactions and the associated capital requirements.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong with securitization exposures and acting as investor.
Content:	Exposure values, RWAs and capital charges.
Frequency:	Semi-annual.
Format:	Fixed.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements.
Corresponding BDR section:	16ZI

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA
1	Total exposures																
2	Traditional securitization																
3	Of which securitization																
4	Of which retail																
5	Of which simple, transparent and comparable																
56	Of which wholesale																

N/A

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap				
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	
7	<u>Of which simple, transparent and comparable</u>	N/A																	
68	Of which re-securitization																		
7	<u>Of which senior</u>																		
8	<u>Of which non-senior</u>																		
9	Synthetic securitization																		
10	Of which securitization																		
11	Of which retail																		
12	Of which wholesale																		
13	Of which re-securitization																		
14	<u>Of which senior</u>																		
15	<u>Of which non-senior</u>																		

Explanatory Note	
Columns	
(a) to (e)	<i>Exposure values (by RW bands):</i> the exposure values subject to the securitization framework, allocated in accordance with the applicable risk-weights of the exposures.
(f) to (i)	<i>Exposure values (by regulatory approach):</i> the exposure values subject to the securitization framework, allocated in accordance with the applicable regulatory approaches, namely the SEC-IRBA, SEC-ERBA (including those exposures that the AI uses IAA to determine the risk-weights), SEC-SA and SEC-FBA.
(j) to (m)	<i>RWAs (by regulatory approach):</i> the RWAs (to be calculated before application of the regulatory maximum or cap as explain below) subject to the securitization framework, allocated in accordance with the allocation method of exposure values as in columns (f) to (i).

Explanatory Note	
(n) to (q)	Capital charges after cap: the capital charges (after application of the regulatory maximum or cap pursuant to Part 7 of the BCR, as the case may require) as determined according to the securitization framework, allocated in accordance with the allocation method of RWAs as in columns (j) to (m). ²⁶

²⁶ Capital charges after cap in columns (n) to (q) will refer to capital charges after application of the caps on risk-weights for senior exposures and maximum capital charge under Part 7 of the BCR.