HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/151C
CB/POL/4/5/34

3 August 2018

The Chief Executive
All authorized institutions

Dear Sir/Madam,

Implementation of Pillar 3 Disclosure Requirements – Consolidated and Enhanced Framework – Standard Disclosure Templates and Tables

I am writing to inform you that, following consultation with the two industry associations, the Monetary Authority ("MA") is issuing and specifying a set of standard disclosure templates and tables (collectively referred to in this letter as "standard forms") (together with the associated explanatory notes) pursuant to sections 6(1)(ab) and 88(1)(b) of the Banking (Disclosure) Rules ("BDR") to be used by authorized institutions ("AIs") for the purpose of making disclosure under Parts 2A and 8 of the BDR. English versions of the standard forms[1] are enclosed.

The standard forms are specified for use by locally incorporated AIs except for those in relation to liquidity information (i.e. Templates LIQ1, LIQ2 and Table LIQA) which are also applicable to overseas incorporated AIs subject to the relevant liquidity requirements under the Banking (Liquidity) Rules. The standard templates and tables specified by the MA on 30 March 2017 ("first-phase templates") will continue to be applicable save for Template OV1 which will be superseded by the revised version of the Template in the standard forms.

The standard forms are specified for use by AIs for their first interim disclosure (including their quarterly disclosure for the second quarter ending on the same date as their first interim reporting period) of any financial year starting on or after 1 January 2018 with the exception of Template IRRBB1 and Table IRRBBA which are only applicable for any annual reporting period ending on or after 30 June 2019. Before that date, Table IRRBB will be used for disclosure

[1] For ease of reference, a marked-up draft highlighting changes over the consultation draft is also enclosed.

of interest rate risk in the banking book.

The English versions of the standard forms, together with a few alignment adjustments to certain first-phase templates necessitated by the revision to Template OV1 and the implementation of the revised securitization framework which took effect on 1 January 2018, can be accessed through the "Key Functions – Banking Stability – Implementation of International Standards – Disclosure" icons on the HKMA's public website (http://www.hkma.gov.hk) or through the Supervisory Communication Website (http://www.stet.iclnet.hk). The Chinese versions of the standard forms will be uploaded as soon as available.[2]

Should you have any questions regarding the standard forms, please contact Miss Theresa Kwan at tyykwan@hkma.gov.hk or Mr Lai-chun So at lcso@hkma.gov.hk.

Yours faithfully,

Martin Sprenger
Acting Executive Director (Banking Policy)

Encl

cc: The Chairperson, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Ms Eureka Cheung)

[2] The Chinese versions of the standard forms to be used for the first interim disclosure (including quarterly disclosure) of any financial year starting on or after 1 January 2018 will be available for downloading by AIs shortly, to be followed by the standard forms to be used for annual disclosures in the near future.

Summary of disclosure templates and tables [Note 1]

Disclosure requirement	Tables and templates*	Applicability ** [L/O]	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
Part I : Key prudential ratios, overview of risk management and RWA	Template KM1: Key prudential ratios	L	✓		✓		
	Template OV1: Overview of RWA	L	✓		✓		
Part II : Linkages between financial statements and regulatory exposures	Template PV1: Prudent valuation adjustments	L	✓				✓
Part IIA : Composition of regulatory capital	Template CC1: Composition of regulatory capital	L	✓			✓	
	Template CC2: Reconciliation of regulatory capital to balance sheet	L		✓		✓	
	Table CCA: Main features of regulatory capital instruments	L		✓		✓	
Part IIB : Macroprudential supervisory measures	Template GSIB1: G-SIB indicators	L [G-SIBs, or AIs falling within BDR §16FF(1)]		✓			✓

Disclosure requirement	Tables and templates*	Applicability ** [L/O]	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
	Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer	L		✓		✓	
Part IIC : Leverage ratio	Template LR1: Summary comparison of accounting assets against leverage ratio exposure measure	L	✓			✓	
	Template LR2: Leverage ratio	L	✓		✓		
Part IID : Liquidity	Table LIQA: Liquidity risk management	L & O		✓			✓
	Template LIQ1: Liquidity Coverage Ratio – for category 1 institution	L & O [designated as category 1 institution]	✓		✓		
	Template LIQ2: Net Stable Funding Ratio – for category 1 institution	L & O [designated as category 1 institution]	✓			✓	
Part VII : Interest rate risk in banking book[Note 2]	Table IRRBB: Interest rate exposures in banking book (related to financial year end before 30 June 2019)	L		✓			✓
	Table IRRBBA: Interest rate risk in banking book – risk management objectives and policies	L		✓			✓
	Template IRRBB1: Quantitative information on interest rate risk in banking book	L	✓				✓

Disclosure requirement	Tables and templates*	Applicability ** [L/O]	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
Part VIII : Remuneration	Table REMA: Remuneration policy	L		✓			✓
	Template REM1: Remuneration awarded during financial year	L		✓			✓
	Template REM2: Special payments	L		✓			✓
	Template REM3: Deferred remuneration	L		✓			✓

* The above templates and tables will take effect from the first interim disclosure (including quarterly disclosure for the second quarter ending on the same date as the first interim reporting period) of any financial year starting on or after 1 January 2018, except for Part VII: Interest rate risk in banking book. The shaded rows are tables (primarily for qualitative disclosure) and the unshaded rows are templates (for quantitative disclosure supplemented with accompanying narrative).

** 'L' denotes applicable to locally incorporated AIs; 'O' denotes applicable to overseas incorporated AIs.

[Note 1] This summary of disclosure templates and tables should be read in conjunction with that published alongside the Phase I templates and tables on 30 March 2017. (http://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/disclosure/20170330e1.pdf)

[Note 2] An AI should use Table IRRBB to report its interest rate exposures in banking book related to a financial year ended before 30 June 2019. For interest rate risk in banking book for a financial year ended on or after 30 June 2019, an AI should use Table IRRBBA and Template IRRBB1 instead for disclosure purpose.

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 based on a "fully-loaded" basis.
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 on 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	Common Equity Tier 1 (CET1)					
2	Tier 1					
3	Total capital					
	RWA (amount)					
4	Total RWA					
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)					
6	Tier 1 ratio (%)					
7	Total capital ratio (%)					
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)					

		(a)	(b)	(c)	(d)	(e)
		T	T-1	T-2	T-3	T-4
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					
14	LR (%)					
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)					
16	Total net cash outflows					
17	LCR (%)					
	Applicable to category 2 institution only:					
17a	LMR (%)					
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding					
19	Total required stable funding					
20	NSFR (%)					
	Applicable to category 2A institution only:					
20a	CFR (%)					

Explanatory Note	
Rows	
1	*Common Equity Tier 1 (CET1)*: for an interim or annual reporting period, the value in [KM1:1/a] should be equal to the value in [CC1:29/a].
2	*Tier 1*: for an interim or annual reporting period, the value in [KM1:2/a] should be equal to the value in [CC1:45/a].
3	*Total capital*: for an interim or annual reporting period, the value in [KM1:3/a] should be equal to the value in [CC1:59/a].
4	*Total RWA*: for an interim or annual reporting period, the value in [KM1:4/a] should be equal to the value in [CC1:60/a].
5	*CET1 ratio (%)*: for an interim or annual reporting period, the value in [KM1:5/a] should be equal to the value in [CC1:61/a].
6	*Tier 1 ratio (%)*: for an interim or annual reporting period, the value in [KM1:6/a] should be equal to the value in [CC1:62/a].
7	*Total capital ratio (%)*: for an interim or annual reporting period, the value in [KM1:7/a] should be equal to the value in [CC1:63/a].

8	*Capital conservation buffer requirement (%)*: for an interim or annual reporting period, the value in [KM1:8/a] should be equal to the value in [CC1:65/a].
9	*Countercyclical capital buffer requirement (%)*: for an interim or annual reporting period, the value in [KM1:9/a] should be equal to the value in [CC1:66/a].
10	*Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)*: for an interim or annual reporting period, the value in [KM1:10/a] should be equal to the value in [CC1:67/a].
11	*Total AI-specific buffer requirements (%):* this is equal to the sum of values in rows 8, 9 and 10.
12	*CET1 available after meeting the AI's minimum capital requirements (%)*: it may not necessarily refer to the difference between CET1 ratio (row 5) 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	*Total leverage ratio (LR) exposure measure*: 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/a].
14	*LR (%)*: it is derived from the value reported in row 2 divided by the value reported in row 13, expressed as a percentage. The value in [KM1:14/a] should be equal to the value in [LR2:22/a].
15	*Total HQLA:* 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	*Total net cash outflows:* 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	*LCR (%)*: the value in [KM1:17/a] should be equal to the value in [LIQ1:23/b].
17a	*LMR (%)*: 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	*Total available stable funding*: the value in [KM1:18/a] should be equal to the value in [LIQ2:14/e].
19	*Total required stable funding*: the value in [KM1:19/a] should be equal to the value in [LIQ2:33/e].
20	*NSFR (%):* the value in [KM1:20/a] should be equal to the value in [LIQ2:34/e].
20a	*CFR (%)*: 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			
6	Counterparty default risk and default fund contributions			
7	Of which SA-CCR*			
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			
12	Collective investment scheme ("CIS") exposures – LTA*			
13	CIS exposures – MBA*			
14	CIS exposures – FBA*			
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			

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		T	T-1	T
19	Of which SEC-SA			
19a	Of which SEC-FBA			
20	Market risk			
21	Of which STM approach			
22	Of which IMM approach			
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*			
24	Operational risk			
25	Amounts below the thresholds for deduction (subject to 250% RW)			
26	Capital floor adjustment			
26a	Deduction to RWA			
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital			
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital			
27	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 (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 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)	*Minimum capital requirements (T):* 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).
Rows	
1	*Credit risk for non-securitization exposures*: 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

Explanatory Note	
	to 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	*Of which STC approach*: 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/e].
2a	*Of which BSC approach*: 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/e].
3	*Of which foundation IRB approach*: RWA and capital requirements for AIs using the foundation IRB 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 and other exposures under the specific risk-weight approach.
4	*Of which supervisory slotting criteria approach*: RWA and capital requirements of specialized lending calculated using the supervisory slotting criteria approach under the BCR.
5	*Of which advanced IRB approach*: RWA and capital requirements for AIs using the advanced IRB 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 and other exposures under the specific risk-weight approach.
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. 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**: RWA calculated based on the amount of default risk exposures calculated under the SA-CCR. This row is not applicable before the SA-CCR takes effect.
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:

Explanatory Note	
	(i) counterparty default risk (including such a risk to CCPs) in respect of securities financing transactions; and (ii) 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 of this document. The value in [OV1:10/a] is equal to the value in [CCR2:4/b].
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 under the simple risk-weight method] and the RWA corresponding to the internal models method for equity exposures in the banking book. 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.
12	*Collective investment scheme ("CIS") exposures – LTA**: This row is not applicable before the new CIS framework takes effect.
13	*CIS exposures – MBA**: This row is not applicable before the new CIS framework takes effect.
14	*CIS exposures – FBA**: This row is not applicable before the new CIS framework takes effect.
14a	*CIS exposures – combination of approaches**: This row is not applicable before the new CIS framework takes effect.
15	*Settlement risk*: RWA and capital requirements for the exposures arising from the following items: (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	*Securitization exposures in banking book:* 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.
17	*Of which SEC-IRBA*: RWA and capital requirements calculated using the SEC-IRBA under the BCR.

Explanatory Note	
18	*Of which SEC-ERBA*: RWA and capital requirements calculated using the SEC-ERBA under the BCR.
19	*Of which SEC-SA*: RWA and capital requirements calculated using the SEC-SA under the BCR.
19a	*Of which SEC-FBA*: RWA and capital requirements calculated using the SEC-FBA under the BCR.
20	*Market risk*: 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 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	*Of which STM approach*: 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].
22	*Of which IMM approach*: 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].
23	*Capital charge for switch between exposures in 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.
24	*Operational risk*: The amounts correspond to capital requirements in the operational risk framework specified in the BCR.
25	*Amounts below the thresholds for deduction (subject to 250% RW)*: The amounts correspond to items subject to a 250% risk-weight pursuant to the BCR.
26	*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.
26a	*Deduction to RWA*: This is the sum of values in rows 26b and 26c.
26b	*Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital:* 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.
26c	*Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital*: 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.

Explanatory Note	
27	*Total*: This is equal to the sum of values in rows 1, 6, 10, 11, [12, 13, 14, 14a]*, 15, 16, 20, [23]*, 24, 25 and 26, minus the deduction value in row 26a. [ ]* only applicable when relevant policy frameworks take effect.

Part II: Linkages between financial statements and regulatory exposures

Template PV1: Prudent valuation adjustments

Purpose:	To provide a detailed breakdown of the constituent elements of valuation adjustment.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Valuation adjustments for all assets measured at fair value (marked to market or marked to model), including non-derivative and derivative instruments, that an AI has actually considered and made for the purpose of BCR §4A.
Frequency:	Annual.
Format:	Fixed. For rows that are not applicable, "0" should be reported. An AI should explain the reason why such rows are not applicable in the accompanying narrative.
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. In particular, an AI should provide details on "other adjustments" in row 11, where material, together with the definitions of those adjustment that are not listed in the Basel framework. The AI should also explain the types of financial instruments with the highest amounts of valuation adjustment recorded.
Corresponding BDR section:	16FA

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:								
2	*Mid-market value*								
3	*Close-out costs*								
4	*Concentration*								
5	Early termination								
6	Model risk								
7	Operational risks								
8	Investing and funding costs								
9	Unearned credit spreads								
10	Future administrative costs								
11	Other adjustments								
12	**Total adjustments**								

Explanatory Note	
Rows	
1	*Close-out uncertainty, of which*: valuation adjustments that reflect close-out uncertainty which include but not limited to the items reported in rows 2 to 4 below.
2	*Mid-market value*: valuation adjustment required to reflect an appropriate level of prudence given the range of plausible mid values that could be derived from available market data either for the instrument price or price of equivalent instrument or for each valuation input used in the relevant valuation model when this input has been calibrated from prices of instruments.
3	*Close-out costs*: valuation adjustment to take into account the valuation uncertainty where the position level resulted from the valuations may not reflect the exit price for such position or portfolio (for example, where such valuations are calibrated to a mid-market price).
4	*Concentration*: valuation adjustment required (over and above market price and close-out costs) to reach a prudent exit price for positions that are larger in terms of size as compared with the positions used for calculating the valuation (i.e. cases where the aggregate position held by an AI is larger than the normal traded volume or size of positions that formed the basis of observable quotes or trades that are applied to calibrate the price or inputs used by core valuation model).
5	*Early termination*: valuation adjustment to reflect potential losses which may arise from contractual or non-contractual early terminations of customer trades in the valuation.
6	*Model risk*: valuation adjustment to take into account valuation model risk which may arise due to: (i) the potential existence of a range of different models or model calibrations used by Pillar 3 data users; (ii) the lack of a firm exit price for the specific product being valued; (iii) the use of an incorrect valuation methodology; (iv) the risk of using unobservable and incorrect calibration parameters; or (v) the fact that certain market or product factors are not captured by the core valuation model.
7	*Operational risks*: valuation adjustment to take into account potential losses that may arise from operational risks related to the valuation processes.
8	*Investing and funding costs*: valuation adjustment to reflect the valuation uncertainty in the funding costs which other Pillar 3 data users may factor into a position or portfolio's exit price, including funding valuation adjustments on derivatives exposures.
9	*Unearned credit spreads*: valuation adjustment to take into account the valuation uncertainty in the adjustment in order to reflect the current value of expected losses due to counterparty default on derivative positions, including the valuation uncertainty on CVAs.
10	*Future administrative costs*: valuation adjustment to take into account the administrative costs and future hedging costs over the expected life of the exposures for which a direct exit price is not applied for the close-out costs. Operational costs arising from hedging, administration and settlement of contracts in the portfolio should be included in the valuation adjustment for these future administrative costs that are incurred by the portfolio or position but are not reflected in the core valuation model or prices that are used to calibrate inputs for that model.

Explanatory Note	
11	*Other adjustments*: valuation adjustment to take into account other factors that will influence the exit price but are not included in any of the categories listed in rows 1 to 10 above. AIs should disclose these factors in the narrative commentary to support the disclosure in this template.
12	*Total adjustments*: the value in [PV1:12/f] should be equal to the value in [CC1:7/a].

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.
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 adjustments**		
	CET1 capital: regulatory deductions		
7	Valuation adjustments		
8	Goodwill (net of associated deferred tax liabilities)		[a] - [c]

		(a)	(b)
		Amount	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
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 capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		
19	Significant capital 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**		
29	**CET1 capital**		

		(a)	(b)
		Amount	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
	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 capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		
40	Significant capital 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		
54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		

		(a)	(b)
		Amount	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
55	Significant capital investments in Tier 2 capital instruments issued by 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		
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
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant capital investments in CET1, AT1 and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation		
73	Significant capital 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		

		(a)	(b)
		Amount	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
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	*Current cap on CET1 capital instruments subject to phase-out arrangements*	Not applicable	Not applicable
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	Not applicable	Not applicable
82	*Current cap on AT1 capital instruments subject to phase-out arrangements*		
83	*Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)*		
84	*Current cap on Tier 2 capital instruments subject to phase-out arrangements*		
85	*Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)*		

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) 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)**		
	Explanation As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	**Deferred tax assets (net of associated deferred tax liabilities)**		
	Explanation As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
18	**Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**		
	Explanation For the purpose of determining the total amount of insignificant capital 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.		
19	**Significant capital 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
	Explanation For the purpose of determining the total amount of significant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
39	**Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**		
	Explanation 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 capital investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
54	**Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**		
	Explanation 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 capital investments in Tier 2 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
Remarks: The amount of the 10% threshold 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.			

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

Explanatory Note	
	approach to reconciliation as explained and illustrated in paragraphs 23–6 and 44–5 (Annex 2) of BCBS's document *Composition of capital disclosure requirements* 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).
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

Explanatory Note	
	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 capital 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 capital 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 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.

Explanatory Note	
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.
35	*The amount reported in row 34 that relates to instruments subject to phase-out arrangements from AT1 capital in accordance with BCR Schedule 4H.*
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).

Explanatory Note	
39	Amount of insignificant capital 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 capital 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	*Capital instruments subject to phase-out arrangements from Tier 2 capital in accordance with the requirements of BCR Schedule 4H.*
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	*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.*
50	The aggregate amount of the AI's regulatory reserve for general banking risks and collective provisions 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 to 48 and 50.

Explanatory Note	
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, as referred to in BCR §48(1)(b).
54	Amount of insignificant capital investments in Tier 2 capital instruments issued by financial sector entities outside the scope of regulatory consolidation (net of eligible short positions) that is in excess of the 10% threshold according to BCR Schedule 4F, and is required to be deducted from Tier 2 capital in accordance with BCR §48(1)(c).
55	Amount of significant capital 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).
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.
57	The sum of values in rows 52 to 56.
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

Explanatory Note	
	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 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 capital investments in CET1, AT1 and Tier 2 capital instruments issued by 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 capital 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 MSRs 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

Explanatory Note	
	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).*
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).*

Template CC2: Reconciliation of regulatory capital to balance sheet

Purpose:	To enable Pillar 3 data users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between an AI's balance sheet in its published financial statements and the numbers that are used in the composition of regulatory capital disclosure template set out in Template CC1.
Scope of application:	The template is mandatory for all locally incorporated AIs.
Content:	Carrying values (corresponding to the values reported in financial statements). 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:	Flexible (but the rows should align with the balance sheet presentation).
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any significant changes in the expanded balance sheet items over the reporting period and the key drivers of such change. Narrative commentary to significant changes in other balance sheet items could be found in Table LIA.
Corresponding BDR section:	16FC

	(a)	(b)	(c)
	Balance sheet as in published financial statements (as at period-end)	**Under regulatory scope of consolidation** (as at period-end)	**Reference**
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			
Financial investments measured at fair value through other comprehensive income			
Current and deferred tax assets			

	(a)	(b)	(c)
	Balance sheet as in published financial statements (as at period-end)	**Under regulatory scope of consolidation** (as at period-end)	**Reference**
Prepayments, accrued income and other assets			
Investments in associates and joint ventures			
Goodwill and intangible assets			
Of which: goodwill			[a]
Of which: other intangibles assets			[b]
Property, plant and equipment			
Total assets			
Liabilities			
Deposits from banks			
Items in the course of collection due to other banks			
Customer accounts			
Repurchase agreements and other similar secured borrowing			
Trading portfolio liabilities			
Financial liabilities designated at fair value			
Derivative financial instruments			
Debt securities in issue			
Accruals, deferred income and other liabilities			
Current and deferred tax liabilities			
Of which: DTLs related to goodwill			[c]
Of which: DTLs related to intangible assets			[d]
Subordinated liabilities			
Provisions			
Retirement benefit liabilities			
Total liabilities			
Shareholders' equity			
Paid-in share capital			
Of which: amount eligible for CET1			[e]
Of which: amount eligible for AT1			[f]
Retained earnings			
Accumulated other comprehensive income			
Total shareholders' equity			

Explanatory Note	
Columns	
(a) and (b)	An AI should take the balance sheet numbers in its published financial statements (reported in column (a)), and report the numbers when the regulatory scope of consolidation is applied (reported in column (b)). This

Explanatory Note	
	is referred to as Step 1 under the three-step approach to reconciliation, as explained and illustrated in paragraphs 14–16 and 42 (Annex 2) of BCBS's document *Composition of capital disclosure requirements* dated June 2012. If there are rows in the balance sheet under the regulatory scope of consolidation that are not present in the published financial statements, the AI should add these rows and give a value of zero in column (a). If an AI's scope of accounting consolidation and scope of regulatory consolidation are exactly the same, columns (a) and (b) should be merged and this fact should be clearly disclosed. The amounts in columns (a) and (b) in this template before balance sheet expansion (i.e. before Step 2 under the three-step approach) should be identical to columns (a) and (b) in Template LI1.
(c)	An AI should, using a reference number/letter input in this column, cross-reference the figures of the expanded balance sheet items to the corresponding items in column (b) of Template CC1 in accordance with Step 3 under the three-step approach to reconciliation as explained and illustrated in paragraphs 23–24 and 44-45 (Annex 2) of BCBS's document *Composition of capital disclosure requirements* dated June 2012.
Rows	
All	Rows in the template should follow the balance sheet presentation used by an AI in its financial statements, on which basis the AI is required to expand the balance sheet to identify all the items that are disclosed in Template CC1 (referred to as Step 2 under the three-step approach to reconciliation, as explained and illustrated in paragraphs 17–22 and 43 (Annex 2) of BCBS's document *Composition of capital disclosure requirements* dated June 2012). Set out above (i.e. items [a] to [f]) are some examples of items that may need to be expanded for a particular banking group. Disclosure should be proportionate to the complexity of the AI's balance sheet. Each item should be given a reference number/letter in column (c) that is used as cross-reference to the corresponding items in column (b) of Template CC1.

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	
	Regulatory treatment	
4	Transitional Basel III rules[1]	
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	
15	Optional call date, contingent call dates and redemption amount	

[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
16	Subsequent call dates, if applicable	
	Coupons / dividends	
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	
37	If yes, specify non-compliant features	

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. *Free text*
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement). *Free text*
3	Specifies the governing law(s) of the instrument. *Free text*

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). *Enter: [Common Equity Tier 1] [Additional Tier 1] [Tier 2]*
5	Specifies the regulatory capital treatment (if the instrument is not subject to the transitional arrangements provided for in BCR Schedule 4H). *Enter: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Ineligible]*
6	Specifies the level(s) within the group at which the instrument is included in capital. The level of solo includes solo-consolidated. *Enter: [Solo] [Group] [Solo and Group]*
7	Specifies the instrument type, varying by jurisdiction. This helps provide a more granular understanding of features, particularly during transition. *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]*
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. *Free text*
9	Par value of the instrument. *Free text*
10	Specifies accounting classification which helps to assess loss absorbency. *Enter: [Shareholders' equity] [Liability – amortised cost] [Liability – fair value option] [Non-controlling interest in consolidated subsidiary]*
11	Specifies date of issuance. *Free text*
12	Specifies whether dated or perpetual. *Enter: [Perpetual] [Dated]*
13	For dated instrument, specifies original maturity date (day, month and year). For perpetual instrument, "no maturity" should be entered. *Free text*
14	Specifies whether there is an issuer call option. *Enter: [Yes] [No]*
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. *Free text*
16	Specifies the existence and frequency of subsequent call dates, if applicable. *Free text*

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. *Enter: [Fixed] [Floating] [Fixed to floating] [Floating to fixed]*
18	Specifies the coupon rate of the instrument and any related index that the coupon / dividend rate references. *Free text*
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). *Enter: [Yes] [No]*
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". *Enter: [Fully discretionary] [Partially discretionary] [Mandatory]*
21	Specifies whether there is a step-up or other incentive to redeem. *Enter: [Yes] [No]*
22	Specifies whether dividends / coupons are cumulative or non-cumulative. *Enter: [Non-cumulative] [Cumulative]*
23	*Convertible or non-convertible*: specifies whether the instrument is convertible or not. *Enter: [Convertible] [Non-convertible]*
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). *Free text.*
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. *Free text referencing one of the options above*
26	Specifies rate of conversion into the more loss absorbent instrument. *Free text*
27	For convertible instruments, specifies whether conversion is mandatory or optional. *Enter: [Mandatory] [Optional] [NA]*
28	For convertible instruments, specifies instrument type convertible into. *Enter: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Others: please specify]*
29	If convertible, specifies issuer of instrument into which it converts.

	Free text
30	Specifies whether there is a write-down feature. *Enter: [Yes] [No]*
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). *Free text*
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. *Free text referencing one of the options above*
33	For write-down instrument, specifies whether write-down is permanent or temporary. *Enter: [Permanent] [Temporary] [NA]*
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. *Enter: [NA]*
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. *Free text*
36	Specifies whether there are non-compliant features. *Enter: [Yes] [No]*
37	If there are non-compliant features, an AI should identify them. *Free text*

Part IIB: Macroprudential supervisory measures

Template GSIB1: G-SIB indicators

Purpose:	To provide an overview of the indicators regarding G-SIBs.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong which are G-SIBs[3] in the current annual reporting period or in the annual reporting period immediately preceding the current annual reporting period, or otherwise directed by the MA to make such disclosure. The MA may so direct where an AI or, if applicable, its consolidation group, has a leverage ratio exposure measure exceeding EUR200 billion or equivalent[4] as at 31 December immediately preceding the current annual reporting period, or the AI is being regarded as capable of having a significant impact on the effective working and stability of the global financial system were it to become non-viable.
Content:	At least the 12 indicators used in the assessment methodology of the G-SIB framework.
Frequency:	Annual, or in circumstances when the G-SIB restates figures to reflect final data submitted to the BCBS as considered necessary by the MA or on a voluntary basis. The MA may allow a G-SIB whose financial year ends otherwise than on 31 December to report indicator values based on its position as of 31 December, nevertheless this template should be included in the G-SIB's annual disclosure statement.
Format:	Flexible. The information disclosed should be fully consistent with the data submitted to the MA for subsequent remittance to the BCBS in the context of its annual data collection exercise for the assessment and identification of G-SIBs. The disclosure of each category item should follow the related instructions that the G-SIB uses to report its data to the BCBS's data hub or as required by the MA.[5]
Accompanying narrative:	A G-SIB should indicate the annual reference date of the information reported as well as the date of first public disclosure. A web link to the previous G-SIB assessment exercise should also be included. A G-SIB should supplement the template with a narrative commentary to explain any relevant qualitative characteristic deemed necessary for understanding the quantitative data. This information should include explanations about the use of estimates with a short explanation in relation to the method used, mergers or modifications of the legal structure of the entity subjected to the reported data, the bucket to which the G-SIB was allocated and changes in HLA requirements, or reference to the BCBS website for data on denominators, cut-off scores

3 "G-SIBs" for the purpose of disclosures in this template, refers to G-SIBs for which the MA is the home regulatory authority.

4 For application of this threshold, the applicable exchange rates prescribed by the BCBS will be used.

5 A reference to the template format and reporting instructions could be found on the BIS website: https://www.bis.org/bcbs/gsib/reporting_instructions.htm.

	and buckets. Regardless of whether Template GSIB1 is included in the annual Pillar 3 report, a G-SIB's annual and interim disclosure statements should include a reference to the website where its current and previous disclosures of Template GSIB1 are housed.
Corresponding BDR section:	16FF

			(a)
	Category	**Individual indicator**	**Value**
1	Cross-jurisdictional activities	Cross-jurisdictional claims	
2		Cross-jurisdictional liabilities	
3	Size	Total exposures	
4	Interconnectedness with other financial institutions	Intra-financial system assets	
5		Intra-financial system liabilities	
6		Securities outstanding	
7	Substitutability / Financial institution infrastructure	Assets under custody	
8		Payment activity	
9		Underwritten transactions in debt and equity markets	
10	Complexity	Notional amount of over-the-counter ("OTC") derivatives	
11		Level 3 assets	
12		Trading securities and securities measured at fair value through other comprehensive income	

Explanatory Note
Columns & rows
The template should be completed in accordance with the instructions and definitions for the corresponding rows in force as of the disclosure's reference date, which is based on the BCBS's G-SIB identification exercise. Details could be found in the BIS's website: http://www.bis.org/bcbs/gsib/reporting_instructions.htm.

Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

Purpose:	To provide an overview of the geographical distribution of private sector credit exposures relevant for the calculation of an AI's CCyB ratio.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong which are subject to a CCyB requirement, based on the jurisdictions to which they have private sector credit exposures subject to a CCyB requirement compliant with the BCBS standards. Only AIs with exposures to jurisdiction(s) in which the applicable JCCyB ratio is higher than zero should disclose this template.
Content:	Private sector credit exposures and other relevant inputs necessary for the computation of the AI's CCyB ratio. 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 Quarterly Reporting on the Countercyclical Capital Buffer (MA(BS)25) (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 reporting.
Frequency:	Semi-annual.
Format:	Flexible rows 1 to N (to cater for the number of jurisdictions to which the AI has private sector credit exposures and with a non-zero applicable JCCyB ratio). Fixed rows N+1, N+2 and columns.
Accompanying narrative:	For the purposes of the CCyB, an AI must use, where possible, exposures on an "ultimate risk" basis. It should disclose the methodology for geographical allocation used, and explain the exceptional jurisdictions or types of exposures for which the ultimate risk method is not used as a basis for allocation.[6] Information about the key drivers for changes in the RWA (or exposure amounts) and the applicable JCCyB ratios should be summarised.
Corresponding BDR section:	16FG

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	**Applicable JCCyB ratio in effect (%)**	**RWA used in computation of CCyB ratio**	**AI-specific CCyB ratio (%)**	**CCyB amount**
1	Hong Kong SAR				
2	Mainland China				

6 The allocation of exposures to jurisdictions should be made taking into account the clarifications provided by the BCBS's document, *Frequently asked questions on the Basel III countercyclical capital buffer*, dated October 2015, www.bis.org/bcbs/publ/d339.pdf.

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	**Applicable JCCyB ratio in effect (%)**	**RWA used in computation of CCyB ratio**	**AI-specific CCyB ratio (%)**	**CCyB amount**
3	Country / Jurisdiction 3				
⋮	⋮				
N	Country / Jurisdiction N				
N+1	Sum				
N+2	Total				

Point to note:

(i) no disclosure is required for items shaded in dark grey (i.e. column (d) and (e) in rows 3 to N+1, cells N+1/a and N+2/a).

Explanatory Note	
Columns	
Jurisdiction (J)	Report in this column names of jurisdictions in which the AI has private sector credit exposures (as defined in the BCR §3N), and which has an applicable JCCyB ratio (within the meaning of the BCR) greater than zero as of the end date of the reporting period. An AI should report one jurisdiction for each row, beginning with Hong Kong SAR (row 1), followed by Mainland China (row 2), then by all other jurisdictions in alphabetical order.
(a)	*Applicable JCCyB ratio in effect (%)*: report in each row of this column the applicable JCCyB ratio in respect of each relevant jurisdiction named in the "Jurisdiction (J)" column. JCCyB ratios that were set by the relevant national authority, but are not yet applicable in the jurisdiction concerned as of the reporting date (pre-announced rates), should not be reported.
(c)	*RWA used in computation of CCyB ratio*: report in rows 1 to N of this column the sum of the RWA for the credit risk and the market risk relating to the AI's private sector credit exposures to the jurisdiction listed in the "Jurisdiction (J)" column, calculated in the manner specified in the BCR §3O(1) for calculating RWA_j, having regard to the guidance provided in the HKMA's Supervisory Policy Manual module CA-B-3 *Countercyclical Capital Buffer – Geographic Allocation of Private Sector Credit Exposures* for the purpose of determining the geographic location of the obligors for its private sector credit exposures.
(d)	*AI-specific CCyB ratio (%)*: report in [CCyB1: N+2/d] the AI's specific CCyB ratio (expressed as a percentage). This is equal to the institution-specific CCyB requirement reported in [KM1: 9/a], and corresponds to the CCyB ratio calculated in the BCR §3O(1), Formula 1A.
(e)	*CCyB amount*: report in [CCyB1: N+2/e] the amount of the AI's minimum CCyB requirement, calculated as the product of the value in [CCyB1: N+2/d] and the AI's total RWA.
Rows	
1 to N	Enter only information of jurisdictions with a <u>non-zero</u> applicable JCCyB ratio.

Explanatory Note	
N+1	*Sum*: the sum of values in rows 1 to N of column (c).
N+2	*Total*: (for column (c)) total sum of the RWA for private sector credit exposures across all jurisdictions to which the AI is exposed, including jurisdictions with no applicable JCCyB ratio or with applicable JCCyB ratio set at zero.

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 on-balance sheet exposures as set out in row 1 of Template LR2.
Corresponding BDR section:	16FH

		(a)
	Item	**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	
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	
4	Adjustments for derivative contracts	
5	Adjustment for SFTs (i.e. repos and similar secured lending)	

	(a)

	Item	Value under the LR framework (HK$ equivalent)
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	
7	Other adjustments	
8	**Leverage ratio exposure measure**	

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 exposure measure, they should be reported as a negative amount.
3	Adjustments related to any fiduciary assets recognised on the balance sheet pursuant to the AI's applicable accounting framework 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 exposure measure, they should be reported as a negative amount.
4	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.
5	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.
6	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.
6a	Adjustment for specific and collective provisions which have reduced Tier 1 capital. This adjustment reduces the LR exposure measure by the amount of 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

Explanatory Note	
	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.
7	Any other adjustments that are necessary for the reconciliation but not included in rows 1 to 6a 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.
8	The LR exposure, which should be the sum of rows 1 to 7 above, should be consistent with the total exposures amount reported in [LR2: 21/a].

Template LR2: Leverage ratio ("LR")

Purpose:	To provide a detailed breakdown of the components of the LR denominator.
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:	Quarterly.
Format:	Fixed.
Accompanying narrative:	An AI should describe the key factors that have had a material impact on the LR at the end of the current reporting period compared to the end of the preceding reporting period.
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 collateral)		
2	Less: Asset amounts deducted in determining Tier 1 capital		
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**		
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)		
5	Add-on amounts for PFE associated with all derivative contracts		
6	Gross-up for derivatives collateral provided 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		
8	Less: Exempted CCP leg of client-cleared trade exposures		
9	Adjusted effective notional amount of written credit derivative contracts		
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts		

		(a)	(b)
		HK$ equivalent	
		T	T-1
11	**Total exposures arising from derivative contracts**		
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets		
14	CCR exposure for SFT assets		
15	Agent transaction exposures		
16	**Total exposures arising from SFTs**		
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount		
18	Less: Adjustments for conversion to credit equivalent amounts		
19	**Off-balance sheet items**		
Capital and total exposures			
20	**Tier 1 capital**		
20a	**Total exposures before adjustments for specific and collective provisions**		
20b	**Adjustments for specific and collective provisions**		
21	**Total exposures after adjustments for specific and collective provisions**		
Leverage ratio			
22	**Leverage ratio**		

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 4 to 16. 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.
2	Adjustments to balance sheet assets due to deductions from Tier 1 capital in accordance with BCR §3ZB(4). For example: • 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

Explanatory Note	
	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. As the adjustments in row 2 reduce the exposure measure, they should be reported as negative figures.
3	Sum of values in rows 1 and 2.
4	Replacement cost ("RC") associated with all derivative contracts (including exposures resulting from direct transactions between a client and a CCP where the bank 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 valid bilateral netting agreement.
5	Add-on amount for the potential future exposure ("PFE") of all exposures arising from derivative contracts.
6	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 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	Exempted trade exposures associated with the CCP leg of derivatives 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 8 reduce the exposure measure, they should be reported as negative figures.
9	Adjustments relating to the effective notional amount of written credit 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 derivative contracts.
10	Adjustments relating to: • The amount by which the notional amount of a written credit derivative is reduced by a purchased credit derivative contract on the same reference name; and • The deduction of add-on amounts for PFE in relation to written credit derivative contracts. As the adjustments in row 10 reduce the exposure measure, they should be reported as negative figures.
11	Sum of values in rows 4 to 10.
12	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.

Explanatory Note	
13	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	The amount of the counterparty credit risk add-on for SFTs determined in accordance with the LR framework in respect of SFT exposures.
15	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.
16	Sum of values in rows 12 to 15.
17	Total off-balance sheet exposure amounts (excluding off-balance sheet exposure amounts associated with SFT and derivative transactions) on a gross notional basis, before any adjustment for credit conversion factors ("CCFs").
18	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.
19	Sum of values in rows 17 and 18.
20	The amount of Tier 1 capital as determined under the BCR, taking into account of the transitional arrangements. The value in [LR2:20/a] is equal to the value in [KM1:2/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	Sum of values in rows 20a and 20b. The value in [LR2:21/a] is equal to the value in [KM1:13/a] and in [LR1: 8/a].
22	Leverage ratio is defined as the Tier 1 capital measure of row 20 (the numerator) divided by the exposure measure of row 21 (the denominator), where the resultant quotient be expressed as a percentage. The value in [LR2:22/a] is equal to the value in [KM1:14/a].

Part IID: Liquidity

Table LIQA: Liquidity risk management

Purpose:	To enable Pillar 3 data users to make an informed judgment about the soundness of an AI's liquidity risk management framework and liquidity position.
Scope of application:	The table is mandatory for all AIs incorporated in and outside Hong Kong.
Content:	Qualitative and quantitative information.
Frequency:	Annual.
Format:	Flexible. An AI may choose the relevant information to be provided depending upon its business model, liquidity risk profile, organisation structure and functions involved in liquidity risk management.
Corresponding BDR section:	16FJ and 103(4A)

An AI should describe the following elements of liquidity risk management, where relevant:
Qualitative disclosures
(a) Governance of liquidity risk management, including: (i) risk tolerance; (ii) structure and responsibilities for liquidity risk management; (iii) internal liquidity reporting; and (iv) communication of liquidity risk strategy, policies and practices across business lines and with the board of directors.
(b) Funding strategy, including: (i) policies on diversification in the sources and tenors of funding; and (ii) whether the funding strategy is centralised or decentralised.
(c) Liquidity risk mitigation techniques.
(d) An explanation of how stress testing is used.
(e) An outline of the AI's contingency funding plan.
Quantitative disclosures
(f) Customised measurement tools or metrics that assess the structure of the AI's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to the AI.
(g) Concentration limits on collateral pools and sources of funding (both products and counterparties).

(h)	Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.
(i)	On- and off-balance sheet items, broken down into maturity buckets and the resultant liquidity gaps.

Template LIQ1: Liquidity Coverage Ratio("LCR") – for category 1 institution

Purpose:	To present the details of LCR, high quality liquid assets ("HQLA"), and a breakdown of cash outflows and inflows.
Scope of application:	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 disclosure items in this template on:- (i) a consolidated basis – applicable to a category 1 institution incorporated in Hong Kong that is subject to Banking (Liquidity) Rules ("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:- • 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). A category 1 institution should indicate the basis on which the required disclosure items in this template are disclosed.
Content:	Simple average values of all working days in the quarter. Data should be presented in Hong Kong dollars or the equivalent amounts in Hong Kong dollars. An AI should also specify the number of data points used in calculating the average values in the template and the currency used for presentation.
Frequency:	Quarterly. AIs should disclose both their first quarter and second quarter positions of LCR when they make the first time disclosure that ends at the close of the semi-annual reporting period of their 2018 financial year.
Format:	Fixed.
Accompanying narrative:	An AI should provide sufficient qualitative discussion to facilitate Pillar 3 data users' understanding of its LCR calculation. For example, where significant to the LCR, the AI should discuss: • the main drivers of its LCR results and the evolution of the contribution of inputs to the LCR's calculation over time; • intra-period changes as well as changes over time; • the composition of HQLA; • concentration of funding sources; • currency mismatch in the LCR; • the degree of centralization of liquidity management and the interaction between members of the consolidated group; • the exposures under its derivative contracts and the potential for it to be required to post

	collateral under the contracts; and • other inflows and outflows in the LCR calculation that are not captured in the template but the AI considers relevant for its liquidity profile.
Corresponding BDR section:	16FK and 103A

			HK$ equivalent	
Number of data points used in calculating the average value of the LCR and related components set out in this template: ( )			(a)	(b)
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)			**Unweighted value** (average)	**Weighted value** (average)
A.	**HQLA**			
1	Total HQLA			
B.	**Cash outflows**			
2	Retail deposits and small business funding, of which:			
3		*Stable retail deposits and stable small business funding*		
4		*Less stable retail deposits and less stable small business funding*		
4a		*Retail term deposits and small business term funding*		
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:			
6		*Operational deposits*		
7		*Unsecured wholesale funding (other than small business funding) not covered in row 6*		
8		*Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period*		
9	Secured funding transactions (including securities swap transactions)			
10	Additional requirements, of which:			
11		*Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements*		
12		*Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions*		
13		*Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)*		
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows			
15	Other contingent funding obligations (whether contractual or non-contractual)			
16	**Total Cash Outflows**			
C.	**Cash Inflows**			
17	Secured lending transactions (including securities swap transactions)			
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions			
19	Other cash inflows			

		(a)	(b)
20	**Total Cash Inflows**		
D.	**Liquidity Coverage Ratio**		**Adjusted value**
21	**Total HQLA**		
22	**Total Net Cash Outflows**		
23	**LCR (%)**		

Points to note:

(i) the rows A, B, C and D introduce respectively the 4 sections of the Template (i.e. HQLA, cash outflows, cash inflows and LCR) and do not require any value to be input;

(ii) the disclosure items shaded in light grey (e.g. rows 2, 5, 9, 10, 14 and 15 under Section B) represent the components, if any, within the respective sections;

(iii) the unshaded disclosure items represent sub-components within the components of cash outflows (Section B). 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 1/a, 9/a, 16/a, 21/a, 22/a and 23/a).

Explanatory Note	
Columns	
(a)	*Unweighted value*: In relation to a disclosure item under cash outflows (Section B) and cash inflows (Section C), it means the outstanding balance of the item maturing or callable within 30 days. Such outstanding balance is to be calculated as the principal amount of an asset, liability or off-balance sheet item included in the calculation of the LCR <u>before</u> applying the outflow rate(s) or inflow rate(s) applicable to them, as required under the BLR (as read in conjunction with the Banking (Liquidity Coverage Ratio – Calculation of Total Net Cash Outflows) Code ("the Code"). For example, in the case of stable retail deposits and stable small business funding ("SDF"): $$average\ value\ of\ SDF\ in\ unweighted\ amount\ _{Qi} = \left(\frac{1}{N}\right)\sum_{n=1}^{N} uSDF_n$$ where N is the number of data points used in calculating such value for quarter Q_i; and $uSDF_n$ means the unweighted amount of SDF at data point n.
(b)	*Weighted value*: In relation to a disclosure item under cash outflows (Section B) and cash inflows (Section C), it means the amount <u>after</u> applying the outflow rate(s) or inflow rate(s) applicable to the item, as required under the BLR (as read in conjunction with the Code). For example, in the case of SDF: $$average\ value\ of\ SDF\ in\ weighted\ amount\ _{Qi} = \left(\frac{1}{N}\right)\sum_{n=1}^{N} wSDF_n$$ where N is the number of data points used in calculating such value for quarter Q_i; and $wSDF_n$ means the weighted amount of SDF at data point n.
(a) & (b)	*(average)*: the "average value" of each disclosure item should be calculated (i) based on the arithmetic mean of the item (in "unweighted amount", "weighted amount" and "adjusted value" as applicable) as at the end of each working day for a reporting quarter; and (ii) according to the calculation methodology and instructions set out in the Return of Liquidity Position (MA(BS)1E). This recognises that the day-end positions of each disclosure item for the specified quarter cannot all be extracted or derived from the return which is submitted on a monthly

Explanatory Note	
	basis (instead of daily). Therefore, a category 1 institution should follow the calculation methodologies and instructions specified in the return for the calculation of the day-end positions of each such item.
Rows[7]	
1	All HQLA that satisfy the applicable requirements under BLR rule 25, after applying any applicable haircuts but before applying any applicable ceilings[8] (as required under the BLR). The weighted amount of total HQLA is to be calculated as the total principal amount of such HQLA, net of any haircuts applicable to the assets concerned (in accordance with BLR rule 35 and, if applicable, BLR rule 38), but before the application of the 15% ceiling on level 2B assets and the 40% ceiling on the sum of level 2A assets and level 2B assets (in accordance with BLR rules 33 and 34 as applicable). {Item A4 (minus item A6 if applicable)}
2	Retail deposits and small business funding (as defined in BLR rule 39) (i.e. the sum of values in rows 3 to 4a). {Sum of items B1 to B4}
3	Stable retail deposits (as defined in BLR rule 39) and small business funding (that is akin to stable retail deposits), calculated in accordance with, respectively, clauses 3 and 6 of the Code. {Sum of sub-items B1(a), B2(a), B3(a) and B4(a)}
4	Less stable retail deposits (as defined in BLR rule 39) and small business funding (that is akin to less stable retail deposits), calculated in accordance with, respectively, clauses 4 and 6 of the Code. {Sum of sub-items B1(b), B2(b), B3(b) and B4(b)}
4a	Retail term deposits (as defined in BLR rule 39) and small business term funding (that is akin to retail term deposits), calculated in accordance with, respectively, clauses 5 and 6 of the Code. {Sum of sub-items B1(c), B2(c), B3(c) and B4(c)}
5	Unsecured wholesale funding (as defined in BLR rule 39) (other than small business funding) and debt securities and prescribed instruments issued by the category 1 institution and redeemable within the LCR period (i.e. the sum of values in rows 6 to 8). {Sum of items B5, B6 and B7}
6	Operational deposits (as defined in BLR rule 39), calculated in accordance with clause 7 and meeting the

[7] For mapping purpose, the explanatory notes to the following rows also provide the corresponding items in Part 2, Section (I) of the Return of Liquidity Position, in big brackets (i.e. **{ }**). However, AIs should be cautious that they are only definition references for the items and should not be interpreted as a simple formula using which the values disclosed in the following rows are to be derived. For example, the definition reference for row 2 (item "Retail deposits and small business funding") is {Sum of items B1 to B4}. The value to be disclosed in [LIQ1: 2/a] of this template for a particular quarter is, however, not equal to the simple summation of the principal amounts of items B1 to B4 as reported in Section (I), Part 2 of the Return of Liquidity Position for the month that ends on the close of the quarter. Rather, the value in [LIQ1: 2/a] should be calculated as the arithmetic mean of the unweighted value of "Retail deposits and small business funding" as at the end of each working day within the quarter (i.e. the average of all data points of item "Retail deposits and small business funding" in that quarter). See explanatory notes to columns (a) and (b) for the calculation method in details.

[8] These refer to the 15% ceiling on level 2B assets and the 40% ceiling on the sum of level 2A and level 2B assets.

Explanatory Note	
	qualifying criteria under clause 7(2) of the Code. {Sum of sub-items B5(a) and B5(b)}
7	Unsecured wholesale funding (other than small business funding and operational deposits), calculated in accordance with clauses 8 and 9 of the Code.[9] {Sum of sub-items B6(a)(i), B6(a)(ii) and B6(b)}
8	Debt securities and prescribed instruments (as defined in BLR rule 2(1)) issued by the category 1 institution and redeemable within the LCR period, irrespective of the type of investors holding such securities and instruments, calculated in accordance with clause 10 of the Code.[10] {Item B7}
9	Liabilities and obligations arising from secured funding transactions (including securities swap transactions) (as defined in BLR rule 39) due for settlement within the LCR period, calculated in accordance with clause 11 of the Code. {Sum of items B8 and B9}
10	Liabilities and obligations (and any additional liquidity requirements) arising from (1) derivative contracts and other transactions (and any related collateral requirements); (2) structured financing transactions; and (3) potential drawdown of undrawn committed facilities (i.e. the sum of values in rows 11 to 13). {Sum of items B10 to B19}
11	Liabilities and obligations arising from derivative contracts and other transactions. These include:- (1) Contractual net cash outflows arising from derivative contracts (as defined in BLR rule 39), calculated in accordance with clause 12 of the Code; and (2) Additional liquidity needs arising from:- (i) derivative contracts or other transactions with material adverse event clauses, calculated in accordance with clause 13 of the Code; (ii) potential loss in market value of posted collateral securing derivative contracts or other transactions, calculated in accordance with clause 14 of the Code; (iii) excess non-segregated collateral callable by counterparty under derivative contracts or other transactions, calculated in accordance with clause 15 of the Code; (iv) collateral substitution under derivative contracts or other transactions, calculated in accordance with clause 16 of the Code; (v) contractual obligations to post collateral to counterparty under derivative contracts or other transactions, calculated in accordance with clause 17 of the Code; and

9 To avoid doubt, this row includes unsecured wholesale funding received in the course of providing correspondent banking and prime brokerage services (as defined in BLR rule 39).

10 To avoid doubt, any expected cash outflows arising from the redemption of asset-backed securities, covered bonds or other structured financial instruments issued by the category 1 institution within the LCR period are to be reported in row 12 instead.

Explanatory Note	
	(vi) increase in collateral needs arising from adverse changes in market value of derivative contracts or other transactions, calculated in accordance with clause 18 of the Code. {Sum of items B10, B11, B12, B13, B14, B15 and B16}
12	Expected cash outflows arising from:- (1) repayment of funding obtained from structured financial instruments issued by the category 1 institution and redeemable within the LCR period, calculated in accordance with clause 19 of the Code; and (2) obligations for repayment of maturing debt or provision of funding or assets arising from any embedded option in structured financing transaction (as defined in BLR rule 39), calculated in accordance with clause 20 of the Code. {Sum of items B17 and B18}
13	Expected cash outflows arising from potential drawdown of undrawn committed credit facilities and committed liquidity facilities (as defined in BLR rule 39) within the LCR period, calculated in accordance with clause 21 of the Code. {Item B19}
14	Expected cash outflows arising from contractual lending obligations not otherwise included in Section B of the Template, calculated in accordance with clause 22 of the Code; and other contractual cash outflows (as defined in BLR rule 39), calculated in accordance with clause 24 of the Code. {Sum of items B20 and B22}
15	Other contingent funding obligations (as defined in BLR rule 39) (whether contractual or non-contractual), calculated in accordance with clause 23 of the Code. {Item B21}
16	Total cash outflows (i.e. the sum of values in rows 2, 5, 9, 10, 14 & 15). {Item B23}
17	Expected cash inflows arising from maturing secured lending transactions (including securities swap transactions) (as defined in BLR rule 39), calculated in accordance with clause 25 of the Code. {Sum of items C1, C2 and C3}
18	Expected cash inflows arising from (1) secured or unsecured loans (other than secured lending transactions) that are contractually due within the LCR period; and (2) operational deposits placed at other financial institutions, calculated in accordance with, respectively, clauses 26 and 29(b) of the Code. {Sum of items C4 and C8}
19	Expected cash inflows arising from:- (1) release of balances (whether in money or other assets) maintained by the category 1 institution in segregated accounts in accordance with requirements for protection of customer assets, calculated in accordance with clause 27 of the Code; (2) maturing securities not included by the category 1 institution in its HQLA, calculated in accordance with clause 28

Explanatory Note	
	of the Code; (3) undrawn facilities granted by the category 1 institution, calculated in accordance with clause 29(a) of the Code; (4) contractual net cash inflows arising from derivative contracts, calculated in accordance with clause 30 of the Code; and (5) other contractual cash inflows arising from assets, transactions or activities not otherwise covered in Section C of the Template, calculated in accordance with clause 31 of the Code. {Sum of items C5, C6, C7, C9 and C10}
20	Total cash inflows (i.e. the sum of values in rows 17 to 19). {Item C11}
21	*Total HQLA (adjusted value)*: the weighted amount of total HQLA (net of any haircuts applicable to the assets concerned under BLR rule 35 and, if applicable, BLR rule 38), after the application of the 15% ceiling on level 2B assets and the 40% ceiling on the sum of level 2A and level 2B assets in accordance with BLR rules 33 and 34 as applicable. {Item A7}
22	*Total Net Cash Outflows (adjusted value)*: the adjusted value of total net cash outflows means the weighted amount of total net cash outflows (with outflow and inflow rates applied to respective cash outflow and inflow items), after the application of the 75% inflow cap as applicable in accordance with BLR rule 40[11] (as read in conjunction with the Code). {Item B23 minus item C12}
23	*LCR (%)*: the calculation of the "average value" of its LCR in this row should be based on the arithmetic mean of the LCR as at the end of each working day during the quarter. Accordingly, the average value of the AI's LCR for quarter Q_i should be calculated as: $$LCR_{Q_i} = \left(\frac{1}{N}\right)\sum_{n=1}^{N} LCR_n$$ where (a) N is the number of data points used in calculating such value for the quarter; and (b) LCR_n means the LCR at data point n. For the avoidance of doubt, the "average value" of the AI's LCR for the quarter should not be simply calculated by dividing (i) the "average value" of its total HQLA for the quarter (row 21) by (ii) the "average value" of its total net cash outflows for the quarter (row 22). {Item D}

[11] The 75% inflow cap is binding on a category 1 institution if its weighted amount of total expected cash inflows exceeds 75% of its weighted amount of total expected cash outflows, in which case the excess portion cannot be used to offset the weighted amount of total expected cash outflows

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:	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:- (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:- • 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). A category 1 institution should indicate the basis on which the required disclosure items in this template are disclosed.
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:	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: • 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)
	Unweighted value by residual maturity				**Weighted amount**
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)	No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	

		(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	*Regulatory capital*					
2a	*Minority interests not covered by row 2*					
3	*Other capital instruments*					
4	Retail deposits and small business funding:					
5	*Stable deposits*					
6	*Less stable deposits*					
7	Wholesale funding:					
8	*Operational deposits*					
9	*Other wholesale funding*					
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	*Net derivative liabilities*					
13	*All other funding and liabilities not included in the above categories*					
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	*Performing loans to financial institutions secured by Level 1 HQLA*					
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*					
20	*Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:*					
21	*With a risk-weight of less than or equal to 35% under the STC approach*					
22	*Performing residential mortgages, of which:*					
23	*With a risk-weight of less than or equal to 35% under the STC approach*					
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*					

		(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	
25	Assets with matching interdependent liabilities					
26	Other assets:					
27	*Physical traded commodities, including gold*					
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					
29	*Net derivative assets*					
30	*Total derivative liabilities before deduction of variation margin posted*					
31	*All other assets not included in the above categories*					
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)	*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, 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)	*Weighted amount*: values entered in this column are calculated in accordance with Part 9 of the BLR.
Rows	

Explanatory Note	
1	*Capital*: the sum of values in rows 2 to 3.
2	*Regulatory capital*: 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	*Minority interests not covered by row 2:* 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	*Other capital instruments*: total amount of any capital instruments not included in row 2 or 2a.
4	*Retail deposits and small business funding*: as defined in BLR rule 39, which are equal to the sum of values in rows 5 and 6.
5	*Stable deposits*: they comprise stable retail deposits and stable small business funding, as defined in the BLR.
6	*Less stable deposits*: they comprise retail deposits and small business funding as defined in the BLR but not already covered by row 5 above.
7	*Wholesale funding*: the sum of values in rows 8 and 9.
8	*Operational deposits*: as defined in BLR rule 39.
9	*Other wholesale funding*: 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	*Liabilities with matching interdependent assets*: 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: • for unweighted value, the legal tender notes in circulation 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 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	*Other liabilities*: the sum of values in rows 12 and 13.
12	*Net derivative liabilities*: 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

Explanatory Note	
	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	*All other funding and liabilities not included in the above categories*: 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	*Total ASF*: 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	*Total HQLA for NSFR purposes*: 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: (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	*Deposits held at other financial institutions for operational purposes*: as defined in Part 7 of the BLR.
17	*Performing loans and securities*: the sum of values in rows 18, 19, 20, 22 and 24.
18	*Performing loans to financial institutions secured by Level 1 HQLA*: 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	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*: comprising performing loans and funds (other than operational deposits) provided by the AI to other financial institutions not already covered by row 18.
20	*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:* 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	*With a risk-weight of less than or equal to 35% under the STC approach*: 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	*Performing residential mortgages*: 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

Explanatory Note	
	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. The aggregated values of rows 20 and 22 will correspond to item 7 in RSF section of its Return of Stable Funding Position (MA(BS)26).
23	*With a risk-weight of less than or equal to 35% under the STC approach*: 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	*Securities that are not in default and do not qualify as HQLA including exchange-traded equities*: 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	*Assets with matching interdependent liabilities*: 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: • 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	*Other assets*: the sum of values in rows 27 to 31.
27	*Physical traded commodities, including gold*: including all physical traded commodities held by the AI.
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*: 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	*Net derivative assets*: 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 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	*Total derivative liabilities before deduction of variation margin posted*: in the unweighted cell, report 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. The reported value should be in an absolute term (i.e. disregard the negative sign). In the weighted cell, report "N/A"[12] and exclude this element from the calculation of total weighted amount of RSF.

[12] The local implementation of add-on RSF charge on derivative liabilities under the NSFR has been deferred (see the HKMA's letter to the industry "*Consultation on draft Banking (Liquidity) (Amendment) Rules 2017*" dated 20 October 2017 for details).

Explanatory Note	
31	*All other assets not included in the above categories*: 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 30 above (e.g. trade-date receivables, fixed assets, goodwill, investments in associated entities, unlisted equities, non-performing assets, etc).
32	*Off-balance sheet items*: the sum of all off-balance sheet obligations listed in Table 2, Schedule 6 to the BLR.
33	*Total RSF*: the sum of all weighted amounts in rows 15, 16, 17, 25, 26 and 32.
34	*Net Stable Funding Ratio (%)*: presented as quarter-end observations.

Part VII: Interest rate risk in banking book

Table IRRBB: Interest rate exposures in banking book (related to financial year end before 30 June 2019)

Purpose:	To provide information on the impact of interest rate movements from an earnings perspective and an economic value perspective under each of the supervisory prescribed interest rate shock scenarios.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong. This table should be used for reporting an AI's interest rate exposures related to financial year end before 30 June 2019. For interest rate exposures related to financial year end on or after 30 June 2019, an AI should use Table IRRBBA and Template IRRBB1 instead. If an AI is exempted under BCR §22(1) from calculating its market risk, it should aggregate the interest-rate-sensitive positions of banking book and trading book for disclosure purpose.
Content:	Qualitative and quantitative information.
Frequency:	Annual.
Format:	Flexible.
Accompanying narrative:	An AI should provide a commentary on the significance of the reported values and an explanation of any material changes since the end of the preceding reporting period.
Corresponding BDR section:	16ZP and 16ZQ

An AI should disclose the following information in respect of its interest rate exposures in the banking book:
Qualitative disclosures
(a) the nature of the risk.
(b) the key assumptions the AI uses in its measurement of the risk (including assumptions regarding loan prepayments and the behaviour of deposits without a fixed maturity).
Quantitative disclosures
(c) the frequency of its measurement of the risk.
(d) the variations in earnings or economic value (or other relevant measures used by the institution) for significant upward and downward interest rate movements in accordance with the method the institution uses for stress-testing, broken down by currency, if relevant. For this purpose, the AI should follow the methodology set out in the completion instructions for the Return of Interest Rate Risk Exposures (MA(BS)12) for the disclosure of the impact of interest rate movements on its earnings and economic value.

Table IRRBBA: Interest rate risk in banking book – risk management objectives and policies

Purpose:	To provide a description of the risk management objectives and policies concerning interest rate risk in the banking book ("IRRBB").
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong. This table should be used for reporting an AI's interest rate exposures related to financial year end on or after 30 June 2019.
Content:	Qualitative and quantitative information. The latter should be based on the daily or monthly average of the year or on the data as at the reporting date.
Frequency:	Annual.
Format:	Flexible.
Corresponding BDR section:	16ZP

An AI should describe the following elements of IRRBB risk management, where relevant:	
Qualitative disclosures	
(a)	A description of how the AI defines IRRBB for purposes of risk control and measurement.
(b)	A description of the AI's overall IRRBB management and mitigation strategies. Examples include: (i) monitoring of economic value of equity ("EVE") and net interest income ("NII") in relation to established limits; (ii) hedging practices; (iii) conduct of stress testing; (iv) outcome analysis; (v) the role of independent audit; (vi) the role and practices of the ALCO; (vii) the AI's practices to ensure appropriate model validation; and (viii) timely updates in response to changing market conditions.
(c)	The periodicity of the calculation of the AI's IRRBB measures, and a description of the specific measures that the AI uses to gauge its sensitivity to IRRBB.
(d)	A description of the interest rate shock and stress scenarios that the AI uses to estimate changes in the economic value and in earnings.
(e)	Where significant modelling assumptions used in the AI's internal measurement systems ("IMS") (i.e. the EVE metric generated by the AI for purposes other than disclosure, e.g. for internal assessment of capital adequacy) are different from the modelling assumptions prescribed for the disclosure in template IRRBB1, the AI should provide a description of those assumptions and their directional implications and explain its rationale for making those assumptions (e.g. historical data, published research, management judgment and analysis).

(f)	A high-level description of how the AI hedges its IRRBB, as well as the associated accounting treatment.
(g)	A high-level description of key modelling and parametric assumptions used in calculating ΔEVE and ΔNII in template IRRBB1, which includes: (i) for ΔEVE, whether commercial margins and other spread components have been included in the cash flows used in the computation and discount rate used; (ii) how the average repricing maturity of non-maturity deposits has been determined (including any unique product characteristics that affect assessment of repricing behaviour); (iii) the methodology used to estimate the prepayment rates of customer loans, and/or the early withdrawal rates for time deposits, and other significant assumptions; (iv) any other assumptions (including for instruments with behavioural optionalities that have been excluded) that have a material impact on the disclosed ΔEVE and ΔNII in template IRRBB1, including an explanation of why these are material; and (v) any methods of aggregation across currencies and any significant interest rate correlations between different currencies.
(h)	Any other information which the AI considers as relevant regarding its interpretation of the significance and sensitivity of the IRRBB measures disclosed and/or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures.
Quantitative disclosures	
1	Average repricing maturity assigned to non-maturity deposits ("NMDs"): This refers to notional-weighted maturity of NMDs.
2	Longest repricing maturity assigned to NMDs.

Template IRRBB1: Quantitative information on interest rate risk in banking book

Purpose:	To provide information on the changes in economic value of equity and net interest income under each of the prescribed interest rate shock scenarios in respect of its interest rate exposures arising from banking book positions.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong. This template should be used for reporting an AI's interest rate exposures related to financial year end on or after 30 June 2019. If an AI is exempted under BCR §22(1) from calculating its market risk, it should aggregate the positions of banking book and trading book for disclosure purpose.
Content:	Quantitative information.
Frequency:	Annual.
Format:	Fixed.
Accompanying narrative:	An AI should provide a commentary on the significance of the reported values and an explanation of any material changes since the end of the preceding reporting period.
Corresponding BDR section:	16ZQ

		(a)	(b)	(c)	(d)
(in reporting currency)		**ΔEVE**		**ΔNII**	
	Period	**T**	**T-1**	**T**	**T-1**
1	Parallel up				
2	Parallel down				
3	Steepener				
4	Flattener				
5	Short rate up				
6	Short rate down				
7	**Maximum**				
	Period	**T**		**T-1**	
8	**Tier 1 capital**				

Explanatory Note	
Columns	
(a) & (b)	The change in the economic value of equity ("ΔEVE") based on the standardised framework described in the Supervisory Policy Manual ("SPM") module IR-1 "Interest Rate Risk Management" and the Return on Interest Rate Risk Exposures (MA(BS)12) ("IRR return").
(c) &	The change in projected net interest income ("ΔNII") over a forward-looking rolling 12-month period based on

Explanatory Note	
(d)	the methodology described in the SPM module IR-1 "Interest Rate Risk Management" and the IRR return. The cells in rows 3 to 6 (in dark grey) need not be filled in.
Row	
7	*Maximum*: This refers to the maximum of economic value of equity (across interest rate shock scenarios 1 to 6 above) and net interest income (across interest rate shock scenarios 1 and 2 above). Positive values indicate losses under the alternative scenarios.

Part VIII: Remuneration

Table REMA: Remuneration policy

Purpose:	To describe the remuneration policy as well as key features of the remuneration system to allow meaningful assessments by Pillar 3 data users of an AI's compensation practices.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong.
Content:	Qualitative information.
Frequency:	Annual.
Format:	Flexible.
Corresponding BDR section:	16ZS

An AI should describe the main elements of its remuneration system and how it developed this system. In particular, the following elements, where relevant, should be described:	
(a)	Information relating to the bodies that oversee remuneration. Disclosures should include: (i) name, composition and mandate of the main body overseeing remuneration; (ii) external consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process; (iii) a description of the scope of the AI's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches; and (iv) a description of the types of employees considered as key personnel and as senior managers.
(b)	Information relating to the design and structure of remuneration processes. Disclosures should include: (i) an overview of the key features and objectives of remuneration policy; (ii) whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration; and (iii) a discussion of how the AI ensures that risk and compliance employees are remunerated independently of the businesses they oversee.
(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include an overview of the key risks, their measurement and how these measures affect remuneration.
(d)	Description of the ways in which the AI seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:

	(i)	an overview of main performance metrics for the institution, top-level business lines and individuals;
	(ii)	a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance; and
	(iii)	a discussion of the measures the AI will in general implement to adjust remuneration in the event that performance metrics are weak, including the AI's criteria for determining "weak" performance metrics.
(e)	Description of the ways in which the AI seeks to adjust remuneration to take account of longer-term performance. Disclosures should include:	
	(i)	a discussion of the AI's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance; and
	(ii)	a discussion of the AI's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.
(f)	Description of the different forms of variable remuneration that the AI utilises and the rationale for using these different forms. Disclosures should include:	
	(i)	an overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms); and
	(ii)	a discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employee), a description the factors that determine the mix and their relative importance.

Template REM1: Remuneration awarded during financial year

Purpose:	To provide quantitative information on remuneration for the financial year.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Quantitative information.
Frequency:	Annual.
Format:	Flexible.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any significant movements over the reporting period and the key drivers of such movements. Where relevant, the accompanying narrative should include descriptions of the other forms of fixed and variable remuneration.
Corresponding BDR section:	16ZT

			(a)	(b)
Remuneration amount and quantitative information			Senior management	Key personnel
1	Fixed remuneration	Number of employees		
2		Total fixed remuneration		
3		Of which: cash-based		
4		Of which: deferred		
5		Of which: shares or other share-linked instruments		
6		Of which: deferred		
7		Of which: other forms		
8		Of which: deferred		
9	Variable remuneration	Number of employees		
10		Total variable remuneration		
11		Of which: cash-based		
12		Of which: deferred		
13		Of which: shares or other share-linked instruments		
14		Of which: deferred		
15		Of which: other forms		
16		Of which: deferred		
17	**Total remuneration**			

Explanatory Note	
Columns	
(a) and	Senior management and key personnel categories in columns (a) and (b) should correspond to the type of

Explanatory Note	
(b)	employees described in Table REMA. (Note: If an AI has such a small number of executives that individuals' remuneration could be easily deduced from disclosure of a breakdown of the figures, it is acceptable for the AI, in so far as the sensitivity of the information will be disadvantageous to the AI, to disclose aggregate figures for senior management and key personnel. This is, however, provided that this fact and the reason for doing so (i.e. disclosing aggregate figures instead of disclosing separate figures) are adequately disclosed in the accompanying narrative.)
Rows	
2	*Total fixed remuneration*: the sum of values in rows 3, 5 and 7.
7	*Fixed remuneration – Of which: other forms*: these other forms of fixed remuneration must be described in Table REMA and, where relevant, in the accompanying narrative of this template.
10	*Total variable remuneration*: the sum of values in rows 11, 13 and 15.
15	*Variable remuneration – Of which: other forms*: these other forms of variable remuneration must be described in Table REMA and, where relevant, in the accompanying narrative of this template.
17	*Total remuneration*: the sum of values in rows 2 and 10.

Template REM2: Special payments

Purpose:	To provide quantitative information on special payment for the financial year.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Quantitative information.
Frequency:	Annual.
Format:	Flexible.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any significant movements over the reporting period and the key drivers of such movements.
Corresponding BDR section:	16ZU

		(a)	(b)	(c)	(d)	(e)	(f)
Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
1	Senior management						
2	Key personnel						

Explanatory Note	
Columns	
(a) and (b)	*Guaranteed bonuses*: the number of employees granted and the payments of guaranteed bonuses during the financial year.
(c) and (d)	*Sign-on awards*: the number of employees granted and the payments allocated to employees upon recruitment during the financial year.
(e) and (f)	*Severance payments*: the number of dismissed employees compensated with severance payments and the payments allocated to employees dismissed during the financial year.
Rows	
1 and 2	*Senior management / Key personnel*: the categories in rows 1 and 2 must correspond to the type of employees described in Table REMA. (Note: If an AI has such a small number of executives that individuals' remuneration could be easily deduced from disclosure of a breakdown of the figures, it is acceptable for the AI, in so far as the sensitivity of the information will be disadvantageous to the AI, to disclose aggregate figures for senior management and key personnel. This is, however, provided that this fact and the reason for doing so (i.e. disclosing aggregate figures instead of disclosing separate figures) are adequately disclosed in the accompanying narrative.)

Template REM3: Deferred remuneration

Purpose:	To provide quantitative information on deferred and retained remuneration.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Quantitative information (amounts).
Frequency:	Annual.
Format:	Flexible.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any significant movements over the reporting period and the key drivers of such movements.
Corresponding BDR section:	16ZV

		(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
1	Senior management					
2	Cash					
3	Shares					
4	Cash-linked instruments					
5	Other					
6	Key personnel					
7	Cash					
8	Shares					
9	Cash-linked instruments					
10	Other					
11	**Total**					

Explanatory Note	
Columns	
(a)	This column should report the amounts of deferred remuneration accrued (cumulated) over the previous years as of the reporting date.

Explanatory Note	
(b)	The amount reported in this column is a subset of that reported in column (a) which is subject to the following: (i) *Outstanding exposed to ex post explicit adjustment*: part of the deferred and retained remuneration that is subject to direct adjustment clauses (for instance, subject to malus, clawbacks or similar reversal or downward revaluations of awards). (ii) *Outstanding exposed to ex post implicit adjustment*: part of the deferred and retained remuneration that is subject to adjustment clauses that could change the remuneration, due to the fact that they are linked to the performance of other indicators (for instance, fluctuation in the value of shares performance or performance units).
(c)	The definition in explanatory note (b)(i) above applies. It shows the movements specifically related to column (b) during the financial year.
(d)	The definition in explanatory note (b)(ii) above applies. It shows the movements specifically related to column (b) during the financial year.
(e)	This column, which shows the movements during the financial year, represents the payments that have affected the value disclosed in column (a).
Rows	
1	*Senior management*: it should correspond to the type of employees described in table REMA, and its value is equal to the sum of values in rows 2 to 5.
6	*Key personnel*: it should correspond to the type of employees described in table REMA, and its value is equal to the sum of values in rows 7 to 10.
1 & 6	If an AI has such a small number of executives that individuals' remuneration could be easily deduced from disclosure of a breakdown of the figures, it is acceptable for the AI, in so far as the sensitivity of the information will be disadvantageous to the AI, to disclose aggregate figures for senior management and key personnel. This is, however, provided that this fact and the reason for doing so (i.e. disclosing aggregate figures instead of disclosing separate figures) are adequately disclosed in the accompanying narrative.
11	*Total*: the sum of values in rows 1 and 6.