Annex 2

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~~holding company[1]). 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[2]	NA
5	~~Post-transitional~~ Basel III rules[3]	
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)	

[1] For ease of reference, additional proposed changes to this consultative draft when compared with the last draft released by the HKMA on 11 January 2023 are highlighted in yellow.

[2] ~~Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.~~

[3] ~~Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.~~

		(a)
		Quantitative / qualitative information
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	
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	NA
37	If yes, specify non-compliant features	NA

Points to note:

(i) An AI should report the main features of each outstanding regulatory capital instrument. For any item that is not applicable for a particular capital instrument, "NA" should be entered.

(ii) In order to provide a "main features report" that summarises all of the regulatory capital instruments of the banking group, an AI should report each instrument, including ordinary shares, in a separate column of this template (by adding column (b), column (c) and so on).

(iii) An AI should select one of the standard options in the list as the input for a particular cell, where relevant. The following table provides a more detailed explanation of reporting requirements for each of the cells, and, where relevant, the list of standard options from which the AI should select as the input for a particular cell.

Explanatory Note	
Rows	
1	The legal entity which is the issuer of the instrument. *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]*~~ This row is obsolete and no longer applicable.
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 without considering the implications of the potential exercise of powers under the Financial Institutions (Resolution) Ordinance. However, the AI should also disclose in this row, e.g. in the form of a remark, if the terms and conditions of the instrument contain a provision that the holder of the instrument acknowledges and agrees to be bound by such powers. *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 types they are 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 without considering the implications of the potential exercise of powers under the Financial Institutions (Resolution) Ordinance. However, the AI should also disclose in this row, e.g. in the form of a remark, if the terms and conditions of the instrument contain a provision that the holder of the instrument acknowledges and agrees to be bound by such powers. *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]*~~ This row is obsolete and no longer applicable.
37	~~If there are non-compliant features, an AI should identify them.~~ ~~*Free text*~~ This row is obsolete and no longer applicable.

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[4] 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 and any of its subsidiaries that are not included in the consolidation group but are insurance firms, haves a leverage ratio exposure measure exceeding EUR200 billion or equivalent[5] 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~~ 13 indicators (including the two sub-indicators for the trading volume indicator, i.e. (i) trading volume of fixed income instruments, and (ii) trading volume of equities and other securities) 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.[6]
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 disclosure of 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

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

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

[6] 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.

	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 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**	**Values**
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	
10a		Trading volume of fixed income instruments	
10b		Trading volume of equities and other securities	
110	Complexity	Notional amount of over-the-counter ("OTC") derivatives*	
121		Level 3 assets*	
132		Trading securities and securities measured at fair value through other comprehensive income	

Point to note:
(i) *For items marked with an asterisk (*), the scope of consolidation are extended to include subsidiaries that are insurance firms.*

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 on~~in~~ the BIS~~'s~~ website: http://www.bis.org/bcbs/gsib/reporting_instructions.htm.

Template CR1: Credit quality of exposures

Purpose:	To provide an overview of the credit quality of on- and off-balance sheet exposures.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Carrying amounts that correspond to the values reported in financial statements but according to the scope of regulatory consolidation for capital adequacy purposes.
Frequency:	Semi-annual.
Format:	Fixed.
Accompanying narrative:	An AI should provide its definition of "default". ~~If an AI uses a definition of "default" that is different to "past due for more than 90 days", it should explain its definition in an accompanying narrative. See explanatory note to column (a) for the specific requirements.~~
Corresponding BDR section:	16H

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans							
2	Debt securities							
3	Off-balance sheet exposures							
4	***Total***							

Explanatory Note	
Columns	
(a) and (b)	*Gross carrying amounts*: these represent the items that give rise to on- or off-balance sheet credit exposures that are subject to capital requirements under the BCR. The gross carrying amount is the accounting value before any allowance / impairments, gross of any CCF or CRM but after any write-offs. Write-offs for the purpose of this template are related to a direct reduction of the carrying amount when an AI has no reasonable expectations for its recovery.

Explanatory Note	
(a)	*Defaulted exposures*: AIs should use the definition of "default" that they use for regulatory capital adequacy purpose. I.e. F~~f~~or AIs using the STC or BSC approach, the meaning of ~~"default"~~"defaulted exposures" should correspond to the secured and unsecured portions of "defaulted exposures" as defined in section 51(1) of the BCR or claims "past due for more than 90 days" (or any more stringent definition adopted by the AI as ~~, in which case the definition of default should be~~ provided in the accompanying narrative of this template and consistently applied throughout all templates where the "default" concept is used) respectively. AIs using the IRB approach should use the definition of "default" under section 149 of the BCR for exposures under that approach.
(b)	*Non-defaulted exposures*: any exposure that does not meet the above definition of defaulted exposures.
(c)	*Allowances / impairments*: the total amount of impairments, made via an allowance against impaired and not impaired exposures according to the applicable accounting standards for the preparation of the AI's financial statement. "Impaired exposures" are those that are considered "credit-impaired" in the meaning of HKFRS 9 / IFRS 9 Appendix A.
(d) to (f)	An AI should fill in column (d) to (f) in accordance with the categorisation of accounting provisions distinguishing those meeting the conditions to be categorised as collective provisions and those that are categorised as specific provisions. This categorisation must be consistent with information provided in Table CRB.
(g)	*Net values*: total gross carrying value less allowances / impairments, which is equal to the sum of values in columns (a) and (b) minus the value in column (c).
Rows	
1	*Loans*: the value in [CR1:1/g] is equal to the sum of values in [CR3:1/a] and [CR3:1/b~~1~~].
2	*Debt securities*: the value in [CR1:2/g] is equal to the sum of values in [CR3:2/a] and [CR3:2/b~~1~~].
3	*Off-balance sheet exposures*: this row includes all items that give rise to off-balance sheet credit exposures. For example, guarantees and irrevocable loan commitments provided by an AI should be reported according to the following criteria: (a) guarantees given by the AI – the maximum amount, gross of any CCF or CRM, that the AI would have to pay if the guarantee were called; (b) irrevocable loan commitments – total amount, gross of any CCF or CRM, that the AI has committed to lend; revocable loan commitments should be excluded.
4	*Total*: this is the sum of values in rows 1, 2 and 3. The value in [CR1:4/a] is also equal to that in [CR2:6/a] if the AI has no off-balance sheet exposures.

Template CR3: Overview of recognized credit risk mitigation

Purpose:	To disclose the extent of credit risk exposures covered by different types of recognized CRM.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Carrying amounts that correspond to the values reported in financial statements but according to the scope of regulatory consolidation. An AI should include recognized CRM (i.e. collateral, guarantees and credit derivative contracts) used to reduce its capital requirements and disclose all secured exposures that fall under the category of "loans" and "debt securities" (after any applicable haircuts and anticipated costs to realize the collateral), irrespective of whether the STC, BSC or IRB approach is used for RWA calculation.
Frequency:	Semi-annual.
Format:	Fixed. Where an AI is unable to categorize its exposures secured by recognized collateral, recognized guarantees or recognized credit derivative contracts into "loans" and "debt securities", it may either (i) merge two corresponding cells, or (ii) divide the amount by the pro-rata weight of gross carrying amounts. In such case the AI should explain which method has been used. Where an exposure benefits from multiple forms of recognized CRM, the exposure value should be allocated to each form by order of priority based on the forms of recognized CRM which the AI would apply in the event of loss.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements. An AI may disclose any over-collateralisation of exposures using the accompanying narrative.
Corresponding BDR section:	16L

		(a)	(b~~1~~)	(c~~b~~)	(d)	(e~~f~~)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans					
2	Debt securities					
3	**Total**					
4	Of which defaulted					

Explanatory Note	
Columns	
(a)	*Exposures unsecured: carrying amount*: the carrying amount of exposures (net of allowances / impairments) that do not benefit from any recognized CRM.
(b~~1~~)	*Exposures to be secured*: the carrying amount of exposures which have at least one recognized CRM (collateral, financial guarantees, credit derivative contracts) associated with them. For the avoidance of doubt, both the secured and unsecured portions of such exposures should be reported in this column. The allocation of the carrying amount of multi-secured exposures to different forms of recognized CRM in columns (c~~b~~), (d) and (e~~f~~) is made by order of priority, starting with the form of recognized CRM expected to be called first in the event of loss, and within the limits of the carrying amount of the secured exposures.
(c~~b~~)	*Exposures secured by recognized collateral*: the carrying amount of exposures (net of allowances / impairments) secured by recognized collateral. In case an exposure is secured by recognized collateral and other form(s) of recognized CRM, the carrying amount of the exposures secured by recognized collateral is the remaining share of the exposure secured by such collateral after consideration of the shares of the exposure already secured by other forms of recognized CRM expected to be called beforehand in the event of a loss, but not taking into account any over-collateralisation.
(d)	*Exposures secured by recognized guarantees*: the carrying amount of exposures (net of allowances / impairments) secured by recognized guarantees. In case an exposure is secured by recognized guarantees and other form(s) of recognized CRM, the carrying amount of the exposure secured by recognized guarantees is the remaining share of the exposure secured by such guarantees after consideration of the shares of the exposure already secured by other forms of recognized CRM expected to be called beforehand in the event of a loss, but not taking into account any over-collateralisation.
(e~~f~~)	*Exposures secured by recognized credit derivative contracts*: the carrying amount of exposures (net of allowance / impairments) secured by recognized credit derivative contracts. In case an exposure is secured by recognized credit derivative contracts and other form(s) of recognized CRM, the carrying amount of the exposure secured by recognized credit derivative contracts is the remaining share of the exposure secured by such credit derivative contracts after consideration of the shares of the exposure already secured by other forms of recognized CRM expected to be called beforehand in the event of a loss, but not taking into account any over-collateralisation.
(a)-(e)	The following examples illustrate how columns (a)-(e) should be completed:

Explanatory Note							
			(a)	(b)	(c)	(d)	(e)
			Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
	(i)	One secured loan of 100 with recognized collateral of 120 (after haircut) and recognized guarantees of 50 (after haircut), if an AI expects that recognized guarantee would be extinguished first.	0	100	50	50	0
	(ii)	One secured loan of 100 with recognized collateral of 120 (after haircut) and recognized guarantees of 50 (after haircut), if an AI expects that recognized collateral would be extinguished first.	0	100	100	0	0
	(iii)	Secured exposure of 100 partially secured: 50 by recognized collateral (after haircut), 30 by recognized guarantee (after haircut), none by recognized credit derivatives.	0	100	50	30	0
	(iv)	One unsecured loan of 20 and one secured loan of 80. The secured loan is over-collateralised: 60 by recognized collateral (after haircut), 90 by recognized guarantee (after haircut), none by recognized credit derivatives. If an AI	20	80	60	20	0

		expects that recognized collateral would be extinguished first.					
	(v)	One unsecured loan of 20 and one secured loan of 80. The secured loan is under-collateralised: 50 by recognized collateral (after haircut), 20 by recognized guarantee (after haircut), none by recognized credit derivatives.	20	80	50	20	0

Explanatory Note	
Rows	
1	*Loans*: the scope of loans reported in this row should be the same as that used in template CR1 (i.e. row 1 therein).
2	*Debt securities*: the scope of debt securities reported in this row should be the same as that used in template CR1 (i.e. row 2 therein).
3	*Total*: this row reports the sum of values in rows 1 and 2.
4	*Of which defaulted*: the portion of the amount in row 3 which has been defaulted. The definition of "default" used in this row should be the same as that used in template CR1.