

Summary of disclosure templates and tables¹

Disclosure requirement	Tables and templates	Applicability ²	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
Part I : Key prudential ratios, overview of risk management and RWA	Table OVA: Overview of risk management	L		✓			✓
	Template KM1: Key prudential ratios	L	✓		✓		
	Template OV1: Overview of RWA	L	✓		✓		
Part II : Linkages between financial statements and regulatory exposures	Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	L		✓			✓
	Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements	L		✓			✓
	Table LIA: Explanations of differences between accounting and regulatory exposure amounts	L		✓			✓

¹ Unless otherwise specified in the relevant explanatory notes, any terms and definitions used in the disclosure templates and tables shall have the meanings assigned to them by the Banking (Capital) Rules ("BCR"), Banking (Liquidity) Rules ("BLR") and the Banking (Disclosure) Rules ("BDR"), as the context may require.

² 'L' denotes a disclosure template/table applicable to authorized institutions ("AIs") incorporated in Hong Kong; 'O' denotes a disclosure template/table applicable to AIs incorporated outside Hong Kong.

Disclosure requirement	Tables and templates	Applicability ²	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
	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 Als falling within BDR §16FF(1)]		✓			✓
	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]	✓		✓		

Disclosure requirement	Tables and templates	Applicability ²	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
	Template LIQ2: Net Stable Funding Ratio – for category 1 institution	L & O [designated as category 1 institution]	✓			✓	
Part III : Credit risk for non-securitization exposures	Table CRA: General information about credit risk	L		✓			✓
	Template CR1: Credit quality of exposures	L	✓			✓	
	Template CR2: Changes in defaulted loans and debt securities	L	✓			✓	
	Table CRB: Additional disclosure related to credit quality of exposures	L		✓			✓
	Table CRC: Qualitative disclosures related to credit risk mitigation	L		✓			✓
	Template CR3: Overview of recognized credit risk mitigation	L	✓			✓	
	Table CRD: Qualitative disclosures on use of ECAI ratings under STC approach	L [STC]		✓			✓
	Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach or BSC approach	L [STC; BSC]	✓			✓	

Disclosure requirement	Tables and templates	Applicability ²	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
	Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach or BSC approach	L [STC; BSC]	✓			✓	
	Table CRE: Qualitative disclosures related to internal models for measuring credit risk under IRB approach	L [IRB]		✓			✓
	Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach	L [IRB]	✓			✓	
	Template CR7: Effects on RWA of recognized credit derivative contracts used as recognized credit risk mitigation – for IRB approach	L [IRB]	✓			✓	
	Template CR8: RWA flow statements of credit risk exposures under IRB approach	L [IRB]	✓		✓		
	Template CR9: Back-testing of PD per portfolio – for IRB approach	L [IRB]		✓			✓
	Template CR10: Specialized lending under supervisory slotting criteria approach – for IRB approach	L [IRB]		✓		✓	

Disclosure requirement	Tables and templates	Applicability ²	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
Part IV : Counterparty credit risk	Table CCRA: Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs)	L		✓			✓
	Template CCR1: Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches	L	✓			✓	
	Template CCR3: Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach or BSC approach	L [STC; BSC]	✓			✓	
	Template CCR4: Counterparty credit risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach	L [IRB]	✓			✓	
	Template CCR5: Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs)	L		✓ (fixed columns, flexible rows)		✓	
	Template CCR6: Credit-related derivatives contracts	L		✓		✓	
	Template CCR7: RWA flow statements of default risk exposures under IMM(CCR) approach	L [IMM(CCR)]	✓		✓		
	Template CCR8: Exposures to CCPs	L	✓			✓	

Disclosure requirement	Tables and templates	Applicability ²	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
Part IVA : Credit valuation adjustment risk	Table CVAA : Qualitative disclosures related to CVA risk	L		✓			✓
	Template CVA1 : CVA risk under reduced basic CVA approach	L [reduced basic CVA]	✓			✓	
	Template CVA2 : CVA risk under full basic CVA approach	L [full basic CVA]	✓			✓	
	Table CVAB : Additional qualitative disclosures for AI using standardized CVA approach	L [standardized CVA]		✓			✓
	Template CVA3 : CVA risk under standardized CVA approach	L [standardized CVA]	✓			✓	
	Template CVA4 : RWA flow statements of CVA risk exposures under standardized CVA approach	L [standardized CVA]	✓		✓		
Part V : Securitization exposures	Table SECA: Qualitative disclosures related to securitization exposures	L		✓			✓
	Template SEC1: Securitization exposures in banking book	L		✓		✓	
	Template SEC2: Securitization exposures in trading book	L		✓		✓	
	Template SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator	L	✓			✓	

Disclosure requirement	Tables and templates	Applicability ²	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
	Template SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor	L	✓			✓	
Part VI : Market risk	Table MRA: Qualitative disclosures related to market risk	L [other than Als exempted from the market risk framework]		✓			✓
	Template MR1: Market risk under STM approach	L [STM]	✓			✓	
	Table MRB: Additional qualitative disclosures for AI using IMA	L [IMA]		✓			✓
	Template MR2: Market risk under IMA	L [IMA]	✓		✓		
	Template MR3: Market risk under SSTM approach	L [SSTM]	✓			✓	
Part VII : Interest rate risk in banking book	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	✓				✓
Part VIII : Remuneration	Table REMA: Remuneration policy	L		✓			✓
	Template REM1: Remuneration awarded during financial year	L		✓			✓
	Template REM2: Special payments	L		✓			✓

Disclosure requirement	Tables and templates	Applicability ²	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
	Template REM3: Deferred remuneration	L		✓			✓
Part IX : Operational risk	Table ORA : General information on operational risk framework	L		✓			✓
	Template OR1: Historical losses	L	✓				✓
	Template OR2 : Business indicator and business indicator components breakdown	L	✓				✓
	Template OR3 : Minimum operational risk capital requirement	L	✓				✓
Part X : Comparison of modelled and standardized RWAs	Template CMS1 : Comparison of modelled and standardized RWAs at risk level	L [using model-based approaches to calculate credit risk or market risk]	✓		✓		
	Template CMS2 : Comparison of modelled and standardized RWAs for credit risk at exposure class level	L [IRB]	✓			✓	
Part XI : Asset encumbrance	Template ENC : Asset encumbrance	L	✓			✓	

Disclosure requirement	Tables and templates	Applicability ²	Format		Frequency of disclosure		
			Fixed	Flexible	Quarterly	Semi-annual	Annual
Part XII: Cryptoasset exposures	Table CAEA: Qualitative disclosure on activities related to cryptoassets and approach used in assessing classification conditions	L & O		✓			✓
	Template CAE1: Cryptoasset exposures and RWAs	L		✓		✓	
	Template CAE2: Accounting classification of cryptoasset exposures	L		✓		✓	
	Template CAE3: Liquidity requirements for cryptoasset exposures – for category 1 institution	L & O [designated as category 1 institution]	✓			✓	

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

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).
Corresponding BDR section:	16C

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		T	T-1	T
1	Credit risk for non-securitization exposures			
2	Of which STC approach			
2a	Of which BSC approach			
3	Of which foundation IRB approach			
4	Of which supervisory slotting criteria approach			
5	Of which advanced IRB approach			
5a	Of which retail IRB approach			
5b	Of which specific risk-weight approach			
5c	<u>Of which cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR</u>			
6	Counterparty credit risk and default fund contributions			
7	Of which SA-CCR approach			
7a	Of which CEM			
8	Of which IMM(CCR) approach			
8a	<u>Of which method for group 2b cryptoasset derivative contracts</u>			
9	Of which others			
10	CVA risk			
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A	N/A
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach			
13	CIS exposures – mandate-based approach			

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		T	T-1	T
14	CIS exposures – fall-back approach			
14a	CIS exposures – combination of approaches			
15	Settlement risk			
16	Securitization exposures in banking book			
17	Of which SEC-IRBA			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA			
19a	Of which SEC-FBA			
20	Market risk			
21	Of which STM approach			
22	Of which IMA			
22a	Of which SSTM approach			
23	Capital charge for moving exposures between trading book and banking book			
24	Operational risk			
24a	Sovereign concentration risk			
25	Amounts below the thresholds for deduction (subject to 250% RW)			
26	Output floor level applied			
27	Floor adjustment (before application of transitional cap)			
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	Deduction to RWA			
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital			
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital			
29	Total			

N/A: Not applicable in the case of Hong Kong

Point to note

An AI should include group 1 cryptoasset exposures and group 2 cryptoasset exposures in all the relevant rows of this Template and other relevant disclosure tables and templates in this disclosure package, where applicable.

N/A: Not applicable in the case of Hong Kong

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.

Explanatory Note	
(b)	<i>RWA (T-1)</i> : RWA as reported in the previous reporting period (i.e. at the end of the previous quarter) of this template.
(c)	<i>Minimum capital requirements (T)</i> : Pillar 1 capital requirements, which in general are calculated as 8% of the RWA.
Rows	
1	<i>Credit risk for non-securitization exposures</i> : RWA and capital requirements according to the credit risk framework reported in Part III and Part XII of this document. The amounts exclude RWA and capital requirement arising from counterparty credit risk and default fund contributions, CVA risk, CIS exposures, settlement risk, securitization framework (e.g. securitization exposures in the banking book), and amounts below the deduction thresholds and subject to a 250% risk-weight.
2	<i>Of which STC approach</i> : RWA and capital requirements calculated using the STC approach under the BCR. For an interim or annual reporting period, the value in [OV1: 2/a] should be equal to the value in [CR4 (STC): 12/e].
2a	<i>Of which BSC approach</i> : RWA and capital requirements calculated using the BSC approach under the BCR. For an interim or annual reporting period, the value in [OV1: 2a/a] should be equal to the value in [CR4 (BSC): 16/e].
3	<i>Of which foundation IRB approach</i> : RWA and capital requirements for AIs using the foundation IRB approach ("FIRB approach") to calculate their credit risk under the BCR, excluding specialized lending calculated using the supervisory slotting criteria approach (reported in row 4), retail exposures under the retail IRB approach (reported in row 5a) and other exposures under the specific risk-weight approach (reported in row 5b).
4	<i>Of which supervisory slotting criteria approach</i> : RWA and capital requirements of specialized lending calculated using the supervisory slotting criteria approach under the BCR.
5	<i>Of which advanced IRB approach</i> : RWA and capital requirements for AIs using the advanced IRB approach ("AIRB approach") to calculate their credit risk under the BCR, excluding specialized lending calculated using the supervisory slotting criteria approach (reported in row 4), retail exposures under the retail IRB approach (reported in row 5a) and other exposures under the specific risk-weight approach (reported in row 5b).
5a	<i>Of which retail IRB approach</i> : RWA and capital requirements for AIs using the retail IRB approach to calculate their credit risk under the BCR.
5b	<i>Of which specific risk-weight approach</i> : RWA and capital requirements for AIs using the specific risk-weight approach to calculate their credit risk under the BCR.

Explanatory Note	
5c	<u>Of which cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR: RWA and capital requirements for the following AIs' cryptoasset exposures to credit risk:</u> • <u>risk of default to redeemer and risk arising when intermediaries performing redemption function in group 1b cryptoasset exposures assigned to the trading book and group 2a cryptoasset exposures that relate to group 2a cryptoassets that are stablecoins calculated in accordance with BCR §376 and §384 respectively;</u> • <u>group 2b cryptoasset exposures calculated in accordance with BCR §385;</u> • <u>infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the banking book specified by the Monetary Authority under BCR §380; and</u> • <u>add-on for group 2 cryptoasset exposures referred to in BCR §388.</u> <u>For the sake of clarity, the exposures reported in this row would not be reported in rows 2 to 5b, and vice versa.</u>
6	Counterparty credit risk and default fund contributions: RWA and capital requirements for counterparty credit 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 value in [OV1:6/a] is equal to the sum of values in [CCR1:6/f], [CCR8:1/b] and [CCR8:11/b].
7	<u>Of which SA-CCR approach: RWA calculated based on the amount of default risk exposures calculated under the SA-CCR approach, and the capital requirement calculated based on the RWA.</u> The value in [OV1:7/a] should be equal to the value in [CCR1: 1/f].
7a	<u>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.</u> The value in [OV1:7a/a] is equal to the value in [CCR1:1a/f].
8	<u>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.</u> The value in [OV1:8/a] is equal to the value in [CCR1:2/f] and the value in [CCR7:9/a].
8a	<u>Of which method for group 2b cryptoasset derivative contracts: RWA calculated based on the amount of default risk exposures in respect of group 2b cryptoasset derivative contracts calculated in accordance with BCR §377, and the capital requirement calculated based on the RWA. The value in [OV1:8a/a] is equal to the value in [CCR1:1b/f].</u>
9	<u>Of which others: RWA and capital requirements for the 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.</u>
10	CVA risk: Capital requirements for CVA calculated in accordance with the BCR and the corresponding RWA for CVA, as reported in Part IVA of this document.

Explanatory Note	
11	This row is not applicable in the case of Hong Kong because the BCR do not provide for any phase-in arrangement for the use of the IRB approach for equity exposures. An AI may report "Not applicable" or "N/A" in this row.
12	<i>Collective investment scheme ("CIS") exposures – look-through approach / third-party approach:</i> RWA and capital requirement of a CIS calculated under the look-through approach and/or third-party approach in accordance with Part 6B of the BCR.
13	<i>CIS exposures – mandate-based approach:</i> RWA and capital requirement of a CIS calculated under the mandated-based approach in accordance with Part 6B of the BCR.
14	<i>CIS exposures – fall-back approach:</i> RWA and capital requirement of a CIS calculated under the fall-back approach in accordance with Part 6B of the BCR.
14a	<i>CIS exposures – combination of approaches:</i> RWA and capital requirement of a CIS calculated by using more than one approach under Part 6B of the BCR. For clarity, RWA and capital requirement of a CIS calculated only under the look-through approach and third-party approach are reported under row 12.
15	<i>Settlement risk:</i> RWA and capital requirements for the exposures arising from the following items: (i) Transactions in securities, <u>cryptoassets</u>, 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, <u>cryptoassets</u>, 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	<i>Securitization exposures in banking book:</i> The amounts correspond to capital requirements applicable to the securitization exposures in the banking book (Part V of this document). The RWA should be derived from the capital requirements (including the impact of the cap specified in the BCR), meaning that they do not necessarily systematically correspond to the RWA reported in Templates SEC3 and SEC4, which are before the application of the cap.
17	<i>Of which SEC-IRBA:</i> RWA and capital requirements calculated using the SEC-IRBA under the BCR.
18	<i>Of which SEC-ERBA (including IAA):</i> RWA and capital requirements calculated using the SEC-ERBA (including those exposures that the AI uses IAA to determine the risk-weights) under the BCR.
19	<i>Of which SEC-SA:</i> RWA and capital requirements calculated using the SEC-SA under the BCR.
19a	<i>Of which SEC-FBA:</i> RWA and capital requirements calculated using the SEC-FBA under the BCR.

Explanatory Note	
20	<i>Market risk:</i> The amounts correspond to the RWA and capital requirements in the market risk framework (Part VI <u>and Part XII</u> of this document), which also includes capital charges for securitization exposures booked in the trading book <u>and the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the trading book</u> , but excludes the capital charges for counterparty credit risk, default fund contributions and CVA risk associated with covered positions (reported in Part IV and Part IVA of this document and in rows 6 and 10 of this template). An AI should derive the market risk RWAs by multiplying the market risk capital requirements by 12.5.
21	<i>Of which STM approach:</i> RWA and capital requirements calculated using the STM approach under the BCR, including capital charges for securitization exposures booked in the trading book. The value in [OV1:21/c] is equal to the value in [MR1: ~~42~~ 13/a].
22	<i>Of which IMA:</i> RWA and capital requirements calculated using the IMA under the BCR. The value in [OV1:22/c] is equal to the value in [MR2:16 minus MR2:13].
22a	<i>Of which SSTM approach:</i> RWA and capital requirements calculated using the SSTM approach under the BCR.
23	<i>Capital charge for moving exposures between trading book and banking book:</i> Outstanding accumulated capital surcharge imposed on the AI in accordance with the market risk framework in the BCR when the total capital charge (across banking book and trading book) of an AI is reduced as a result of the instruments being moved between the trading book and the banking book after their initial assignment. The outstanding accumulated capital surcharge takes into account any adjustment due to run-off as the positions mature or expire, in a manner agreed with the MA.
24	<i>Operational risk:</i> The amounts correspond to capital requirements in the operational risk framework specified in the BCR.
24a	<i>Sovereign concentration risk:</i> The amounts correspond to capital requirements in the sovereign concentration risk framework specified in the BCR.
25	<i>Amounts below the thresholds for deduction (subject to 250% RW):</i> The amounts correspond to items subject to a 250% risk-weight pursuant to the BCR.
26	<i>Output floor level applied:</i> the output floor level (expressed as a percentage) applied by the AI in accordance with the BCR in its computation of the floor adjustment value in row 27. An AI not subject to the output floor requirement may report "Not applicable" or "N/A" in this row.
27	<i>Floor adjustment (before application of transitional cap):</i> The impact of the output floor, based on the output floor level applied in row 26, in terms of the increase in RWA. A transitional cap that limits the RWA increase resulting from the application of the output floor is not applicable to Hong Kong.
28	This row is not applicable in the case of Hong Kong.
28a	<i>Deduction to RWA:</i> This is the sum of values in rows 28b and 28c.

Explanatory Note	
28b	<i>Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital:</i> 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.
28c	<i>Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital:</i> 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.
29	<i>Total:</i> This is equal to the sum of values in rows 1, 6, 10, 12, 13, 14, 14a, 15, 16, 20, 23, 24, 24a, 25 and 27, minus the deduction value in row 28a.

Part II: Linkages between financial statements and regulatory exposures

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

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

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

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

Explanatory Note	
Columns	
(a) and (b)	<i>Carrying values as reported in published financial statements / under scope of regulatory consolidation:</i> If an AI's scope of accounting consolidation and its scope of regulatory consolidation are exactly the same, columns (a) and (b) should be merged and this fact should be clearly disclosed.
(c) to (f)	<i>Carrying values of items:</i> The breakdown of regulatory categories in columns (c) to (f) corresponds to the breakdown prescribed in the rest of this document:- • column (c) corresponds to the carrying values of items (other than OBS items) reported in Part III <u>and Part XII</u>; • column (d) corresponds to the carrying values of items (other than OBS items) reported in Part IV; • column (e) corresponds to the carrying values of items in the banking book (other than OBS items) reported in Part V; and • column (f) corresponds to the carrying values of items (other than OBS items) reported in Part VI, ~~and~~ Part IVA <u>and Part XII</u>. Where a single item attracts capital charges according to the risk frameworks for more than one risk category, it should be reported in all the relevant columns of risk categories. An example could be where assets/liabilities arising from derivative contracts held in the regulatory trading book are related to both column (d) (subject to capital charge for default risk exposure) and column (f) (subject to capital charge for market risk exposure) calculation thus the sum of the values in column (c) to (g) may not equal the value in column (b). Similarly, where the amount subject to such double counting (i.e. disclosed in two or more different columns) results in a material variance between the value in column (b) and the sum of values in columns (c) to (g), an AI should provide the reasons in the accompanying narrative.
(g)	<i>Carrying values of items not subject to capital requirements or subject to deduction from capital:</i> Column (g) includes amounts not subject to capital requirements according to the BCR or subject to deductions from regulatory capital. Elements which are deducted from the AI's regulatory capital (e.g. goodwill, intangible assets, deferred tax assets) are to be included in column (g), taking into consideration the different thresholds that apply where relevant.
Rows	
All	The rows should strictly follow the balance sheet presentation used by the AI in its year-end financial statements.

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

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

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

* For the purpose of this template, column (e) also includes items subject to CVA risk framework.

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

7	<i>Differences due to consideration of provisions:</i> the exposure values under row 1 are the carrying amounts and hence net of provisions (ie specific and collective provisions). Nevertheless, exposures under the <u>IRB approach</u>~~FIRB approach and AIRB approach~~ are risk-weighted gross of provisions. Row 7 therefore is the re-inclusion of collective and specific provisions in the carrying amount of exposures in the <u>IRB approach</u>~~FIRB approach and AIRB approach~~ so that the carrying amount of those exposures is reconciled with their regulatory exposure value. Row 7 may also include the elements qualifying as collective provisions that may have been deducted from the carrying amount of exposures under the STC approach and that therefore need to be reintegrated in the regulatory exposure value of those exposures. Any differences between the accounting provisions and the regulatory provisions that have an impact on the exposure amounts considered for regulatory purposes should also be included in row 7.
N	<i>Exposure amounts considered for regulatory purposes:</i> the row designates the aggregate amount considered as a 'starting point' of the RWA calculation (post CCF and CRM) for each of the risk categories. This should correspond either to the exposure amount applied in the STC approach, in the BSC approach or to the EAD in the IRB approach under the credit risk framework; the exposure amount of any securitization exposure under the securitization framework; and the default risk exposure or EAD under the counterparty credit risk framework.

Part IIA: Composition of regulatory capital

Template CC1: Composition of regulatory capital

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

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium		[e]
2	Retained earnings		
3	Disclosed reserves		
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)		
6	CET1 capital before regulatory deductions		
	CET1 capital: regulatory deductions		
7	Valuation adjustments		
8	Goodwill (net of associated deferred tax liabilities)		[a] - [c]
9	Other intangible assets (net of associated deferred tax liabilities)		[b] - [d]
10	Deferred tax assets (net of associated deferred tax liabilities)		

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
11	Cash flow hedge reserve		
12	Excess of total EL amount over total eligible provisions under the IRB approach		
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)		
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)		
17	Reciprocal cross-holdings in CET1 capital instruments		
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital		
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)		
26b	Regulatory reserve for general banking risks		
26c	Securitization exposures specified in a notice given by the MA		
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings		
26e	Capital shortfall of regulated non-bank subsidiaries		
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)		
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions		
28	Total regulatory deductions to CET1 capital		
29	CET1 capital		
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium		[f]

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)		
36	AT1 capital before regulatory deductions		
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments		
38	Reciprocal cross-holdings in AT1 capital instruments		
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation		
41	National specific regulatory adjustments applied to AT1 capital		
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions		
43	Total regulatory deductions to AT1 capital		
44	AT1 capital		
45	Tier 1 capital (T1 = CET1 + AT1)		
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium		
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)		
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital		
51	Tier 2 capital before regulatory deductions		
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments		
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities		
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)		
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)		

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments applied to Tier 2 capital		
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital		
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within BCR §48(1)(g)		
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 LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation		
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation		
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)		
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA		

Points to note:

(i) 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.

(ii) 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.

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

Notes to the template

	Description	Hong Kong basis	Basel III basis
9	Other intangible assets (net of associated deferred tax liabilities)		
	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15%		

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

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

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 approach to reconciliation as explained in DIS25 of the Basel framework.
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.

Explanatory Note	
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.
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)), <u>excluding cryptoasset exposures recognized as intangible asset under applicable accounting standards but</u> 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 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).

Explanatory Note	
18	Amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities outside the scope of regulatory consolidation that is in excess of the 10% threshold according to BCR Schedule 4F after taking into account any amount of loans, facilities or other credit exposures that is required (i) by BCR §46(2) to be aggregated with this item for the purpose of determining the excess amount, and (ii) by BCR §43(1)(o) to be deducted from CET1 capital.
19	Amount of significant LAC investments in CET1 capital instruments issued by financial sector entities outside the scope of regulatory consolidation that is in excess of the 10% threshold according to BCR Schedule 4G, after taking into account any amount of loans, facilities or other credit exposures that is required (i) by BCR §46(2) to be aggregated with this item for the purpose of determining the excess amount, and (ii) by BCR §43(1)(p) to be deducted from CET1 capital.
20	This row is not applicable in the case of Hong Kong given that any amount of MSRs on an AI's balance sheet will be included in row 9 (other intangible assets) and fully deducted in accordance with BCR §43(1)(b).
21	This row is not applicable in the case of Hong Kong given that any amount of DTA arising from temporary difference on an AI's balance sheet will be included in row 10 (deferred tax assets) and fully deducted in accordance with BCR §43(1)(d).
22	This row is irrelevant as the "15% threshold" is not applicable to Hong Kong since MSRs and DTAs are required to be fully deducted under the BCR.
23	This row is irrelevant as the "15% threshold" is not applicable to Hong Kong since MSRs and DTAs are required to be fully deducted under the BCR.
24	This row is irrelevant as the "15% threshold" is not applicable to Hong Kong since MSRs and DTAs are required to be fully deducted under the BCR.
25	This row is irrelevant as the "15% threshold" is not applicable to Hong Kong since MSRs and DTAs are required to be fully deducted under the BCR.
26	Specific regulatory adjustments that the MA requires AIs to apply to CET1 capital in addition to the adjustments required under Basel III, calculated as the sum of values in rows 26a to 26f and any other additional rows inserted between rows 26 and 27, if applicable.
26a	Cumulative fair value gains arising from revaluation of land and buildings (covering both own-use and investment properties) as set out in BCR §38(2)(c) and (d).
26b	Regulatory reserve for general banking risks as referred to in BCR §38(2)(e).
26c	Any securitization exposures specified in a notice given by the MA pursuant to BCR §43(1)(f).
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings as referred to in BCR §43(1)(j).
26e	Capital shortfall of regulated non-bank subsidiaries as specified in BCR §43(1)(k).

Explanatory Note	
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), <u>after eliminating the relevant amount of fair value gains or losses on the corresponding instruments issued by the AI that are fair-valued and result from changes in the AI's own credit risk as described in BCR §38(2)(b) and included in row 14.</u> 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.
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.
36	The sum of values in rows 30 and 34.
37	Investments in own AT1 capital instruments, as referred to in BCR §47(1)(a).
38	Reciprocal cross-holdings in AT1 capital instruments, as referred to in BCR §47(1)(b).
39	Amount of insignificant LAC investments in AT1 capital instruments issued by financial sector entities outside the scope of regulatory consolidation that is in excess of the 10% threshold according to BCR Schedule 4F, and is required to be deducted from AT1 capital in accordance with BCR §47(1)(c).
40	Amount of significant LAC investments in AT1 capital instruments issued by financial sector entities outside the scope of regulatory consolidation that is required to be deducted from AT1 capital in accordance with BCR §47(1)(d).
41	Specific regulatory deductions that the MA requires AIs to apply to AT1 capital in addition to the adjustments required under Basel III, calculated as the sum of values in any other additional rows inserted between rows 41 and 42, if applicable.

Explanatory Note	
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), <u>after eliminating the relevant amount of fair value gains or losses on the corresponding instruments issued by the AI that are fair-valued and result from changes in the AI's own credit risk as described in BCR §38(2)(b) and included in row 14.</u> 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.
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.
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, 48 and 50.
52	Investments in own Tier 2 capital instruments, as referred to in BCR §48(1)(a).
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities, as referred to in BCR §48(1)(b).
54	Amount of insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities outside the scope of regulatory consolidation (net of eligible short positions) that is in excess of the 10% threshold and, where applicable, the gross long positions of non-capital LAC liabilities of such entities that is in excess of the 5% threshold, according to BCR Schedule 4F, and is required to be deducted from Tier 2 capital in accordance with BCR §48(1)(c).
54a	Amount of insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation, formerly designated for the 5% threshold but no longer meeting the conditions for designation under BCR Schedule 4F, measured on a gross long basis. This row is applicable to "section 2 institutions" (as defined in §2 of Schedule 4F) only, where the amounts designated to this threshold

Explanatory Note	
	may not subsequently be moved to the 10% threshold. This row does not apply to “section 3 institutions” (as defined in §3 of Schedule 4F), to which these conditions on the use of the 5% threshold do not apply.
55	Amount of significant LAC investments in Tier 2 capital instruments issued by financial sector entities outside the scope of regulatory consolidation (net of eligible short positions) that is required to be deducted from Tier 2 capital in accordance with BCR §48(1)(d).
55a	Amount of significant LAC investments in non-capital LAC liabilities of financial sector entities outside the scope of regulatory consolidation (net of eligible short positions) that is required to be deducted from Tier 2 capital in accordance with BCR §48(1)(d).
56	Specific regulatory adjustments that the MA requires AIs to apply to Tier 2 capital in addition to the minimum adjustments required under Basel III, calculated as the sum of values in any additional rows inserted between rows 56 and 57, if applicable.
56a	The portion (i.e. 45%) of the property revaluation reserve that is permitted to be included / added back as Tier 2 capital under BCR §40(1)(d). This item has the effect of reducing the total regulatory deductions to Tier 2 capital and must be reported as a negative figure.
56b	For institutions that maintain any non-capital LAC debt resources, the amount by which the total amount of the AI's holdings of non-capital LAC liabilities falling within BCR §48(1)(g) exceeds the institution's non-capital LAC debt resources or, for institutions that do not maintain any non-capital LAC debt resources, the total amount of the institution's holdings of non-capital LAC liabilities falling within BCR §48(1)(g).
57	The sum of values in rows 52 to 56b.
58	Tier 2 capital, calculated as the difference of values in row 51 and row 57. If the amount reported in row 57 exceeds that in row 51, include the excess amount in row 42 and report zero here.
59	Total capital, calculated as the sum of values in row 45 and row 58.
60	Total RWA of the AI.
61	CET1 capital ratio (as a percentage of RWA), calculated as the quotient of value in row 29 to value in row 60, expressed as a percentage.
62	Tier 1 capital ratio (as a percentage of RWA), calculated as the quotient of value in row 45 to value in row 60, expressed as a percentage.
63	Total capital ratio (as a percentage of RWA), calculated as the quotient of value in row 59 to value in row 60, expressed as a percentage.
64	Institution-specific buffer requirement (i.e. capital conservation buffer (“CB”), any countercyclical capital buffer (“CCyB”) and any higher loss absorbency (“HLA”) requirements, all expressed as a percentage of RWA), to be calculated in accordance with the level specified in BCR §3M for CB requirement, plus the institution-specific CCyB requirement and the institution-specific HLA requirement.

Explanatory Note	
65	The amount in row 64 (expressed as a percentage of RWA) that relates to the CB requirement (i.e. to report the level specified in BCR §3M).
66	The amount in row 64 (expressed as a percentage of RWA) that relates to the institution-specific CCyB requirement, which is equal to the value reported in cell N+2/d of Template CCyB1.
67	The amount in row 64 (expressed as a percentage of RWA) relates to any HLA requirements, if applicable. An AI should report the HLA requirement applicable to it as a G-SIB or a D-SIB, whichever is higher.
68	CET1 (as a percentage of risk-weighted assets) available after meeting the AI's minimum capital requirements, calculated as the CET1 capital ratio (row 61) less the sum of ratios of (i) the 4.5% minimum CET1 requirement under BCR §3B; and (ii) any other CET1 capital required to meet the minimum Tier 1 and Total capital requirements under BCR §43(1)(r) and §47(1)(g). For example, suppose an AI has 100 RWA, 10 CET1 capital, 1.5 AT1 capital and no Tier 2 capital. Since it does not have any Tier 2 capital, it will have to earmark its CET1 capital to meet the 8% minimum capital requirement. The net CET1 capital left to meet other requirements (which could include Pillar 2 or buffers requirements) will be $10 - 4.5 - 2 = 3.5$.
69	This row is not applicable in the case of Hong Kong where the CET1 capital ratio is as defined under Basel III.
70	This row is not applicable in the case of Hong Kong where the Tier 1 capital ratio is as defined under Basel III.
71	This row is not applicable in the case of Hong Kong where the Total capital ratio is as defined under Basel III.
72	Insignificant LAC investments in CET1, AT1, Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities outside the regulatory scope of consolidation, to the extent that such holdings are not reported in row 18, row 39 and row 54.
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the regulatory scope of consolidation, to the extent that such holdings are not reported in row 19 and row 23.
74	This row is not applicable in the case of Hong Kong, as 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

Explanatory Note	
	apportioned to the SEC-IRBA in Tier 2 capital, calculated in accordance with BCR §42(2), (3) and (4), prior to the application of the cap.
79	Cap for inclusion of surplus provisions for exposures calculated using the IRB approach and the portion of an AI's total regulatory reserve for general banking risks and provisions for Stages 1 and 2 of credit impairment that is apportioned to the SEC-IRBA in Tier 2 capital, calculated in accordance with BCR §42(2), (3) and (4).

Part IIC: Leverage ratio

Template LR2: Leverage ratio ("LR")

Purpose:	To provide a detailed breakdown of the components of the LR denominator, as well as information on LR, minimum applicable LR and mean-SFT adjusted LR.
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 capital adequacy 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, unless otherwise provided in the explanatory notes for the relevant rows.
Frequency:	Quarterly.
Format:	Fixed.
Accompanying narrative:	An AI should describe the key factors that have had a material impact on the LR for the current reporting period compared with the preceding reporting period. An AI should also describe the key factors that explain any material differences between the gross amount of SFT assets that are disclosed in row 29 and the mean values of gross assets of SFTs that are disclosed in row 28.
Corresponding BDR section:	16FI

		(a)	(b)
		HK\$ equivalent	
		T	T-1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)		
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard		
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts		
4	Less: Adjustment for ~~securities~~ <u>assets other than money</u> received under SFTs that are recognised as an asset		

		(a)	(b)
		HK\$ equivalent	
		T	T-1
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital		
6	Less: Asset amounts deducted in determining Tier 1 capital		
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)		
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)		
9	Add-on amounts for PFE associated with all derivative contracts		
10	Less: Exempted CCP leg of client-cleared trade exposures		
11	Adjusted effective notional amount of written credit-related derivative contracts		
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts		
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)		
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets		
16	CCR exposure for SFT assets		
17	Agent transaction exposures		
18	Total exposures arising from SFTs (sum of rows 14 to 17)		
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount		
20	Less: Adjustments for conversion to credit equivalent amounts		
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital		
22	Off-balance sheet items (sum of rows 19 to 21)		
Capital and total exposures			
23	Tier 1 capital		
24	Total exposures (sum of rows 7, 13, 18 and 22)		
Leverage ratio			
25 & 25a	Leverage ratio		
26	Minimum leverage ratio requirement		
27	Applicable leverage buffers	Not applicable	Not applicable
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		

		(a)	(b)
		HK\$ equivalent	
		T	T-1
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)		
31 & 31a	Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)		

Point to note:

(i) a row shaded yellow represents an item that is not applicable to Hong Kong.

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 8 to 18. Collateral for derivative contracts and SFTs refer to either collateral received or collateral provided (or any associated receivable asset) included as a balance sheet asset. 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. Amounts are to be reported in accordance with the LR framework.
2	Grossed-up amount of any collateral provided in relation to exposures arising from derivative contracts where the provision of that collateral has reduced the value of the balance sheet assets under the AI's applicable accounting standard.
3	Deductions of receivable assets in respect of cash variation margin provided under derivative contracts where the posting of cash variation margin has resulted in the recognition of a receivable asset under the AI's applicable accounting standard. As the adjustments in row 3 reduce the exposure measure, they should be reported as negative figures.
4	Adjustment for ~~securities~~ <u>assets other than money</u> received under a SFT where an AI has recognised the ~~securities~~ <u>assets other than money</u> as an asset on its balance sheet. These amounts are to be excluded from the exposure measure in accordance with the LR framework in respect of SFT exposures. As the adjustments in row 4 reduce the exposure measure, they shall be reported as negative figures.
5	Specific and collective provisions, if any, that reduce the on-balance sheet exposure measures may be presented in this row, provided that such reductions from exposure measures are allowable under Part 1C

Explanatory Note	
	of the BCR. As these adjustments reduce the exposure measure, they should be reported as negative figures.
6	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 AI following the corresponding deduction approach, may be deducted from the exposure measure. - For an AI using the IRB approach to determining capital requirements for credit risk, it is required any excess of the total expected loss over the total eligible provisions be deducted from CET1 capital. The same amount may be deducted from the exposure measure. As the adjustments in row 6 reduce the exposure measure, they should be reported as negative figures.
7	Sum of values in rows 1 to 6.
8	Replacement cost ("RC") associated with all derivative contracts (including exposures resulting from direct transactions between a client and a CCP where the AI guarantees the performance of its clients' derivative trade exposures to the CCP), net of cash variation margin received and with, where applicable, bilateral netting under a qualifying bilateral netting agreement. This amount should be reported after applying the 1.4 alpha factor.
9	Add-on amount for the potential future exposure ("PFE") of all exposures arising from derivative contracts. This amount should be reported after applying the 1.4 alpha factor.
10	Exempted trade exposures associated with the CCP leg of derivative contracts resulting from client-cleared transactions or which the clearing member, based on the contractual arrangements with the client, is not obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that a QCCP defaults. As the adjustments in row 10 reduce the exposure measure, they should be reported as negative figures.
11	The effective notional amount of written credit-related derivative contracts, which may be reduced by the total amount of negative changes in fair value amounts that have been incorporated into the calculation of Tier 1 capital with respect to written credit-related derivative contracts.
12	Adjustments relating to: - The amount by which the notional amount of a written credit-related derivative is reduced by a purchased credit-related derivative contract on the same reference name; and - The deduction of add-on amounts for PFE in relation to written credit-related derivative contracts. As the adjustments in row 12 reduce the exposure measure, they should be reported as negative figures.
13	Sum of values in rows 8 to 12.

Explanatory Note	
14	The gross amount of SFT assets without recognition of netting, other than novation with QCCPs (in which case the final contractual exposure is to replace the gross amount of SFT assets), determined in accordance with the LR framework in respect of SFT exposures (e.g. excluding any ~~securities~~ <u>assets other than money</u> received under an SFT where the AI has recognised the ~~securities~~ <u>assets other than money</u> as an asset on its balance sheet), and adjusting for any sale accounting transactions.
15	Adjustments for cash payables and cash receivables of gross SFT assets with netting determined in accordance with the LR framework in respect of SFT exposures. As these adjustments reduce the exposure measure, they should be reported as a negative figure.
16	The amount of the counterparty credit risk add-on for SFTs determined in accordance with the LR framework in respect of SFT exposures.
17	The amount for which the AI acting as an agent in an SFT has provided an indemnity or guarantee determined in accordance with the LR framework in respect of SFT exposures.
18	Sum of values in rows 14 to 17.
19	Total off-balance sheet exposure amounts (excluding off-balance sheet exposure amounts associated with SFT and derivative contracts) on a gross notional basis, before any adjustment for credit conversion factors ("CCFs").
20	Reduction in gross amount of off-balance sheet exposures due to the application of CCFs. As these adjustments reduce the exposure measure, they should be reported as negative figures.
21	Amounts of specific and collective provisions associated with off-balance sheet exposures that have decreased Tier 1 capital, the absolute value of which is not to exceed the sum of rows 19 and 20. As these adjustments reduce the exposure measure, they shall be reported as negative figures.
22	Sum of values in rows 19 to 21.
23	The amount of Tier 1 capital as determined under the BCR. The value in [LR2:23/a] is equal to the value in [KM1:2 & 2a/a].
24	Sum of values in rows 7, 13, 18 and 22. The value in [LR2:24/a] is equal to the value in [KM1:13/a] and in [LR1: 13/a].
25 & 25a	Leverage ratio is defined as the Tier 1 capital measure of row 23 (the numerator) divided by the exposure measure of row 24 (the denominator), where the resultant quotient be expressed as a percentage. Hong Kong does not exercise the discretion to allow for the temporary exemption of central bank reserves from the LR exposure measure. The value in [LR2:25 & 25a/a] is equal to the value in [KM1:14, 14a & 14b/a].
26	The minimum leverage ratio requirement applicable to an AI as specified in BCR §3Z.
27	This row is not applicable as Hong Kong does not adopt leverage buffers.

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

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 Hong Kong and AIs incorporated 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) ³

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

³ For AIs incorporated outside Hong Kong with cryptoasset exposures, the liquidity risk management information relevant to AI's cryptoasset exposures that is required to be disclosed under BDR §103(4B) is set out in Table CAEA under Part XII of [this document](#).

-
- (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.
-

Part III: Credit risk for non-securitization exposures

I. Credit risk mitigation

Table CRC: Qualitative disclosures related to credit risk mitigation

Purpose:	To provide qualitative information on the policies and processes relating to the use of CRM.
Scope of application:	The table is mandatory for all AIs incorporated in Hong Kong.
Content:	Qualitative information.
Frequency:	Annual.
Format:	Flexible.
Corresponding BDR section:	16K

An AI should disclose the following information:

- (a) (i) description of policies and procedures for netting of on- and off-balance sheet exposures;
- (ii) an indication of the extent to which the AI makes use of netting of on- and off-balance sheet exposures;
- (b) description of policies and processes for the valuation, revaluation and management of collateral; and
- (c) information about market or credit risk concentrations under each form of CRM used by the AI (i.e. by type of guarantor, collateral and credit protection seller). AIs should disclose a meaningful breakdown of their credit protection seller of credit derivative contracts, and set the level of granularity of this breakdown without disclosing confidential and proprietary information in accordance with BDR §9. For instance, AIs are not required to identify their credit derivatives counterparties nominally if their name are considered to be confidential information. Instead, the credit derivative exposure can be broken down by external rating class or by type of counterparty (e.g. banks, other financial institutions, non-financial institutions).

II. Credit risk under standardized (credit risk) approach

Table CRD: Qualitative disclosures on use of ECAI ratings under STC approach

Purpose:	To provide information on the process adopted for using ECAI ratings and the extent to which the ratings are used for RWA calculation.
Scope of application:	The table is mandatory for AIs incorporated in Hong Kong that use the STC approach for calculating all or part of their credit risk capital requirement. AIs that use the BSC approach are not subject to the disclosure requirements of this table. For <u>AIs that use a combination of the STC approach and the IRB approach</u>, ~~IRB AIs with exposures subject to the STC approach, such as their~~ exposures <u>subject to the STC approach</u> should also be reported using this table. However, an AI may choose not to disclose the information required in this table provided that the following conditions are met: (i) the exposure amounts and RWA calculated under the STC approach are negligible; (ii) the AI has clearly stated this fact in the disclosure statement; and (iii) the AI has explained in a narrative commentary why it considers the information not to be meaningful to information users, including a description of the portfolios concerned and the aggregate total RWAs these portfolios represent.
Content:	Qualitative information.
Frequency:	Annual.
Format:	Flexible.
Corresponding BDR section:	16M

For portfolios that are risk-weighted under the STC approach, an AI should disclose the following information:

- (a) names of the ECAIs used by the AI, and the reasons for any changes over the current reporting period;
- (b) the exposure classes for which each ECAI is used; and
- (c) description of the process used to transfer the ECAI issuer rating to ECAI issue specific rating onto comparable exposures in the banking book.

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

Purpose:	To illustrate the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of capital requirements. RWA density provides a synthetic metric on riskiness of each portfolio.
Scope of application:	The template, which comprises a STC version and a BSC version, is mandatory for AIs incorporated in Hong Kong that have credit risk exposures subject to the STC approach or the BSC approach. The STC version of this template is to be completed by AIs that use the STC approach and the BSC version by AIs that use the BSC approach. <u>AIs that use a combination of the STC approach and the IRB approach</u> ~~IRB AIs with exposures subject to the STC approach~~ should report ~~such their~~ exposures <u>subject to the STC approach</u> in the STC version. However, an AI may choose not to disclose the information required in this template provided that the following conditions are met: (i) the exposure amounts and RWA calculated are negligible; (ii) the AI has clearly stated this fact in the disclosure statement; and (iii) the AI has explained in a narrative commentary why it considers the information not to be meaningful to information users, including a description of the portfolios concerned and the aggregate total of RWAs from such exposures. CIS exposures should not be reported in this template but in Template OV1. <u>Exposures for settlement risk that are reported under row 15 of the Template OV1 are also excluded from this template.</u>
Content:	Credit risk exposure amounts for the purpose of capital adequacy.
Frequency:	Semi-annual.
Format:	Fixed. The columns are fixed and the rows in the STC version and the BSC version of this template reflect respectively the classification of exposures as defined under the BCR, where applicable.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements. An AI should describe the sequence in which CCFs, provisioning and credit risk mitigation measures are applied in relation to both on-balance sheet and off-balance sheet exposures, where applicable.
Corresponding BDR section:	16N

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

	Exposure classes	(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures						
2	Public sector entity exposures						
3	Multilateral development bank exposures						
3a	Unspecified multilateral body exposures						
4	Bank exposures						
4a	Qualifying non-bank financial institution exposures						
5	Eligible covered bond exposures						
6	General corporate exposures						
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a						
6b	Specialized lending						
7	Equity exposures						
7a	Significant capital investments in commercial entities						
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities						
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates						
8	Retail exposures						

	Exposure classes	(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
8a	Exposures arising from IPO financing						
9	Real estate exposures						
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)						
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)						
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)						
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)						
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)						
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)						
9g	Of which: land acquisition, development and construction exposures						
10	Defaulted exposures						
11	Other exposures						
11a	Cash and gold						

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
11b	Items in the process of clearing or settlement						
12	Total						

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

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures						
2	Public sector entity exposures						
3	Multilateral development bank exposures						
4	Unspecified multilateral body exposures						
5	Bank exposures						
6	Eligible covered bond exposures						
7	Exposures arising from IPO financing						
8	Real estate exposures						
8a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)						
8b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)						
8c	Of which: other real estate exposures						
9	Equity exposures						

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
10	Significant capital investments in commercial entities						
11	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities						
12	Subordinated debts issued by banks and corporates						
13	Cash and gold						
14	Items in the process of clearing or settlement						
15	Other exposures						
<u>15a</u>	<u>Group 1 cryptoasset exposures (other than those related to group 1a cryptoassets issued by the Government or domestic public sector entities)</u>						
16	Total						

Explanatory Note	
Columns	
(a)	<i>Exposures pre-CCF and pre-CRM – On-Balance sheet amount:</i> the on-balance sheet exposure amount (net of specific provisions, including allowances / impairments and partial write-offs) under the regulatory scope of consolidation gross of the effect of recognized CRM.
(b)	<i>Exposures pre-CCF and pre-CRM – Off-Balance sheet amount:</i> the off-balance sheet exposure amount, gross of CCF and the effect of recognized CRM under the regulatory scope of consolidation.
(c)	<i>Exposures post-CCF and post-CRM – On-Balance sheet amount:</i> the on-balance sheet exposure amount to which the capital requirements are applied. It is a net credit exposure amount, after the effects of recognized CRM.
(d)	<i>Exposures post-CCF and post-CRM – Off-Balance sheet amount:</i> the off-balance sheet exposure amount to which the capital requirements are applied. It is a net credit equivalent amount, after the effects of recognized CRM and CCF.
(e)	<i>RWA:</i> for AIs using the STC approach, the value in [CR4(STC): 12/e] is equal to the value in [OV1: 2/a]; for AIs using the BSC approach, the value in [CR4(BSC): 16/e] is equal to the value in [OV1: 2a/a].
(f)	<i>RWA density:</i> this is derived from total RWA in column (e) divided by exposures post-CCF and post-CRM (i.e. the sum of values in columns (c) and (d)). The resultant ratio should be expressed in percentage.
Rows	
All	The rows and their respective definitions are aligned with the classification of exposures used in Part 4 (for STC approach) or Part 5 (for BSC approach) of the BCR. <u>These should include group 1a cryptoasset exposures and group 1b cryptoasset exposures which should be reported based on the traditional asset(s) underlying the group 1a cryptoassets to which the exposures relate, the reference assets underlying group 1b cryptoassets, or the exposure class to which the relevant redeemer/member holder/non-member holder belongs, except in the case of an AI using the BSC approach, exposures falling within row 15a should be reported in that row.</u>

Explanatory Note	
12 (STC) / 16 (BSC)	<i>Total:</i> for AIs using the STC approach, the sum of values in [CR4(STC):12/c] and [CR4(STC):12/d] is equal to the value in [CR5(STC):11/d] under the table “Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures (STC version)”; for AIs using the BSC approach, the sum of values in [CR4(BSC):16/c] and [CR4(BSC):16/d] is equal to the value in [CR5(BSC):8/d] under the table “Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures (BSC version)”.

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

Purpose:	To present a breakdown of credit risk exposures by exposure classes and by risk weights (corresponding to the classification of exposures according to the approaches used).
Scope of application:	The template, which comprises a STC version and a BSC version, is mandatory for AIs incorporated in Hong Kong that have credit risk exposures subject to the STC approach or the BSC approach. The STC version of this template is to be completed by AIs that use the STC approach and the BSC version by AIs that use the BSC approach. <u>AIs that use a combination of the STC approach and the IRB approach</u> ~~IRB AIs with exposures subject to the STC approach~~ should report ~~such their~~ exposures <u>subject to the STC approach</u> in the STC version. However, an AI may choose not to disclose the information required in this template provided that the following conditions are met: (i) the credit exposure amounts and RWA calculated are negligible; (ii) the AI has clearly stated this fact in the disclosure statement; and (iii) the AI has explained in a narrative commentary why it considers the information not to be meaningful to information users, including a description of the exposures included in the respective portfolios and the aggregate total RWAs from such exposures. CIS exposures should not be reported in this template but in Template OV1. <u>Exposures for settlement risk that are reported under row 15 of the Template OV1 are also excluded from this template.</u>
Content:	Credit risk exposure amounts for the purpose of capital adequacy, after taking into account CCFs and the effect of recognized CRM.
Frequency:	Semi-annual.
Format:	Fixed. The columns are fixed and the rows in the STC version and the BSC version of this template reflect respectively the exposure classes as defined under the BCR.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements. An AI should describe the sequence in which CCFs, provisioning and credit risk mitigation measures are applied in relation to both on-balance sheet and off-balance sheet exposures, where applicable.
Corresponding BDR section:	16O

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

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign exposures							

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
2	Public sector entity exposures							

		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3	Multilateral development bank exposures								

		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3a	Unspecified multilateral body exposures							

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4	Bank exposures									

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4a	Qualifying non-bank financial institution exposures									

		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Eligible covered bond exposures									

		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures										
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a										

		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6b	Specialized lending									

		100%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures					

		250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
7a	Significant capital investments in commercial entities					

		150%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities					

		150%		Other	Total credit exposure amount (post-CCF and post-CRM)
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates				

		45%	75%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
8	Retail exposures					

		0%		Other	Total credit exposure amount (post-CCF and post-CRM)
8a	Exposures arising from IPO financing				

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

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

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

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

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

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

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

		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)
11 b	Items in the process of clearing or settlement				

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

	Risk Weight [#]	(a)	(b)	(c)	(d)
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1	Less than 40%				
2	40-70%				
3	75%				
4	85%				
5	90- 100%				
6	105-130%				
7	150%				
8	250%				
9	400%				
10	1,250%				
11	Total exposures				

Points to note:

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

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

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

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

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

		0%	Other	Total credit exposure amount (post-CCF and post-CRM)
3	Multilateral development bank exposures			

		50%	Other	Total credit exposure amount (post-CCF and post-CRM)
4	Unspecified multilateral body exposures			

		20%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Bank exposures				

		10%	50%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	Eligible covered bond exposures				

		0%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Exposures arising from IPO financing			

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

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

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

		150%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities					

		150%	Other	Total credit exposure amount (post-CCF and post-CRM)
12	Subordinated debts issued by banks and corporates			

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
13	Cash and gold				

		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)
14	Items in the process of clearing or settlement				

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
15	Other exposures				

		<u>1250%</u>	<u>Total credit exposure amount (post-CCF and post-CRM)</u>
<u>15</u>	<u>Group 1 cryptoasset exposures (other than those</u>		
<u>a</u>	<u>related to group 1a cryptoassets issued by the</u>		
	<u>Government or domestic public sector entities)</u>		

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

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

Points to note:

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

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

Explanatory Note	
Rows	
All	The rows and their respective definitions are aligned with the classification of exposures used in Part 4 (for STC approach) or Part 5 (for BSC approach) of the BCR. <u>These should include group 1a cryptoasset exposures and group 1b cryptoasset exposures which should be reported based on the traditional asset(s) underlying the group 1a cryptoassets to which the exposures relate, the reference assets underlying group 1b cryptoassets,, or the exposure class to which the relevant redeemer/member holder/non-member holder belongs, except in the case of an AI using the BSC approach, exposures falling within row 15a should be reported in that row.</u> Loan-splitting approach is not applicable to Hong Kong.
11 (STC) / 8 (BSC)	<i>Total exposures</i> under the table "Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures": for AIs using the STC approach, the value in [CR5(STC):11/d] is equal to the sum of values in [CR4(STC):12/c] and [CR4(STC):12/d]; for AIs using the BSC approach, the value in [CR5(BSC):8/d] is equal to the sum of values in [CR4(BSC):16/c] and [CR4(BSC):16/d].

Part IV: Counterparty credit risk

Unless the context otherwise requires, the scope of the counterparty credit risk section (Part IV of this document) includes all counterparty credit risk exposures to CCPs and other counterparties arising from transactions in the banking book and trading book, and exposures in respect of default fund contributions to CCPs, that are subject to Part 6A [and Part 12](#) of the BCR.

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

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

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

Explanatory Note	
Columns	
(a)	<i>Replacement Cost (RC)</i> : for the SA-CCR approach, means the RC calculated under the SA-CCR approach in accordance with Division 1A, Part 6A of the BCR. For the CEM, means the RC calculated under the CEM in accordance with Division 2A, Part 6A of the BCR. <u>For the method for group 2b cryptoasset derivative contracts, means the RC referred to in BCR §377(1)(a).</u>
(b)	<i>PFE</i> : For SA-CCR approach, means the PFE calculated under the SA-CCR approach in accordance with Division 1A, Part 6A of the BCR. For CEM, means the PFE calculated under the CEM in accordance with Division 2A, Part 6A of the BCR. <u>For the method for group 2b cryptoasset derivative contracts, means the PFE referred to in BCR §377(1)(b).</u>
(c)	<i>Effective EPE</i> : this has the meaning given to it by the BCR.
(d)	<i>Alpha (α) used for computing default risk exposure</i> : under the <u>rows for</u> CEM, SA-CCR approach, ~~or~~ IMM(CCR) approach <u>or the method for group 2b cryptoasset derivative contracts</u> , as the case may be, means the alpha applicable to the AI as specified in the BCR.
(e)	<i>Default risk exposure after CRM</i>: In the case of the SA-CCR approach, the CEM, the IMM(CCR) approach, <u>the method for group 2b cryptoasset derivative contracts</u>, SFTs <u>(other than those on cryptoassets)</u> subject to BCR §226MJ for which the CRM effect is taken into account by using the simple approach and SFTs <u>(other than those on cryptoassets)</u> subject to BCR §226MK or 226ML, means the default risk exposure or outstanding default risk exposure, as the case may be, as defined under the BCR. In the case of SFTs <u>(other than those on cryptoassets)</u> subject to BCR §226MJ for which the CRM effect is taken into account by using the comprehensive approach under Part 4 of the BCR, the amount disclosed in row 4 should be the amount calculated after taking into account any recognized collateral received under the SFTs. <u>In respect of SFTs on cryptoassets, means the default risk exposures calculated in accordance with Division 2B of Part 6A of the BCR, subject to the modifications set out in BCR §378.</u> In the case of recognized guarantees and recognized credit derivative contracts where the CRM effect is taken into account in accordance with Parts 4 and 5 of the BCR, the default risk exposure (or outstanding default risk exposure) after taking into account the guarantee or credit derivative contract is equal to the default risk exposure (or outstanding default risk exposure) as defined under the BCR. In the case of recognized collateral for SFTs subject to BCR §226MJ, recognized guarantees and recognized credit derivative contracts where the CRM effect is considered in the risk-weight function under Part 6 of the BCR, the post-CRM default risk exposure reported in column (e) is equal to the pre-CRM default risk exposure given that the related CRM effect is not reflected in the EAD of eligible IRB exposures.

Explanatory Note	
	For the purposes of this disclosure template— - CRM does not include recognized collateral received by an AI outside a netting set where the collateral is not designated solely for offsetting losses on default risk exposures. - Simple approach — - in relation to the STC approach, means the simple approach set out in Division 6 of Part 4 of the BCR; and - in relation to the BSC approach, means the method of reducing the risk-weighted amount of an exposure set out in Division 5 of Part 5 of the BCR.
(f)	RWA: the product of the default risk exposure after CRM and the risk weight applicable to the counterparty concerned.
Rows	
1	SA-CCR approach (for derivative contracts): for an AI that uses the SA-CCR approach to calculate default risk exposure in respect of derivative contracts, the AI should report the relevant figures under column (a) to (f) where applicable. The value in [CCR1: 1/f] should be equal to the value in [OV1: 7/a].
1a	CEM (for derivative contracts): for an AI that uses the CEM to calculate default risk exposure in respect of derivative contracts, the AI should report the relevant figures under column (a) to (f) where applicable. The value in [CCR1: 1a/f] should be equal to the value in [OV1: 7a/a].
1b	<u>Method for group 2b cryptoasset derivative contracts: the default risk exposures in respect of group 2b cryptoasset derivative contracts calculated under the method set out in BCR §377. The value in [CCR1: 1b/f] should be equal to the value in [OV1: 8a/a].</u>
2	IMM(CCR) approach: this has the meaning given to it by the BCR. The value in [CCR1: 2/f] should be equal to the value in [CCR7: 9/a] and [OV1: 8/a].
3	Simple approach (for SFTs): the default risk exposures after CRM and RWAs in respect of SFTs by the following AIs:- - AIs that do not use the IMM(CCR) approach to calculate their default risk exposures in respect of SFTs; - AIs that use the simple approach set out in Part 4 of the BCR, or the treatments for recognized collateral set out in Part 5 of the BCR, to take into account the recognized collateral received under SFTs.
4	Comprehensive approach (for SFTs): the default risk exposures after CRM and RWAs in respect of SFTs by the following AIs:- - AIs that do not use the IMM(CCR) approach to calculate their default risk exposures in respect of SFTs; <u>AIs that use the comprehensive approach set out in Part 4 of the BCR to take into account the recognized collateral received under SFTs and/or use the method (other than a VaR model as discussed below) provided for under the BCR to take into account recognized netting for nettable SFTs;</u> <u>AIs that use the methods set out in Division 2B of Part 6A of the BCR, as modified by BCR §378, to calculate their default risk exposures in respect of SFTs on cryptoassets.</u>

Explanatory Note	
5	<i>VaR (for SFTs)</i> : this row is for AIs using a VaR model to calculate the default risk exposure of their single SFTs or nettable SFTs to disclose the default risk exposure so calculated and the associated RWA.
6	<i>Total</i> : this row reports the sum of values in rows 1 to 5.

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

Purpose:	To present a breakdown of default risk exposures, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach or BSC approach, by exposure classes and risk-weights (the latter representing the riskiness attributed to the exposure according to the respective approaches), irrespective of the approach used to determine the amount of default risk exposures.
Scope of application:	The template, which comprises a STC version and a BSC version, is mandatory for AIs incorporated in Hong Kong that have counterparty credit risk exposures subject to the STC approach or the BSC approach. The STC version of this template is to be completed by AIs that use the STC approach and the BSC version by AIs that use the BSC approach. <u>AIs that use a combination of the STC approach and the IRB approach</u> ~~IRB AIs with exposures subject to the STC approach~~ should report ~~such their~~ exposures <u>subject to the STC approach</u> in the STC version. However, an AI may choose not to disclose the information required in this template provided that the following conditions are met: (i) the default risk exposure amounts and RWA for default risk exposure calculated under the STC or BSC approach, where applicable, are negligible; (ii) the AI has clearly stated this fact in the disclosure statement; and (iii) the AI has explained in a narrative commentary why it considers the information not to be meaningful to information users, including a description of the exposures included in the respective portfolios and the aggregate total RWAs from such exposures.
Content:	Default risk exposure amounts.
Frequency:	Semi-annual.
Format:	Fixed. The columns are fixed and the rows in the STC version and the BSC version of this template reflect respectively the classification of exposures as defined under the BCR, where applicable.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements.
Corresponding BDR section:	16Y

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

		(a)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	(i)
	Exposure class \ Risk Weight	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
1	Sovereign exposures												
2	Public sector entity exposures												
3	Multilateral development bank exposures												
4	Unspecified multilateral body exposures												
5	Bank exposures												
6	Qualifying non-bank financial institution exposures												
7	General corporate exposures												
8	Retail exposures												
9	Defaulted exposures												
10	Other exposures												
11	Total												

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

		(a)	(b)	(c)	(d)	(f)	(h)	(i)
	Risk Weight	0%	10%	20%	50%	100%	Others	Total default risk exposure after CRM
1	Sovereign exposures							
2	Public sector entity exposures							
3	Multilateral development bank exposures							
4	Unspecified multilateral body exposures							
5	Bank exposures							
6	Other exposures							
7	Total							

Explanatory Note	
Column	
(i)	It is the sum of values in columns (a) to (h).
Rows	
All	The rows and their respective definitions are aligned with the exposure class used in Part 4 (for the STC approach) or Part 5 (for the BSC approach) of the BCR, whereas “other exposures” comprise any other relevant exposure classes not specified elsewhere in the template. An AI should report its default risk exposures in the exposure classes to which the counterparties to the derivative contracts and SFTs belong (and, if CRM is taken into account by substitution of risk-weights, to which the CRM belongs) while the risk-weights reported should represent the riskiness attributed to the counterparties or CRM accordingly. <u>These should include default risk exposures arising from derivative contracts or SFTs on cryptoassets.</u>

Template CCR8: Exposures to CCPs

Purpose:	To provide a comprehensive breakdown of exposures to both qualifying and non-qualifying CCPs and the respective RWAs, covering all types of credit risk exposures (including default risk exposures to the CCPs, credit risk exposures arising from initial margins posted, and default fund contributions made, to the CCPs).
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong.
Content:	Exposures to CCPs after recognized CRM, and RWA corresponding to the exposures to CCPs.
Frequency:	Semi-annual.
Format:	Fixed. An AI should provide a breakdown of exposures to both qualifying and non-qualifying CCPs.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material movements in the current reporting period and the key drivers of such movements.
Corresponding BDR section:	16ZD

		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or clearing client⁴ to qualifying CCPs (total)		
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:		
3	(i) OTC derivative transactions		
4	(ii) Exchange-traded derivative contracts		
5	(iii) Securities financing transactions		
6	(iv) Netting sets subject to valid cross-product netting agreements		
7	Segregated initial margin		
8	Unsegregated initial margin		
9	Funded default fund contributions		
10	Unfunded default fund contributions		
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:		
13	(i) OTC derivative transactions		
14	(ii) Exchange-traded derivative contracts		
15	(iii) Securities financing transactions		
16	(iv) Netting sets subject to valid cross-product netting agreements		

⁴ "Clearing client" here may mean a direct client, or an indirect client within a multi-level client structure, as applicable. These terms have the meaning given by the BCR.

		(a)	(b)
		Exposure after CRM	RWA
17	Segregated initial margin		
18	Unsegregated initial margin		
19	Funded default fund contributions		
20	Unfunded default fund contributions		

Explanatory Note	
Columns	
(a)	<i>Exposure after CRM:</i> - For rows 2 to 6 and 12 to 16, the amount should be the “outstanding default risk exposure” or “default risk exposure”, as the case may be, as defined under the BCR, for the derivative contracts or SFTs calculated in accordance with Part 6A and where applicable, Division 3, Part 12 of the BCR. For any SFTs subject to BCR §226MJ where the CRM effect of any recognized collateral received under the SFTs is taken into account by using the comprehensive approach under Part 4 of the BCR, the amount disclosed should be the net credit exposure calculated in accordance with BCR §88. - For rows 7 to 10 and 17 to 20, the amount should be the amount of the initial margin posted or the amount of default fund contribution made or committed by the AI.
(b)	<i>RWA:</i> the RWA calculated in accordance with Division 4, Part 6A of the BCR.
Rows	
1 & 11	<i>Exposures of the AI as clearing member or clearing client to qualifying CCPs / non-qualifying CCPs (total):</i> for column (b), the value in row 1 should equal the sum of values in rows 2, 8, 9 and 10; the value in row 11 should equal the sum of values in rows 12, 18, 19 and 20. Column (a) should be left blank.
2 & 12	<i>Default risk exposures to qualifying CCPs / non-qualifying CCPs (excluding items disclosed in rows 7 to 10 / rows 17 to 20):</i> the default risk exposures disclosed should include all exposures that are, or regarded as, default risk exposures to qualifying CCPs or to non-qualifying CCPs in accordance with the requirements set out in Division 4, Part 6A of the BCR. The values in row 2 should equal the sum of values in rows 3 to 6; the value in row 12 should equal the sum of values in rows 13 to 16.
3 & 13	<i>(i) OTC derivative transactions:</i> this has the meaning given to it by the BCR.
4 & 14	<i>(ii) Exchange-traded derivative contracts:</i> a derivative contract other than an OTC derivative transaction.
5 & 15	<i>(iii) Securities financing transactions:</i> this has the meaning given to it by the BCR.
6 & 16	<i>(iv) Netting sets subject to valid cross-product netting agreements:</i> netting set as defined by the BCR where the netting could be done according to a valid cross-product netting agreement.

Explanatory Note	
7 & 17	<i>Segregated initial margin</i> : the initial margin held in a bankruptcy remote manner. For the purposes of this template, initial margin does not include contributions to a CCP for mutualised loss-sharing arrangements (i.e. in cases where a CCP uses initial margin to mutualise losses among the clearing members, such margin will be treated as a default fund exposure).
8 & 18	<i>Unsegregated initial margin</i> : it means the initial margin not held in a bankruptcy remote manner. Similar to the above, for the purposes of this template, initial margin does not include contributions to a CCP for mutualised loss-sharing arrangements.
9 & 19	<i>Funded default fund contributions</i> : the meaning of this term should be in line with that of "default fund contribution" under the BCR and the usage of "funded default fund contribution" in Division 4, Part 6A of the BCR.
10 & 20	<i>Unfunded default fund contributions</i> : the meaning of this term should be in line with that of "default fund contribution" under the BCR and the usage of "unfunded default fund contribution" in Division 4, Part 6A of the BCR.

Part VI: Market risk

Template MR1: Market risk under STM approach

Purpose:	To disclose the components of the market risk capital charge calculated using the STM approach.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the STM approach for calculating their market risk capital charges for all or part of their market risk exposures. AIs that have the MA's approval under BCR §18(2)(a) to use the IMA to calculate their market risk capital charges must disclose in this template their market risk capital charges for those exposures that are subject to the STM approach.
Content:	Market risk capital charge calculated under STM approach.
Frequency:	Semi-annual.
Format:	Fixed.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material changes over the current reporting period and the key drivers of such changes. In particular, the narrative should inform about changes in the scope of application, including changes due to trading desks for which market risk capital charges are calculated using the STM approach.
Corresponding BDR section:	16ZL

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

Explanatory Note	
Rows	
~~12~~ <u>13</u>	<i>Total:</i> the sum of values in rows 1 to ~~12~~ <u>13</u> , which is also equal to the value in [OV1: 21/c].

Template MR2: Market risk under IMA

Purpose:	To provide the components of the market risk capital charge calculated using the IMA for market risk
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the IMA for calculating all or part of their market risk capital charge.
Content:	Components for calculating market risk capital charge at the group-wide level (according to the scope of regulatory consolidation).
Frequency:	Quarterly.
Format:	Fixed.
Accompanying narrative:	An AI should report the components of its total market risk capital charge that are included for its most recent measure as at the end of the current reporting period and the components that are included for its average of the last 60 trading days for expected shortfall, IMCC and SES, and 12 weeks for default risk charge. An AI should also provide a comparison of VaR estimates with actual gains/losses experienced by the AI, with analysis of important exceptions in backtesting results. An AI should explain any material changes in the current reporting period for the figures reported in the template and the key drivers of such changes.
Corresponding BDR section:	16ZM

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

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

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

Explanatory Note	
8	<i>IMCC</i> : IMCC calculated in accordance with Division 13, Part 8 of the BCR.
9	<i>Non-modellable risk factors (i.e. SES)</i> : SES calculated in accordance with Division 13, Part 8 of the BCR.
10	<i>Default risk charge</i> : default risk charge as defined in section BCR §281 of the BCR . This is the measure of the default risk of trading book positions, except those subject to STM approach, covering inter alia, sovereign exposures (including those denominated in the sovereign's domestic currency), equity positions and defaulted debt positions.
11	<i>Capital surcharge for trading desks assigned to the yellow zone</i> : capital surcharge for approved trading desks that fulfil the backtesting requirements and are assigned to the yellow zone in the profit and loss attribution test, which is calculated in accordance with Division 13, Part 8 of the BCR.
12	<i>Market risk capital charge for trading desks assigned to the green or yellow zone (including capital surcharge)</i> : the value is the sum of market risk capital charge for trading desks assigned to the green or yellow zone, including any capital surcharge for trading desks assigned to the yellow zone, where applicable. The value of row 12 = max(row 8/a + row 9/a; multiplication factor (i.e. m_c) * row 8/b + row 9/b) + max(row 10/a; row 10/b) + row 11.
13	<i>Total market risk capital charge for trading desks subject to STM approach as disclosed in Template MR1</i>: market risk capital charge for trading desks that are subject to the STM approach (i.e. C_U). The value in this row is equal to the total market risk capital charge under the STM approach as disclosed in [MR1: 13+2/a]. The value in this row multiplied by 12.5 is equal to the value in [CMS1:5/b] (Note: The linkage to [CMS1:5/b] will not hold if an AI using the STM approach for market risk also uses SEC-IRBA and/or SEC-IAA when determining the default risk charge component for securitizations held in the trading book or if an AI is required to calculate the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the trading book).
14	<i>Difference in market risk capital charge under the IMA and STM approach for trading desks assigned to the green or yellow zone</i> : this is the difference between the market risk capital charges for trading desks that fulfil the backtesting requirements and assigned to green zone and yellow zone in the profit and loss attribution test calculated under the IMA (i.e. $IMA_{G,Y}$ calculated in accordance with Division 13, Part 8 of the BCR) and the STM approach (i.e. $SA_{G,Y}$ calculated in accordance with Division 13, Part 8 of the BCR). The value reported in this row should be a negative value if the value of $IMA_{G,Y}$ is smaller than that of $SA_{G,Y}$.
15	<i>Market risk capital charge for all trading desks (including those subject to the IMA) calculated using the STM approach</i> : this is the market risk capital charge for all instruments across all trading desks of the AI, regardless of whether those trading desks are subject to the IMA, calculated under the STM approach (i.e. $SA_{all\ desks}$ calculated in accordance with Divisions 1A to 1D, Part 8 of the BCR). The value in this row multiplied by 12.5 should be equal to the value in [CMS1:5/d] (Note: The linkage to [CMS1:5/d] will not hold if an AI using the STM approach for market risk also uses SEC-IRBA and/or SEC-IAA when determining the default risk charge component for securitizations held in the trading book or if an AI is required to calculate the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the trading book).
16	<i>Total market risk capital charge</i> : total market risk capital charge calculated in accordance with Part 8 of the BCR. The value in this row minus [MR2:13] is equal to [OV1:22/c]. The value in this row minus [MR2:13] and then multiplied by 12.5 is also equal to [CMS1:5/a] (Note: The linkage to [CMS1:5/a] will not hold if an AI using the STM

Explanatory Note

approach for market risk also uses SEC-IRBA and/or SEC-IAA when determining the default risk charge component for securitizations held in the trading book.) The value in this row multiplied by 12.5 is equal to [CMS1:5/c]. (Note: The linkage to [CMS1:5/c] will not hold if an AI is required to calculate the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the trading book).

Template MR3: Market risk under SSTM approach

Purpose:	Provide the components of the market risk capital charge under the SSTM approach for market risk.
Scope of application:	The template is mandatory for AIs incorporated in Hong Kong that use the SSTM approach to determine their market risk capital charge.
Content:	Market risk capital charge.
Frequency:	Semi-annual.
Format:	Fixed.
Accompanying narrative:	An AI should supplement the template with a narrative commentary to explain any material changes over the current reporting period and the key drivers of such changes.
Corresponding BDR section:	16ZN

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

Explanatory Note	
Columns	
(a)	<i>Outright products:</i> The market risk capital charge calculated in accordance with Divisions 2, 3, 4, 5, 6 and 10, Part 8 <u>and Division 6, Part 12</u> of the BCR.
(b)	<i>Options under the simplified approach:</i> The market risk capital charge calculated in accordance with Divisions 2 and 8, Part 8 of the BCR.
(c)	<i>Options under the delta-plus method:</i> The market risk capital charge calculated in accordance with Divisions 2 and 9, Part 8 of the BCR.

Explanatory Note	
(d)	<i>Options under the other approach:</i> The market risk capital charge calculated in accordance with any other approach (e.g. scenario approach) which has been approved by the MA pursuant to Part 8 of the BCR <u>or for option risks from group 2a cryptoasset exposures and associated hedging positions, the approach under Division 6, Part 12 of the BCR.</u>
Rows	
5	<i>Securitization exposures:</i> The market risk capital charge arising from securitization exposures (including re-securitization exposures) should be disclosed in this row and calculated in accordance with Division 3, Part 8 of BCR.
<u>6</u>	<u><i>Group 2a cryptoasset exposures:</i> The market risk capital charge arising from group 2a cryptoasset exposures should be disclosed in this row and calculated in accordance with Division 6, Part 12 of BCR.</u>

Part X: Comparison of modelled and standardized RWAs

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

Purpose:	To compare the RWA calculated under “full standardized” approaches against the actual RWA, part of which is calculated under any of the model-based approaches that AIs have the MA’s approval to use. The disclosure also provides the full standardized RWA amount used in the computation of the output floor as specified in Part 11 of the BCR.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong using model-based approaches to calculate their credit risk or market risk or both.
Content:	RWA.
Frequency:	Quarterly.
Format:	Fixed.
Accompanying narrative:	An AI should explain the main drivers of difference (e.g. asset class or sub-asset class of a particular risk category, key assumptions underlying parameter estimations, national implementation differences) between the RWA calculated under the model-based approaches that are used to calculate its capital ratios and the RWA disclosed under the full standardized approach should the AI not be allowed to use any models in calculating its capital ratios. Explanation should be specific and, where appropriate, might be supplemented with quantitative information. In particular, if the RWA for securitization exposures in the banking book are a main driver of the difference, the AI should explain the extent to which it is using each of the three potential approaches (SEC-ERBA (except IAA), SEC-SA and SEC-FBA) for calculating the RWA for securitization exposures.
Corresponding BDR section:	16ZQE

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

Explanatory Note

Columns

(a)	<i>RWA calculated under model-based approaches that the AI has the MA's approval to use:</i> model-based approaches refer to those approaches specified in BCR section §355 of Part 11 of the BCR (i.e. IRB approach, SEC-IRBA, IAA, IMM(CCR) approach, VaR model and IMA).
(d)	<i>RWA calculated using full standardized approach (i.e. used in the computation of the output floor):</i> RWA disclosed in rows 1 to 8 are RWAs before applying the output floor level in accordance with Part 11 of the BCR.

Rows

1	<u><i>Credit risk for non-securitization exposures</i></u> This row excludes RWA arising from counterparty credit risk and default fund contributions (which are reported in row 2), CVA risk (which are reported in row 3), securitization framework (including securitization exposures in the banking book (which are reported in row 4)), CIS exposures, settlement risk and amounts below the thresholds for deduction from CET1 capital and subject to a 250% risk-weight (which are reported in row 7). <u> </u> <u><i>[CMS1:1/a] i.e. RWA calculated under model-based approaches that the AI has the MA's approval to use: RWA for exposures calculated using the IRB approach, including the RWA for the risk of default of the redeemer and risk arising when intermediaries perform the redemption function for group 1b cryptoasset exposures assigned to the trading book and group 2a cryptoasset exposures that relate to group 2a cryptoassets that are stablecoins referred to in BCR §376 and §384 respectively.</i></u>
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Explanatory Note

[CMS1:1/b] i.e. RWA for portfolios where standardized approaches are used: the following RWAs are included:

- (1) RWA for exposures calculated ~~under~~ using the STC approach; or where applicable, the BSC approach, including the RWA for the risk of default of the redeemer and risk arising when intermediaries perform the redemption function for group 1b cryptoasset exposures assigned to the trading book and group 2a cryptoasset exposures that relate to group 2a cryptoassets that are stablecoins referred to in BCR §376 and §384 respectively;
- (2) RWA for group 2b cryptoasset exposures calculated in accordance with BCR §385;
- (3) Infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the banking book specified by the Monetary Authority under BCR §380;
- (4) Add-on for AI's group 2 cryptoasset exposures referred to in BCR §388.

[CMS1:1/c] i.e. Total actual RWA: the RWA reported is the sum of values in [CMS1:1/a] and [CMS1:1/b]. The value in [CMS1:1/c] is equal to the value in [OV1:1/a].

[CMS1:1/d] i.e. RWA calculated using full standardized approach: the RWA for credit risk serving as the basis for output floor calculation under the approach stated in [CMS1:1/b] in accordance with Part 11 of the BCR for all exposures giving rise to the RWA reported in [CMS1:1/c].

2

Counterparty credit risk and default fund contributions

This row excludes all positions subject to capital requirements relating to CVA risk.

[CMS1:2/b] i.e. RWA for portfolios where standardized approaches are used: RWA ~~where the~~ default risk exposures are calculated under—

- (1) the SA-CCR approach or the method set out in BCR §377 for group 2b cryptoasset derivative contracts;
- (2) the methods set out in Division 2B of Part 6A of the BCR (except the use of the VaR model), subject to the modifications required under BCR §378 if applicable; or
- (3) ~~where applicable, the current exposure method for~~ in the case of an AI using the BSC approach to calculate its credit risk for all its non-securitization exposures, the current exposure method if the AI has chosen that method for calculating its default risk exposures.

The RWA reported should also cover the RWA of the default fund contributions.

[CMS1:2/c] i.e. Total actual RWA: the RWA reported is the sum of values in [CMS1:2/a] and [CMS1:2/b]. The value in [CMS1:2/c] is equal to the value in [OV1:6/a].

[CMS1:2/d] i.e. RWA calculated using full standardized approach: the RWA for credit risk calculated in accordance with Part 11 of the BCR serving as the basis for output floor calculation for all exposures giving rise to the RWA reported in [CMS1:2/c], where the default risk exposures should be calculated under the approach(es) stated in [CMS1:2/b].

Explanatory Note	
3	<u>CVA risk</u> [CMS1:3/b] i.e. RWA for portfolios where standardized approaches are used: RWA calculated based on the approach(es) used by the AI for CVA risk. [CMS1:3/c] i.e. Total actual RWA: the value in [CMS1:3/c] is equal to the values in [CMS1:3/b] and [OV1:10/a]. [CMS1:3/d] i.e. RWA calculated using full standardized approach: the RWA for CVA risk serving as the basis for output floor calculation under the approach(es) stated in [CMS1:3/b] for all exposures giving rise to the RWA reported in [CMS1:3/c].
4	<u>Securitization exposures in banking book</u> [CMS1:4/b] i.e. RWA for portfolios where standardized approaches are used: the RWA calculated based on the SEC-ERBA (except the use of IAA), SEC-SA or SEC-FBA. [CMS1:4/c] i.e. Total actual RWA: the RWA reported is the sum of the values in [CMS1:4/a] and [CMS1:4/b]. The value in [CMS1:4/c] is equal to the value in [OV1:16/a]. [CMS1:4/d] i.e. RWA calculated using full standardized approach: the RWA for credit risk serving as the basis for output floor calculation under the approach(es) stated in [CMS1:4/b] for all exposures giving rise to the RWA reported in [CMS1:4/c].
5	<u>Market risk</u> [CMS1:5/b] i.e. RWA for portfolios where standardized approaches are used: the RWA calculated under the STM approach or where applicable the SSTM approach. For securitizations held in the trading book, the SEC-ERBA (except the use of IAA), SEC-SA or SEC-FBA should also be used when determining the default risk charge component under the STM approach and market risk capital charge factor for specific risk for interest rate exposures under the SSTM approach. <u>The RWA reported should also cover the infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the trading book specified by the Monetary Authority under BCR §380.</u> [CMS1:5/c] i.e. Total actual RWA: the RWA reported is the sum of values in [CMS1:5/a] and [CMS1:5/b]. The values in [CMS1: 5/c] is equal to the values in [OV1:20/a]. [CMS1:5/d] i.e. RWA calculated using full standardized approach: the RWA for market risk serving as the basis for output floor calculation under the approach(es) stated in [CMS1:5/b] for all exposures giving rise to the RWA reported in [CMS1:5/c].

Explanatory Note	
6	<u>Operational risk</u> [CMS1:6/b] i.e. RWA for portfolios where standardized approaches are used: RWA calculated based on the calculation approach used by the AI for operational risk. [CMS1:6/c] i.e. Total actual RWA: the RWA reported refers to the calculation approach used by the AI for operational risk. The value in [CMS1:6/c] is equal to the value in [OV1:24/a]. [CMS1:6/d] i.e. RWA calculated using full standardized approach: the RWA for operational risk serving as the basis for output floor calculation under the approach stated in [CMS1:6/b] for all exposures giving rise to the RWA reported in [CMS1:6/c].
7	<u>Residual RWA</u> This row refers to the RWA not captured within rows 1 to 6 (i.e. this is the sum of the RWA arising from CIS exposures ([OV1:12/a], [OV1:13/a], [OV1:14/a] and [OV1:14a/a]), settlement risk ([OV1:15/a]), capital charge for moving exposures between trading book and banking book ([OV1:23/a]) and amounts below the thresholds for deduction from CET1 capital and subject to a 250% risk-weight ([OV1:25/a])). [CMS1:7/a] i.e. RWA calculated under model-based approaches that the AI has the MA's approval to use: this cell is applicable where the RWA is calculated based on any of the model-based approaches stated in the explanatory notes for column (a) above for calculating AI's credit risk (e.g. for the underlying exposures of a CIS exposure). [CMS1:7/b] i.e. RWA for portfolios where standardized approaches are used: this cell is applicable for the exposures where the RWA is calculated based on the approaches used by the AI for calculating its credit risk other than the model-based approach stated in [CMS1:7/a]. [CMS1:7/c] i.e. Total actual RWA: the RWA reported is the sum of values in [CMS1:7/a] and [CMS1:7/b]. [CMS1:7/d] i.e. RWA calculated using full standardized approach: where applicable, an AI should calculate the RWA for credit risk serving as the basis for output floor calculation for exposures giving rise to the RWA reported in [CMS1:7/c] based on the approach(es) other than the model-based approaches stated in the explanatory notes for column (a) above.
8	<u>Total</u> [CMS1:8/a] i.e. RWA calculated under model-based approaches that the AI has the MA's approval to use: this is the total sum of values in [CMS1:1/a], [CMS1:2/a], [CMS1:4/a], [CMS1:5/a] and [CMS1:7/a]. [CMS1:8/b] i.e. RWA for portfolios where standardized approaches are used: this is the total sum of values in [CMS1:1/b], [CMS1:2/b], [CMS1:3/b], [CMS1:4/b], [CMS1:5/b], [CMS1:6/b] and [CMS1:7/b].

Explanatory Note	
	<i>[CMS1:8/c] i.e. Total actual RWA:</i> this is the total actual RWA calculated in accordance with Part 11 of the BCR. The RWA reported is equal to the total sum of values in [CMS1:1/c], [CMS1:2/c], [CMS1:3/c], [CMS1:4/c], [CMS1:5/c], [CMS1:6/c] and [CMS1:7/c]. <i>[CMS1:8/d] i.e. RWA calculated using full standardized approach:</i> it refers to the AI's total RWA that are the basis for output floor calculation in accordance with Part 11 of the BCR (i.e. amount before applying the output floor level). The amount reported is equal to the total sum of [CMS1:1/d], [CMS1:2/d], [CMS1:3/d], [CMS1:4/d], [CMS1:5/d], [CMS1:6/d] and [CMS1:7/d].

Template CMS2: Comparison of modelled and standardized RWAs for credit risk at exposure class level

Purpose:	To compare RWAs calculated according to the STC approach for output floor calculation (i.e. in accordance with BCR §356(2)(a)) for credit risk for non-securitization exposures at the exposure class level against the corresponding RWA figure calculated under the approaches, including both the STC approach and IRB approach (including the supervisory slotting criteria approach), used by the AI for calculating its credit risk.
Scope of application:	The template is mandatory for all AIs incorporated in Hong Kong that use <u>the</u> IRB approach for all or part of its credit risk for non-securitization exposures. Same as row 1 of Template CMS1, it excludes all positions subject to capital requirements relating to counterparty credit risk and default fund contribution, CVA risk, CIS <u>exposures</u> , settlement risk and securitization framework (including securitization exposures in the banking book) and amounts below the thresholds for deduction from CET1 capital and subject to a 250% risk-weight.
Content:	RWA.
Frequency:	Semi-annual.
Format:	Fixed. The columns are fixed, but the portfolio breakdowns in the rows reflect the exposure classification under Part 6 and Part 4 of the BCR, <u>where applicable</u> . AIs are encouraged to add rows to show where significant differences occur.
Accompanying narrative:	An AI should explain the main drivers of differences between the internally modelled amounts disclosed that are used to calculate their capital ratios and amounts disclosed should the AI apply the STC approach in accordance with Part 11 of the BCR. Where differences are attributable to mapping between IRB approach and STC approach, the AI is encouraged to provide explanation and estimated materiality.
Corresponding BDR section:	16ZQF

		(a)	(b)	(c)	(d)
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for column (a) if re-calculated using the standardized approach	Total actual RWA (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardized approach (i.e. RWA used in the computation of the output floor)
1	Sovereign exposures				
1a	Of which: categorised as public sector entity exposures and multilateral development bank exposures under the STC approach				
2	Bank exposures				
3	Equity				
4	Corporate exposures (excluding specialized lending)				
4a	Of which: FIRB is applied				
4b	Of which: AIRB is applied				
5	Retail exposures				
5a	Of which: qualifying revolving retail				
5b	Of which: other retail exposures to individuals and small business retail exposures				
5c	Of which: residential mortgages				
6	Corporate exposures - Specialized lending				
6a	Of which: income-producing real estate and high-volatility commercial real estate				
7	Other exposures				
7a	<u>Cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR</u>				
8	Total				

Explanatory Note	
Columns	
(a)	<i>RWA calculated under model-based approaches that the AI has the MA's approval to use:</i> this column represents the portion of RWA calculated according to the IRB approach set out in Part 6 of the BCR.
(b)	<i>RWA for column (a) if re-calculated using the standardized approach:</i> this is the RWA as would result from applying the STC approach in accordance with BCR §356(2)(a) to all exposures giving rise to the RWA reported in column (a), irrespective of the exposure classification under STC approach to which the exposures belong when re-calculated under the STC approach.
(c)	<i>Total actual RWA (i.e. RWA which the AI reports as current requirements):</i> this is the sum of the <u>following</u> actual RWAs— <u>(1) Actual RWA</u> calculated under the IRB approach that AI has the MA's approval to use; <u>(2) —and the Actual</u> RWA calculated under <u>the</u> STC approach; <u>(3) Actual RWA for cryptoasset exposures to credit risk calculated in accordance with BCR §376 and Divisions 5, 6 and 8, Part 12 of the BCR as referred to under row 7a.</u> For the exposures whose actual RWAs are calculated under the STC approach, they are disclosed in accordance with the IRB class and IRB sub-class to which the corresponding exposures belong as if the IRB approach was used.
(d)	<i>RWA calculated using full standardized approach:</i> this is the total RWA assuming the full standardized approach for credit risk for non-securitization applied at exposure class level in accordance with BCR §356(2)(a) <u>for the exposures giving rise to the RWA reported in column (c).</u> For the exposures whose actual RWAs are calculated under the STC approach in column (c), they are disclosed in accordance with the IRB class and IRB sub-class to which the corresponding exposures belong as if the IRB approach was used. Disclosed numbers for each exposure class are calculated purely for comparison purposes and do not represent the capital requirements under the BCR.
Rows	
<u>7a</u>	<u>Cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR: this row includes the RWA for the following items:</u> <u>(1) Risk of default to redeemer and risk arising when intermediaries performing redemption function in group 1b cryptoasset exposures assigned to the trading book and group 2a cryptoasset exposures that relate to group 2a cryptoassets that are stablecoins calculated in accordance with BCR §376 and §384 respectively;</u> <u>(2) Group 2b cryptoasset exposures calculated in accordance with BCR §385;</u> <u>(3) Infrastructure risk add-on for group 1 cryptoasset exposures that are assigned to the banking book specified by the Monetary Authority under BCR §380;</u> <u>(4) Add-on for AI's group 2 cryptoasset exposures referred to in BCR §388.</u>
8	<i>Total:</i> The values in [CMS2:8/a], [CMS2:8/c] and [CMS2:8/d] are equal to the values in [CMS1:1/a], [CMS1:1/c] and [CMS1:1/d] respectively.

Part XII: Cryptoasset exposures

Table CAEA: Qualitative disclosure on activities related to cryptoassets and approach used in assessing classification conditions

<u>Purpose:</u>	<u>To provide an overview of an AI's activities related to cryptoassets and the main risks related to its cryptoasset exposures as well as the approach used in assessing the classification conditions.</u>
<u>Scope of application:</u>	<u>The table is mandatory for all AIs incorporated in Hong Kong with cryptoasset exposures.</u> <u>The table is also mandatory for all AIs incorporated outside Hong Kong with cryptoasset exposures but only in relation to the AIs' business activities related to cryptoassets that give rise to liquidity risk.</u>
<u>Content:</u>	<u>Qualitative information.</u>
<u>Frequency:</u>	<u>Annual.</u>
<u>Format:</u>	<u>Flexible.</u>
<u>Corresponding BDR section:</u>	<u>16ZQH and 103(4B)</u>

An AI should describe:

- (a) Its business activities related to cryptoassets, including inter alia owning cryptoassets directly, trading of cryptoassets on clients' accounts, equity investments in cryptoasset activities (e.g. cryptoasset exchanges and fund managers of cryptoasset exchange-traded funds) and the issuance of cryptoassets by the AI (i.e. cryptoliabilities of the AI). An AI should explicitly state if it is a member holder of cryptoasset arrangements as defined in BCR §363, acting as an intermediary in the redemption of cryptoassets. In such cases, the AI should describe its role and the extent of any commitments to redeem or purchase back cryptoassets that may result from those activities.
- (b) For each activity in (a), how the activity translates into components of the AI's risk profile (including, but not limited to, credit, market, operational and/or liquidity risks) and the associated risk management policies (including, but not limited to, strategies and processes to manage, hedge and mitigate risks that arise from the AI's business activities and the processes for monitoring the continuing effectiveness of hedges and mitigants).
- (c) Scope and main content of the AI's reporting related to cryptoassets, including, but not limited to, how business activities result in the AI having cryptoasset exposures covered under the scope of the prudential treatment of cryptoassets and/or any material exposures to specific cryptoassets.
- (d) The most significant current risk(s) associated with the AI's activities related to cryptoassets and the AI's cryptoasset exposures and how this current risk is being managed.
- (e) The most significant emerging risk(s) associated with the AI's activities related to cryptoassets and the AI's cryptoasset exposures and how this emerging risk is being managed.

(f) For exposures to group 1 cryptoassets, the AI's approach to assessing each of the following classification conditions under §361(2) or (3) of the BCR, including any public information used but excluding any confidential and proprietary information:

i) Classification condition 1: §361(2)(a) or (3)(a) as the case requires

ii) Classification condition 2: §361(2)(b)

iii) Classification condition 3: §361(2)(c)

iv) Classification condition 4: §361(2)(d)

Note: In case of AIs incorporated outside Hong Kong, this paragraph is only applicable to AIs designated as category 1 institution under the BLR.

Template CAE1: Cryptoasset exposures and RWAs

<u>Purpose:</u>	<u>To provide an overview of an AI's cryptoasset exposures according to the prudential classification of the cryptoassets (groups 1a, 1b, 2a and 2b) and the related RWAs.</u>
<u>Scope of application:</u>	<u>The template is mandatory for all AIs incorporated in Hong Kong with cryptoasset exposures.</u>
<u>Content:</u>	<u>Exposures and RWAs of an AI's cryptoasset exposures.</u>
<u>Frequency:</u>	<u>Semi-annual.</u>
<u>Format:</u>	<u>Flexible.</u>
<u>Accompanying narrative:</u>	• <u>Due to the difficulty of disaggregating RWA for operational risk related only to cryptoasset exposures, an AI should supplement the template by explaining its policies and risk mitigation used in its management of operational risk related to cryptoasset exposures.</u> • <u>If the MA requires an AI to calculate the infrastructure risk add-on for group 1 cryptoasset exposures under §380 of the BCR, the AI should disclose the amount of that add-on.</u> • <u>An AI should provide the aggregated level of cryptoassets under custody (i.e. market value of cryptoassets that the AI held in custody for clients at the end of the reporting period) as part of the accompanying narrative. This narrative should cover the types of cryptoassets under custody (e.g. tokenised version of traditional assets, stablecoins and other cryptoassets separately).</u> • <u>An AI should supplement the template with a narrative commentary to explain any material changes of the matters reported in this template over the reporting period and the key drivers of such changes.</u>
<u>Corresponding BDR section:</u>	<u>16ZQI</u>

		(a)	(b)	(c)	(d)	(e)	(f)
		<u>Credit risk</u>			<u>Market risk</u>		
		<u>Total exposure</u>	<u>Exposure/ EAD</u>	<u>RWA</u>	<u>Long exposure</u>	<u>Short exposure</u>	<u>RWA</u>
<u>1</u>	<u>Group 1a cryptoassets</u>						
<u>2</u>	<u>Group 1b cryptoassets</u>						
<u>2.i</u>	<u>Of which:</u> <u>Cryptoasset XXX</u>						
<u>2.ii</u>	<u>Of which:</u> <u>Cryptoasset YYY</u>						
	<u>...</u>						
<u>3</u>	<u>Group 2a cryptoassets</u>						
<u>3.i</u>	<u>Of which:</u> <u>Cryptoasset XXX</u>						
<u>3.ii</u>	<u>Of which:</u> <u>Cryptoasset YYY</u>						
	<u>...</u>						
<u>4</u>	<u>Group 2b cryptoassets</u>						
<u>4.i</u>	<u>Of which:</u> <u>Cryptoasset XXX</u>						
<u>4.ii</u>	<u>Of which:</u> <u>Cryptoasset YYY</u>						
	<u>...</u>						
<u>5</u>	<u>Total</u>						
<u>6</u>	<u>Group 2 cryptoasset exposure limit – direct holdings</u>						
<u>7</u>	<u>Group 2 cryptoasset exposure limit – indirect holdings</u>						
<u>8</u>	<u>Group 2 cryptoasset exposure limit – exposure above the 1% limit</u>						
<u>9</u>	<u>Group 2 cryptoasset exposure limit – RWA above the 1% limit</u>						
<u>10</u>	<u>Total RWA for group 2 cryptoasset as a result of breaching the 2% limit</u>						

Points to note:

- The balance sheet and regulatory amounts reported in the template should reflect the values as at the end of the reporting period. An AI should also complete this template using mean values calculated as of each day of the reporting period for row 3 Group 2a cryptoassets (column (d) Long exposure and column (e) Short exposure) and row 4 Group 2b cryptoassets (column (a) Total exposure, column (d) Long exposure and column (e) Short exposure). For rows 3 and 4, mean values calculated as of each day of the reporting period should be used when reporting both the rows for aggregate values for group 2a and group 2b cryptoassets and the additional rows for any material cryptoasset exposures.

2. In addition to the separate disclosure requirements set out in this template that apply to all group 1a, 1b, 2a and 2b cryptoassets, an AI should include group 1 cryptoasset exposures in the relevant disclosure templates that apply to traditional assets in other Parts of this disclosure package (e.g. for credit risk and market risk) and group 2 cryptoasset exposures in the relevant disclosure templates in other Parts of this disclosure package, where applicable.
3. For groups 1b, 2a and 2b cryptoassets, additional rows should be added for each material exposure to stablecoins and unbacked cryptoassets by individual cryptoasset. For group 1b cryptoasset exposures, the determination of a material exposure should be based on the general principle of materiality adopted for the purpose of the BDR by reference to BDR §10 and the further guidance under paragraphs 8.4 and 9.6 of the Supervisory Policy Manual module CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules". For the purpose of this template, a group 2 cryptoasset exposure is considered to be a material exposure where the following two stages are met:
 - a. An AI's group 2 cryptoasset exposure ratio calculated in accordance with Division 8, Part 12 of the BCR is equal to or greater than 0.3%. For the purpose of determining whether a group 2 cryptoasset exposure is material, the group 2 cryptoasset exposure ratio should be calculated as at the end of the reporting period.
 - b. An AI's exposure to an individual group 2 cryptoasset (i.e. c_k) is greater than 5% of its total group 2 cryptoasset exposures (i.e. $\sum_k c_k$). For this purpose, group 2 cryptoasset exposures should be calculated in accordance with Division 8, Part 12 of the BCR as at the end of the reporting period.

Any tokenised versions of traditional asset included in group 2a or group 2b cryptoasset exposures as a result of not meeting the classification conditions of group 1 cryptoasset exposures does not need to be separately disclosed, but the relevant amounts should be reported in the total rows for group 2a cryptoassets and group 2b cryptoassets (i.e. row 3 and row 4).
4. Given that RWA for counterparty credit risk and CVA risk are calculated on a portfolio basis, it is not possible to separately identify the amounts related to cryptoassets. The counterparty credit risk and CVA amounts are therefore excluded from the scope of this template.

Explanatory Note	
Columns	
(a)	<u>Credit risk – Total exposure: on- and off-balance sheet cryptoasset exposures for which a RWA for credit risk must be calculated according to the BCR. The amount should be gross of any CCF or recognized CRM. For group 2a cryptoassets, the total exposure reported in this column should reflect only the amount of credit exposure arising from the risk of default of the redeemer and the risks arising when intermediaries perform the redemption function for the AI's group 2a cryptoasset exposures determined in accordance with BCR §384, including the amount of exposure that arises when an AI is a member holder of a cryptoasset arrangement for the AI's group 2a cryptoasset exposures, determined in the same way as the credit risk of group 1b cryptoasset exposures under BCR §368. For group 2b cryptoasset exposures, an AI should report the greater of the absolute value of the aggregate long positions and the absolute value of the aggregate short positions.</u>
(b)	<u>Credit risk – Exposure/exposure at default (EAD): the exposure amount or EAD, post-CRM and post-CCF, that is relevant for the capital requirements calculation. For group 2a cryptoasset exposures, the exposure/EAD reported in this column should reflect only the credit exposure/EAD arising from the risk of default of the redeemer and the risks arising when intermediaries perform the redemption function for the AI's group 2a cryptoasset exposures determined in accordance with BCR §384, including the credit exposure/EAD that arises when an AI is a member holder of a cryptoasset arrangement for the AI's group 2a cryptoasset exposures determined in the same way as the credit risk of group 1b cryptoasset exposures under BCR §368. For group 2b cryptoasset exposures, an AI should report the greater of the absolute value of the aggregate long positions and the absolute value of the aggregate short positions.</u>
(c)	<u>Credit risk – RWA: RWA for credit risk of an AI's cryptoasset exposures calculated in accordance with the BCR. For group 2a cryptoassets, the total RWA reported in this column should reflect only the RWA for credit risk arising from the risk of default of the redeemer and the risks arising when intermediaries perform the redemption function for the AI's group 2a cryptoasset exposures calculated in accordance with BCR §384 including the RWA for credit risk that arises when an AI is a member of a cryptoasset arrangement for the AI's group 2a cryptoasset exposures, calculated in the same way as the credit risk of group 1b cryptoasset exposures under BCR §368. For group 2b cryptoassets, total RWA for credit risk calculated in accordance with BCR §385</u>

	will be reported in this cell, as there is no separate trading book and banking book treatment for group 2b cryptoassets under Part 12 of the BCR. The treatment under BCR §385 is intended to capture both credit and market risk, including CVA risk. For consistency, the RWA calculated in accordance with BCR §385 must all be reported as part of the AI's credit RWA. Nevertheless, for group 2b cryptoasset exposures, an AI should report the aggregated market value of gross long and short positions in columns (d) and (e), respectively. This is because to calculate the RWA, an AI should apply the risk weight of 1,250% to the greater of the absolute value of the aggregate long positions and the absolute value of the aggregate short positions in the cryptoassets.
(d)	<i>Market risk – Long exposure:</i> aggregated market value of gross long positions in the trading book by cryptoasset group. Derivative exposures should be calculated as the fair value of the underlying cryptoasset of a derivative contract, adjusted upward to take into account the leverage and capped at the maximum possible loss on the derivative contract.
(e)	<i>Market risk – Short exposure:</i> aggregated market value of gross short positions in the trading book by cryptoasset group. Derivative exposures should be calculated as the fair value of the underlying cryptoasset of a derivative contract, adjusted upward to take into account the leverage and capped at the maximum possible loss on the derivative contract.
(f)	<i>Market risk – RWA:</i> RWA for market risk of an AI's cryptoasset exposures calculated in accordance with the BCR. Since the market risk framework does not refer to RWA, an AI should indicate the derived RWA number (i.e. by multiplying the capital charge by 12.5). As market risk is calculated on a portfolio basis, it will not always be possible to calculate standalone market RWA for group 1a cryptoasset exposures and group 1b cryptoasset exposures, and so the relevant cells in this column are greyed out. Similarly, RWA for group 2b cryptoassets are reported as credit risk, and so these cells are also greyed out. By contrast, the dedicated market risk treatment for group 2a cryptoassets should allow RWA amounts for these exposures to be reported.
Rows	
<i>Group allocation:</i> this classification is based on AI's classification of cryptoassets into groups in accordance with BCR §361.	
2, 3, and 4	<i>Group 1b/ Group 2a/ Group 2b cryptoassets:</i> the amounts related to all the cryptoassets belonging to those groups (i.e. not only the sum of each material individual exposure to stablecoins and unbacked cryptoassets included in the breakdown of each group in the template).
6	<i>Group 2 cryptoasset exposure limit – direct holding:</i> aggregate direct holdings of group 2 cryptoassets subject to the calculation of group 2 cryptoasset exposure ratio according to Division 8, Part 12 of the BCR.
7	<i>Group 2 cryptoasset exposure limit – indirect holding:</i> aggregate indirect holdings of group 2 cryptoassets subject to the calculation of group 2 cryptoasset exposure ratio according to Division 8, Part 12 of the BCR (e.g. those via investment funds, exchange-traded fund/exchange-traded note, or any legal arrangements designed to provide cryptoasset exposures).
8	<i>Group 2 cryptoasset exposure limit – exposure above the 1% limit:</i> the AI's total exposure to group 2 cryptoassets (as calculated in accordance with Division 8, Part 12 of the BCR) above the 1% of the AI's Tier 1 capital.
9	<i>Group 2 cryptoasset exposure limit – RWA above the 1% limit:</i> This row is applicable to AIs that are G-SIB or D-SIB and have the group 2 cryptoasset exposure ratio exceeding 1% calculated in accordance with Division 8, Part 12 of the BCR. In such case, the AI should report the add-on for group 2 cryptoasset exposures imposed under BCR §388 in this row. This add-on is essentially an incremental RWA for the AI's group 2 cryptoasset exposures that are in excess of the 1% threshold but below 2% of its Tier 1 capital. Such AI should not report the relevant amount of add-on in columns (c) or (f).
10	<i>Total RWA for group 2 cryptoasset as a result of breaching the 2% limit:</i> This row is only applicable to AIs that are G-SIB or D-SIB and have the group 2 cryptoasset exposure ratio exceeding 2% calculated in accordance with Division 8, Part 12 of the BCR. In such case, an AI should report the total RWA for all of its group 2 cryptoasset exposures (including the add-on for group 2 cryptoasset exposures imposed under BCR §388) under this row. Consequently, such AI should not report RWA figures in columns (c) or (f) for all of its group 2 cryptoasset exposures.

Template CAE2: Accounting classification of cryptoasset exposures

<u>Purpose:</u>	<u>Provide information on the accounting classification and measurement of an AI's cryptoasset exposures.</u>
<u>Scope of application:</u>	<u>The template is mandatory for all AIs incorporated in Hong Kong with cryptoasset exposures.</u>
<u>Content:</u>	<u>Carrying values corresponding to the values reported in financial statements but according to the scope of regulatory consolidation for capital adequacy purposes.</u>
<u>Frequency:</u>	<u>Semi-annual.</u>
<u>Format:</u>	<u>Flexible (but the rows must align with the presentation of cryptoasset exposures in the AI's financial statements).</u>
<u>Accompanying narrative:</u>	<u>An AI should supplement the template with a narrative commentary to explain any material changes over the current reporting period and the key drivers of such changes. In addition, an AI should report if there is any accumulated allowance/impairment on exposure measured at amortised cost.</u>
<u>Corresponding BDR section:</u>	<u>16ZQJ</u>

	<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
	<u>Carrying values of cryptoasset exposures under scope of regulatory consolidation</u>			
	<u>Group 1a</u>	<u>Group 1b</u>	<u>Group 2a</u>	<u>Group 2b</u>
<u>Assets</u>				
<u>Cash</u>				
<u>Financial assets</u>				
<u>Of which: measured at fair value through profit and loss</u>				
<u>Of which: measured at fair value through other comprehensive income</u>				
<u>Of which: measured at amortised cost</u>				
<u>Intangibles</u>				
<u>...</u>				
<u>Total assets</u>				
<u>Liabilities</u>				
<u>Financial liabilities</u>				
<u>...</u>				
<u>Total liabilities</u>				
<u>Point to note:</u> <u>An AI should also include group 1 cryptoasset exposures disclosed in columns (a) and (b) in the relevant disclosure templates that apply to traditional assets in other Parts of this disclosure package and group 2 cryptoasset exposures disclosed in columns (c) and (d) in the relevant disclosure templates in other Parts of this disclosure package, where applicable.</u>				

<u>Explanatory Note</u>
<u>Columns</u>
<u>Group allocation: this classification is based on AI's classification of cryptoasset in accordance with BCR §361.</u>
<u>Rows</u>
<u>Rows should include only assets and liabilities that give rises to AI's cryptoasset exposures. The rows must follow the balance sheet presentation used by the AI in its financial statements.</u>

Template CAE3: Liquidity requirements for cryptoasset exposures – for category 1 institution

<u>Purpose:</u>	<u>To provide an overview of an AI's cryptoasset exposures according to the liquidity risk classification.</u>
<u>Scope of application:</u>	<u>The template is mandatory for all AIs incorporated in Hong Kong and AIs incorporated outside Hong Kong that are designated as category 1 institution under the BLR and have cryptoasset exposures.</u>
<u>Content:</u>	<u>Key liquidity risk parameters for the relevant categories of cryptoasset exposures that are relevant to the calculation of LCR and NSFR, based on the calculation methodology and instructions set out in the Return of Liquidity Position (MA(BS)1E) and the Stable Funding Position Return (MA(BS)26), as applicable. To note, the categories of exposures to cryptoasset and cryptoliability that are relevant for the liquidity prudential treatment are different from the categories used for credit risk and market risk.</u>
<u>Frequency:</u>	<u>Semi-annual.</u>
<u>Format:</u>	<u>Fixed.</u>
<u>Accompanying narrative:</u>	<u>An AI should supplement the template with a narrative commentary to explain any material changes over the current reporting period and the key drivers of such changes.</u>
<u>Corresponding BDR section:</u>	<u>16ZQK and 103AC</u>

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Exposure amounts				Liquidity risk				
		Cryptoassets		Cryptoliabilities		Cryptoassets			Cryptoliabilities	
		Total	Of which: Derivative exposures	Total	Of which: Derivative exposures	LCR HQLA haircut applied	LCR cash inflow rate applied	NSFR RSF factor applied	LCR cash outflow rate applied	NSFR ASF factor applied
1	Group 1a									
1.i	Of which: HQLA instrument									
1.ii	Of which: tokenised claims on a bank									
1.iii	Of which: other tokenised assets									
2	Stablecoins									
2.i	Of which: group 1b									
2.ii	Of which: group 2									
3	Other group 2									

Point to Note:

This template provides an overview of the liquidity risk classification of exposures to cryptoassets and cryptoliabilities. An AI should also consider these instruments as part of the relevant disclosure templates for AI's liquidity (i.e. Part IID of this document).

Explanatory Note		
Columns		
(a) to (d)	Asset and liability exposure amounts are the outstanding values at the end of the reporting period which are the unweighted values used in the calculation of NSFR, except that the exposure amounts for cell 1.i/a are the unweighted values used in the calculation of LCR.	
(e) to (i)	Columns (e) to (i) are expressed as the weighted average rates of the cryptoasset and cryptoliability categories. LCR HQLA haircut, cash inflow rates and cash outflow rates (i.e. columns (e), (f) and (h)) are weighted by the exposure amounts used in the calculation of LCR, whereas NSFR RSF factors and ASF factors (i.e. columns (g) and (i)) are weighted by the exposure amounts used in the calculation of NSFR.	
Rows		
Row Number	Explanation	Relevant paragraphs of SCO60 of the Basel Framework ⁵
1	This row is the sum of rows 1.i, 1.ii and 1.iii.	SCO60.102 to SCO60.108
1.i	Group 1a cryptoassets that are tokenised versions of HQLA. The calculation and definition of HQLA for LCR and NSFR purposes must align to those in the LCR disclosure standard (i.e. HQLA satisfying the applicable requirements under BLR rule 25).	SCO60.102 to SCO60.103
1.ii	Group 1a cryptoassets or cryptoliabilities that are tokenised claims on a bank.	SCO60.107
1.iii	Group 1a cryptoassets or cryptoliabilities that are different from those reported in rows 1.i and 1.ii.	SCO60.102 to SCO60.108
2	Cryptoassets or cryptoliabilities that are fully collateralised by a segregated pool of underlying assets that do not count toward the AI's stock of HQLA. This row is the sum of rows 2.i and 2.ii.	SCO60.108
2.i	Stablecoins that are classified by the AI as group 1b.	
2.ii	Stablecoins that do not qualify as group 1b cryptoassets due solely to redemption restrictions (i.e. minimum notice periods).	
3	Group 2 cryptoassets or cryptoliabilities other than stablecoins reported in row 2.ii, i.e. that are subject to the treatment outlined in SCO60.109.	SCO60.109

⁵ The HKMA is reviewing the Return of Liquidity Position (MA(BS)1E) and the Stable Funding Position Return (MA(BS)26) to collect supplementary information related to cryptoassets and cryptoliabilities. Relevant references to the two returns, where applicable, will be incorporated once any revisions to the returns have been finalised.