

**BANK OF CHINA INTERNATIONAL LIMITED**  
**(A RESTRICTED LICENCE BANK WHOLLY-OWNED BY BANK OF CHINA LIMITED)**

**中銀國際有限公司**  
**(中國銀行股份有限公司全資附屬之有限牌照銀行)**

**REPORT FOR THE QUARTER ENDED 31 MARCH 2019**

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(中國銀行股份有限公司全資附屬之有限牌照銀行)

**1 Key prudential ratios (unaudited)**

|   |   | 31/03/2019 | 31/12/2018 | 30/09/2018 | 30/06/2018 | 31/03/2018 |
|---|---|------------|------------|------------|------------|------------|
|   | Regulatory capital  | HK\$'000   | HK\$'000   | HK\$'000   | HK\$'000   | HK\$'000   |
| 1   | Common Equity Tier 1 (CET1)   | 1,550,971  | 1,537,398  | 1,561,736  | 1,545,045  | 1,532,460  |
| 2   | Tier 1  | 1,550,971  | 1,537,398  | 1,561,736  | 1,545,045  | 1,532,460  |
| 3   | Total capital   | 1,595,215  | 1,580,519  | 1,605,320  | 1,590,240  | 1,576,897  |
|   | RWA   | HK\$'000   | HK\$'000   | HK\$'000   | HK\$'000   | HK\$'000   |
| 4   | Total RWA   | 4,070,520  | 4,216,321  | 4,450,671  | 4,708,083  | 4,694,696  |
| Risk-based regulatory capital ratios (as a percentage of RWA) |   |            |            |            |            |            |
| 5   | CET1 ratio (%)  | 38.10%     | 36.46%     | 35.09%     | 32.82%     | 32.64%     |
| 6   | Tier 1 ratio (%)  | 38.10%     | 36.46%     | 35.09%     | 32.82%     | 32.64%     |
| 7   | Total capital ratio (%)   | 39.19%     | 37.49%     | 36.07%     | 33.78%     | 33.59%     |
| Additional CET1 buffer requirements (as a percentage of RWA)  |   |            |            |            |            |            |
| 8   | Capital conservation buffer requirement (%) <sup>1</sup>                      | 2.500%     | 1.875%     | 1.875%     | 1.875%     | 1.875%     |
| 9   | Countercyclical capital buffer requirement (%) <sup>1</sup>                   | 1.596%     | 1.217%     | 1.139%     | 1.189%     | 1.229%     |
| 10  | Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs) | N/A        | N/A        | N/A        | N/A        | N/A        |
| 11  | Total AI-specific CET1 buffer requirements (%)                                | 4.096%     | 3.092%     | 3.014%     | 3.064%     | 3.104%     |
| 12  | CET1 available after meeting the AI's minimum capital requirements (%)        | 31.19%     | 29.49%     | 28.07%     | 25.78%     | 25.59%     |
| Basel III leverage ratio                                      |   |            |            |            |            |            |
| 13  | Total leverage ratio (LR) exposure measure (HK\$'000)                         | 10,573,046 | 10,320,819 | 10,819,498 | 11,263,912 | 11,325,158 |
| 14  | LR (%)  | 14.67%     | 14.90%     | 14.43%     | 13.72%     | 13.53%     |

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**1 Key prudential ratios (unaudited) (continued)**

|     |   | 31/03/2019 | 31/12/2018 | 30/09/2018 | 30/06/2018 | 31/03/2018 |
|-----|---|------------|------------|------------|------------|------------|
|     | <b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b> |            |            |            |            |            |
|     | Applicable to category 1 institution only:                                |            |            |            |            |            |
| 15  | Total high quality liquid assets (HQLA)                                   | N/A        | N/A        | N/A        | N/A        | N/A        |
| 16  | Total net cash outflows   | N/A        | N/A        | N/A        | N/A        | N/A        |
| 17  | LCR (%)   | N/A        | N/A        | N/A        | N/A        | N/A        |
|     | Applicable to category 2 institution only:                                |            |            |            |            |            |
| 17a | LMR (%)   | 49.78%     | 50.93%     | 50.23%     | 52.25%     | 51.71%     |
|     | <b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>         |            |            |            |            |            |
|     | Applicable to category 1 institution only:                                |            |            |            |            |            |
| 18  | Total available stable funding  | N/A        | N/A        | N/A        | N/A        | N/A        |
| 19  | Total required stable funding   | N/A        | N/A        | N/A        | N/A        | N/A        |
| 20  | NSFR (%)  | N/A        | N/A        | N/A        | N/A        | N/A        |
|     | Applicable to category 2A institution only:                               |            |            |            |            |            |
| 20a | CFR (%)   | N/A        | N/A        | N/A        | N/A        | N/A        |

In accordance with the Banking (Capital) Rules effective from 1 January 2007, the Company adopts the standardised approach, standardised approach, basic indicator approach and solo basis to calculate its credit risk, market risk, operational risk and capital adequacy ratio respectively.

<sup>1</sup> The capital conservation buffer ratio and the applicable jurisdictional countercyclical capital buffer (CCyB) ratio for Hong Kong used in the calculation of CCyB buffer requirement increase from 1.875% for 2018 to 2.5% for 2019 in accordance with the phase-in arrangement set out by the Hong Kong Monetary Authority.

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**2 Overview of RWA (unaudited)**

| (HK\$'000) |  | RWA                    |                           | Minimum capital requirements |
|------------|--|------------------------|---------------------------|------------------------------|
|            |  | As at<br>31 March 2019 | As at<br>31 December 2018 | As at<br>31 March 2019       |
| 1          | Credit risk for non-securitization exposures   | 3,522,776              | 3,651,599                 | 281,822                      |
| 2          | Of which STC approach  | 3,522,776              | 3,651,599                 | 281,822                      |
| 2a         | Of which BSC approach  | -                      | -                         | -                            |
| 3          | Of which foundation IRB approach   | -                      | -                         | -                            |
| 4          | Of which supervisory slotting criteria approach  | -                      | -                         | -                            |
| 5          | Of which advanced IRB approach   | -                      | -                         | -                            |
| 6          | Counterparty default risk and default fund contributions   | 16,768                 | 31,209                    | 1,341                        |
| 7          | Of which SA-CCR*   | N/A                    | N/A                       | N/A                          |
| 7a         | Of which CEM   | 16,768                 | 31,209                    | 1,341                        |
| 8          | Of which IMM(CCR) approach   | -                      | -                         | -                            |
| 9          | Of which others  | -                      | -                         | -                            |
| 10         | CVA risk   | 4,063                  | 6,488                     | 325                          |
| 11         | Equity positions in banking book under the simple risk-weight method and internal models method  | -                      | -                         | -                            |
| 12         | Collective investment scheme ("CIS") exposures – LTA*  | N/A                    | N/A                       | N/A                          |
| 13         | CIS exposures – MBA*   | N/A                    | N/A                       | N/A                          |
| 14         | CIS exposures – FBA*   | N/A                    | N/A                       | N/A                          |
| 14a        | CIS exposures – combination of approaches*   | N/A                    | N/A                       | N/A                          |
| 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  | 46,888                 | 46,650                    | 3,751                        |
| 21         | Of which STM approach  | 46,888                 | 46,650                    | 3,751                        |
| 22         | Of which IMM approach  | -                      | -                         | -                            |
| 23         | Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)* | N/A                    | N/A                       | N/A                          |
| 24         | Operational risk   | 480,025                | 480,375                   | 38,402                       |
| 24a        | Sovereign concentration risk*  | N/A                    | N/A                       | N/A                          |
| 25         | Amounts below the thresholds for deduction (subject to 250% RW)  | -                      | -                         | -                            |
| 26         | Capital floor adjustment   | -                      | -                         | -                            |
| 26a        | Deduction to RWA   | -                      | -                         | -                            |
| 26b        | Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital                   | -                      | -                         | -                            |
| 26c        | Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital           | -                      | -                         | -                            |
| 27         | <b>Total</b>   | <b>4,070,520</b>       | <b>4,216,321</b>          | <b>325,641</b>               |

N/A: Not applicable

Items marked with asterisk (\*) will be applicable only after their respective policy frameworks take effect. Until then, "N/A" is reported in the rows.

During the first quarter in 2019, total RWAs decreased by HK\$146 million mainly due to decrease in RWAs on credit risk for non-securitization exposures attributed by the greater effect of recognised credit risk mitigation in respect of the corporate exposures and exposures to individuals.

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**3 Leverage ratio (unaudited)**

|  |  | <b>HK\$'000 equivalent</b>     |                                   |
|--|--|--------------------------------|-----------------------------------|
|  |  | <b>As at<br/>31 March 2019</b> | <b>As at<br/>31 December 2018</b> |
| <b>On-balance sheet exposures</b>                  |  |                                |                                   |
| 1  | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)                                | 10,591,012                     | 10,320,370                        |
| 2  | Less: Asset amounts deducted in determining Tier 1 capital   | (45,941)                       | (42,962)                          |
| 3  | <b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>  | <b>10,545,071</b>              | <b>10,277,408</b>                 |
| <b>Exposures arising from derivative contracts</b> |  |                                |                                   |
| 4  | Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting) | 6,942                          | 11,277                            |
| 5  | Add-on amounts for PFE associated with all derivative contracts  | 22,493                         | 33,572                            |
| 6  | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework        | -                              | -                                 |
| 7  | Less: Deductions of receivables assets for cash variation margin provided under derivative contracts   | -                              | -                                 |
| 8  | Less: Exempted CCP leg of client-cleared trade exposures   | -                              | -                                 |
| 9  | Adjusted effective notional amount of written credit derivative contracts  | -                              | -                                 |
| 10   | Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts  | -                              | -                                 |
| 11   | <b>Total exposures arising from derivative contracts</b>   | <b>29,435</b>                  | <b>44,849</b>                     |
| <b>Exposures arising from SFTs</b>                 |  |                                |                                   |
| 12   | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions  | -                              | -                                 |
| 13   | Less: Netted amounts of cash payables and cash receivables of gross SFT assets   | -                              | -                                 |
| 14   | CCR exposure for SFT assets  | -                              | -                                 |
| 15   | Agent transaction exposures  | -                              | -                                 |
| 16   | <b>Total exposures arising from SFTs</b>   | <b>-</b>                       | <b>-</b>                          |
| <b>Other off-balance sheet exposures</b>           |  |                                |                                   |
| 17   | Off-balance sheet exposure at gross notional amount  | -                              | -                                 |
| 18   | Less: Adjustments for conversion to credit equivalent amounts  | -                              | -                                 |
| 19   | <b>Off-balance sheet items</b>   | <b>-</b>                       | <b>-</b>                          |
| <b>Capital and total exposures</b>                 |  |                                |                                   |
| 20   | <b>Tier 1 capital</b>  | <b>1,550,971</b>               | <b>1,537,398</b>                  |
| 20a  | <b>Total exposures before adjustments for specific and collective provisions</b>   | <b>10,574,506</b>              | <b>10,322,257</b>                 |
| 20b  | <b>Adjustments for specific and collective provisions</b>  | <b>(1,460)</b>                 | <b>(1,438)</b>                    |
| 21   | <b>Total exposures after adjustments for specific and collective provisions</b>  | <b>10,573,046</b>              | <b>10,320,819</b>                 |
| <b>Leverage ratio</b>                              |  |                                |                                   |
| 22   | <b>Leverage ratio</b>  | <b>14.67%</b>                  | <b>14.90%</b>                     |

During the first quarter in 2019, the leverage ratio exposure measure increased by HK\$252 million, resulting in the decrease in leverage ratio from 14.90% to 14.67%. The increase in exposure measure was mainly attributable by the increase in loans and advances granted to customers during the period.