

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 30 SEPTEMBER 2018

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1 Key prudential ratios (unaudited)

		30/09/2018	30/06/2018	31/03/2018	31/12/2017	30/09/2017
	Regulatory capital (amount)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Common Equity Tier 1 (CET1)	1,561,736	1,545,045	1,532,460	1,515,160	1,546,587
2	Tier 1	1,561,736	1,545,045	1,532,460	1,515,160	1,546,587
3	Total capital	1,605,320	1,590,240	1,576,897	1,556,948	1,587,798
	Risk-weighted amount ("RWA") (amount)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
4	Total RWA	4,450,671	4,708,083	4,694,696	4,540,422	5,273,132
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	35.09%	32.82%	32.64%	33.37%	29.33%
6	Tier 1 ratio (%)	35.09%	32.82%	32.64%	33.37%	29.33%
7	Total capital ratio (%)	36.07%	33.78%	33.59%	34.29%	30.11%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	1.875%	1.875%	1.875%	1.250%	1.250%
9	Countercyclical capital buffer requirement (%)	1.139%	1.189%	1.229%	0.782%	0.698%
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 (%)	3.014%	3.064%	3.104%	2.032%	1.948%
12	CET1 available after meeting the AI's minimum capital requirements (%)	28.07%	25.78%	25.59%	26.29%	22.11%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure (HK\$'000)	10,819,498	11,263,912	11,325,158	12,050,514	12,300,425
14	LR (%)	14.43%	13.72%	13.53%	12.57%	12.57%

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1 Key prudential ratios (unaudited) (continued)

		30/09/2018	30/06/2018	31/03/2018	31/12/2017	30/09/2017
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institutions 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 institutions only:					
17a	LMR (%)	50.23%	52.25%	51.71%	51.69%	51.65%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institutions 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 institutions 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.

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2 Overview of RWA (unaudited)

(HK\$'000)		RWA		Minimum capital requirements
		As at 30 September 2018	As at 30 June 2018	As at 30 September 2018
1	Credit risk for non-securitization exposures	3,923,525	4,110,446	313,882
2	Of which STC approach	3,923,525	4,110,446	313,882
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	13,808	28,424	1,105
7	Of which SA-CCR	N/A	N/A	N/A
7a	Of which CEM	13,808	28,424	1,105
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	3,550	5,713	284
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	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	25,938	53,625	2,075
21	Of which STM approach	25,938	53,625	2,075
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	483,850	509,875	38,708
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	-	-	-
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
27	Total	4,450,671	4,708,083	356,054

N/A: Not applicable

During the third quarter in 2018, total RWAs decreased by HK\$257 million mainly due to decrease in RWAs on credit risk for non-securitization exposures attributed by the decrease in bank exposures.

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3 Leverage ratio (unaudited)

		HK\$'000 equivalent	
		As at 30 September 2018	As at 30 June 2018
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	10,837,918	11,271,799
2	Less: Asset amounts deducted in determining Tier 1 capital	(43,303)	(45,046)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	10,794,615	11,226,753
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	9,404	8,803
5	Add-on amounts for PFE associated with all derivative contracts	17,539	30,289
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	Total exposures arising from derivative contracts	26,943	39,092
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	-	-
18	Less: Adjustments for conversion to credit equivalent amounts	-	-
19	Off-balance sheet items	-	-
Capital and total exposures			
20	Tier 1 capital	1,561,736	1,545,045
20a	Total exposures before adjustments for specific and collective provisions	10,821,558	11,265,845
20b	Adjustments for specific and collective provisions	(2,060)	(1,933)
21	Total exposures after adjustments for specific and collective provisions	10,819,498	11,263,912
Leverage ratio			
22	Leverage ratio	14.43%	13.72%

During the third quarter in 2018, the leverage ratio exposure measure decreased by HK\$444 million, resulting in the increase in leverage ratio from 13.72% to 14.43%. The decrease in exposure measure was mainly attributable by the decline in bank exposures during the period.