



OCBC Bank (Hong Kong) Limited
華僑銀行（香港）有限公司

Banking Disclosure Statement
For the year ended
31st December, 2024

(Expressed in millions of Hong Kong dollars unless otherwise stated)

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Introduction

Purpose

The information contained in this document is for OCBC Bank (Hong Kong) Limited (“the Bank”) and its subsidiaries (together “the Group”). It should be read in conjunction with the Group’s 2024 Annual Report. The Group’s Annual Report and the Banking Disclosure Statement, taken together, comply with the Banking (Disclosure) Rules (“BDR”) made under section 60A of the Banking Ordinance.

These banking disclosures are governed by the Group’s disclosure policy, which has been approved by the Board of Directors (“the Board”). The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the Banking Disclosure Statement is not required to be externally audited, the document has been subject to independent review in accordance with the Group’s policies on disclosure and its financial reporting and governance processes.

Basis of preparation

Except where indicated otherwise, the financial information contained in this Banking Disclosure Statement has been prepared on a consolidated basis. The basis of consolidation for regulatory purposes is different from that for accounting purposes. The details of scope of consolidation under accounting scope and regulatory scope are mentioned in note (A) of “Unaudited Supplementary Financial Information”.

The information in this document is not audited and does not constitute statutory accounts.

Certain financial information in this document is extracted from the Group’s 2024 Annual Report. The statutory accounts can be viewed on our website: www.ocbc.com.hk.

The Banking Disclosure Statement

The Group’s Banking Disclosure Statement at 31st December, 2024 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision (“BCBS”). The disclosures are made in accordance with the latest BDR issued by the Hong Kong Monetary Authority (“HKMA”).

According to the BDR, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates.

The Banking Disclosure Statement includes the majority of the information required under the BDR. The remainder of the disclosure requirement is covered in the Group’s 2024 Annual Report which can be found in our website: www.ocbc.com.hk.

Disclosure requirements covered in the Group’s 2024 Annual Report:

- The disclosure of remuneration, including Table REMA, REM1, REM2 and REM3, in “Corporate Governance Report”;
- The general disclosure of major business activities and product lines in note 32 and note 5(c) of “Notes to the Consolidated Financial Statements”;
- The disclosure of off-balance sheet and currency risk in note 29(a) and note 34(c)(ii) of “Notes to the Consolidated Financial Statements” respectively.

OVA: Overview of Risk Management as at 31st December, 2024

RISK MANAGEMENT

The Group has a comprehensive and disciplined risk management approach that covers all types of risks, supported by a strong corporate culture that prioritises accountability, ownership and high ethical standards. The approach involves understanding the sources of risks and their drivers, establishing in risk appetites and tolerances to take such risks against business goals and potential impact under adverse circumstances, comprehensive metrics to measure and monitor risk positions on a standalone and aggregated basis, early problem identification and mitigation, reporting and adjustments to risk strategies against cyclical and structural changes.

Risk frameworks are established that cover the required governance, roles and responsibilities, along with well-documented policies and procedures in taking and managing risks.

To achieve effective risk management which is critical to sustain the Group's long-term business goals and objectives, the following high-level pillars have been identified to manage risk in a sound and cohesive approach at the enterprise level.

- Risk Culture – The Board and top management determine the tone for a strong risk culture. They are supported by a robust internal control environment throughout the Group. All business units, product teams, independent functional risk management units and other support units are actively involved in the risk management process.
- Risk Management Framework – Risks are generally categorised into five main types, i.e. Credit Risk, Market Risk, Liquidity Risk, Operational Risk and Information Security and Digital Risk. Each managed with the necessary skills, resources, systems, policies and procedures. Our risk teams focus on identifying, measuring, sanctioning, monitoring, and reporting risks, while also setting limits and triggers so that the risks and underlying processes are regularly reviewed and approved at the right authority levels. Our frameworks are regularly updated to incorporate best practices and comply with regulatory standards in all the regions where we operate.
- Risk Appetite – Our aim is to manage risks in a prudent and sustainable manner for the long-term viability of the Group. The Board determines the Group's risk appetite, defining the level and nature of risks that we can undertake on behalf of our shareholders while maintaining our commitments to customers, regulators, employees and other stakeholders. Business plans take into account the corporate strategy, the forward-looking operating environment and potential risks assessed against our risk appetite. Our risk appetite is operationalised across the Group through our policies, processes and limits to manage both financial and non-financial risks. Together, these components form our Risk Appetite Framework, which articulates our risk appetite at the Group level and guides operations within our major business units.

OVA: Overview of Risk Management as at 31st December, 2024 (continued)

Specific risk tolerance levels are defined for different portfolios based on our corporate strategy and the inherent risk characteristics of each portfolio. We closely monitor performance against these risk tolerances and report findings in relevant forums.

Senior business and risk managers participate in regular forums to review macroeconomic and financial developments and discuss operating conditions, event risks and potential 'dark clouds' that may significantly impact our earnings or solvency. These risks are measured via stress tests as well as segment-specific and ad hoc event-specific portfolio reviews. The results are used to assess the potential impact of various scenarios on our earnings and capital, and to identify vulnerabilities of material portfolios and trigger appropriate risk management actions.

We conduct an annual Internal Capital Adequacy Assessment Process ("ICAAP") that incorporates the results of stress tests for various risk types. The aim is to assess whether we are capable of maintaining sufficient capital levels under a forward-looking operating environment and in severe stress scenarios. Appropriate risk-mitigating actions are taken to manage potential risks.

- Given that risks are increasingly inter-connected, we assess them holistically. There are established cross-functional assessments of emerging risk, and the suite of stress-testing and scenario analyses that inform on the impact of plausible risk factors are on to our earnings, capital, liquidity, customer segments, and obligations. These shape our risk strategies and contingency plans.

Underpinning our risk approach and frameworks are continuous investment in human resources and technology, so as to ensure that the right skills and competencies and data, systems and infrastructure are used in managing risks.

- Independent Review – Internal Audit plays an assurance role in the risk management of the Group. It reviews and comments on risk management systems, policies and procedures as well as conducting regular review of business and operational units. Its surveillance ensures control and governance processes are effective and that regulatory requirements, internal rules and standards are complied with.

OVA: Overview of Risk Management as at 31st December, 2024 (continued)

RISK GOVERNANCE AND ORGANISATION

The Risk Management Committee (“RMC”) is the principal Board committee that oversees the Group’s risk management with the following key responsibilities:

- reviews the overall risk management philosophy in line with the overall corporate strategy as set and approved by the Board.
- oversees the establishment, operation and effectiveness of an independent risk management system for identifying, measuring, monitoring, controlling and reporting risk, which includes ensuring the adequacy and effectiveness of risk management framework and practices for material risks.
- reviews the scope, effectiveness and objectivity of the Risk Management Division.
- approves the risk management frameworks, internal control systems and major policies, as well as reviews the risk appetite statement, risk disclosure policy and risk management principles for the approval of the Board.
- reviews the risk profile, risk tolerance level and risk strategy of the Bank for effective risk management, as well as the risk reports to monitor and control risk exposures.

Risk Management Division (“RMD”) is an independent risk and control oversight function that supports the Group’s business development within a prudent, consistent and effective risk management framework and governance structure. Risk and Control Function independently and objectively identifies and assesses the risk-taking activities of the first line. It establishes relevant risk management framework, policies, processes and systems. It provides independent identification, assessment, monitoring and reporting of the Group’s risk profiles, portfolio concentrations and material risk issues. Key risk reports, including the Group’s ICAAP that incorporates the results of stress tests for various risk types and mitigation action (if applicable), are submitted regularly to senior management, RMC and the Board.

All new products and services are managed by the New Product Approval Process governed by RMD. This process provides a platform to ensure that all key risks associated with new products or services are comprehensively identified, assessed, managed and mitigated before product launch.

OVA: Overview of Risk Management as at 31st December, 2024 (continued)

RISK MEASUREMENT AND REPORTING SYSTEMS

Risk management processes and management information systems are in place to identify, measure, monitor and control credit risk, liquidity risk, market risk, operational risk and information security and digital risk. Risk management policies, procedures and limits are approved by the Board or its designated committee and are monitored and reviewed regularly by relevant risk management committees, such as the Credit Risk Management Committee, the Asset, Liability Management Committee (“ALCO”) and the Non-Financial Risk Management Committee.

RMD also reviews and monitors the Group’s risk profiles and portfolio concentrations and highlights any significant vulnerabilities and risk issues to the respective risk-specific management committees. Our risk management and reporting systems are designed to ensure that risks are comprehensively identified and evaluated to support business decisions, and that risks are well controlled at both corporate and departmental levels.

The systems consist of governing policies with control measures to ascertain compliance by all operating units. These measures are directed, controlled and held to account by relevant risk management committees chaired by senior executives. Regular reviews are performed by the committees to ensure proper functioning of internal controls and to identify improvement opportunities. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and management or from external events. Operational risk data (e.g. operational risk events and losses, operational risk indicator, etc.) are analysed and reported regularly to the senior management/risk committees. For credit risk and market risk, strategies, monitoring and management processes are mentioned in the respective sections of this disclosure statement.

KM1: Key Prudential Ratios as at 31st December, 2024

		(a) 31st December, 2024	(b) 30th September, 2024	(c) 30th June, 2024	(d) 31st March, 2024	(e) 31st December, 2023
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	36,830	37,401	37,103	38,045	37,430
2	Tier 1	39,830	40,401	40,103	41,045	40,430
3	Total capital	41,621	42,219	41,917	42,880	42,515
	RWA (amount)					
4	Total RWA	198,595	207,353	193,322	193,863	196,763
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	18.5%	18.0%	19.2%	19.6%	19.0%
6	Tier 1 ratio (%)	20.1%	19.5%	20.7%	21.2%	20.5%
7	Total capital ratio (%)	21.0%	20.4%	21.7%	22.1%	21.6%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.291%	0.524%	0.533%	0.532%	0.538%
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 (%)	2.791%	3.024%	3.033%	3.032%	3.038%
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.958%	12.361%	13.682%	14.119%	13.607%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	447,396	423,304	407,877	399,433	398,948
14	LR (%)	8.90%	9.54%	9.83%	10.28%	10.13%
	Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)					
	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 institutions only:					
17a	LMR (%)	62.7%	58.3%	58.5%	56.6%	51.6%
	Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)					
	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 (%)	174.0%	169.7%	164.0%	159.3%	153.5%

Note: The decrease in Countercyclical Capital Buffer ("CCyB") ratio as at 31st December, 2024 is due to the reduction of applicable jurisdictional CCyB ratio for Hong Kong from 1% to 0.5% in accordance with the circular issued by the HKMA on 18th October, 2024.

Except for CCyB ratio, there were no other material changes to the key prudential ratios as at 31st December, 2024.

OV1: Overview of RWA as at 31st December, 2024

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 31st December, 2024 and 30th September, 2024 respectively:

Items		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31st December, 2024	30th September, 2024	31st December, 2024
1	Credit risk for non-securitisation exposures	151,655	158,056	12,806
2	Of which STC approach	11,290	11,498	903
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	132,734	135,995	11,256
4	Of which supervisory slotting criteria approach	0	0	0
5	Of which advanced IRB approach	7,631	10,563	647
6	Counterparty default risk and default fund contributions	2,730	2,598	226
7	Of which SA-CCR approach	1,302	1,390	110
7a	Of which CEM	0	0	0
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	1,428	1,208	116
10	CVA risk	830	953	66
11	Equity positions in banking book under the simple risk-weight method and internal models method	5,997	6,903	509
12	Collective investment scheme ("CIS") exposures – LTA	0	0	0
13	CIS exposures – MBA	0	0	0
14	CIS exposures – FBA	0	0	0
14a	CIS exposures – combination of approaches	0	0	0
15	Settlement risk	0	0	0
16	Securitisation exposures in banking book	0	0	0
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0
20	Market risk	13,500	15,126	1,080
21	Of which STM approach	13,500	15,126	1,080
22	Of which IMM approach	0	0	0
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#	15,144	14,629	1,212
24a	Sovereign concentration risk	0	0	0

OV1: Overview of RWA as at 31st December, 2024 (continued)

Items		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31st December, 2024	30th September, 2024	31st December, 2024
25	Amounts below the thresholds for deduction (subject to 250% RW)	1,271	1,279	108
26	Capital floor adjustment	0	0	0
26a	Deduction to RWA	1,486	1,570	119
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	9	2	1
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	1,477	1,568	118
27	Total	189,641	197,974	15,888

- Notes:
- a Item marked with an asterisk (*) will be applicable only after the policy framework takes effect.
 - b The Group used the Basic Indicator Approach (#) to calculate its exposure to operational risk at 31st December, 2024 and 30th September, 2024.
 - c RWAs in this table are presented before the application of the 1.06 scaling factor, where applicable.
 - d Minimum capital requirement represents the Pillar 1 capital charge at 8% of the RWAs after application of the 1.06 scaling factor, where applicable.

LI: Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories as at 31st December, 2024

The following table shows the differences between the carrying values as reported in the Group's financial statements following the scope of accounting consolidation and the carrying values under 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.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values of items:						
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitisation framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with banks and central banks	10,488	10,488	10,480	8	0	0	0
Placements with banks, central banks and other financial institutions	6,625	6,625	6,625	0	0	0	0
Amounts due from ultimate holding company and fellow subsidiaries	39,725	39,725	25,185	14,540	0	0	0
Trading assets	21,972	21,972	0	21,538	0	15,062	61
Advances to customers and other accounts	203,295	202,435	195,879	5,319	0	20	1,252
Amounts due from subsidiaries	0	3	3	0	0	0	0
Financial assets measured at fair value through other comprehensive income	91,558	91,558	91,572	5,948	0	0	0
Debt securities measured at amortised cost	9,776	9,776	9,776	0	0	0	0
Investments in subsidiaries	0	20	20	0	0	0	0
Investments in associated companies	243	42	42	0	0	0	0
Fixed assets							
– Investment properties	319	319	319	0	0	0	0
– Bank premises and equipment	4,753	4,753	4,510	0	0	0	243
Assets held for sale	315	290	290	0	0	0	0
Goodwill	1,306	1,306	0	0	0	0	1,306
Current tax recoverable	64	64	64	0	0	0	0
Deferred tax assets	233	233	0	0	0	0	233
Total assets	390,672	389,609	344,765	47,353	0	15,082	3,095

LII: Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories as at 31st December, 2024 (continued)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values of items:						
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitisation framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposits and balances of banks	7,743	7,743	0	5,447	0	0	2,296
Amounts due to ultimate holding company and fellow subsidiaries	9,763	9,763	0	1,305	0	0	8,458
Deposits from customers	296,691	296,691	0	0	0	0	296,691
Certificates of deposit and fixed rate note issued	3,606	3,606	0	0	0	0	3,606
Trading liabilities	20,475	20,475	0	19,942	0	13,475	533
Lease liabilities	190	190	0	0	0	0	190
Current tax payable	182	175	0	0	0	0	175
Deferred tax liabilities	141	141	0	0	0	0	141
Other accounts and provisions	6,729	5,889	25	1,233	0	337	4,294
Amounts due to subsidiaries	0	577	0	0	0	0	577
Total liabilities	345,520	345,250	25	27,927	0	13,812	316,961

LI2: Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements as at 31st December, 2024

The following table shows 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:

	(a)	(b)	(c)	(d)	(e)
		Items subject to:			
	Total	credit risk framework	securitisation framework	counterparty credit risk framework	market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	386,514	0	47,353	15,082
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	28,289	0	27,927	13,812
3	Total net amount under regulatory scope of consolidation	358,225	0	19,426	1,270
4	Off-balance sheet amounts	72,219	0	41,953	0
5	Difference due to SFT	0	0	(16,155)	0
6	Difference due to derivatives	0	0	15,279	0
7	Difference due to credit risk mitigation	(46)	0	0	0
8	Difference due to provisions	3,211	0	0	0
9	Others	31	0	0	0
N	Exposure amounts considered for regulatory purposes	430,444	0	60,503	1,270

LIA: Explanations of Differences between Accounting and Regulatory Exposure Amounts as at 31st December, 2024

The following table describes the sources of differences from financial statements amounts to regulatory exposure amounts, as displayed in templates LI1 and LI2:

Differences between the amounts in columns (a) and (b) in template LI1

The basis of consolidation for regulatory purposes is different from the basis of consolidation for accounting purposes in LI1. Subsidiaries included in consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with Section 3C of the Banking (Capital) Rules. Subsidiaries not included in consolidation for regulatory purposes are non-financial companies and the securities and insurance companies that are authorised and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorised institutions under the Banking (Capital) Rules and the Banking Ordinance.

The main drivers for the differences between accounting values and amounts considered for regulatory purposes shown in template LI2

The carrying values reported in the financial statements are after deduction of expected credit loss while the exposure amounts for regulatory purposes are before deducting expected credit loss (except for exposures under Standardised Approach of credit risk from which expected credit loss made against the credit impaired exposures are deducted);

The exposure amounts for regulatory purposes are after the adjustment for the capital effect of recognised credit risk mitigation on the principal amounts;

Counterparty credit risk exposures of derivative contracts for regulatory purposes are calculated using standardized (counterparty credit risk) approach.

**LIA: Explanations of Differences between Accounting and Regulatory Exposure Amounts
as at 31st December, 2024 (continued)****Systems and controls applied to prudent valuation**

The Group has implemented systems and controls to ensure that valuation estimates are prudent and reliable for the purpose of implementing the guidance on prudent valuation.

Valuation framework is developed by the Group to focus on valuation as a discipline in its own right covering its governance as well as key aspects including control processes, valuation and adjustment methodologies. It supports the integrity of the Group's financial statements and disclosures with respect to accounting and regulatory requirements on fair value measurement and serves to ensure that valuation governance structures and processes are consistent for both risk management and financial reporting purposes.

Independent Price Verification ("IPV") is implemented as a regular review of the valuation of fair valued trading and banking assets and liabilities against independently sourced instrument prices or parameters to ensure that the Group's positions are correctly valued and to apply appropriate adjustments if there are discrepancies. The Group's IPV process is to be performed on a monthly basis to assess whether these prices are reflective of fair value. Where material differences are discovered, valuation adjustments may be applied to bring the position more in line with its fair value.

Valuation adjustments are required when inherent limitations and assumptions underlying the Group's valuation systems and procedures result in valuations that require such adjustments in order to be aligned with fair value. Key processes that drive the need for valuation adjustments include New Product Approval process, IPV and Model Validation and Review. These processes can all potentially identify pricing and valuation deficiencies and/or uncertainties within the Group's valuation structure resulting in the need for valuation adjustments to bring valuation to fair value. Valuation adjustments are taken to profit and loss if required or allowed by HKFRS. They are also adjusted to Common Equity Tier 1 Capital according to regulatory reporting requirements.

PVI: Prudent Valuation Adjustments as at 31st December, 2024

The following table shows a detailed breakdown of the constituent elements of valuation adjustment that have not been taken into account in the calculation of the amount of the Group's retained earnings or other disclosed reserves as at 31st December, 2024. Valuation adjustments relating to Mid-market value, Model risk and Unearned credit spreads, have been taken in financial reporting and not shown in this table.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	0	0	0	0	0	0	0
2	<i>Mid-market value</i>	0	0	0	0	0	0	0
3	<i>Close-out costs</i>	0	0	0	0	0	0	0
4	<i>Concentration</i>	0	0	0	0	0	0	0
5	Early termination	0	0	0	0	0	0	0
6	Model risk	0	0	0	0	0	0	0
7	Operational risks	0	0	0	0	0	0	0
8	Investing and funding costs					1	1	0
9	Unearned credit spreads					0	0	0
10	Future administrative costs	0	0	0	0	0	0	0
11	Other adjustments	0	0	0	0	0	0	0
12	Total adjustments	0	0	0	0	1	1	0

CC1: Composition of Regulatory Capital as at 31st December, 2024

		(a)	(b)
		Amount	Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	7,308	(5)
2	Retained earnings	27,967	(6)
3	Disclosed reserves	6,056	(9)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	0	
6	CET1 capital before regulatory deductions	41,331	
CET1 capital: regulatory deductions			
7	Valuation adjustments	2	
8	Goodwill (net of associated deferred tax liabilities)	1,306	(1)
9	Other intangible assets (net of associated deferred tax liabilities)	197	
10	Deferred tax assets (net of associated deferred tax liabilities)	269	
11	Cash flow hedge reserve	42	
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitisation transactions	0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	(2) + (4)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	0	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	
17	Reciprocal cross-holdings in CET1 capital instruments	0	
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)	0	
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)	0	
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

CC1: Composition of Regulatory Capital as at 31st December, 2024 (continued)

		(a)	(b)
		Amount	Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	2,685	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	2,685	(8) + (10)
26b	Regulatory reserve for general banking risks	0	(7)
26c	Securitisation exposures specified in a notice given by the MA	0	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	0	
26e	Capital shortfall of regulated non-bank subsidiaries	0	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0	
28	Total regulatory deductions to CET1 capital	4,501	
29	CET1 capital	36,830	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	3,000	(11)
31	of which: classified as equity under applicable accounting standards	3,000	(11)
32	of which: classified as liabilities under applicable accounting standards	0	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	0	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	0	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	0	
36	AT1 capital before regulatory deductions	3,000	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	0	
38	Reciprocal cross-holdings in AT1 capital instruments	0	
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)	0	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
41	National specific regulatory adjustments applied to AT1 capital	0	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0	
43	Total regulatory deductions to AT1 capital	0	

CC1: Composition of Regulatory Capital as at 31st December, 2024 (continued)

		(a)	(b)
		Amount	Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation
44	AT1 capital	3,000	
45	Tier 1 capital (T1 = CET1 + AT1)	39,830	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	0	
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	0	(3)
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)	0	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	0	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	583	
51	Tier 2 capital before regulatory deductions	583	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	0	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	0	
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)	0	
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)	0	
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)	0	
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)	0	
56	National specific regulatory adjustments applied to Tier 2 capital	(1,208)	
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	(1,208)	((8) + (10)) X 45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	0	
57	Total regulatory adjustments to Tier 2 capital	(1,208)	
58	Tier 2 capital (T2)	1,791	

CC1: Composition of Regulatory Capital as at 31st December, 2024 (continued)

		(a)	(b)
		Amount	Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation
59	Total regulatory capital (TC = T1 + T2)	41,621	
60	Total RWA	198,595	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	18.546%	
62	Tier 1 capital ratio	20.056%	
63	Total capital ratio	20.958%	
64	Institution-specific buffer requirement capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.791%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.291%	
67	of which: higher loss absorbency requirement	0.000%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	12.958%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	
70	National Tier 1 minimum ratio	Not applicable	
71	National Total capital minimum ratio	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	1,498	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	508	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	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)	150	
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	141	
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)	442	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	949	

CC1: Composition of Regulatory Capital as at 31st December, 2024 (continued)

		(a)	(b)
		Amount	Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 capital instruments subject to phase-out arrangements	Not applicable	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable	
82	Current cap on AT1 capital instruments subject to phase-out arrangements	0	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	0	
84	Current cap on Tier 2 capital instruments subject to phase-out arrangements	0	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	0	

Notes to the template:

Description		Hong Kong basis	Basel III basis
9	Other intangible assets (net of associated deferred tax liabilities)	197	197
	<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% 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.		

CC1: Composition of Regulatory Capital as at 31st December, 2024 (continued)

Description		Hong Kong basis	Basel III basis
10	Deferred tax assets (net of associated deferred tax liabilities)	269	269
	<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)	0	0
	<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)	0	0
	<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.		

CC1: Composition of Regulatory Capital as at 31st December, 2024 (continued)

Description	Hong Kong basis	Basel III basis
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)	0	0
<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)	0	0
<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.		

CC2: Reconciliation of Regulatory Capital to Consolidated Statement of Financial Position as at 31st December, 2024

	(a) Consolidated Statement of Financial Position as in published financial statement 31st December, 2024	(b) Consolidated Statement of Financial Position under regulatory scope of consolidation 31st December, 2024	(c) Reference
ASSETS			
Cash and balances with banks and central banks	10,488	10,488	
Placements with banks, central banks and other financial institutions	6,625	6,625	
Amounts due from ultimate holding company and fellow subsidiaries	39,725	39,725	
Trading assets	21,972	21,972	
of which: – insignificant capital investments in financial sector entities exceeding 10% threshold	0	0	
Advances to customers and other accounts	203,295	202,435	
Amounts due from subsidiaries		3	
Financial assets measured at fair value through other comprehensive income	91,558	91,558	
of which: – insignificant capital investments in financial sector entities exceeding 10% threshold	0	0	
– significant capital investments in financial sector entities exceeding 10% threshold	0	0	
Investments in subsidiaries	0	20	
of which: – significant capital investments in financial sector entities exceeding 10% threshold	0	0	
Debt securities measured at amortised cost	9,776	9,776	
Assets held for sale	315	290	
Investments in associated companies	243	42	
Fixed assets			
– Investment properties	319	319	
– Bank premises and equipment	4,753	4,753	
Goodwill	1,306	1,306	(i)
Current tax recoverable	64	64	
Deferred tax assets	233	233	
Total assets	390,672	389,609	

CC2: Reconciliation of Regulatory Capital to Consolidated Statement of Financial Position as at 31st December, 2024 (continued)

	(a)	(b)	(c)
	Consolidated Statement of Financial Position as in published financial statement 31st December, 2024	Consolidated Statement of Financial Position under regulatory scope of consolidation 31st December, 2024	Reference
EQUITY AND LIABILITIES			
Deposits and balances of banks	7,743	7,743	
Amounts due to ultimate holding company and fellow subsidiaries	9,763	9,763	
Deposits from customers	296,691	296,691	
Certificates of deposit and fixed rate note issued	3,606	3,606	
of which: – gains or losses due to changes in the own credit risk on fair value liabilities	0	0	(2)
Trading liabilities	20,475	20,475	
Lease liabilities	190	190	
Current tax payable	182	175	
Deferred tax liabilities	141	141	
Other accounts and provisions	6,729	5,889	
Amounts due to subsidiaries		577	
Subordinated liabilities	0	0	
of which: – subordinated debt not eligible for inclusion in regulatory capital		0	(3)
– subordinated debt eligible for inclusion in regulatory capital		0	
– gains or losses due to changes in the own credit risk on fair value liabilities		0	(4)
Total liabilities	345,520	345,250	
Share capital	7,308	7,308	(5)
Reserves	34,844	34,051	
of which: – Retained earnings		27,967	(6)
of which: – regulatory reserve for general banking risks		0	(7)
– cumulative fair value gains arising from revaluation of investment properties		132	(8)
– Disclosed reserves		6,056	(9)
of which: – cumulative fair value gains arising from revaluation of land and buildings		2,553	(10)
Perpetual capital securities issued	3,000	3,000	(11)
Total equity	45,152	44,359	
Total equity and liabilities	390,672	389,609	

CCA: Main Features of Regulatory Capital Instruments as at 31st December, 2024

		(a)	(b)	(c)
		Quantitative/qualitative information	Quantitative/qualitative information	Quantitative/qualitative information
		Ordinary shares	HKD1,500 million Additional Tier 1 Capital Securities (issued on 12th December, 2018)	HKD1,500 million Additional Tier 1 Capital Securities (issued on 27th September, 2019)
1	Issuer	OCBC Bank (Hong Kong) Limited	OCBC Bank (Hong Kong) Limited	OCBC Bank (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A
3	Governing law(s) of the instrument	Hong Kong	The Capital Securities are governed by and shall be construed in accordance with Hong Kong law.	The Capital Securities are governed by and shall be construed in accordance with Hong Kong law.
	<i>Regulatory treatment</i>			
4	Transitional Basel III rules ¹	Common Equity Tier 1	N/A	N/A
5	Post-transitional Basel III rules ²	Common Equity Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo*/group/solo and group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 capital instruments	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (in HK\$ million, as at 31st December, 2024)	7,308	1,500	1,500
9	Par value of instrument	N/A	HK\$1,500 million	HK\$1,500 million
10	Accounting classification	Shareholders' equity	Equity instruments	Equity instruments
11	Original date of issuance	11th April, 1960	12th December, 2018	27th September, 2019
12	Perpetual or dated	N/A	Perpetual	Perpetual
13	Original maturity date	N/A	N/A	N/A
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	First optional call date: 12th December, 2023. The securities will have optional call dates on every coupon distribution date thereafter, which are semi-annually on 12th June or 12th December in each year. Contingent call dates: Redemption for tax or regulatory reasons. Redemption amount: Redeem at outstanding principal amount together with accrued dividends	First optional call date: 27th September, 2024. The securities will have optional call dates on every coupon distribution date thereafter, which are semi-annually on 27th March or 27th September in each year. Additional optional redemption for tax reasons, tax deductions reasons and regulatory reasons. Redemption amount in whole at 100% of outstanding principal amount together with accrued distributions subject to adjustment following the occurrence of a Non-Viability Event.

CCA: Main Features of Regulatory Capital Instruments as at 31st December, 2024 (continued)

		(a)	(b)	(c)
		Quantitative/qualitative information	Quantitative/qualitative information	Quantitative/qualitative information
		Ordinary shares	HKD1,500 million Additional Tier 1 Capital Securities (issued on 12th December, 2018)	HKD1,500 million Additional Tier 1 Capital Securities (issued on 27th September, 2019)
16	Subsequent call dates, if applicable	N/A	Any distribution payment date thereafter	Any distribution payment date thereafter
	<i>Coupons/dividends</i>			
17	Fixed or floating dividend/coupon	N/A	Fixed	Fixed
18	Coupon rate and any related index	N/A	Year 1-5: 5.3% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year Hong Kong Dollar Swap Offer Rate plus a fixed initial spread; The coupon rate was reset on 12th December, 2023 to 6.63% per annum for 5 years up to 12th December, 2028	Year 1-5: 4.25% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year Hong Kong Dollar Swap Offer Rate plus a fixed initial spread. The coupon rate was reset on 27th September, 2024 to 5.61% per annum for 5 years up to 27th September, 2029
19	Existence of a dividend stopper	N/A	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step-up or other incentive to redeem	N/A	No	No
22	Non-cumulative or cumulative	N/A	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	N/A	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down feature	N/A	Yes	Yes
31	If write-down, write-down trigger(s)	N/A	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event

CCA: Main Features of Regulatory Capital Instruments as at 31st December, 2024 (continued)

		(a)	(b)	(c)
		Quantitative/qualitative information	Quantitative/qualitative information	Quantitative/qualitative information
		Ordinary shares	HKD1,500 million Additional Tier 1 Capital Securities (issued on 12th December, 2018)	HKD1,500 million Additional Tier 1 Capital Securities (issued on 27th September, 2019)
32	If write-down, full or partial	N/A	May be partially or fully written down	May be partially or fully written down
33	If write-down, permanent or temporary	N/A	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A	Subordinated to depositors and general creditors, creditors in respect of Tier 2 Capital Instruments and all other Subordinated Indebtedness of the Issuer; pari passu with Parity Obligations; senior to holders of Junior Obligations (including the Issuer's ordinary shares).	Subordinated to depositors, general creditors, other unsubordinated creditors, holders of Loss Absorbing Non-Preferred Instruments of the Issuer, creditors in respect of Tier 2 Capital Instruments of the Issuer, and all other Subordinated Indebtedness of the Issuer; pari passu with Parity Obligations; and senior to holders of Junior Obligations (including the Issuer's ordinary shares).
36	Non-compliant transitioned features	N/A	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A

Footnote:

¹ Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.

² Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR

* Include solo-consolidated basis

CCyB1: Geographical Distribution of Credit Exposures used in Countercyclical Capital Buffer (“CCyB”) as at 31st December, 2024

The following table presents the geographical breakdown of RWA in relation to private sector credit exposures as at 31st December, 2024:

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio	AI-specific CCyB ratio (%)	CCyB amount
1	Hong Kong SAR	0.500%	70,906		
2	Mainland China	0.000%	57,419		
3	Australia	1.000%	388		
4	Austria	0.000%	57		
5	Bangladesh	0.000%	25		
6	Belgium	1.000%	13		
7	Canada	0.000%	128		
8	Denmark	2.500%	4		
9	Egypt	0.000%	0		
10	Finland	0.000%	1		
11	France	1.000%	3		
12	Germany	0.750%	216		
13	Ghana	0.000%	45		
14	India	0.000%	12		
15	Indonesia	0.000%	349		
16	Italy	0.000%	1		
17	Japan	0.000%	355		
18	Kenya	0.000%	4		
19	Macau	0.000%	11,814		
20	Malaysia	0.000%	142		
21	Netherlands	2.000%	4		
22	New Zealand	0.000%	1		
23	Philippines	0.000%	0		
24	Singapore	0.000%	483		
25	South Africa	0.000%	1		
26	South Korea	1.000%	129		
27	Spain	0.000%	8		
28	Switzerland	0.000%	1,263		
29	Taiwan, China	0.000%	84		
30	Thailand	0.000%	1		
31	United Arab Emirates	0.000%	2		
32	United Kingdom	2.000%	3,372		
33	United States	0.000%	426		
34	Vietnam	0.000%	20		
35	Sum		147,676		
36	Total		147,676	0.291%	429

LR1: Summary Comparison of Accounting Assets against Leverage Ratio (“LR”) Exposure Measure as at 31st December, 2024

		(a)
		Value under the LR framework
1	Total consolidated assets as per published financial statements	390,672
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	20
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	0
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	0
3a	Adjustments for eligible cash pooling transactions	0
4	Adjustments for derivative contracts	43,434
5	Adjustment for SFTs (i.e. repos and similar secured lending)	2,743
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	16,560
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(448)
7	Other adjustments	(5,585)
8	Leverage ratio exposure measure	447,396

LR2: Leverage Ratio (“LR”) as at 31st December, 2024

		(a)	(b)
		31st December, 2024	30th September, 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	343,233	341,900
2	Less: Asset amounts deducted in determining Tier 1 capital	(4,501)	(4,592)
3	Total on-balance sheet exposures (excluding derivative contract and SFTs)	338,732	337,308
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)	26,297	12,917
5	Add-on amounts for PFE associated with all derivative contracts	39,073	45,131
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(222)	(4)
8	Less: Exempted CCP leg of client-cleared trade exposures	0	0
9	Adjusted effective notional amount of written credit derivative contracts	4,595	4,663
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	(4,595)	(4,663)
11	Total exposures arising from derivative contracts	65,148	58,044
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	24,661	11,313
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	0	0
14	CCR exposure for SFT assets	2,743	587
15	Agent transaction exposures	0	0
16	Total exposures arising from SFTs	27,404	11,900
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	72,219	70,386
18	Less: Adjustments for conversion to credit equivalent amounts	(55,659)	(53,883)
19	Off-balance sheet items	16,560	16,503
Capital and total exposures			
20	Tier 1 capital	39,830	40,401
20a	Total exposures before adjustments for specific and collective provisions	447,844	423,755
20b	Adjustments for specific and collective provisions	(448)	(451)
21	Total exposures	447,396	423,304
Leverage ratio			
22	Leverage ratio	8.90%	9.54%

Note: There were no material changes to the leverage ratios during the quarterly reporting period. The changes were due to normal business activities.

LIQA: Liquidity Risk Management

Liquidity risk is the risk of not being able to meet financial and cash outflow obligations as they come due. The objective of liquidity risk management is to ensure that the Group continues to fulfil its financial obligations and can undertake new business by effectively managing liquidity and funding risks within its risk appetite. Managing liquidity involves addressing funding needs through maintaining adequate and diversified sources of liquidity and balancing cost effectiveness.

Liquidity risks arise from cashflow mismatches in maturing assets, liabilities and off-balance sheet items. It is identified by monitoring risk metrics and early warning indicators that signal potential liquidity risks stemming from market developments.

Liquidity risk is measured based on the cash flow mismatches arising from assets, liabilities and off-balance sheet items, projected on both contractual and behavioural bases under businesses as usual and stressed market scenarios. Concentration and regulatory ratios measure the effective diversification of funding sources and ability to meet stressed liquidity conditions.

Liquidity risk positions are continuously monitored against approved liquidity risk limits and triggers, established in accordance with the Group's risk appetite. A rigorous review, oversight and escalation process facilitates prompt escalation and remediation of any limit exceptions.

Stress testing is regularly conducted under a variety of regulatory, historical and market scenarios to assess the potential impact of market events on the Group's liquidity risk profile. The stress testing outcomes are applied to shape effective funding strategies, liquidity policies and contingency funding plans to minimise the impact of any liquidity crunch.

Liquidity is managed on a day-to-day basis by the Treasurer under the direction of ALCO. ALCO provides stewardship, regularly reviews our liquidity risk profiles to ensure the management approach in line with our business strategies and risk appetite, taking into account prevailing macroeconomic and market developments. Market Risk Management ("MRM") regularly provides independent risk assessment and reporting of the liquidity measures for ALCO and RMC's deliberation.

LIQA: Liquidity Risk Management (continued)

The table below shows the Group's major sources of funding as at 31st December, 2024.

Distribution of selected funding sources from bank, non-bank deposits and certificates of deposit issued and fixed rate note issued

	2024	%
Deposits and balances of banks	7,743	3%
Deposits from customers:		
Demand deposits and current accounts	92,391	30%
Savings deposits	18,913	6%
Time, call and notice deposits	185,387	60%
Certificates of deposit and fixed rate note issued	3,606	1%
Total	308,040	100%

The Group maintains liquid assets in excess of regulatory requirements to mitigate potential liquidity risk and meet liquidity needs during a crisis. These liquid assets mainly comprise marketable debt securities. The details of distribution of credit ratings of the Group's debt securities as at 31st December, 2024 are disclosed in note 34(a) of "Notes to the Consolidated Financial Statements" of the Group's 2024 Annual Report.

Customer deposit is the main source of funding. The Group actively makes use of the wholesale funding and the foreign exchange swaps to manage liquidity and surplus funds where appropriate.

In 2024, the Group, classified as a category 2A institution by the Hong Kong Monetary Authority, continued our regulatory reporting of our group-wide Liquidity Maintenance Ratio ("LMR") and Core Funding Ratio ("CFR"). As at 31st December, 2024, the period end ratios are reported as follows:

	2024
Liquidity Maintenance Ratio	66%
Core Funding Ratio	176%

The Group adopts a centralised approach to manage liquidity and funding for both domestic and overseas subsidiaries. At the next granular level, the overseas subsidiaries take responsibility for managing their funding arrangements in relation to the use and application of funds.

LIQA: Liquidity Risk Management (continued)

The table below shows the net intra-group funding of the overseas subsidiaries as of 31st December, 2024.

		2024	
	HK (Including HK Subsidiaries)	Macau	China
Net intra-group funding profile	(2,365)	2,922	(519)

The Group has formulated a contingency plan setting out strategies for dealing with a liquidity crisis and the procedures for making up cash-flow deficits and responsibility of relevant departments in emergency situations. The plan is updated and reviewed at least annually by ALCO to ensure that it remains robust over time. Any revision will be concurred by the RMC. Apart from the liquidity limits and ratios agreed with the HKMA, the Group will promptly inform the HKMA of any early warning indicators of serious liquidity problems, which may trigger the contingency funding plan.

The majority of the Group's liquidity risk arises from the maturity mismatch gap between the Group's assets and liabilities. The maturity profiles of the assets and liabilities of the Group as at 31st December, 2024 are disclosed in note 27 of "Notes to the Consolidated Financial Statements" of the Group's 2024 Annual Report. The cash flows payable by the Group for financial liabilities including interest payable that will be settled by remaining contractual maturities as of 31st December, 2024 are disclosed in note 34(b) of "Notes to the Consolidated Financial Statements" of the Group's 2024 Annual Report.

CRA: General Information about Credit Risk as at 31st December, 2024

CREDIT RISK MANAGEMENT

Credit risk is the risk of financial loss due to a borrower failing principal to meet their financial or contractual obligations. It arises from our lending activities to retail, corporate and institutional customers. Counterparty credit risk arises from the potential default of a counterparty during our trading and/or banking activities including in derivatives and debt securities. The credit exposure to a counterparty is measured as the sum of current mark-to-market value of the transactions plus an appropriate add-on for potential future exposures due to market price fluctuations.

CREDIT RISK MANAGEMENT OVERSIGHT AND ORGANISATION

The Credit Risk Management Committee (“the Committee”), chaired by Chief Credit Officer (Wholesale Credit Risk Management) is the principal senior management body that supports and is accountable to RMC in managing the Group’s credit risk, including environmental, social and governance (“ESG”) risk under responsible financing. The Committee oversees the execution of the Group’s credit risk management, framework and policies, to ensure that credit risk taking is aligned with the Group’s risk appetite and business strategy.

Credit Risk Management units ensure the proper execution of the credit risk management framework, policies and procedures. These units also independently manage credit risk to ensure adequacy of risk-returns within our risk appetite, customer targets, limits and risk standards. Dedicated risk functions are responsible for portfolio risk monitoring, risk measurement methodology, risk reporting and remedial management. Regular risk reports are provided to the Committee, Chief Executive Officer, RMC and the Board, where appropriate, in a timely, objective and transparent manner for review. These reports include detailed credit exposures, credit migration, expected losses and risk concentrations by business portfolio and geography. Regular credit stress tests are conducted to assess the potential impact of emerging risks on the Group’s credit exposures, including interactions among credit, market and liquidity events (where appropriate). The results of the stress tests facilitate the Group’s assessment of its Risk Appetite and development of risk mitigation and contingency plans across a range of stressed conditions.

Internal Audit provides independent assessment on the compliance and effectiveness of the Group’s credit risk management, control and governance processes, as well as general internal controls across the business, risk control and other support units. Internal Audit provides the assessment separately to the Board, through the Audit Committee, in accordance with its own charter.

CRA: General Information about Credit Risk as at 31st December, 2024 (continued)

CREDIT RISK MANAGEMENT APPROACH

Our credit risk management framework offers a proactive strategy for overseeing credit risk across the Group's lending operations, establishing clear objectives and minimum standards. The framework establishes credit approval authorities, concentration limits, risk objectives and minimum standards for the full credit risk rating methodologies, portfolio review parameters and guidelines for management of distressed exposures. It leverages the expertise and judgment of credit specialists, ensuring effective risk management tailored to the distinct characteristics of different portfolios and customer segments. All credit exposure must be approved by credit approving officers with the level of credit authority delegated to officers based on their experience, seniority and track record. Specific policies and procedures are implemented for major customer segments.

ESG and climate risks management is vital to our operations, as they affect our credit, market, liquidity, operational, and reputational risks. We take an integrated approach to assessing, and managing these "cross-cutting" ESG and climate risks. Customers and transactions that pose significant ESG or reputational risk are escalated to the Reputational Risk Review Group of our parent bank for further review and clearance.

LENDING TO CONSUMERS AND SMALL BUSINESSES

Consumers and small businesses customers are assessed using established acquisition strategies, and specific customer selection criteria for product programs while advanced application models are utilised to ensure consistent credit decisions making and thorough customer due diligence. Any deviations from the credit criteria shall be approved by designated credit approving officers. Portfolio credit risk is monitored through comprehensive management information systems ("MIS"), behavioural models, and stress testing to proactively identify potential weak credits.

LENDING TO CORPORATE AND INSTITUTIONAL CUSTOMERS

Corporate credit exposures are diversified among corporates, middle market borrowers and small and medium enterprises. Corporate customers are assessed individually with independent evaluations by experienced officers. Joint credit approvals are ensured between business and credit risk units for objectivity, while conducting regular reviews and stress tests to monitor credit quality and identify potential weaknesses early. The Group also has internal limits to manage exposure to sectors that are assessed to be more concentrated and for borrowers and groups of borrowers or linked-counterparties.

CRI: Credit Quality of Exposures as at 31st December, 2024

The table below provides an overview of the credit quality of on-and off-balance sheet exposures as at 31st December, 2024:

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
				Of which ECL accounting provisions for credit losses on STC approach exposures			
				Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions	Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
1	Loans	5,812	191,485	3,182	127	2,922	194,115
2	Debt securities	0	112,034	27	1	26	112,007
3	Off-balance sheet exposures	0	18,429	421	1	420	18,008
4	Total	5,812	321,948	3,630	133	129	324,130

CR2: Changes in Defaulted Loans and Debt Securities as at 31st December, 2024

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as at 31st December, 2024 and 30th June, 2024 respectively:

		(a)
		Amount
1	Defaulted loans and debt securities at end of 30th June, 2024	2,008
2	Loans and debt securities that have defaulted since the last reporting period	4,282
3	Returned to non-defaulted status	(133)
4	Amounts written off	(74)
5	Other changes*	(271)
6	Defaulted loans and debt securities at end of 31st December, 2024	5,812

* Other changes include loan repayment.

CRB: Additional Disclosure related to Credit Quality of Exposures as at 31st December, 2024

REMEDIAL MANAGEMENT

Remedial Management is in place to foster early identification of vulnerable borrowers. The quality of our credit portfolios is proactively monitored and discussed at various risk forums. Action plans to remediate deteriorating trends are worked out and reviewed at such forums. Dedicated remedial management units manage the restructuring, work-out and recovery of non-performing assets (“NPAs”) for wholesale portfolios. The goal is to rehabilitate NPAs where possible or maximize recoveries for NPAs that are on an exit strategy.

The Group adopts “Policy & Procedures for Loan Classification” based on HKMA’s guidelines, where it classifies loans and advances into five classification categories, namely “Pass”, “Special Mention”, “Substandard”, “Doubtful” and “Loss”. The decision to classify loans into the afore-mentioned categories is based on the borrower’s repayment ability and the likelihood of individual counterparties being default.

Independent and dedicated remedial management units are set up to manage the restructuring, workout and recovery of non-performing assets.

EXPECTED CREDIT LOSS FOR LOANS

For non-credit impaired financial exposure, the Expected Credit Loss (“ECL”) is assessed and measured based on 12-month ECL if the credit risk of a credit exposure has not increased significantly since initial recognition. However, where there is significant increase in credit risk, the ECL is based on lifetime ECL.

For credit impaired financial exposure, expected credit loss (stage 3) is assessed and measured based on lifetime ECL. Expected credit loss (stage 3) is based on a reasonable and well documented estimate of the net present value of the future cash flows that the Bank determines to be recoverable from the borrower, guarantor and collateral.

Our approach for determining impairment of loans and the expected credit loss is explained in note 2(k) of “Notes to the Consolidated Financial Statements” of the Group’s 2024 Annual Report.

The details of the analysis related to credit quality are disclosed in note 13(b), 14(b) and 34(a) of “Notes to the Consolidated Financial Statements” and notes (B) to (D) of “Unaudited Supplementary Financial Information” for exposure by geographical area, industry sector, remaining maturity, aging and rescheduled exposure of the Group’s 2024 Annual Report.

CRC: Qualitative Disclosures related to Credit Risk Mitigation as at 31st December, 2024

CREDIT RISK MITIGATION

Credit risk mitigation measures are adopted by the Group, such as holding collateral and setting netting arrangements to reduce risk credit risk exposure. However, risk mitigation does not replace our proper assessment of the obligor's ability to repay, which remains the primary source of repayment.

Our credit policies outline the key considerations for eligible credit risk mitigants including legal certainty and enforceability, correlation, liquidity, marketability, counterparty risk of the credit protection provider and collateral specific minimum operational requirements. Eligible physical and financial collateral includes cash, real estate, marketable securities, standby letters of credit and credit insurance.

Where collateral is taken, appropriate haircuts are made to the value to reflect its inherent nature, quality, liquidity and volatility. Regular independent valuations of the collateral are conducted. We also monitor our collateral holdings to maintain diversification across asset classes and markets. We accept guarantees from individuals, corporates and institutions as a form of support.

Netting, collateral arrangements, early termination options and central clearing mechanisms are common risk mitigation tools to manage counterparty credit risk. In approved netting jurisdictions, netting agreements allow us to offset our obligations against what is due from the counterparty in the event of a default, thereby reducing credit risk exposure.

Collateral arrangements are typically governed by market standard documentation such as the International Swaps and Derivatives Association ("ISDA") and Credit Support Annexes ("CSA") or Global Master Repurchase Agreements ("GMRA"). Such arrangements require the posting of additional collateral if the mark-to-market exposures exceed the agreed threshold amount. We apply a haircut to the value of the eligible collateral to cover potential adverse market volatility. Regulatory margin requirements may apply to the agreed threshold amount. ISDA agreements may also include rating triggers to allow for transaction termination or require additional collateral if a rating downgrade occurs.

Given our current investment grade rating, a one-notch rating downgrade would result in a minimal increase in collateral to be posted. Where possible, we also clear Over-the-Counter ("OTC") derivatives transactions through approved central clearing counterparties, thereby replacing the counterparty's credit risk with that of a highly regulated and better credit rated central clearing counterparty.

The Group's policy provides that netting is only to be applied where it has the legal right to do so.

It is the Group's policy that all corporate and institutional facilities are reviewed (and hence revalued) at least on an annual basis. Where facilities have been overdue for more than 90 days and are tangibly secured, the collateral must be revalued not less than every 3 months.

For residential mortgage loans that are more than 90 days past due, the mortgaged property must be revalued not less than every 3 months.

CRC: Qualitative Disclosures related to Credit Risk Mitigation as at 31st December, 2024 (continued)

MANAGING CREDIT RISK CONCENTRATIONS

Credit risk concentrations may arise from lending to a single borrower, a group of connected borrowers/linked-counterparties, or diverse groups of borrowers affected by similar economic or market conditions. Where appropriate, limits are set and monitored to control concentrations by borrower, group of connected borrowers/linked-counterparties, product, industry and country. These limits are aligned with our risk appetite, business strategy, capacity and expertise. Impact on earnings and capital is also considered in limit setting. We have significant exposure to the real estate market in Hong Kong. Regular stress tests are conducted to identify potential vulnerabilities in the real estate portfolio.

There were immaterial credit and market risk concentrations within the credit risk mitigation (recognised collateral and guarantees) used by the Group.

CR3: Overview of Recognised Credit Risk Mitigation as at 31st December, 2024

The following table presents the extent of credit risk exposures covered by different types of recognised Credit Risk Mitigation ("CRM") as at 31st December, 2024:

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts
1	Loans	110,539	83,576	82,325	1,251	0
2	Debt securities	112,007	0	0	0	0
3	Total	222,546	83,576	82,325	1,251	0
4	Of which defaulted	3,322	2,357	2,296	61	0

CRD: Qualitative Disclosures on use of ECAI Ratings under STC Approach as at 31st December, 2024

The Group adopts the Standardised approach, which mainly features the risk-weighting of credit risk exposures according to credit ratings provided by External Credit Assessment Institutions (“ECAIs”) recognised by the HKMA, in assessing the capital adequacy of credit risk exposures which do not qualify for or are exempted from the use of IRB approach. The Group uses the following external credit assessment institutions (“ECAIs”) to calculate its capital adequacy requirements prescribed in the Banking (Capital) Rules:

- Fitch Ratings
- Moody’s Investors Service, Inc.
- Standard & Poor’s Rating Services

Credit ratings from the above external credit assessment institutions are used in the Group for risk-weighting credit risk exposures under the following exposure classes: multilateral development bank exposures, and certain corporate exposures which do not qualify for or are exempted from the use of IRB approach.

In accordance with the requirements prescribed in Part 4 of the Banking (Capital) Rules in respect of the application of ECAI ratings, for an exposure falling under any of the exposure classes listed in above that consists of a debt obligation issued or undertaken by the obligor or an interest in a collective investment scheme which has one or more than one ECAI issue specific rating, the Group would apply the issue specific rating(s) directly in risk-weighting the exposure; while for an exposure falling under one of the exposure classes listed above which does not have an ECAI issue specific rating and the obligor of which has an ECAI issuer rating but does not have a long-term ECAI issue specific rating assigned to a debt obligation issued or undertaken by the obligor, the Group would use the ECAI issuer rating in risk-weighting the exposure under any of the following circumstances:

- The use of the ECAI issuer rating would result in the allocation of a risk weight to the exposure that would be equal to, or higher than, the risk weight allocated to the exposure on the basis that the obligor has neither an ECAI issuer rating nor an ECAI issue specific rating assigned to a debt obligation issued or undertaken by the obligor; the ECAI issuer rating is only applicable to unsecured exposures to the obligor as an issuer that are not subordinated to other exposures to that obligor; and the exposure to the obligor ranks equally with, or is subordinated to, the unsecured exposures referred to above.
- The use of the ECAI issuer rating would result in the allocation of a risk weight to the exposure that would be lower than the risk weight allocated to the exposure on the basis that the obligor has neither an ECAI issuer rating nor an ECAI issue specific rating assigned to a debt obligation issued or undertaken by the obligor; the ECAI issuer rating is only applicable to unsecured exposures to the obligor as an issuer that are not subordinated to other exposures to that obligor; and the exposure to the obligor is not subordinated to other exposures to the obligor as an issuer.

CR4: Credit Risk Exposures and Effects of Recognised Credit Risk Mitigation – for STC Approach as at 31st December, 2024

The following table illustrates the effect of any recognised CRM (including recognised collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under Standardised (Credit Risk) (“STC”) approach as at 31st December, 2024:

	Exposure classes	(a)		(b)		(c)		(d)		(e)		(f)	
		Exposures pre-CRM		Exposures post-CCF and pre-CRM		Exposures post-CCF and post-CRM		Off-balance sheet amount		Off-balance sheet amount		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density	RWA	RWA density
1	Sovereign exposures	0	0	0	0	0	0	0	0	0	0.0%	0	0.0%
2	PSE exposures	0	0	0	0	0	0	0	0	0	0.0%	0	0.0%
2a	Of which: domestic PSEs	0	0	0	0	0	0	0	0	0	0.0%	0	0.0%
2b	Of which: foreign PSEs	0	0	0	0	0	0	0	0	0	0.0%	0	0.0%
3	Multilateral development bank exposures	273	0	0	0	273	0	0	0	0	0.0%	0	0.0%
4	Bank exposures	0	0	0	0	0	0	0	0	0	0.0%	0	0.0%
5	Securities firm exposures	0	0	0	0	0	0	0	0	0	0.0%	0	0.0%
6	Corporate exposures	2,264	1,055	2,256	11	1,429	63.0%						
7	CIS exposures	0	0	0	0	0	0	0	0	0	0.0%	0	0.0%
8	Cash items	0	0	0	0	0	0	0	0	0	0.0%	0	0.0%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0	0	0	0	0.0%	0	0.0%
10	Regulatory retail exposures	5,909	4,176	5,424	13	4,078	75.0%						
11	Residential mortgage loans	7,797	0	7,435	0	3,144	42.3%						
12	Other exposures which are not past due exposures	2,283	25	2,283	0	2,283	100.0%						
13	Past due exposures	388	0	340	0	356	104.7%						
14	Significant exposures to commercial entities	0	0	0	0	0	0.0%						
15	Total	18,914	5,256	18,011	24	11,290	62.6%						

CR5: Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach as at 31st December, 2024

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 31st December, 2024:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
Exposure class												
1	Sovereign exposures	0	0	0	0	0	0	0	0	0	0	0
2	PSE exposures	0	0	0	0	0	0	0	0	0	0	0
2a	Of which: domestic PSEs	0	0	0	0	0	0	0	0	0	0	0
2b	Of which: foreign PSEs	0	0	0	0	0	0	0	0	0	0	0
3	Multilateral development bank exposures	273	0	0	0	0	0	0	0	0	0	273
4	Bank exposures	0	0	0	0	0	0	0	0	0	0	0
5	Securities firm exposures	0	0	0	0	0	0	0	0	0	0	0
6	Corporate exposures	0	0	415	0	1,012	0	840	0	0	0	2,267
7	ClS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Cash items	0	0	0	0	0	0	0	0	0	0	0
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0	0	0	0	0	0
10	Regulatory retail exposures	0	0	0	0	0	5,437	0	0	0	0	5,437
11	Residential mortgage loans	0	0	0	6,237	0	947	251	0	0	0	7,435
12	Other exposures which are not past due exposures	0	0	0	0	0	0	2,283	0	0	0	2,283
13	Past due exposures	0	0	0	0	0	0	308	32	0	0	340
14	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
15	Total	273	0	415	6,237	1,012	6,384	3,682	32	0	0	18,035

CRE: Qualitative Disclosures related to Internal Models for Measuring Credit Risk under IRB Approach as at 31st December, 2024

CREDIT PORTFOLIO MANAGEMENT

Credit portfolio management focuses on managing the collective or aggregate risk of our credit portfolios, instead of the credit risk of individual borrowers. We have developed and implemented a range of capabilities to identify, measure and monitor credit risk at the portfolio level. These capabilities include:

- **Portfolio Segmentation** – This is the process of grouping credit exposures that are similar in nature. It involves using attributes that represent common business drivers, such as geography, industry and business segment, as well as common risk drivers such as exposure to material downside risks like a property price correction, a sharp hike in interest rates, or a country risk event.
- **Portfolio Modelling** – This includes using internal rating models to quantify the exposure risk, default risk and potential losses of our borrowers. Please refer to Table 1 for information on our internal rating models. We also use stress test models to simulate the potential increase in our credit losses and Credit Risk Weighted Assets (“CRWA”) under stressed scenarios.

Overview of Internal Rating Models

Internal credit rating models and their components such as probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) – are used in limit setting, credit approval, portfolio monitoring and reporting, remedial management, stress testing and assessment of capital adequacy and portfolio allowances.

Our model risk management framework governs the development, validation, application and maintenance of rating models. Models are developed with the active participation of credit experts from risk taking and risk control units. They are subject to independent validation before implementation, followed by annual reviews to ensure that performance standards (which take into consideration regulatory requirements and industry best practices) are continually met. Internal Audit annually reviews the operating effectiveness of the control mechanisms over the internal rating systems (including the validation process). Approval for the adoption and continued use of material models rests with the designated Committees. In addition, models that are used in regulatory capital assessment must be approved by the regulators.

While our internal risk grades are not explicitly mapped to external credit ratings, they may correlate with external credit ratings in terms of the PD ranges because the factors used to rate obligors are similar. As such, an obligor rated poorly by an external credit rating agency is likely to have a weak internal risk rating as well.

The table below describes the approaches used to estimate the key parameters for Retail Internal Ratings-Based (“Retail-IRB”) and Foundation Internal Ratings-Based (“F-IRB”) credit risk models used to calculate CRWA.

CRE: Qualitative Disclosures related to Internal Models for Measuring Credit Risk under IRB Approach as at 31st December, 2024 (continued)

CREDIT PORTFOLIO MANAGEMENT (continued)

Table 1: Key Components of Internal Ratings Based (IRB) Models

IRB Models and Portfolios	PD	LGD and EAD
Retail-IRB approach covers major retail portfolios such as residential mortgages, commercial property loan, unsecured personal loan, and auto loans.	- Estimated based on the application and behaviour scores of obligors. - PD models are calibrated to reflect the expected long-run average one year default rate over an economic cycle.	- Product, collateral and geographical characteristics are major factors. - LGD models are calibrated to reflect the economic loss under downturn conditions. - EAD models are calibrated to reflect the default-weighted average and economic downturn conditions.
F-IRB (Non-Supervisory Slotting) approach covers major wholesale portfolios such as sovereigns, banks, non-bank financial institutions, corporate real estate (including income producing real estate) and general corporates.	- PD models are statistical based or expert judgement models that use both quantitative and qualitative factors to assess an obligor's repayment capacity and are calibrated to reflect the expected long-run average one-year default rate over an economic cycle. - Expert judgement models based on inputs from internal credit experts are typically used for portfolios with low default rates.	Estimated based on rules prescribed in Banking (Capital) Rules.

As of 31st December, 2024, the portion of EAD and RWA within the Group covered by IRB approach are summarised in the following table. The remaining portions not covered by IRB approach are under STC approach.

Portfolio	Percentage of total EAD under IRB approach	Percentage of total RWA under IRB approach
Corporate	99%	99%
Sovereign	100%	100%
Bank	100%	100%
Retail	78%	44%
Equity	100%	100%
Other	100%	100%

CR6: Credit Risk Exposures by Portfolio and PD Ranges – for IRB Approach as at 31st December, 2024

The following tables present the main parameters of internal models used for the calculation of credit risk capital requirements under the foundation and retail IRB approaches respectively at 31st December, 2024:

Foundation IRB Approach

		(a) Original on-balance sheet gross exposure	(b) Off-balance sheet exposures pre-CCF	(c) Average CCF	(d) EAD post-CRM and post-CCF	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity	(i) RWA	(j) RWA density	(k) EL	(l) Provisions
Sovereign	PD scale												
	0.00 to < 0.15	57,598	0	0.0%	57,598	0.02%	14	45.0%	1.64	3,657	6.3%	4	
	0.15 to < 0.25	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	0.25 to < 0.50	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	0.50 to < 0.75	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	0.75 to < 2.50	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	2.50 to < 10.00	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	10.00 to < 100.00	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	100.00 (Default)	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	Sub-total	57,598	0	0.0%	57,598	0.02%	14	45.0%	1.64	3,657	6.3%	4	54
Bank	0.00 to < 0.15	61,068	48	6.2%	62,326	0.04%	143	45.0%	1.07	7,668	12.3%	11	
	0.15 to < 0.25	8,419	0	0.0%	8,419	0.19%	13	45.0%	0.95	3,215	38.2%	7	
	0.25 to < 0.50	1,251	0	0.0%	1,250	0.37%	2	45.0%	0.88	704	56.3%	2	
	0.50 to < 0.75	179	0	0.0%	180	0.54%	3	45.0%	0.89	125	69.3%	0	
	0.75 to < 2.50	428	74	0.0%	428	1.90%	13	43.5%	0.17	428	100.0%	4	
	2.50 to < 10.00	60	66	0.0%	60	3.20%	6	7.5%	1.00	14	23.0%	0	
	10.00 to < 100.00	44	0	0.0%	44	11.10%	2	45.0%	1.00	94	213.4%	2	
	100.00 (Default)	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	Sub-total	71,449	188	1.6%	72,707	0.08%	182	44.9%	1.04	12,248	16.8%	26	194

CR6: Credit Risk Exposures by Portfolio and PD Ranges – for IRB Approach as at 31st December, 2024 (continued)

Foundation IRB Approach (continued)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Corporate – Small-and-medium sized corporates	0.00 to < 0.15	15	43	0.0%	15	0.14%	4	40.1%	4.88	7	46.0%	0	
	0.15 to < 0.25	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	0.25 to < 0.50	307	7	0.0%	307	0.37%	4	44.8%	1.09	131	42.6%	1	
	0.50 to < 0.75	64	45	2.5%	65	0.54%	6	35.2%	4.90	40	62.0%	0	
	0.75 to < 2.50	1,945	1,058	30.3%	2,248	1.39%	61	38.1%	2.39	1,506	67.0%	12	
	2.50 to < 10.00	826	226	0.8%	797	4.94%	55	35.7%	1.94	706	88.6%	14	
	10.00 to < 100.00	842	21	21.6%	838	16.12%	14	39.4%	1.47	1,187	141.7%	53	
	100.00 (Default)	23	0	0.0%	20	100.00%	1	37.5%	1.40	17	85.2%	6	
	Sub-total	4,022	1,400	23.4%	4,290	5.30%	145	38.2%	2.08	3,594	83.8%	86	59
	0.00 to < 0.15	31,764	12,115	23.8%	34,651	0.12%	133	44.6%	1.68	10,022	28.9%	18	
Corporate – Other corporates	0.15 to < 0.25	74	0	0.0%	74	0.19%	2	45.0%	1.00	29	38.9%	0	
	0.25 to < 0.50	20,337	16,505	12.0%	22,311	0.37%	120	44.8%	1.22	11,767	52.7%	37	
	0.50 to < 0.75	23,138	12,898	18.7%	25,543	0.54%	157	43.6%	1.61	16,476	64.5%	60	
	0.75 to < 2.50	27,656	20,587	23.2%	32,385	1.39%	436	39.9%	1.79	26,814	82.8%	176	
	2.50 to < 10.00	16,482	2,467	24.7%	16,859	4.71%	314	35.0%	2.24	18,886	112.0%	281	
	10.00 to < 100.00	8,570	474	39.2%	8,735	13.40%	177	37.2%	1.80	14,596	167.1%	436	
	100.00 (Default)	5,042	0	0.0%	5,030	100.00%	37	39.9%	1.57	8,915	177.2%	1,598	
	Sub-total	133,063	65,046	19.7%	145,588	5.29%	1,376	41.7%	1.69	107,505	73.8%	2,606	3,045

CR6: Credit Risk Exposures by Portfolio and PD Ranges – for IRB Approach as at 31st December, 2024 (continued)

Retail IRB Approach

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Retail – Residential mortgage exposures (including individuals and property-holding shell companies)	0.00 to < 0.15	2,279	0	0.0%	2,279	0.10%	1,011	10.2%		55	2.4%	0	
	0.15 to < 0.25	17,717	0	0.0%	17,717	0.20%	6,929	10.9%		777	4.4%	4	
	0.25 to < 0.50	0	0	0.0%	0	0.00%	0	0.0%		0	0.0%	0	
	0.50 to < 0.75	11,236	0	0.0%	11,236	0.50%	4,476	11.6%		1,019	9.1%	7	
	0.75 to < 2.50	8,982	45	0.0%	8,982	1.51%	3,608	11.7%		1,727	19.2%	16	
	2.50 to < 10.00	2,177	0	0.0%	2,176	4.75%	1,016	12.1%		831	38.2%	12	
	10.00 to < 100.00	377	252	83.8%	588	45.92%	183	42.7%		463	78.7%	199	
	100.00 (Default)	274	0	0.0%	274	100.00%	107	14.2%		171	62.2%	30	
	Sub-total	43,042	297	71.0%	43,252	2.03%	17,330	11.8%		5,043	11.7%	268	102
	0.00 to < 0.15	379	0	0.0%	379	0.10%	1,804	25.3%		24	6.3%	0	
Retail – Small business retail exposures	0.15 to < 0.25	846	0	0.0%	846	0.20%	2,429	28.8%		98	11.7%	0	
	0.25 to < 0.50	0	0	0.0%	0	0.00%	0	0.0%		0	0.0%	0	
	0.50 to < 0.75	496	0	0.0%	496	0.50%	1,325	32.3%		115	23.2%	1	
	0.75 to < 2.50	147	0	0.0%	147	1.50%	408	33.6%		59	39.8%	1	
	2.50 to < 10.00	28	0	0.0%	28	6.29%	136	30.4%		13	46.1%	1	
	10.00 to < 100.00	14	0	0.0%	14	18.76%	82	29.0%		7	51.9%	1	
	100.00 (Default)	15	0	0.0%	15	100.00%	31	35.2%		16	102.6%	6	
	Sub-total	1,925	0	0.0%	1,925	1.38%	6,215	29.4%		332	17.2%	10	10
	0.00 to < 0.15	939	0	0.0%	938	0.10%	7,871	25.0%		58	6.2%	0	
	0.15 to < 0.25	2,830	0	0.0%	2,830	0.20%	8,257	21.0%		241	8.5%	1	
Other retail exposures to individuals	0.25 to < 0.50	0	0	0.0%	0	0.00%	0	0.0%		0	0.0%	0	
	0.50 to < 0.75	2,748	0	0.0%	2,748	0.50%	4,826	23.5%		464	16.9%	3	
	0.75 to < 2.50	1,149	0	0.0%	1,149	1.47%	2,449	51.8%		704	61.3%	9	
	2.50 to < 10.00	1,056	5	0.0%	1,056	4.32%	1,311	29.5%		456	43.2%	15	
	10.00 to < 100.00	126	0	0.0%	126	22.91%	380	59.3%		149	117.7%	18	
	100.00 (Default)	55	0	0.0%	55	100.00%	77	44.4%		184	335.3%	13	
	Sub-total	8,903	5	0.0%	8,902	1.87%	25,171	27.9%		2,256	25.3%	59	44
Total (sum of all portfolios)		320,002	66,936	20.0%	334,262	2.71%	50,433	38.6%		134,635	40.3%	3,059	3,508

CR7: Effects on RWA of Recognized Credit Derivative Contracts used as Recognized Credit Risk Mitigation – for IRB Approach as at 31st December, 2024

The following table presents the effect of recognised credit derivative contracts on the calculation of credit risk capital requirements under the IRB approach as at 31st December, 2024:

		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialized lending under supervisory slotting criteria approach (project finance)	0	0
2	Corporate – Specialized lending under supervisory slotting criteria approach (object finance)	0	0
3	Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance)	0	0
4	Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate)	0	0
5	Corporate – Specialized lending (high-volatility commercial real estate)	0	0
6	Corporate – Small-and-medium sized corporates	3,594	3,594
7	Corporate – Other corporates	107,505	107,505
8	Sovereigns	3,657	3,657
9	Sovereign foreign public sector entities	0	0
10	Multilateral development banks	0	0
11	Bank exposures – Banks	11,833	11,833
12	Bank exposures – Securities firms	31	31
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	384	384
14	Retail – Small business retail exposures	332	332
15	Retail – Residential mortgages to individuals	4,837	4,837
16	Retail – Residential mortgages to property-holding shell companies	206	206
17	Retail – Qualifying revolving retail exposures (QRRE)	0	0
18	Retail – Other retail exposures to individuals	2,256	2,256
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	5,997	5,997
20	Equity – Equity exposures under market-based approach (internal models method)	0	0
21	Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment)	0	0
22	Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment)	0	0
23	Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures)	0	0
24	Equity – Equity exposures under PD/LGD approach (other equity exposures)	0	0
25	Equity – Equity exposures associated with equity investments in funds (CIS exposures)	0	0
26	Other – Cash items	23	23
27	Other – Other items	5,707	5,707
28	Total (under the IRB calculation approaches)	146,362	146,362

* The Bank does not have credit derivative contracts used as recognised credit risk mitigation.

CR8: RWA Flow Statements of Credit Risk Exposures under IRB Approach as at 31st December, 2024

The following table presents a flow statement explaining variations in the RWA for credit risk determined under the IRB approach for the period from 30th September, 2024 to 31st December, 2024:

		(a)
		Amount
1	RWA as at end of 30th September, 2024	146,558
2	Asset size	(2,364)
3	Asset quality	1,028
4	Model updates	0
5	Methodology and policy*	(3,048)
6	Acquisitions and disposals	0
7	Foreign exchange movements	(1,809)
8	Other	0
9	RWA as at end of 31st December, 2024	140,365

- * The risk-weight floor for calculating the capital requirement of relevant residential mortgage loans under the IRB approach was removed as notified by the HKMA on 18th October, 2024.

CR9: Back-Testing of PD per Portfolio – for IRB Approach as at 31st December, 2024

The following table provides back-testing data as at 31st December, 2024 to validate the reliability of PD calculations, including a comparison of the PD used to calculate capital requirements with the effective default rates of obligors under the IRB approach:

(a)	(b)	(c)			(d)	(e)	(f)		(g)	(h)	(i)
Portfolio	PD Range	External rating equivalent			Weighted average PD	Arithmetic average PD by obligors	Number of obligors¹		Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
		Standard & Poor's	Fitch	Moody's			Beginning of the year	End of the year			
Sovereign	0.00 to < 0.15	AAA to BBB	AAA to BBB	Aaa to Baa2	0.02%	0.02%	14	14	0	0	0.00%
	0.15 to < 0.25	BBB to BBB-	BBB to BBB-	Baa2 to Baa3	0.00%	0.00%	0	0	0	0	0.00%
	0.25 to < 0.50	BBB-to BB+	BBB-to BB+	Baa3 to Ba1	0.00%	0.00%	0	0	0	0	0.00%
	0.50 to < 0.75	BB+	BB+	Ba1	0.00%	0.00%	0	0	0	0	0.00%
	0.75 to < 2.50	BB+ to B+	BB+ to B+	Ba1 to B1	0.00%	0.00%	0	0	0	0	0.00%
	2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	0.00%	0.00%	0	0	0	0	0.00%
Bank	10.00 to < 100.00	B-to C	B-to C	B3 to C	0.00%	0.00%	0	0	0	0	0.00%
	0.00 to < 0.15	AAA to BBB	AAA to BBB	Aaa to Baa2	0.04%	0.05%	169	159	0	0	0.00%
	0.15 to < 0.25	BBB to BBB-	BBB to BBB-	Baa2 to Baa3	0.19%	0.19%	9	15	0	0	0.00%
	0.25 to < 0.50	BBB-to BB+	BBB-to BB+	Baa3 to Ba1	0.37%	0.37%	10	3	0	0	0.00%
	0.50 to < 0.75	BB+	BB+	Ba1	0.54%	0.54%	7	5	0	0	0.00%
	0.75 to < 2.50	BB+ to B+	BB+ to B+	Ba1 to B1	1.84%	1.62%	20	13	0	0	0.00%
Corporate – Small-and-medium sized corporates	2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	3.20%	3.20%	8	6	0	0	0.00%
	10.00 to < 100.00	B-to C	B-to C	B3 to C	0.00%	0.00%	0	2	0	0	0.00%
	0.00 to < 0.15	AAA to BBB	AAA to BBB	Aaa to Baa2	0.09%	0.12%	4	4	0	0	0.00%
	0.15 to < 0.25	BBB to BBB-	BBB to BBB-	Baa2 to Baa3	0.00%	0.00%	0	0	0	0	0.00%
	0.25 to < 0.50	BBB-to BB+	BBB-to BB+	Baa3 to Ba1	0.37%	0.37%	8	4	0	0	0.00%
	0.50 to < 0.75	BB+	BB+	Ba1	0.54%	0.54%	10	6	0	0	0.00%
Corporate – Other corporates	0.75 to < 2.50	BB+ to B+	BB+ to B+	Ba1 to B1	1.53%	1.67%	76	61	1	0	0.22%
	2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	4.71%	4.37%	58	55	2	0	1.36%
	10.00 to < 100.00	B-to C	B-to C	B3 to C	11.10%	11.10%	18	14	0	0	0.00%
	0.00 to < 0.15	AAA to BBB	AAA to BBB	Aaa to Baa2	0.11%	0.11%	147	137	0	0	0.00%
	0.15 to < 0.25	BBB to BBB-	BBB to BBB-	Baa2 to Baa3	0.00%	0.00%	0	2	0	0	0.00%
	0.25 to < 0.50	BBB-to BB+	BBB-to BB+	Baa3 to Ba1	0.37%	0.37%	147	121	0	0	0.00%
Corporate – Other corporates	0.50 to < 0.75	BB+	BB+	Ba1	0.54%	0.54%	185	160	4	0	0.36%
	0.75 to < 2.50	BB+ to B+	BB+ to B+	Ba1 to B1	1.37%	1.45%	494	446	13	0	0.83%
	2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	4.48%	4.45%	332	315	2	0	0.89%
	10.00 to < 100.00	B-to C	B-to C	B3 to C	11.57%	11.49%	189	178	6	0	1.44%

Notes:

1. The number of obligors is based on counterparty level information.

CR9: Back-Testing of PD per Portfolio – for IRB Approach as at 31st December, 2024 (continued)

(a)	(b)	(c) External rating equivalent			(d)	(e)	(f)		(g)	(h)	(i)
		Standard & Poor's	Fitch	Moody's			Beginning of the year	End of the year			
Portfolio	PD Range				Weighted average PD	Arithmetic average PD by obligors					
	0.00 to < 0.15				0.10%	0.10%	1,168	1,047	2	0	0.09%
	0.15 to < 0.25				0.20%	0.20%	7,768	7,338	4	0	0.07%
	0.25 to < 0.50				0.00%	0.00%	0	0	0	0	0.00%
	0.50 to < 0.75				0.50%	0.50%	5,126	4,840	10	0	0.16%
	0.75 to < 2.50				1.51%	1.51%	4,403	4,163	19	0	0.32%
	2.50 to < 10.00				4.73%	4.56%	1,253	1,170	17	0	1.84%
	10.00 to < 100.00				23.27%	24.09%	131	192	22	0	12.79%
Retail – Small business retail exposures	0.00 to < 0.15				0.10%	0.10%	2,117	2,208	3	0	0.15%
	0.15 to < 0.25				0.20%	0.20%	3,264	3,057	5	0	0.17%
	0.25 to < 0.50				0.00%	0.00%	0	0	0	0	0.00%
	0.50 to < 0.75				0.50%	0.50%	1,901	1,617	9	0	0.81%
	0.75 to < 2.50				1.50%	1.50%	613	499	13	0	2.06%
	2.50 to < 10.00				6.01%	5.91%	175	152	18	0	6.42%
	10.00 to < 100.00				15.97%	15.68%	87	89	15	0	15.72%
	0.00 to < 0.15				0.10%	0.10%	8,365	7,961	5	0	0.05%
Other retail exposures to individuals	0.15 to < 0.25				0.20%	0.20%	8,124	8,477	12	0	0.14%
	0.25 to < 0.50				0.00%	0.00%	0	0	0	0	0.00%
	0.50 to < 0.75				0.50%	0.50%	5,085	5,007	15	0	0.27%
	0.75 to < 2.50				1.42%	1.49%	2,725	2,504	29	1	0.92%
	2.50 to < 10.00				4.46%	5.21%	1,174	1,367	53	6	3.13%
	10.00 to < 100.00				21.76%	21.02%	315	392	40	1	18.85%

Notes:

- The number of obligors is based on counterparty level or account level information.

CR10: Specialized Lending under Supervisory Slotting Criteria Approach and Equities under the Simple Risk-Weight Method – for IRB Approach as at 31st December, 2024

The following table presents quantitative information in respect of specialised lending – High-Volatility Commercial Real Estate (“HVCRE”) under the supervisory slotting criteria approach as at 31st December, 2024:

I. Specialised Lending under supervisory slotting criteria approach – HVCRE

Supervisory Rating Grade	Remaining Maturity	(a) On-balance sheet exposure amount	(b) Off-balance sheet exposure amount	(c) SRW	(d) EAD amount	(e) RWA	(f) Expected loss amount
Strong [^]	Less than 2.5 years	0	0	70%	0	0	0
Strong	Equal to or more than 2.5 years	0	0	95%	0	0	0
Good [^]	Less than 2.5 years	0	0	95%	0	0	0
Good	Equal to or more than 2.5 years	0	0	120%	0	0	0
Satisfactory		0	0	140%	0	0	0
Weak		0	0	250%	0	0	0
Default		0	0	0%	0	0	0
Total		0	0		0	0	0

[^] Use of preferential risk-weights.

Note: The Bank does not adopt supervisory slotting criteria approach to calculate its credit risk in respect of specialised lending.

CR10: Specialized Lending under Supervisory Slotting Criteria Approach and Equities under the Simple Risk-Weight Method – for IRB Approach as at 31st December, 2024 (continued)

The following table presents quantitative information in respect of specialised lending – other than HVCRE under the supervisory slotting criteria approach as at 31st December 2024:

II. Specialised Lending under supervisory slotting criteria approach – Other than HVCRE

		(a)	(b)	(c)	(d)(i)	(d)(ii)	(d)(iii)	(d)(iv)	(d)(v)	(e)	(f)
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD Amount				Total	RWA	Expected loss amount
					PF	OF	CF	IPRE			
Strong ^	Less than 2.5 years	0	0	50%	0	0	0	0	0	0	0
Strong	Equal to or more than 2.5 years	0	0	70%	0	0	0	0	0	0	0
Good ^	Less than 2.5 years	0	0	70%	0	0	0	0	0	0	0
Good	Equal to or more than 2.5 years	0	0	90%	0	0	0	0	0	0	0
Satisfactory		0	0	115%	0	0	0	0	0	0	0
Weak		0	0	250%	0	0	0	0	0	0	0
Default		0	0	0%	0	0	0	0	0	0	0
Total		0	0		0	0	0	0	0	0	0

[^] Use of preferential risk-weights.

Note: The Bank does not adopt supervisory slotting criteria approach to calculate its credit risk in respect of specialised lending.

III. Equity exposures under the simple risk-weight method

The following table presents quantitative information in respect of equity exposures under the simple risk-weight method as at 31st December, 2024:

Categories	(a) On-balance sheet exposure amount	(b) Off-balance sheet exposure amount	(c) SRW	(d) EAD amount	(e) RWA
Publicly traded equity exposures	0	0	300%	0	0
All other equity exposures	1,499	0	400%	1,499	5,997
Total	1,499	0		1,499	5,997

CCRA: Qualitative Disclosures related to Counterparty Credit Risk (including those Arising from Clearing through CCPs) as at 31st December, 2024***Counterparty Credit Risk Management*****CREDIT RISK FROM INVESTMENT AND TRADING ACTIVITIES**

Counterparty credit risk arises from the potential default of a counterparty during our trading and/or banking activities including in derivatives and debt securities. The credit exposure to a counterparty is measured as the sum of current mark-to-market value of the transactions plus an appropriate add-on for potential future exposures due to market price fluctuations. This risk also covers settlement risk, which is the potential loss incurred if a counterparty fails to fulfil its obligation after the Bank has performed its obligation under a contract or agreement at the settlement date. Where possible, trading in OTC derivatives is cleared through Central Clearing Counterparties ("CCP"), and OTC derivative trades that are not centrally cleared shall attract margin requirements in accordance with regulatory requirements. In most cases, bilateral transactions will be governed under ISDA agreements as well as Credit Support Annexes or an equivalent to allow for close-out netting if the counterparty defaults.

Credit limits are established for each counterparty based on our assessment of the counterparty's creditworthiness, the suitability and appropriateness of the product offered and alignment with approved trading programmes and investment strategies. Credit exposures are independently managed through daily limit monitoring, excess escalation and approval, and timely risk reporting. We have established policy and process to manage wrong-way risk which can occur when the credit exposure to a counterparty is adversely correlated with the credit quality of that same counterparty.

CREDIT RISK FROM SECURITISATION

There is no exposure to asset backed securities and collateralised debt obligations.

CCRA: Qualitative Disclosures related to Counterparty Credit Risk (including those Arising from Clearing through CCPs) as at 31st December, 2024 (continued)***Counterparty Credit Risk Management (continued)*****COUNTERPARTY CREDIT RISK FROM OVER-THE-COUNTER DERIVATIVE TRANSACTIONS AND REPO-STYLE TRANSACTIONS**

In respect of the Group's counterparty credit risk which arises from over-the-counter ("OTC") derivative transactions, repo-style transactions and credit derivative contracts (other than recognised credit derivative contracts), and cash transactions (i.e., settlement risk) in securities and foreign exchange, as well as long settlement transaction, all credit limits are established in advance of transacting the business, and credit and settlement risk must be correctly captured, monitored and reported in accordance with the Group risk methodologies. Credit exposures are measured in book or market value terms depending on the product involved. These methods of calculating credit exposure apply to all counterparties or reference entities in transaction.

The policy for secured collateral on derivatives is guided by the Group's Credit Policy, ensuring the due diligence necessary to fully understand the effectiveness of netting and collateralisation by jurisdiction, counterparty, product and agreement type is fully assessed and that the due diligence standards are high and consistently applied.

Under the terms of the Group's derivative contracts with counterparties, there is no linkage between the Bank's credit ratings and collateral requirements.

Wrong way risk occurs when the exposure to a counterparty is adversely correlated with the credit quality of that same counterparty. General wrong way risk arises when the probability of default of a counterparty is positively correlated with the general market risk factors. Specific wrong way risk arises when the exposure to a counterparty is positively correlated with the probability of default of the counterparty due to the nature of the transaction with the counterparty. The Group uses a range of procedures to monitor and control wrong-way risk, including requiring front offices to obtain prior approval before undertaking wrong-way risk transactions outside pre-agreed guidelines.

CCR1: Analysis of Counterparty Default Risk Exposures (other than those to CCPs) by Approaches as at 31st December, 2024

The following table presents a comprehensive breakdown of counterparty 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 Securities Financing Transactions (“SFT”s) as at 31st December, 2024:

	(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)	905		1.4	4,906	1,302
1a	CEM (for derivative contracts)	0		1.4	0	0
2	IMM (CCR) approach		0	0	0	0
3	Simple Approach (for SFTs)				0	0
4	Comprehensive Approach (for SFTs)				2,682	316
5	VaR (for SFTs)				0	0
6	Total					1,618

CCR2: CVA Capital Charge as at 31st December, 2024

The following table presents information on portfolios subject to the Credit Valuation Adjustment (“CVA”) capital charge and the CVA calculations based on standardised CVA method and advanced CVA method as at 31st December, 2024:

		(a)	(b)
		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	0	0
1	(i) VaR (after application of multiplication factor if applicable)		0
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		0
3	Netting sets for which CVA capital charge is calculated by the standardised CVA method	4,935	830
4	Total	4,935	830

CCR3: Counterparty Default Risk Exposures (other than those to CCPs) by Asset Classes and by Risk Weights – for STC Approach as at 31st December, 2024

The following table presents a breakdown of default risk exposures as at 31st December, 2024, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach, by asset classes and risk-weights, irrespective of the approach used to determine the amount of default risk exposures:

	Exposure class		(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
	Risk Weight		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures		0	0	0	0	0	0	0	0	0	0	0
2	PSE exposures		0	0	0	0	0	0	0	0	0	0	0
2a	Of which: domestic PSEs		0	0	0	0	0	0	0	0	0	0	0
2b	Of which: foreign PSEs		0	0	0	0	0	0	0	0	0	0	0
3	Multilateral development bank exposures		0	0	0	0	0	0	0	0	0	0	0
4	Bank exposures		0	0	0	0	0	0	0	0	0	0	0
5	Securities firm exposures		0	0	0	0	0	0	0	0	0	0	0
6	Corporate exposures		0	0	0	0	0	0	0	0	0	0	0
7	CIS exposures		0	0	0	0	0	0	0	0	0	0	0
8	Regulatory retail exposures		0	0	0	0	0	0	0	0	0	0	0
9	Residential mortgage loans		0	0	0	0	0	0	0	0	0	0	0
10	Other exposures which are not past due exposures		0	0	0	0	0	0	11	0	0	0	11
11	Significant exposures to commercial entities		0	0	0	0	0	0	0	0	0	0	0
12	Total		0	0	0	0	0	0	11	0	0	0	11

CCR4: Counterparty Default Risk Exposures (other than those to CCPs) by Portfolio and PD Range – for IRB Approach as at 31st December, 2024

The following table presents all the relevant parameters used for the calculation of counterparty default risk capital requirements for exposures subject to the foundation IRB approach (other than those to CCPs) as at 31st December, 2024:

Foundation IRB Approach

	PD scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
Sovereign	0.00 to < 0.15	314	0.05%	1	45.0%	0.01	24	7.7%
	0.15 to < 0.25	0	0.00%	0	0.0%	0.00	0	0.0%
	0.25 to < 0.50	0	0.00%	0	0.0%	0.00	0	0.0%
	0.50 to < 0.75	0	0.00%	0	0.0%	0.00	0	0.0%
	0.75 to < 2.50	0	0.00%	0	0.0%	0.00	0	0.0%
	2.50 to < 10.00	0	0.00%	0	0.0%	0.00	0	0.0%
	10.00 to < 100.00	0	0.00%	0	0.0%	0.00	0	0.0%
	100.00 (Default)	0	0.00%	0	0.0%	0.00	0	0.0%
	Sub-total	314	0.05%	1	45.0%	0.01	24	7.7%
	0.00 to < 0.15	5,679	0.04%	39	45.0%	0.67	638	11.2%
Bank	0.15 to < 0.25	462	0.19%	7	45.0%	1.16	188	40.8%
	0.25 to < 0.50	7	0.37%	1	45.0%	1.00	4	58.1%
	0.50 to < 0.75	195	0.54%	3	45.0%	1.01	139	71.0%
	0.75 to < 2.50	0	0.00%	0	0.0%	0.00	0	0.0%
	2.50 to < 10.00	0	0.00%	0	0.0%	0.00	0	0.0%
	10.00 to < 100.00	0	0.00%	0	0.0%	0.00	0	0.0%
	100.00 (Default)	0	0.00%	0	0.0%	0.00	0	0.0%
	Sub-total	6,343	0.07%	50	45.0%	0.72	969	15.3%

CCR4: Counterparty Default Risk Exposures (other than those to CCPs) by Portfolio and PD Range – for IRB Approach as at 31st December, 2024 (continued)

Foundation IRB Approach (continued)

	PD scale	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
Corporate	0.00 to < 0.15	125	0.12%	10	45.0%	0.45	20	15.9%
	0.15 to < 0.25	0	0.00%	0	0.0%	0.00	0	0.0%
	0.25 to < 0.50	196	0.37%	7	45.0%	1.00	97	49.3%
	0.50 to < 0.75	190	0.54%	14	45.0%	1.15	107	56.2%
	0.75 to < 2.50	312	1.40%	38	45.0%	0.69	243	78.2%
	2.50 to < 10.00	58	3.71%	14	45.0%	1.84	74	127.9%
	10.00 to < 100.00	39	11.10%	7	45.0%	1.23	73	186.0%
	100.00 (Default)	0	0.00%	0	0.0%	0.00	0	0.0%
	Sub-total	920	1.39%	90	45.0%	0.91	614	66.7%
	Total (sum of all portfolios)	7,577	0.23%	141	45.0%	0.71	1,607	21.2%

CCR5: Composition of Collateral for Counterparty Default Risk Exposures (including those for Contracts or Transactions Cleared through CCPs) as at 31st December, 2024

The following table presents a breakdown of all types of collateral posted or recognised collateral received to support or reduce the exposures to counterparty default risk exposures as at 31st December, 2024 in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP:

(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts			SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated	
Cash – domestic currency	0	0	0	0	0
Cash – other currencies	962	921	1,216	368	17,544
Debt securities	0	0	0	0	7,134
Equity securities	0	0	0	0	0
Others	0	0	0	0	163
Total	962	921	1,216	368	24,841
				22,159	

CCR6: Credit-Related Derivatives Contracts as at 31st December, 2024

The following table presents the amount of credit-related derivative contracts as at 31st December, 2024 broken down into credit protection bought and credit protection sold:

	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	1,353	1,353
Index credit default swaps	0	0
Total return swaps	3,242	3,242
Credit-related options	0	0
Other credit-related derivative contracts	0	0
Total notional amounts	4,595	4,595
Fair values		
Positive fair value (asset)	39	41
Negative fair value (liability)	41	39

CCR8: Exposure to CCPs as at 31st December, 2024

The following table presents a breakdown of the exposures to CCPs:

		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or client to qualifying CCPs (total)		1,098
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	52,491	1,060
3	(i) OTC derivative transactions	52,465	1,057
4	(ii) Exchange-traded derivative contracts	26	3
5	(iii) Securities financing transactions	0	0
6	(iv) Netting sets subject to valid cross-product netting agreements	0	0
7	Segregated initial margin	1,216	
8	Unsegregated initial margin	151	7
9	Funded default fund contributions	257	31
10	Unfunded default fund contributions	0	0
11	Exposures of the AI as clearing member or client to non-qualifying CCPs (total)		14
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	0	0
13	(i) OTC derivative transactions	0	0
14	(ii) Exchange-traded derivative contracts	0	0
15	(iii) Securities financing transactions	0	0
16	(iv) Netting sets subject to valid cross-product netting agreements	0	0
17	Segregated initial margin	0	
18	Unsegregated initial margin	14	14
19	Funded default fund contributions	0	0
20	Unfunded default fund contributions	0	0

MRA: Qualitative Disclosures related to Market Risk as at 31st December, 2024

Market risk is the risk of financial loss due to fluctuations in market factors such as interest rates, foreign exchange rates and commodity prices.

Market risks arise primarily from our trading, customer servicing and balance sheet management activities. Given the volatile macro-economic environment, it is paramount that the management of market risk is robust and timely. This is achieved through the market risk management approach, involving the identification, measurement, monitoring, reporting and control of market risks.

GOVERNANCE

Group-level market risk policies and procedures are established to provide common guidelines and standards for managing market risks. We regularly review our market risk management strategy and limits, which are established in accordance with our risk appetite and are aligned with our business strategies taking into account prevailing macroeconomic and market conditions.

The RMC reviews and approves the Group's market risk management framework. ALCO supports RMC in monitoring the market risk. ALCO oversees the market risk management objectives and policies governing prudent market risk taking, which are backed by risk methodologies, measurement systems and internal controls. Market Risk Management is an independent risk-control unit responsible for implementing the market risk management framework to support business growth while ensuring adequate risk control and oversight.

MARKET RISK IDENTIFICATION

Our internal approval processes ensure that market risk is properly identified and quantified, allowing us to manage and mitigate such risks.

MARKET RISK MEASUREMENTS

Value-At-Risk

Value-at-risk ("VaR"), as a key metric used to quantify market risk exposures arising from the Group's trading activities. VaR is measured and monitored by individual market risk components, namely interest rate risk, foreign exchange risk, equity risk, credit spread risk and commodity risk as well as at the aggregate level. Our VaR model is based on the historical simulation approach, calibrated at the 99% confidence level and a one-day holding period. A 99% confidence level means that, statistically, losses on a single trading day may exceed VaR on average, once every 100 days.

MRA: Qualitative Disclosures related to Market Risk as at 31st December, 2024 (continued)

MARKET RISK MEASUREMENTS (continued)

Sensitivity Analysis

As interest rate movements are a key driver of our market risk exposure, Present Value of a Basis Point ("PV01"), which measures the change in value of interest rate-sensitive exposures resulting from a one basis point increase across the entire yield curve, is an important measure that is monitored on a daily basis. Other than VaR and PV01, we use risk metrics such as notional positions, Profit & Loss ("P&L") for One Basis Point Move in Credit Spreads ("CS01") and other risk variables for specific exposure types.

Stress Testing and Scenario Analysis

We perform stress testing and scenario analyses to assess and quantify potential losses from unlikely but plausible extreme market conditions. We regularly review and adjust the stress scenarios to ensure their relevance to the Group's trading portfolio activities and risk profile, and as well as current and forecasted economic conditions. These analyses determine if potential losses from such extreme market conditions are within the Group's risk tolerance.

RISK MONITORING AND CONTROL

Limits

Trading units may only undertake authorised trading activities for approved products. All trading risk positions are monitored on a daily basis against approved and allocated limits. Trading activities are conducted within approved mandates and dynamically hedged to remain within limits. Hedge effectiveness is enforced through independent limits monitoring to ensure compliance with market risk limits. Limits are approved to reflect our risk appetite and managed the downside risk from trading opportunities, with clearly defined exception escalation procedures. We report exceptions, including temporary breaches, promptly to senior management and the Board. We also manage market risk exposures holistically by using multiple risk limits (VaR and risk sensitivities), P&L stop loss and other measures.

Model Validation

Model validation is an integral part of our risk control process. Financial models are used to price financial instruments and calculate VaR. We adopt the models provided and validated by the OCBC Group and leverage on their expertise to ensure that the models used are fit for their intended purposes through periodic independent validation and reviews. Market rates used for risk measurement and valuation are sourced independently, thereby enhancing the integrity of the trading P&L and risk measures generated.

Back-testing

To ensure the continued integrity of the VaR models, we back-test the VaR against actual trading P&Ls and hypothetical P&Ls daily to confirm that the models do not underestimate our market risk exposures.

For reporting of market risk, key risk indicator reports are prepared and delivered to business units and senior management on a daily basis. A summary of market risk measures is submitted to ALCO monthly and the key highlights of market risk measures are submitted to RMC quarterly for review. For regulatory reporting, the Group calculates the market risk capital requirements using the Standardised (Market Risk) Approach ("STM approach") which are disclosed in following Table MR1.

MR1: Market Risk under Standardised (Market Risk) Approach (STM Approach) as at 31st December, 2024

The table below provides the components of the market risk capital requirements calculated using the STM approach exposures as at 31st December, 2024:

		(a)
		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	7,938
2	Equity exposures (general and specific risk)	0
3	Foreign exchange (including gold) exposures	5,562
4	Commodity exposures	0
	Option exposures	
5	Simplified approach	0
6	Delta-plus approach	0
7	Other approach	0
8	Securitisation exposures	0
9	Total	13,500

International Claims

Analysis of the Bank's international claims by location and by type of counterparty is as follows:

2024					
	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
Offshore centres, of which					
– Hong Kong	2,258	9,646	15,887	112,991	140,782
– Macau	168	5,243	128	17,555	23,094
– Singapore	40,461	1	20	1,708	42,190
Developing Asia-Pacific, of which					
– Mainland China	36,901	10,361	30,763	34,844	112,869
	79,788	25,251	46,798	167,098	318,935
2023					
	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
Offshore centres, of which					
– Hong Kong	1,200	7,201	17,637	119,582	145,620
– Macau	0	4,205	136	18,733	23,074
– Singapore	23,143	1	207	1,040	24,391
Developing Asia-Pacific, of which					
– Mainland China	29,254	15,509	26,318	35,801	106,882
	53,597	26,916	44,298	175,156	299,967

The above analysis is disclosed on a net basis after taking into account the effect of any recognised risk transfer.

Mainland Activities

Analysis of non-bank Mainland China exposures includes exposures of the Bank and certain of its subsidiaries on the basis agreed with the HKMA.

	On-balance sheet exposures	2024 Off-balance sheet exposures	Total exposures
(i) Central government, central government-owned entities and their subsidiaries and Joint Ventures ("JVs")	26,560	784	27,344
(ii) Local government, local government-owned entities and their subsidiaries and JVs	8,679	1,524	10,203
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	30,566	8,624	39,190
(iv) Other entities of central government not reported in item (i) above	62	213	275
(v) Other entities of local government not reported in item (ii) above	0	7	7
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China	2,157	1,049	3,206
(vii) Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures	2,418	401	2,819
Total	70,442	12,602	83,044
Total assets after provisions	371,794		
On-balance sheet exposures as a percentage of total assets	18.95%		
	On-balance sheet exposures	2023 Off-balance sheet exposures	Total exposures
(i) Central government, central government-owned entities and their subsidiaries and Joint Ventures ("JVs")	27,784	1,528	29,312
(ii) Local government, local government-owned entities and their subsidiaries and JVs	7,571	3,085	10,656
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	30,300	5,872	36,172
(iv) Other entities of central government not reported in item (i) above	0	116	116
(v) Other entities of local government not reported in item (ii) above	197	27	224
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China	2,064	952	3,016
(vii) Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures	3,527	210	3,737
Total	71,443	11,790	83,233
Total assets after provisions	336,565		
On-balance sheet exposures as a percentage of total assets	21.23%		

Capital Buffer

Countercyclical Capital Buffer Ratio

	31st December, 2024	31st December, 2023
Countercyclical capital buffer ratio	0.291%	0.538%

The relevant disclosures pursuant to section 16FG of the Banking (Disclosure) Rules can be found in Template CCyB1 in this Banking Disclosure Statement.

Capital Conservation Buffer Ratio

Under section 3M of the Banking (Capital) Rules, the capital conservation buffer ratio for calculating the Bank's buffer level is 2.5% for 2024 and 2.5% for 2023.

IRRBB: Interest Rate Risk in Banking Book as at 31st December, 2024 – Risk Management Objectives and Policies

(a) Risk management purpose

Interest rate risk in the banking book (“IRRBB”) refers to the current and prospective risk of interest rates to the Group’s capital and earnings. With a broad range of products spanning different interest rate structures, curves and maturities, the repricing profile of assets and liabilities can be mismatched. As interest rates and yield curves move, these mismatches may affect the Group’s economic value and potentially lead to a decline in earnings. The primary goal of the management of IRRBB is to ensure that the impact of these events on our interest rate risk exposures are consistent with our risk appetite and maintained within the defined risk tolerance.

(b) Risk Management strategies

Interest rate risk varies with repricing periods, currencies, embedded options and interest rate bases. It arises from interest rate sensitive instruments which are:

- Repricing at different times (gap risk)
- Referencing different interest rate benchmarks (basis risks)
- Possessing optionality with respect to timing of cashflows or interest rate reset under different circumstances (optionality risk).

The Group has an established risk management framework to oversee and manage IRRBB. The RMC sets the overall strategic direction and risk appetite. The RMC also provides oversight to ensure that senior management implements an appropriate and effective risk management framework. ALCO is appointed by the RMC to provide stewardship in managing the Group’s IRRBB profiles. IRRBB arising from commercial loans and deposits is centrally managed by Corporate Treasury and Global Markets. MRM, acting as a second line of defence, establishes risk management policies and risk limits in line with the Group’s risk appetite. MRM also provides independent assessment, monitoring and reporting of the IRRBB profiles for ALCO and RMC’s deliberation. Internal Audit in its role as the third line of defence conducts periodic reviews to ensure the effectiveness of risk management and control processes.

Interest rate derivatives are commonly used as the hedging instruments to manage IRRBB within risk limits. The Group uses interest rate swaps and futures to manage the fair value movements of fixed-rate securities. The Group also uses interest rate swaps to manage the variability in future cash flows due to interest rate movements. Hedge accounting is adopted where appropriate.

IRRBB: Interest Rate Risk in Banking Book as at 31st December, 2024 – Risk Management Objectives and Policies (continued)

(b) Risk Management strategies (continued)

The Group manages IRRBB using both earnings and capital-based measures:

- Net Interest Income (“NII”) sensitivity estimates the potential earning impact under various interest rate scenarios, assuming the Group’s balance sheet remains unchanged over the next one year. Interest rate caps and floors are applied in interest cashflow projections in line with contractual obligations and business practices.
- Economic Value of Equity (“EVE”) sensitivity and present value of one basis point (“PV01”) simulate the potential impact of various interest rate shock scenarios on the Group’s capital. They are computed by discounting repricing cashflows, including commercial margins and spread, using risk-free rates or a proxy for currencies without an active risk-free rate market.

Other IRRBB metrics include present value of one basis point (“PV01”) and repricing gap profile analysis. The risk metrics are computed at least monthly to quantify and monitor IRRBB profiles across all currencies. The IRRBB exposures are reported to ALCO on regular basis. The key results are also reported to the RMC on a quarterly basis. Any breach in limits or triggers is immediately reported to the senior management.

Stress test is used to evaluate the potential impact of adverse scenarios on the IRRBB, including but not limited to the debt securities portfolio. The results of stress test are used to adjust IRRBB management strategies and positions. In particular, the stress test on NII is also considered in the Bank’s internal capital assessment.

Models used for IRRBB measurement are validated by an independent analytics team at OCBC Group. Senior representatives from business units at OCBC Group form a technical committee and deliberate on model assumptions to ensure the reasonableness for the model application. The calibrated model results are approved by ALCO prior to implementation. Model recalibrations are conducted at least annually to reflect the changing market conditions, balance sheet structure and customer behaviours.

(c) Risk measurement frequency

EVE and NII measures are calculated on the Bank’s internal stress scenarios monthly or quarterly and the regulatory prescribed scenarios are monitored quarterly. PV01 metrics are computed at least monthly and comprehensively monitored against approved risk limits and triggers.

(d) Interest rate shock and stress scenarios

Regular stress testing is performed to evaluate whether capital is sufficient to withstand extreme interest rate movements on the balance sheet, including but not limited to debt securities portfolio. NII and EVE sensitivity are simulated for various interest rate shock scenarios to evaluate the Group’s capital adequacy in withstanding severe interest rate movements. The scenarios include the standard interest rate shocks prescribed by regulators, historical and hypothetical interest rate shocks, as well as internal scenarios addressing the Group’s profiles for the purpose of risk monitoring and capital planning.

IRRBB: Interest Rate Risk in Banking Book as at 31st December, 2024 – Risk Management Objectives and Policies (continued)

(e) *Key modelling and parametric assumptions used in the Bank's internal measurement system*

1. IRRBB is also assessed based on the Group's internal behavioural models and/or additional internal scenarios. For the measurement of the internal PV01 and EVE, the Group estimates repricing profiling of its non-maturity deposits ("NMDs"). NMD cohorts are segregated into stable and non-stable portions. The stable volume of deposits is determined based on the volatility of deposit balances using historical data. Pass Through Rate ("PTR") is assumed to represent the proportion of stable deposits that reprice due to the market rate change (i.e. non-core/rate sensitive portion of stable NMDs). The model assumptions used for HKMA IRRBB reporting are listed in section (g).
2. Conditional Prepayment rate ("CPR") is applied on both fixed and floating rate loans of retail and non-retail customers. Term deposit redemption ratio ("TDRR") is applied on both retail and non-retail fixed rate term deposits. No separate option model is applied on the non-retail exposure.
3. NII sensitivity analysis is based on simulation approach in the risk system based on the constant balance sheet assumption with the maturing or repricing cash flows being replaced with a new identical post shocked deal. The approach is slightly different from the template IRRBB1 which is calculated based on the gapping positions with the remaining repricing/contractual tenors of the instruments for 12 months tenor.

(f) *Hedging strategies and accounting treatment*

Interest rate risk hedging strategies are implemented mainly through derivatives, including interest rate swaps, tenor basis swaps, cross currency swaps and interest rate futures. In order to avoid asymmetric profit and loss recognition, the Bank may apply hedge accounting if applicable. All the hedge relationships of underlying hedged item(s)/risk and hedging transactions are documented and monitored.

The effectiveness of hedging transactions is measured prospectively either by the differential of sensitivity to the risk parameter of the hedged item(s)/risk and the hedging transactions, or by matching the cash flows of the hedge and the risk positions. The hedging relationships are periodically checked whether hedge effectiveness is still in place.

IRRBBA: Interest Rate Risk in Banking Book as at 31st December, 2024 – Risk Management Objectives and Policies (continued)

(g) Key modelling and parametric assumptions used in template IRRBB1

The below is a high-level explanation of key modelling and parametric assumptions used in calculating EVE and NII in template IRRBB1:

1 Treatment on NMD and managed rate asset

Both NMD and most of the managed rate asset without fixed repricing rates are slotted into overnight which is the shortest time band of the Banks for both NII and EVE computation, thus the average and longest behavioural maturity of NMDs in HKMA IRRBB is 1 day.

2 Balance sheet assumption

NII sensitivity estimates the potential change in earnings over a one-year horizon assuming constant balance sheet. The maturing or repricing cash flows are replaced by new cash flows with identical features with regard to the amount, repricing period and spread components. EVE sensitivity is calculated based on a run-off balance sheet assumption where existing interest rate sensitive positions are being amortized with no replenishment.

3 Treatment on repricing cashflow and the commercial margins and spread

The repricing cash flows are slotted based on contractual maturity and next fixing date for fixed rate and floating rate position respectively. For EVE sensitivity computation, commercial margins and other spread components are included in the coupon cashflows. A single risk-free discount curve per currency is used without incorporation of any spread.

4 Cashflow slotting on products with optionality

- Prepayment model is applied on retail fixed rate loans which the penalties charged are not sufficient to offset the economic cost. Conditional prepayment rate (“CPR”) is calibrated based on the relationship between the historical loan prepayment rate and the age of the loans. The cashflow is adjusted per HKMA IR-1 instruction.
- Fixed rate retail term deposits may be subject to the risk of early withdrawal prior to maturity date. With term deposit redemption ratio (“TDRR”) applied, the notional repricing cash flows of the early redeemed term deposits is slotted into the overnight. The TDRR is estimated based on the movement of term deposits from month-end balance sheets using historical data.

IRRBBA: Interest Rate Risk in Banking Book as at 31st December, 2024 – Risk Management Objectives and Policies (continued)

(g) Key modelling and parametric assumptions used in template IRRBB1 (continued)

4 Cashflow slotting on products with optionality (continued)

- The Bank formulates option modelling for (i) prepayment risk of non-retail fixed rate loans, (ii) early redemption risk of non-retail fixed rate term deposits denominated in CNY and foreign currency in China where early withdrawal is allowed by rules, (iii) Callable option for callable bonds and (iv) explicit embedded options on staff loans (cap and floor) and floating rate loans (floor). The option value is included in the EVE computation.

5 Aggregation approach

The Interest rate risk exposures are calculated for each significant currencies which is defined as 5% or more of the Group's total on balance sheet interest rate sensitive position. For EVE computation, the EVE exposures are aggregated under a given interest rate shock scenario for each significant currencies without netting. The overall EVE risk measure corresponds to the worst across the six prescribed standard interest rate shock scenarios. For NII computation, the interest rate risk exposures are netted over different currencies. The overall NII risk measure corresponds to the bigger NII loss across parallel up and parallel down scenario.

IRRBB1: Quantitative Information on Interest Rate Risk in Banking Book

The values in IRRBB1 below are computed in accordance with the HKMA Return MA(BS)12A (the "Return"). The change in the economic value of equity (Δ EVE) evaluates the potential impact based on a run-off balance sheet and an instantaneous shock; and the change in net interest income (Δ NII) estimates the potential change over a forward-looking rolling 12-month period, using a constant balance sheet assumption and an instantaneous shock.

The table below provides information on the Group's EVE and NII sensitivity under the prescribed interest rate shock scenarios as defined in the HKMA's SPM IR-1. Positive values of Δ EVE and Δ NII indicate potential losses under the respective scenarios, in accordance with supervisory guidance. A general description of key modelling parametric assumptions and aggregation rules used for calculating Δ EVE and Δ NII is provided in section (g) of the table IRRBBA.

(in HKD millions)		Δ EVE		Δ NII	
	Period	31st December, 2024	31st December, 2023	31st December, 2024	31st December, 2023
1	Parallel up	2,028	2,156	78	260
2	Parallel down	0	0	(73)	(254)
3	Steeper	47	10		
4	Flattener	682	708		
5	Short rate up	1,328	1,369		
6	Short rate down	0	0		
7	Maximum	2,028	2,156	78	260
	Period	31st December, 2024		31st December, 2023	
8	Tier 1 capital	39,830		40,430	

The worst scenario for EVE loss remained at the Parallel Up scenario for both 31st December, 2024 and 31st December, 2023. The exposure remained well below the regulatory threshold corresponding to 15% of Tier 1 capital of the Group (5.1% as of 31st December, 2024 and 5.3% as of 31st December, 2023). The more adverse scenario with regard to NII loss over the next 12 months was the Parallel Up scenario, resulting in potential adverse changes of HK\$78m and HK\$260m as of 31st December, 2024 and 31st December, 2023 respectively.

The decrease in Δ EVE under the Parallel Up scenario was mainly due to the unwinding of receive-fixed HKD IRS under the cashflow hedge initiative. The decrease in Δ NII under the Parallel Up scenario was attributed to the increased purchase of CNY debt securities.