大眾銀行（香港）
PUBLIC BANK (HONG KONG)

Public Bank (Hong Kong) Limited

Regulatory Disclosure Statement

For the position date of 31 December 2024
(Consolidated and Unaudited)

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Template KM1: Key prudential ratios

The table below provides key prudential ratios.

		(a)	(b)	(c)	(d)	(e)
		31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	5,977,574	6,181,800	6,125,978	6,118,816	6,208,432
2	Tier 1	5,977,574	6,181,800	6,125,978	6,118,816	6,208,432
3	Total capital	6,172,472	6,367,962	6,311,949	6,303,374	6,392,402
	RWA (amount)					
4	Total RWA	25,119,556	26,058,950	25,591,661	24,699,061	24,962,444
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	23.80%	23.72%	23.94%	24.77%	24.87%
6	Tier 1 ratio (%)	23.80%	23.72%	23.94%	24.77%	24.87%
7	Total capital ratio (%)	24.57%	24.44%	24.66%	25.52%	25.61%
	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 (%)	0.474%	0.944%	0.941%	0.937%	0.934%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0% (Not applicable)	0% (Not applicable)	0% (Not applicable)	0% (Not applicable)	0% (Not applicable)
11	Total AI-specific CET1 buffer requirements (%)	2.974%	3.444%	3.441%	3.437%	3.434%
12	CET1 available after meeting the AI's minimum capital requirements (%)	16.57%	16.44%	16.66%	17.52%	17.61%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	40,362,070	40,643,396	39,770,182	36,925,966	37,540,460
14	LR (%)	14.81%	15.21%	15.40%	16.57%	16.54%

		(a)	(b)	(c)	(d)	(e)
		31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
16	Total net cash outflows	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
17	LCR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Applicable to category 2 institution only:					
17a	LMR (%)	63.28%	62.45%	64.02%	59.97%	60.89%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
19	Total required stable funding	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
20	NSFR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Applicable to category 2A institution only:					
20a	CFR (%)	155.47%	143.37%	147.35%	137.45%	135.97%

Table OVA: Overview of risk management

For the purpose of risk management and regulatory consolidation, the Group refers to the consolidation of Public Bank (Hong Kong) Limited (the "Bank") and Public Finance Limited ("Public Finance"). The Group's risk management is underpinned by the Group's risk appetite and is subject to the respective Boards of Directors' (the "Boards") oversight through the Risk Management Committees ("RMCs") of the Bank and Public Finance, which are Board Committees overseeing the establishment of enterprise-wide risk management policies and processes. To identify and manage key risks effectively, the Group adopts a risk management framework under which key components of the Group's business model such as business activities conducted to ensure the sustainability of profitability, core supporting operations to support business activities and the delivery of risk based reports, loan product segments and features, debt securities portfolio mix, geographical segments, pricing and loan recovery strategies, and concentration of customer groups are considered in ascertaining its overall risk profile. The Group reviews its risk profile through regular assessments of both qualitative and quantitative risk factors to monitor prevailing risk levels against the applicable risk appetites approved by the respective Boards regularly (at least annually). The Group shall review and revise its business model, key business strategies and risk tolerance levels as appropriate pursuant to assessment results of risk profile which may vary from time to time.

RMCs are responsible to the respective Boards in discharging the Board's roles and responsibilities in managing risk and compliance issues including at least the Group's infrastructures, resources, capital levels and risk controls to manage the risk-taking activities in meeting the risk appetite thresholds and regulatory guidelines. Periodic reports provided by the Heads of Risk Management Departments ("RMDs") on the state of the Group's risk culture, risk exposures and risk management activities are reviewed by the RMCs regularly. The other key dedicated risk committees (i.e. Assets and Liabilities Management Committees ("ALCOs"), Credit Risk Management Committee ("CRMC"), Credit Committees and Operational Risk Management Committees ("ORMCs")) of the Group are established to ensure that the day-to-day management of the Group's activities are consistent with the risk appetite, frameworks and policies approved by the Boards or delegated authorities. The ALCOs are responsible for overseeing the development and implementation of policies, processes, procedures and limits for the asset and liability management and ensure key risk issues related to interest rate risk and market risk management, balance sheet structure, capital structure and planning, and liquidity and funding risk management are identified and managed within the risk appetite. The CRMC and Credit Committees are responsible to RMCs to establish the framework for identifying, measuring, monitoring and controlling credit risk of the existing and new products; review credit risk management policies and credit risk tolerance limits (e.g. credit concentration limits of customer groups and industry sectors) as necessary; evaluate and assess the adequacy of strategies to manage the overall credit risk associated with the Group's activities and ensure that the business units implement credit strategy and policies of the Group; monitor exceptional credit approvals within tolerable limits; regularly monitor and assess the asset quality, credit risk portfolio composition and risk-return trade-off of credit products; and oversee loan recovery process. The ORMCs are responsible for ensuring the effective implementation of the operational risk management framework; overseeing the development of operational risk management policies, guidelines, processes, procedures and limits to ensure operational risk is identified and managed within the Group's risk appetite; and evaluating and assessing the adequacy of controls to manage operational risk for all material products, activities, processes and systems taking into consideration the changes in the operating environment. Through the execution of operations and management information system reports of the aforesaid dedicated risk committees and with the coordination of RMDs, RMCs regularly review the Group's risk management framework and ensure that all important risk-related measures are implemented according to established policies with appropriate resources. RMCs also ensure that the Group's risk appetite is reflected in key policies and procedures for the execution by business functions.

The Bank Culture and Sustainability Committee ("BCSC") of each of the Bank and Public Finance is also established to assist the Boards to communicate, cascade and enforce the risk culture within the Group; develop and adopt a holistic and effective framework for fostering a sound culture and embedding sustainability for effective management of environmental, social and governance ("ESG") risks and exploring opportunities within the Group; oversee the process and conduct of embedding sustainability into the Group's operations by ensuring all significant/material ESG risks and opportunities are being considered, managed and explored throughout its business operations; formulate a regular process, with the assistance of relevant committees and departments, review the effectiveness of the overall culture enhancement initiatives and ESG initiatives pursued by the Group; approve, review and assess the adequacy of any relevant statement which sets out the Group's culture and behavioural standards annually; and ensure the above-mentioned statement is translated into policies and procedures (including training) that are relevant to the day-to-day work of different levels of staff.

Corporate Culture and Social Responsibility Department is set up at the Bank's level to assist the BCSCs to set out in the code of conduct, which is subject to regular review, the culture related behavioural expectation of staff in carrying out their day-to-day responsibilities; build up an effective, continual and regular communication channel to share examples/cases regarding misconduct, improper behaviours and disciplines with staff and promote an open exchange of views on culture and behavioural standards; design and put in place a clear ownership structure for the core risks (including ESG risks) and culture reform initiatives; ensure that incentive systems (including staff performance management, remuneration and promotion systems) should not only reward good business performance but also take into consideration adherence (and non-adherence) to the Group's culture and behavioural standards; produce and analyse a dashboard of indicators for assessing the culture of the Group and to help gauge changes over time; identify the ESG management approach, strategy, priorities and objectives; evaluate and determine the significant/material ESG related risks and explore opportunities, and ensure the appropriate and effective ESG risk management and internal control systems are in place; set up and review regularly the culture and ESG-related policies and recommend the revisions to the policies to the BCSCs.

Senior Management is responsible for implementing the business and risk strategies approved by the Boards, and the risk management systems, processes and controls for managing both the financial and non-financial risks to which the Group is exposed. Senior Management is also responsible for cultivating the risk culture promoted by the Boards, and ensuring that the risk appetite is appropriately translated into risk limits for business lines and legal entities and that those limits are consistent with the Group's overall risk appetite, even under stressed conditions. The culture of risk management is well-integrated throughout the Group and embedded into the respective business practices to enable employees to take into account risks and their impact on the Group when making business decisions. An overview of the magnitude of the risks affecting the Group must be monitored to ensure that the risk-taking activities remain consistent with the approved risk appetite and are periodically reported to the respective risk committees and Senior Management. The key factors to embed risk management into the culture and business operation of the Group are corporate governance; organisational structure with clearly defined roles and responsibilities; effective communication; commitment to compliance with laws, regulations and internal controls; integrity in fiduciary responsibilities; clear policies, procedures and guidelines; and continuous training. The risk management framework of the Group is developed to set out the roles and responsibilities of the respective parties involved in the enterprise-wide risk management; and to establish a risk management process and internal controls that enables the identification, measurement, continuous monitoring and reporting of all relevant and material risks, including new and emerging risks.

The Group has adopted a "Three Lines of Defence" risk management structure to ensure that roles within the Group are clearly defined in regard to risk management. The first line of defence is provided by the business functions and supporting functions where risks are taken, and they are responsible for day-to-day identification, assessment, management and reporting of key risks (particularly credit risk, operational risk, compliance risk, cyber security risk and climate risk) within their products, activities, processes and systems in the course of conducting business activities; ensuring proper identification, assessment, management and reporting of relevant risk exposures on an ongoing basis and any breaches of risk limits and material risk exposures are promptly reported to the Heads of RMDs and Senior Management; executing risk mitigation strategies and processes; and ensuring that internal controls are consistent with the risk policies and risk appetite approved by the Boards or delegated authorities. The second line of defence is Risk Management Function ("RMF") and Compliance Function. The RMF is performed by RMDs and dedicated head(s) of department(s), and is responsible for identifying, measuring, monitoring, controlling and reporting the Group's overall risk exposures at enterprise-wide and group-wide, portfolio and business line levels to

Senior Management, RMCs and the Boards, and encompassing risks independently from the first line of defence. Compliance Function is performed by Compliance Department and dedicated officers, and is responsible for coordinating the identification and assessment of compliance risks at the group-wide level, independently monitoring the compliance and ensuring testing of compliance controls are carried out consistently across the Group. Internal Audit Function supports the Audit Committee to carry out its roles and responsibilities. Being the third line of defence, Internal Audit Function is performed by Internal Audit Department, and is responsible for providing an independent assessment of the adequacy and reliability of the risk management processes and system of internal controls and compliance with approved risk policies and regulatory requirements. The Head of Internal Audit Department reports directly to the Audit Committee.

Management information systems support risk management processes to facilitate the timely and reliable reporting of risks and enable the identification, measurement, continuous monitoring and reporting of all relevant and material risks of the Group. The risk management processes capture both quantitative and qualitative elements of risks. The key risk areas are documented in risk management related policies and comprise credit risk, credit concentration risk, liquidity risk, interest rate risk, market risk, operational risk, reputation risk, compliance risk, strategic risk, cyber security risk, climate risk and ESG risk. The sophistication of the risk management processes takes into consideration the business growth, nature, scale and complexity of the Group's activities and the risks associated with the operating environment. Information systems are in place to provide information of the size, quality and composition of exposures across risk types, material products and counterparties at all relevant levels.

Key risks are communicated across the Group and material risk management issues and the progress of the implementation of risk measures are reported to the Board/Board Committees and Senior Management in a timely manner so that suitable measures can be initiated at an early stage. Risk monitoring and reporting requirements are established across the Group including the development and the use of key risk indicators to provide early warning signals on adverse risk developments. Risk monitoring and reporting are performed at business unit, portfolio, enterprise-wide and group-wide levels. Any deficiencies and limitations in the risk estimates as well as any significant embedded assumptions are communicated/escalated to the Board/Board Committees and Senior Management. Risk reporting draws on a range of risk analytical tools/approaches and are subject to independent periodic review by the RMF and Internal Audit Function.

Policies, procedures and processes are in place to evaluate strategic position of the Group when developing appropriate strategies to achieve their strategic goals and objectives. They incorporate at least how environmental influences will affect the Group's business and its use of products or services, technology and delivery channels; analysis of strengths, weaknesses, opportunities and threats of the Group; possible alternative strategies that can be adopted by the Group having regard to corporate goals and objectives; risk tolerance and appetite; flexibility in allowing changes to deal with sudden environmental changes and crisis situations; whether strategies are financially and operationally feasible in capital management and capital related targets. Pursuant to stress-testing programme of the Group, the RMF uses techniques such as sensitivity tests and scenario analyses on relevant assets/portfolios and liabilities including at least loans and advances, debt securities portfolio, bank placements, investment properties and net open positions of financial instruments. The time horizon for regular stress-testing is in the range of 6 months to 3 years in general. Stress-testing exercises of the Group are conducted to identify possible events or stressed scenarios, measure their adverse impact on profitability and capital base or strength and assess the Group's ability to withstand such impact. Stressed scenarios and analyses are either qualitative or quantitative covering at least the downturn in domestic economy such as adverse changes to the unemployment rate, or gross domestic product growth, or composite price index; increase in hit rate of personal bankruptcy petitions and corporate wind-up orders leading to an increase in the Bank's bad debts; decrease in prices of loan collateral leading to the increase of provisioning level; and rating migrations of counterparties. Stress-testing results are provided by RMDs to Senior Management and relevant risk committees for their feedback and/or decision making such as changes in strategic planning, changes in risk appetite and business model, shift of strategic focus, changes in business initiatives and decisions, risk-mitigating strategies to be taken, and increase or decrease of internal resources devoted to a business or an operation. Pursuant to the Group's risk appetite, the Group is not engaged in complex derivative financial instrument transactions and has no securitisation exposures. The continuing effectiveness of mitigants and hedges, if any, for key risks is also monitored regularly (by dedicated risk committees at least bi-monthly). In developing a mitigation strategy or providing risk response, consideration is given to the impact of the chosen mitigation strategy on other risks to ensure all potential risks are accounted for and to avoid giving rise to new unattended risks.

Supplementary information of risk governance structure and risk management issues can be referred to Note 36 of the 2024 Annual Report.

Template OV1: Overview of RWA

The table below provides an overview of RWA and the related minimum capital requirements by risk type. The Group has adopted standardised approach for both credit risk and market risk. Regarding operational risk, the Bank and Public Finance have adopted basic indicator approach and standardised approach respectively. During the fourth quarter of 2024, RWA decreased by HK$939.39 million to HK$25.12 billion, mainly due to decrease in RWA for credit risk for non-securitisation exposures.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 December 2024	30 September 2024	31 December 2024
		HK$'000	HK$'000	HK$'000
1	**Credit risk for non-securitisation exposures**	**21,437,876**	**22,310,673**	**1,715,030**
2	Of which STC approach	21,437,876	22,310,673	1,715,030
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	0	0	0
4	Of which supervisory slotting criteria approach	0	0	0
5	Of which advanced IRB approach	0	0	0
6	**Counterparty default risk and default fund contributions**	**2,723**	**1,724**	**218**
7	Of which SA-CCR approach	2,723	1,724	218
7a	Of which CEM	0	0	0
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	0	0	0
10	CVA risk	2,000	1,388	160
11	Equity positions in banking book under the simple risk-weight method and internal models method	0	0	0
12	Collective investment scheme ("CIS") exposures – LTA*	Not applicable	Not applicable	Not applicable
13	CIS exposures – MBA*	Not applicable	Not applicable	Not applicable
14	CIS exposures – FBA*	Not applicable	Not applicable	Not applicable
14a	CIS exposures – combination of approaches*	Not applicable	Not applicable	Not applicable
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

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 December 2024	30 September 2024	31 December 2024
		HK$'000	HK$'000	HK$'000
20	**Market risk**	**943,838**	**1,016,438**	**75,507**
21	Of which STM approach	943,838	1,016,438	75,507
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)*	Not applicable	Not applicable	Not applicable
24	Operational risk	2,352,638	2,350,050	188,211
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	406,905	406,905	32,552
26	Capital floor adjustment	0	0	0
26a	**Deduction to RWA**	**26,424**	**28,228**	**2,114**
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	0	0
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	26,424	28,228	2,114
27	**Total**	**25,119,556**	**26,058,950**	**2,009,564**

Point to note:

(i) *Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" should be reported in the rows.*

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

The following table shows the differences between the carrying values as reported in the Bank and its subsidiaries' financial statements under 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.

	31 December 2024						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items: subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitisation framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets							
Cash and short term placements	5,951,207	5,950,112	5,950,112	0	0	0	0
Placements with banks and financial institutions maturing after one month but not more than twelve months	1,905,999	1,905,999	1,905,999	0	0	0	0
Derivative financial instruments	4,561	4,561	0	4,561	0	4,561	0
Loans and advances and receivables	23,734,267	23,734,267	23,734,267	0	0	0	0

	31 December 2024						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitisation framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Equity investments at fair value through other comprehensive income	6,804	6,804	6,804	0	0	0	0
Debt securities investment	6,624,576	6,624,576	6,624,576	0	0	0	0
Investments in subsidiaries	0	162,762	162,762	0	0	0	0
Deferred tax assets	87,824	87,824	0	0	0	0	87,824
Tax recoverable	16,208	16,208	16,208	0	0	0	0
Intangible assets	232	0	0	0	0	0	0
Property and equipment	190,789	192,292	192,292	0	0	0	0
Land held under finance leases	218,387	231,603	231,603	0	0	0	0
Right-of-use assets	94,972	94,972	94,972	0	0	0	0
Investment properties	217,577	217,577	217,577	0	0	0	0
Goodwill	242,342	242,342	0	0	0	0	242,342
Other assets	554,077	648,160	648,160	0	0	0	0
Total assets	**39,849,822**	**40,120,059**	**39,785,332**	**4,561**	**0**	**4,561**	**330,166**

	31 December 2024						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitisation framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Liabilities							
Deposits and balances of banks and other financial institutions at amortised cost	521,314	521,314	0	0	0	0	521,314
Derivative financial instruments	14,589	14,589	0	14,589	0	14,589	0
Customer deposits at amortised cost	32,207,400	32,323,250	0	0	0	0	32,323,250
Lease liabilities	104,390	104,390	0	0	0	0	104,390
Current tax payable	3,872	2,360	0	0	0	0	2,360
Deferred tax liabilities	30,579	31,861	0	0	0	0	31,861
Other liabilities	649,565	798,372	0	0	0	0	798,372
Total liabilities	**33,531,709**	**33,796,136**	**0**	**14,589**	**0**	**14,589**	**33,781,547**

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

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.

		31 December 2024				
		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
			credit risk framework	securitisation framework	counterparty credit risk framework	market risk framework
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	**39,789,893**	**39,785,332**	**0**	**4,561**	**4,561**
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	(14,589)	0	0	(14,589)	(14,589)
3	Total net amount under regulatory scope of consolidation	39,775,304	39,785,332	0	(10,028)	(10,028)
4	Differences due to potential exposure for counterparty credit risk	744,108	0	0	5,164	0
5	Off-balance sheet amounts	2,554,585	173,451	0	0	0
6	Differences due to consideration of provisions		173,278	0	0	0
7	**Exposure amounts considered for regulatory purposes**	**43,073,997**	**40,132,061**	**0**	**(4,864)**	**(10,028)**

Table LIA: Explanations of differences between accounting and regulatory exposure amounts

The basis of consolidation for regulatory purposes is different from that for accounting purposes. In accordance with the Banking (Capital) Rules, the computation of the consolidated total capital ratio and other regulatory capital ratios of the Group based on the consolidation of the Bank and Public Finance is soley for regulatory reporting purpose to the Hong Kong Monetary Authority ("HKMA"). The subsidiaries not included in the computation of the consolidated total capital ratio, other capital adequacy ratios and corresponding capital base, Tier 1 Capital, other capital related components and risk weighted amounts of the Group are Public Bank (Nominees) Limited, Public Futures Limited, Public Financial Securities Limited, Public Financial Limited, Public Securities Limited and Public Securities (Nominees) Limited.

The key drivers for the differences between accounting and regulatory exposure amounts are as follows:

- The carrying amounts reported in the financial statements are after deduction of collective and individual impairment allowances while the exposure amounts for regulatory purposes are before deducting such impairment allowances (except for exposures under Standardised Approach of credit risk from which individual impairment allowances made against the exposures are deducted);
- Counterparty credit risk ("CCR") exposures for regulatory purposes consist of both the current exposures and the potential exposures derived from applying credit conversion factors ("CCFs") to the notional principal of foreign exchange ("FX") contracts.

The Group measures its investment properties and derivative financial instruments at fair value using the fair value hierarchy described as follows:

Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

In order to ensure that the valuation estimates are prudent and reliable, fair value is measured under level 1 of the hierarchy (i.e. quoted market prices) as far as possible. Where fair value is determined using level 2 or level 3 of the hierarchy, model inputs or outputs are validated against secondary sources, when appropriate, and the valuation process is also handled by a control function independent from business lines.

Template PV1: Prudent valuation adjustments

The table below provides a breakdown of the constituent elements of valuation. There was no valuation adjustment for all assets measured at fair value (marked to market or marked to model), including non-derivative and derivative instruments, during the year.

		31 December 2024							
		(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
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1	Close-out uncertainty, of which:	0	0	0	0	0	0	0	0
2	*Mid-market value*	0	0	0	0	0	0	0	0
3	*Close-out costs*	0	0	0	0	0	0	0	0
4	*Concentration*	0	0	0	0	0	0	0	0
5	Early termination	0	0	0	0	0	0	0	0
6	Model risk	0	0	0	0	0	0	0	0
7	Operational risks	0	0	0	0	0	0	0	0
8	Investing and funding costs						0	0	0
9	Unearned credit spreads						0	0	0
10	Future administrative costs	0	0	0	0	0	0	0	0
11	Other adjustments	0	0	0	0	0	0	0	0
12	**Total adjustments**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Template CC1: Composition of regulatory capital

The table below provides a breakdown of the constituent elements of total regulatory capital. There was no significant change over the year.

	As at 31 December 2024	(a) **Amount HK$'000**	(b) **Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	2,854,045	[5]
2	Retained earnings	3,519,020	[6]+[8]+[9]
3	Disclosed reserves	(49,142)	[7]+[10]+[11]
4	*Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)*	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**	6,323,923	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liabilities)	242,342	[3]
9	Other intangible assets (net of associated deferred tax liabilities)	0	
10	Deferred tax assets (net of associated deferred tax liabilities)	55,963	[2]-[4]
11	Cash flow hedge reserve	0	
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	
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	

As at 31 December 2024		(a) Amount HK$'000	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	48,044	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	48,044	[8]+[9]
26b	Regulatory reserve for general banking risks	0	[10]+[11]
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**	346,349	
29	**CET1 capital**	5,977,574	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	0	
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	*Capital instruments subject to phase-out arrangements from AT1 capital*	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	*of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements*	0	
36	**AT1 capital before regulatory deductions**	0	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	0	
38	Reciprocal cross-holdings in AT1 capital instruments	0	

	As at 31 December 2024	(a) Amount HK$'000	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	
44	**AT1 capital**	0	
45	**Tier 1 capital (T1 = CET1 + AT1)**	5,977,574	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	0	
47	*Capital instruments subject to phase-out arrangements from Tier 2 capital*	0	
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	*of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	0	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	173,278	[1]+[11]
51	**Tier 2 capital before regulatory deductions**	173,278	
	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	

	As at 31 December 2024	(a) Amount HK$'000	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	(21,620)	
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	(21,620)	[[8]+[9]] 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**	(21,620)	
58	**Tier 2 capital (T2)**	194,898	
59	**Total regulatory capital (TC = T1 + T2)**	6,172,472	
60	**Total RWA**	25,119,556	
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio**	23.80%	
62	**Tier 1 capital ratio**	23.80%	
63	**Total capital ratio**	24.57%	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	2.974%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.474%	
67	of which: higher loss absorbency requirement	0%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	16.57%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	6,804	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	162,762	

	As at 31 December 2024	(a) Amount HK$'000	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	173,278	
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	173,278	
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)	0	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	0	
	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	Not applicable
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	Not applicable	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 HK$'000	Basel III basis HK$'000
9	**Other intangible assets (net of associated deferred tax liabilities)**	0	0
	Explanation 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.		
10	**Deferred tax assets (net of associated deferred tax liabilities)**	55,963	0
	Explanation 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 realised 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
	Explanation 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.		

	Description	Hong Kong basis HK$'000	Basel III basis HK$'000
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.		
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.			

Template CC2: Reconciliation of regulatory capital to balance sheet

The table below provides a reconciliation between the scope of accounting consolidation and the scope of regulatory consolidation, and shows the link between the consolidated balance sheet of the Bank and its subsidiaries in published financial statements and the numbers that are used in the composition of regulatory capital disclosure template set out in Template CC1 (i.e. composition of regulatory capital). There was no significant change in the expanded balance sheet items over the year.

	(a)	(b)	(c)
	Balance sheet as in published financial statements 31 December 2024	**Under regulatory scope of consolidation** 31 December 2024	**Reference**
	HK$'000	HK$'000	
Assets			
Cash and short term placements	5,951,207	5,950,112	
of which: collective provisions reflected in regulatory capital	*(575)*	*(575)*	[1]
Placements with banks and financial institutions maturing after one month but not more than twelve months	1,905,999	1,905,999	
of which: collective provisions reflected in regulatory capital	*(191)*	*(191)*	[1]
Derivative financial instruments	4,561	4,561	
Loans and advances and receivables	23,734,267	23,734,267	
of which: collective provisions reflected in regulatory capital	*(172,130)*	*(172,130)*	[1]
Equity investments at fair value through other comprehensive income	6,804	6,804	
Debt securities investment	6,624,576	6,624,576	
of which: collective provisions reflected in regulatory capital	*(352)*	*(352)*	[1]
Investments in subsidiaries	0	162,762	
Deferred tax assets	87,824	87,824	[2]
Tax recoverable	16,208	16,208	
Intangible assets	232	0	
Property and equipment	190,789	192,292	
Land held under finance leases	218,387	231,603	
Right-of-use assets	94,972	94,972	

	(a)	(b)	(c)
	Balance sheet as in published financial statements 31 December 2024	**Under regulatory scope of consolidation** 31 December 2024	**Reference**
	HK$'000	HK$'000	
Investment properties	217,577	217,577	
Goodwill	242,342	242,342	[3]
Other assets	554,077	648,160	
TOTAL ASSETS	**39,849,822**	**40,120,059**	
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits and balances of banks and other financial institutions at amortised cost	521,314	521,313	
Derivative financial instruments	14,589	14,589	
Customer deposits at amortised cost	32,207,400	32,323,250	
Lease liabilities	104,390	104,390	
Current tax payable	3,872	2,360	
Deferred tax liabilities	30,579	31,861	[4]
Other liabilities	649,565	798,373	
of which: collective provisions reflected in regulatory capital	*(30)*	*(30)*	[1]
TOTAL LIABILITIES	**33,531,709**	**33,796,136**	

	(a)	(b)	(c)
	Balance sheet as in published financial statements 31 December 2024	**Under regulatory scope of consolidation** 31 December 2024	**Reference**
	HK$'000	HK$'000	
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK AND ITS SUBSIDIARIES			
Share capital	2,854,045	2,854,045	[5]
Reserves	3,464,068	3,469,878	
Of which: Retained earnings		*3,470,976*	[6]
Other reserves		*(49,142)*	[7]
Cumulative fair value gains arising from the revaluation of holdings of land and buildings eligible for inclusion in Tier 2 Capital		*21,620*	[8]
Cumulative fair value gains arising from the revaluation of holdings of land and buildings not eligible for inclusion in regulatory capital		*26,424*	[9]
Regulatory reserve not eligible for inclusion in regulatory capital		*0*	[10]
Regulatory reserve in Tier 2 Capital		*0*	[11]
TOTAL EQUITY	**6,318,113**	**6,323,923**	
TOTAL EQUITY AND LIABILITIES	**39,849,822**	**40,120,059**	

Table CCA: Main features of regulatory capital instruments

The table below provides a description on the main features of the CET1, Additional Tier 1 and Tier 2 capital instruments, as applicable, that were included in the regulatory capital.

	As at 31 December 2024	(a) **Quantitative / qualitative information**
1	Issuer	Public Bank (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	Hong Kong Law
	Regulatory treatment	
4	Transitional Basel III rules[1]	Common Equity Tier 1
5	Post-transitional Basel III rules[2]	Common Equity Tier 1
6	Eligible at solo / group / solo and group	Group and Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK$2,854
9	Par value of instrument	Not applicable
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	Not applicable
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Floating Dividend
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully Discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative

[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.

As at 31 December 2024		(a) **Quantitative / qualitative information**
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

The table below provides an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the CCyB ratio.

	31 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**
			HK$'000		HK$'000
1	Hong Kong SAR	0.500%	17,001,349		
2	Sum of above*		17,001,349		
3	Total (including those exposures in a jurisdiction with zero JCCyB ratio)		17,948,716	0.474%	85,007

* This represented the sum of RWAs for the private sector credit exposures in a jurisdiction with a non-zero JCCyB ratio.

Template LR1: Summary comparison of accounting assets against leverage ratio exposure measure

The table below provides the reconciliation of total assets in the published financial statements to the LR exposure measure.

	As at 31 December 2024	(a)
	Item	**Value under the LR framework** HK$'000
1	Total consolidated assets as per published financial statements	39,849,822
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	270,237
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	Adjustment for eligible cash pooling transactions	0
4	Adjustments for derivative contracts	13,615
5	Adjustment for SFTs (i.e. repos and similar secured lending)	0
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	402,603
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(1,149)
7	Other adjustments	(173,058)
8	**Leverage ratio exposure measure**	40,362,070

Template LR2: Leverage ratio

The table below provides a detailed breakdown of the components of the LR denominator as at 31 December 2024 and 30 September 2024. LR decreased from 15.21% as at 30 September 2024 to 14.81% as at 31 December 2024, mainly due to the decrease in on-balance sheet exposures by HK$273.25 million during the period.

		(a)	(b)
		HK$'000	
		31 December 2024	30 September 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	40,293,350	40,515,586
2	Less: Asset amounts deducted in determining Tier 1 capital	(346,349)	(295,332)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	39,947,001	40,220,254
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)	6,386	5,428
5	Add-on amounts for PFE associated with all derivative contracts	7,229	3,123
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	0	0
8	Less: Exempted CCP leg of client-cleared trade exposures	0	0
9	Adjusted effective notional amount of written credit-related derivative contracts	0	0
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	0	0
11	**Total exposures arising from derivative contracts**	13,615	8,551
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0	0
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	0	0
14	CCR exposure for SFT assets	0	0
15	Agent transaction exposures	0	0
16	**Total exposures arising from SFTs**	0	0
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	2,554,585	2,563,169
18	Less: Adjustments for conversion to credit equivalent amounts	(2,151,982)	(2,147,360)
19	**Off-balance sheet items**	402,603	415,809

		(a)	(b)
		HK$'000	
		31 December 2024	30 September 2024
Capital and total exposures			
20	**Tier 1 capital**	5,977,574	6,181,800
20a	**Total exposures before adjustments for specific and collective provisions**	40,363,219	40,644,614
20b	**Adjustments for specific and collective provisions**	(1,149)	(1,218)
21	**Total exposures after adjustments for specific and collective provisions**	40,362,070	40,643,396
Leverage ratio			
22	**Leverage ratio**	14.81%	15.21%

Table LIQA: Liquidity risk management

Liquidity risk is the risk that the Group cannot meet its current obligations. Major sources of liquidity risk of the Group are the early or unexpected withdrawals of deposits in cash outflow and delays in cash inflow from loan repayments. To manage liquidity risk, the Boards of the Bank and Public Finance have established a liquidity risk management framework which incorporates liquidity risk tolerance, management oversight on liquidity risk, liquidity risk and funding strategy, risk related metrics and tools for liquidity risk management, internal liquidity risk pricing, and the manner of reporting significant matters. The major objectives of liquidity risk management framework are to (i) specify the roles and responsibilities of relevant parties on liquidity risk management, (ii) identify, measure and control liquidity risk exposures with proper implementation of funding strategies, (iii) effectively report significant risk related matters for management oversight, and (iv) manage the liquidity profile within risk tolerance. The liquidity risk management framework is cascaded to all business lines to ensure a consistent liquidity risk strategy, policies and practices across the Group. Liquidity risk related policies are reviewed by Senior Management and dedicated committees, and significant changes in such policies are approved by the Boards of the Bank and Public Finance or committees delegated by the respective Boards.

ALCOs of the Bank and Public Finance monitor the liquidity position as part of the ongoing management of assets and liabilities, and set up trigger limits to monitor liquidity risk. They also closely monitor the liquidity of the subsidiaries on a periodic basis to ensure that the liquidity structure of the subsidiaries' assets, liabilities and commitments can meet their funding needs, and that internal liquidity trigger limits are complied with.

Treasury Department of the Bank and a dedicated department of Public Finance are responsible for the centralised implementation of the strategies and policies approved by the dedicated committees and the respective Boards, and developing operational procedures and controls to ensure the compliance with the aforesaid policies and to minimise operational disruptions in case of a liquidity crisis.

RMDs of the Bank and Public Finance are responsible for day-to-day monitoring of liquidity maintenance ratios, loans to deposits ratios, concentration risk related ratios and other liquidity risk related ratios coupled with the use of cash-flow projections, maturity ladder, stress-testing methodologies and other applicable risk assessment tools and metrics to detect early warning signals and identify vulnerabilities to potential liquidity risk on forward-looking basis with the objective of ensuring different types of liquidity risks of the Group are appropriately identified, measured, assessed and reported. They also carry out analysis based on risk-based management reports, summarise the data from those reports and present the key liquidity information of the Group and key business lines to the respective ALCOs on a regular (at least monthly) basis. In case of significant issues, such as serious limit excesses or breaches or early warning signals of potential severe impact on the Bank or Public Finance are identified from the aforesaid management reports or market information obtained from Treasury Department and business units, a designated ALCO member will convene a meeting (involving Senior Management members) to discuss risk related matters and propose actions to ALCO whenever necessary. A high level summary of the liquidity risk performance of the Bank or Public Finance will be presented by the respective ALCOs to their RMCs and the Boards.

The liquidity risk related metrics of the Bank and Public Finance include at least liquidity maintenance ratios (with internal risk tolerance higher than the statutory liquidity maintenance ratio); cash-flow mismatches under normal and different stress scenarios; concentration related limits of deposits and other funding sources, and maturity profile of major assets and liabilities (including on-balance sheet and off-balance sheet items). Systems and procedures are in place to measure and manage liquidity risk arising from off-balance sheet exposures and contingent funding obligations by cash-flow projections in both baseline and stressed scenario. In baseline scenario, expected cash outflow is derived from the aforesaid exposures and obligations including potential drawdowns of unused committed facilities; trade related contingencies; issued letters of credit and financial guarantee unrelated to trade related contingencies; and uncommitted facilities and other contingent obligations with regard to not only the contractual terms in agreements with customers but also the manner of past months' utilisation and genuine drawdowns of the credit facilities; customer relationships and reputational risk perspectives. In stressed scenario, the utilisation and drawdowns of credit facilities are expected to escalate to some extent.

The funding strategies of the Group are to (i) diversify funding sources for mitigating liquidity risk exposures; (ii) minimise disruptions due to operational issues such as transfer of liquidity across group entities; (iii) ensure contingency funding is available to the Group; and (iv) maintain sufficient liquidity cushion to meet critical liquidity needs such as loan commitments and deposit withdrawals in stressed situations. The Group has established concentration limits of funding sources taking into account the respective risk profiles of the Bank and Public Finance. For instance, intra-group funding and funding from the largest funding provider are restricted to be not more than 15% and 10% of total funding sources respectively to reduce reliance on single source of funding. Medium and long term funding is maintained at a level of at least 20% of total funding source to pursue stable funding structure.

Contingency funding plan is formulated to address liquidity needs at different stages including the mechanism for the detection of early warning signals of potential crisis at early stage and obtaining of emergency funding in bank-run scenario at later stage. Designated roles and responsibilities of Crisis

Management Team, departments and business units and their emergency contact information are documented clearly in contingency funding plan policy as part of business continuity planning, and contingency funding measures are in place to set priorities of funding arrangements with counterparties, to set procedures for intraday liquidity risk management and intra-group funding support, to manage media relationship and to communicate with internal and external parties during a liquidity crisis. The stress-testing results are updated and reported to Senior Management regularly and the results such as the survival period for positive cash-flow mismatches are used in contingency funding planning and determination of the required level of liquidity cushion. Based on the results of liquidity stress-testing, standby facilities and liquid assets are maintained to provide liquidity to meet unexpected and material cash outflows in stressed situations.

The Group maintains sufficient liquidity cushion comprising mainly bills, notes or bonds issued by eligible central governments in a total amount of not less than HK$2.0 billion to address critical and emergent liquidity needs on intraday basis and over other different time horizons. The Group is not subject to particular collateral arrangements or requirements in contracts in case there is a credit rating downgrade of entities within the Group.

Apart from cash-flow projections under normal scenario to manage liquidity under different time horizons, different stress scenarios such as the institution-specific stress scenario, the general market stress scenario and the combination of such scenarios with assumptions are set and reviewed by dedicated committees and approved by the respective Boards. Under the institution-specific stress scenario, loan repayments from some customers are assumed to be delayed. The projected cash inflow would be affected by increased amount of rollover of banking facilities by some corporate customers or reduced by the amount of retail loan delinquencies. Regarding cash-outflow projection, part of the undrawn banking facilities are not to be utilised by borrowers or honoured by the Group. The core deposits ratio would decrease as there would be early withdrawals of some fixed deposits before contractual maturity dates or there would be fewer renewals of fixed deposits on the contractual maturity dates. In the general market stress scenario, some undrawn banking facilities are not to be honoured upon drawdown as some bank counterparties will not have sufficient liquidity to honour their obligations in market. The Group may pledge or liquidate its liquid assets such as debt securities (including but not limited to treasury bills or notes or bonds issued by eligible central governments) to secure funding to address potential liquidity crisis. Liquidity stress-tests are conducted regularly (at least monthly) and the results are utilised for part of contingency funding plan or for providing insights to management about the latest liquidity position of the Group.

Pursuant to section 97H of the Hong Kong Banking Ordinance and Rules 7 and 8D of the Banking (Liquidity) Rules, the Group and the Bank are required to comply with the liquidity maintenance ratio requirement and core funding ratio requirement whilst Public Finance is required to comply with the liquidity maintenance ratio requirement only.

	2024
Liquidity Maintenance Ratio	
- The Group	62.4%
- The Bank	61.9%
- Public Finance	74.8%
Core Funding Ratio	
- The Group	146.8%
- The Bank	146.3%

The average liquidity maintenance ratios of the Bank and Public Finance are computed using the arithmetic mean of each calendar month's average ratio as reported in the return relating to the liquidity position submitted to the HKMA. The core funding ratio is not applicable to Public Finance.

Liquidity exposures and funding needs are measured and assessed at the level of individual legal entities (i.e. the Bank and its core operating subsidiaries) and Mainland China Office (i.e. Shenzhen Branch and its sub-branches). Pursuant to the HKMA/Securities and Futures Commission's requirements, the transferability of liquidity of the Bank and its core operating subsidiaries takes into account the need of compliance with trigger points of liquidity related ratios and minimum liquidity capital level; and other legal and regulatory limitations such as limits of connected exposures and capital related ratios. Pursuant to the requirements of National Financial Regulatory Administration, the Mainland China Office of the Bank is required to maintain regulatory liquidity ratios in Renminbi ("RMB") and foreign currencies of not less than 25%. Due to the FX controls imposed by the State Administration of Foreign Exchange ("SAFE") in China, cross-border funding flows to and from Mainland China are subject to the supervision and approval of the SAFE. In view of the limitation on transferability of liquidity, Mainland China Office has maintained high and sufficient liquidity to meet its business needs. As at 31 December 2024, the liquidity ratios in RMB and foreign currencies of Mainland China Office were more than 100% (31 December 2023: more than 100%).

The table below shows an analysis of financial assets and financial liabilities (including key off-balance sheet items) analysed by principal according to the periods that they are expected to be recovered or settled.

	31 December 2024							
	Repayable on demand	Up to 1 month	Over 1 month but not more than 3 months	Over 3 months but not more than 12 months	Over 1 year but not more than 5 years	Over 5 years	Repayable within an indefinite period	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets :								
Gross cash and short term placements	672,155	5,279,627	-	-	-	-	-	5,951,782
Gross placements with banks and financial institutions maturing after one month but not more than twelve months	-	-	1,837,374	68,816	-	-	-	1,906,190
Gross loans and advances and receivables	902,942	1,200,952	586,356	2,895,664	6,238,651	11,735,406	516,329	24,076,300
Equity investments at fair value through other comprehensive income	-	-	-	-	-	-	6,804	6,804
Gross debt securities investment	-	1,047,461	3,483,499	1,407,399	686,569	-	-	6,624,928
Other assets	838	40,111	17,571	11,346	6,539	-	477,672	554,077
Derivative financial instruments	-	4,561	-	-	-	-	-	4,561
Total financial assets	1,575,935	7,572,712	5,924,800	4,383,225	6,931,759	11,735,406	1,000,805	39,124,642
Financial liabilities :								
Deposits and balances of banks and other financial institutions at amortised cost	133,163	238,151	50,000	100,000	-	-	-	521,314
Customer deposits at amortised cost	7,990,145	7,101,097	12,677,206	4,438,428	524	-	-	32,207,400
Lease liabilities	-	7,167	14,183	33,489	49,551	-	-	104,390
Other liabilities	5,685	74,674	92,066	67,323	12	-	409,805	649,565
Derivative financial instruments	-	14,589	-	-	-	-	-	14,589
Total financial liabilities	8,128,993	7,435,678	12,833,455	4,639,240	50,087	-	409,805	33,497,258
Net liquidity gap	(6,553,058)	137,034	(6,908,655)	(256,015)	6,881,672	11,735,406	591,000	5,627,384

Table CRA: General information about credit risk

The Group's business activities are underpinned by its business model and mainly comprise loan business development, investments in held-to-collect debt securities and inter-bank placements without the involvement of complex credit related derivatives, which are major components of the Group's credit risk profile. The business model is reviewed regularly (at least monthly) taking into account factors such as prevailing business and economic conditions, regulatory requirements, credit risk profile and business/ risk appetite, and capital resources to be devoted to support a business activity. In formulating credit risk related policies and setting credit related limits, both regulatory/statutory requirements (such as exposure to connected parties and single counterparty under the Banking (Exposure Limits) Rules) and risk appetite derived from internal business model are taken into consideration. The risk appetite and underlying credit related limits are reviewed taking into account the interactions among external changes in operating/business conditions, credit profile of customers, and internal changes in business model and strategies. The Group manages its credit risk within a conservative framework and its credit policies, guidelines and risk management processes are regularly reviewed subject to revisions taking into account the aforesaid factors and interactions.

The Group's loan development focuses on secured lending of the Bank and unsecured consumer financing of Public Finance. More than 90% of loan exposures are in Hong Kong. The Group mitigates credit risk by credit protection provided by guarantors and by loan collateral such as customer deposits, properties, listed shares, taxi licences, public light bus licences and vehicles.

RMCs are responsible for setting a credit risk management governance framework, monitoring credit risk independently, and providing recommendations or advice to the Credit Committees and CRMC in managing all credit risk related issues of the Group. Credit Committees of the Group are dedicated to review and amend credit approval criteria and procedures, underwriting standards and credit related limits as appropriate taking into account changes in business strategies, risk appetite, and external environment in which the Group operates. They also monitor the quality of financial assets which are neither past due nor impaired by financial performance indicators (such as the loan-to-value ratio, debts servicing ratio, financial soundness of borrowers and personal guarantees) through meeting discussions and management reports. Loan borrowers subject to legal proceedings, negative comments from other counterparties and rescheduled arrangements are put under watch lists or under the "special mention" grade for management oversight. CRMC is responsible for establishing the framework for identifying, measuring, monitoring and controlling credit risk of the existing and new products. The CRMC reviews credit risk management policies and credit risk tolerable limits, and reports to RMC of the Bank. CRMC is also dedicated to work out proposals of revised credit limit setting processes/models and revised credit concentration limits with justifications or derived from the aforesaid processes/models taking into account stress-testing results arising from limit excesses in particular loan segments. Both Credit Committees and CRMC make recommendations of the above-mentioned revisions of credit related policies, controls and processes after the utilisation of internal audit and compliance review results. Exceptions such as material deviations of underwriting standards, breaches of credit related limits and serious financial losses damage to reputation resulting from control lapses will be escalated to RMCs for discussions and further actions as appropriate.

The Group has established policies, procedures, risk profile and management information systems to identify, measure, monitor, control, and report on credit risk. The guidelines for credit risk management have been elaborated in credit risk management policies and loan product manuals of the Group. They incorporate at least delegated lending authorities and limits, credit underwriting criteria, credit monitoring processes, loan classification guidelines, credit recovery procedures and provisioning policies, and are reviewed and updated on an ongoing basis to cater for market changes, statutory requirements and prevailing practices in risk management processes. The Group adopts a "Three Lines of Defence" model for credit risk management. Business units and dedicated departments such as Credit Department and Financial Institutions Department constitute the first line of defence and are responsible for day-to-day identification, assessment, management and reporting of credit risks within their products, activities, processes and systems; ensuring proper reporting of relevant risk exposures on an ongoing basis and any breaches of risk limits and material risk exposures are promptly reported to the Heads of RMDs and Senior Management. Heads of RMDs and Compliance Departments of the Group constitute the second line of defence and are the Risk Controllers. The Heads of RMDs report to RMCs and work closely with Credit Committees and CRMC to obtain credit risk related information to perform credit risk assessment on loan portfolio and treasury operations independently taking into account at least emerging risk issues and the latest market/regulatory developments. The Heads of Compliance Departments also report to RMCs and are responsible for checking against the working files and procedures of Credit Department and other involved departments whether they comply with key credit risk management related policies which are formulated in accordance with the guidelines or statutory requirements stipulated by the regulators and within the risk appetite of the Group. Being the third line of defence, Internal Audit Departments report to Audit Committees which are responsible for providing assurance on the effectiveness of the Group's risk management framework including credit risk governance. Internal Audit Departments are responsible for reviewing credit risk related policies, controls and processes (e.g. Whistleblowing Mechanism) to determine whether they can fulfil the requirements of the regulators and whether they are adequate to minimise and detect credit control lapses such as fraud cases.

Supplementary information of credit risk management issues is shown in part "Credit Risk Management" in Note 36 of the 2024 Annual Report.

Template CR1: Credit quality of exposures

The table below provides a breakdown of defaulted and non-defaulted loans, debt securities and off-balance sheet exposures. The defaulted loans are individually determined to be impaired after considering the overdue period of more than three months and the qualitative factors such as bankruptcy proceedings, corporate winding-up arrangements and other serious warning signals of repayment ability of counterparties. There were no defaulted debt securities and off-balance sheet exposures as at 31 December 2024.

		31 December 2024						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1	Loans	483,189	23,593,111	342,033	169,903	172,130	0	23,734,267
2	Debt securities	0	6,666,077	352	0	352	0	6,665,725
3	Off-balance sheet exposures	0	173,451	31	0	31	0	173,420
4	**Total**	**483,189**	**30,432,639**	**342,416**	**169,903**	**172,513**	**0**	**30,573,412**

Template CR2: Changes in defaulted loans and debt securities

The table below provides the movement of defaulted loans. During the year 2024, defaulted loans decreased by HK$436.96 million to HK$483.19 million. There were no defaulted debt securities as at 31 December 2024 and 31 December 2023 respectively.

		(a)
		Amount
		HK$'000
1	**Defaulted loans and debt securities at end of the previous reporting period (31 Dec 2023)**	**920,147**
2	Loans and debt securities that have defaulted since the last reporting period	591,871
3	Returned to non-defaulted status	(7,875)
4	Amounts written off	(575,120)
5	Other changes*	(445,834)
6	**Defaulted loans and debt securities at end of the current reporting period (31 Dec 2024)**	**483,189**

* Other changes include loan repayments

Table CRB: Additional disclosure related to credit quality of exposures

In general, loans and other similar credit exposures with a specific expiry date are treated as overdue where principal or interest remains unpaid as at a reporting date. Loans and other similar credit exposures repayable by regular instalments shall be treated as overdue when an instalment payment remains unpaid as at a reporting date. Loans or other similar credit exposures repayable on demand shall be treated as overdue where a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instruction of the Group, or the credit exposures have remained continuously outside the approved credit limit already advised to the borrower as at a reporting date.

The Group classifies the loans and advances in accordance with the loan classification system required to be adopted for reporting to the HKMA. "Impaired" means "substandard, doubtful or loss" in accordance with loan classification system of the HKMA taking into account both qualitative factors (such as bankruptcy proceedings) and quantitative factors (for example, past due for more than 90 days) regarding credit quality of exposures. There were no loans which were past due for more than 90 days and non-impaired. After the determination of which assets are impaired taking into account the aforesaid factors, individual impairment shall be computed between a credit exposure and a recoverable amount. The recoverable amount takes into account cashflow from various debts collection means (such as realisation of eligible collaterals). Collective impairment is computed for loans which are not subject to individual impairment assessment.

In general, a restructured asset is an asset that has been restructured and renegotiated between the Group and the borrower because of a deterioration in the financial position of the borrower or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms, either of interest or of repayment period, are non-commercial to the Group. Such rescheduled asset shall be treated as "impaired" in general. A rescheduled asset may be upgraded from "impaired" to "special mention" if (i) the agreed haircut has been fully written off and all the potential losses have been fully provided upon completion of restructuring; and (ii) the Group is satisfied that the borrower will be able to service all future principal and interest payments in accordance with the revised repayment terms. Such asset, however, continues to be classified as "rescheduled" until the borrower has serviced all principal and interest payments in accordance with the revised repayment terms continuously for a reasonable period. The reasonable period of continuing repayments for rescheduled assets with monthly payments is 6 months; whilst the reasonable period for other rescheduled assets is a period of continuing repayment of 12 months.

Rescheduled assets are no longer regarded as "rescheduled" and are at "pass" grade when their revised repayment terms are, or become, commercial to the Group and where there is reasonable assurance that the borrowers will be able to service all future principal and interest payments on the assets in accordance with the revised repayment terms and the borrowers have serviced all principal and interest payments on the assets in accordance with the revised repayment terms continuously for a reasonable period.

Analysis on credit quality of exposures (including off-balance exposures gross of CCF) that are "neither past due nor impaired", "past due but not impaired" and "impaired" is as follows:

	31 December 2024			
Credit exposures	Loans exposures	Debt securities	Off-balance sheet exposures	Total
	HK$'000	HK$'000	HK$'000	HK$'000
- neither past due nor impaired	23,013,708	6,666,077	173,451	29,853,236
- past due but not impaired	579,403	0	0	579,403
- impaired	483,189	0	0	483,189
Total	24,076,300	6,666,077	173,451	30,915,828

Of which,

	31 December 2024			
Credit exposures that are neither past due nor impaired	Loans exposures	Debt securities	Off-balance sheet exposures	Total
	HK$'000	HK$'000	HK$'000	HK$'000
- pass	22,604,825	6,666,077	173,451	29,444,353
- special mention	408,883	0	0	408,883
Total	23,013,708	6,666,077	173,451	29,853,236

Also, the ageing analysis of loans and advances to customers that are past due but not impaired is as follows:

	31 December 2024			
Credit exposures that are past due but not impaired	Loans exposures	Debt securities	Off-balance sheet exposures	Total
	HK$'000	HK$'000	HK$'000	HK$'000
- overdue 3 months or less	579,403	0	0	579,403
- overdue more than 3 months	0	0	0	0
Total	579,403	0	0	579,403

The quantitative disclosures of exposures by geographical areas, industry and residual maturity are shown in Note 36 and supplementary financial information "Advances to customers by industry sectors" of the 2024 Annual Report. The amounts of impaired exposures and related allowances and write-offs, ageing analysis of accounting past due exposures and breakdown of restructured exposures are shown in Note 18 of the 2024 Annual Report.

Table CRC: Qualitative disclosures related to credit risk mitigation

In evaluating credit risk associated with an individual customer, a customer group or a counterparty, financial strength and repayment ability are always the first considerations in credit review and approval process. Credit risk is mitigated by obtaining recognised collaterals (including customer deposits, properties, listed shares, taxi licences, public light bus licences and vehicles) and eligible guarantees (such as standby letter of credit issued by a bank of sound financial strength). Meanwhile, recognised netting is not adopted by the Group.

The relevant policies and processes relating to the use of credit risk mitigation are established and approved by Credit Committees and are subject to regular reviews to ensure the effectiveness of credit risk management. The Group monitors the value of the collateral regularly with respect to the nature of collateral and market practice. Marketable securities are marked-to-market on a daily basis whilst valuations on properties, taxi licences and public light bus licences are reviewed periodically (i.e. at least monthly).

Template CR3: Overview of recognised credit risk mitigation

The table below provides a breakdown of unsecured and secured exposures (net of impairment allowances), including loans and debt securities. The major collateral for secured loans and advances and receivables were customer deposits, properties, listed shares, taxi licences, public light bus licences and vehicles. Over 90% of debt securities were rated with a grading of A3 or above based on the credit rating of Moody's Investors Service ("Moody's"), an external credit agency.

		31 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
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1	Loans	3,853,482	19,880,785	19,677,569	203,216	0
2	Debt securities	6,665,725	0	0	0	0
3	**Total**	**10,519,207**	**19,880,785**	**19,677,569**	**203,216**	**0**
4	Of which defaulted	62,761	250,525	250,525	0	0

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

Credit ratings from Moody's are used in the Group for risk-weighting credit risk exposures under the following relevant exposure classes of the Group:

- Sovereign;
- Public sector entity;
- Bank;
- Securities firm; and
- Corporate.

Over 90% of bank placements were deposited with banks and financial institutions rated with a grading of Baa2 or above based on the credit rating of Moody's. Over 90% of issuers of debt securities are either central governments, public sector enterprises, corporates or banks with a grading of A3 or above. Over 90% of loan exposures are non-rated. There are no transfers of External Credit Assessment Institutions ("ECAI") issuer ratings to ECAI issue specific ratings onto comparable assets in the banking book.

Template CR4: Credit risk exposures and effects of recognised credit risk mitigation – for STC approach

The table below shows the effect of any recognised CRM on the calculation of credit risk capital requirements under STC approach with additional information of RWA density showing a synthetic metric on riskiness of each exposure class.

		31 December 2024					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	%
1	Sovereign exposures	2,860,481	0	2,860,481	0	56,069	2.0%
2	PSE exposures	288,681	0	288,681	0	57,736	20.0%
2a	Of which: domestic PSEs	288,681	0	288,681	0	57,736	20.0%
2b	Of which: foreign PSEs	0	0	0	0	0	N/A
3	Multilateral development bank exposures	0	0	0	0	0	N/A
4	Bank exposures	11,260,907	824,979	11,260,907	94,486	3,783,579	33.3%
5	Securities firm exposures	430,079	0	430,079	0	215,040	50.0%
6	Corporate exposures	4,280,817	2,169,941	4,268,346	79,282	4,297,470	98.8%
7	CIS exposures	0	0	0		0	N/A
8	Cash items	228,466	0	295,045	12,152	1,404	0.5%
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	N/A

		31 December 2024					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	%
10	Regulatory retail exposures	9,187,151	203,413	9,148,497	1,146	6,862,233	75.0%
11	Residential mortgage loans	8,672,110	100,360	8,661,968	0	3,447,758	39.8%
12	Other exposures which are not past due exposures	2,488,711	0	2,483,399	0	2,727,542	108.8%
13	Past due exposures	265,782	0	265,782	0	398,673	150.0%
14	Significant exposures to commercial entities	0	0	0	0	0	N/A
15	**Total**	**39,963,185**	**3,298,693**	**39,963,185**	**187,066**	**21,847,504**	**54.4%**

Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach

The table below provides the breakdown of credit risk exposures by asset classes and by risk weights under STC approach.

		31 December 2024										
	HK$'000	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Exposure class / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	2,580,134	0	280,347	0	0	0	0	0	0	0	2,860,481
2	PSE exposures	0	0	288,681	0	0	0	0	0	0	0	288,681
2a	Of which: domestic PSEs	0	0	288,681	0	0	0	0	0	0	0	288,681
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	6,313,729	0	5,041,664	0	0	0	0	0	11,355,393
5	Securities firm exposures	0	0	0	0	430,079	0	0	0	0	0	430,079
6	Corporate exposures	0	0	0	0	100,316	0	4,247,312	0	0	0	4,347,628
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Cash items	300,175	0	7,022	0	0	0	0	0	0	0	307,197

		31 December 2024										
	HK$'000	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Exposure class / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
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	9,149,643	0	0	0	0	9,149,643
11	Residential mortgage loans	0	0	0	7,864,551	0	409,008	388,409	0	0	0	8,661,968
12	Other exposures which are not past due exposures	0	0	0	0	0	0	2,320,637	0	162,762	0	2,483,399
13	Past due exposures	0	0	0	0	0	0	0	265,782	0	0	265,782
14	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
15	**Total**	**2,880,309**	**0**	**6,889,779**	**7,864,551**	**5,572,059**	**9,558,651**	**6,956,358**	**265,782**	**162,762**	**0**	**40,150,251**

Table CCRA: Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs)

The Group's relevant CCR exposures are applicable to interbank placements and nostro balances; certificates of deposit; held-to-maturity bonds and debt securities; commercial exposures (i.e. standby letters of credit, bank guarantees, letter of credit confirmations, trade finance lines); and over-the-counter derivative financial instruments (i.e. FX). Counterparty credit risk management policy is in place to set the scope for the management of all on-balance and off-balance sheet credit risk exposures with sovereigns and financial institutions undertaken by the Bank and ensure CCR management is consistently applied within the Group.

The Group has adopted the Standardised Approach (Counterparty Credit Risk) ("SA-CCR") for regulatory capital calculation of its CCR arising from securities financing transactions and derivative contracts (i.e. FX) booked in the banking book and trading book.

All transactions with counterparties are to be transacted within approved limits which are put in place to manage pre-settlement and settlement risks. Monitoring of counterparty exposures against respective approved limits for each counterparty is to be conducted on a daily basis. In setting the counterparty limits, actual business needs of the Group based on past months' utilisations; the Group's projected future business needs; credit standing of a counterparty and its related entities; and internal capital set aside for CCR exposures are considered. Settlement risk is managed via settlement via payment-versus-payment channels (where possible) and approved CCR limits. The Group also monitors the risk exposure due to fluctuations in the market using the current exposure and the potential exposure value of the transactions. Financial Institutions Department is responsible for the aggregation of the approved limits and outstanding of similar counterparties for the Group and to report quarterly to the Credit Committee of the Bank for review.

The Group is not involved in complex derivative financial instruments (e.g. commodities contracts and equity swap contracts) in general and there are no material CCR exposures arising from clearing through CCPs. There are also no other material counterparty credit exposures involving general and specific wrong-way risk and related credit risk mitigation via collateral or guarantee.

As at 31 December 2024, the potential value of the additional collateral pertaining to International Swaps and Derivatives Association, Inc. Credit Support Annex (ISDA CSA) downgrade thresholds that the Group would need to post with counterparties in the event of a two-notch downgrade was nil. No recognised credit derivative contract was applied as credit risk mitigation, and no valid bilateral netting agreement was made and taken into account in the calculation of regulatory capital.

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

The table below provides a 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. SA-CCR was adopted for RWA computation of derivative contracts (mainly FX). There were no SFTs during the year.

		31 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
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1	SA-CCR approach (for derivative contracts)	4,561	5,164		1.4	13,615	2,723
1a	CEM (for derivative contracts)	0	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)					0	0
5	VaR (for SFTs)					0	0
6	**Total**						**2,723**

Template CCR2: CVA capital charge

The table below provides information on CVA capital charge and the CVA calculations based on standardised CVA method.

		31 December 2024	
		(a)	(b)
		EAD post CRM	RWA
		HK$'000	HK$'000
	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	13,615	2,000
4	**Total**	**13,615**	**2,000**

Template CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach

The counterparty default risk exposures by asset classes and by risk weights under STC approach are shown in the table below.

		31 December 2024										
	HK$'000	(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
	Risk Weight / Exposure class	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	13,615	0	0	0	0	0	0	0	13,615
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	0	0	0	0	0
11	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
12	**Total**	**0**	**0**	**13,615**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**13,615**

Table MRA: Qualitative disclosures related to market risk

RMCs is responsible for assisting the respective Boards of the Bank and Public Finance to oversee and monitor market risk exposures and to set out risk management framework for identifying and managing potential risks of the Group. Under such framework, three lines of defence are adopted for market risk management to promote sound risk culture through a clear focus on key market risks associated with the Group's activities and to provide timely and appropriate responses to inappropriate risk-taking behaviour. The first line of defence comprises market risk owners at Treasury Department and business units. They are primarily responsible for the day-to-day market risk management. The second line of defence refers to the RMDs. The risk controllers of market risk, who are Heads of RMDs, work closely with ALCOs which are responsible for monitoring and reporting of material market risk issues to the RMCs, conducting regular review of market risk trends and setting out market risk management strategy as appropriate. The third line of defence refers to Internal Audit Departments which are under oversight of Audit Committees.

The Group has formulated risk management policy to identify, measure, monitor, control, and report on market risk exposures. Adequate capital resources are set aside to cover those risk exposures. The risk management policy and control limits regarding market risk governance are approved by the RMCs, and are regularly reviewed and updated to align with market changes, statutory requirements, and prevailing practices in market. Risk limits and management action triggers are set with reference to risk appetite of the Bank and Public Finance.

Risk appetite has been defined in accordance with the Group's business strategies and objectives to govern the trading book activities. Currently, the Group is not involved in and does not plan to conduct complex derivative financial contract transactions. Only traditional over-the-counter FX transactions are conducted at present. Hedging is monitored under market risk management framework.

For measuring and monitoring of market risk exposures, market risk analysis is conducted for all principal currencies with potential loss and impact to capital adequacy. For reporting of market risk, risk reporting for trading book positions is compiled and monitored on a daily basis, and risk reports are prepared for different levels of governances on a regular basis.

Template MR1: Market risk under STM approach

The table below provides information on market risk RWA. The market risk RWA arose from FX exposures and general market risk for interest rate exposures. There were no gold contract exposures as at 31 December 2024.

		31 December 2024
		(a)
		RWA
		HK$'000
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	4,750
2	Equity exposures (general and specific risk)	0
3	Foreign exchange (including gold) exposures	939,088
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**	**943,838**

Table IRRBBA: Interest rate risk in banking book – risk management objectives and policies

Interest rate risk in banking book ("IRRBB") is internally defined as current or prospective risk arising from adverse movements in market interest rates to the Group's positions in the banking book. Changes in market interest rate affect economic value of interest-bearing assets, liabilities, off-balance commitments and net interest income ("NII") from such financial instruments. The primary objective of interest rate risk management is to minimise/contain the potential adverse effects of interest rate movements in economic value of equity ("EVE") and NII by closely monitoring the net repricing gap of the Group's assets and liabilities.

The IRRBB comprises gap risk, basis risk and option risk. Gap risk arises from changes in interest rates on assets, liabilities and off-balance sheet positions of different maturities. Basis risk arises from imperfect correlation of timing between changes in the rates earned and paid on different instruments with otherwise similar repricing characteristics. Option risk arises from the optional elements embedded in the Group's assets and liabilities that provide customers with the right to prepay or early repay one's assets or liabilities such that cash flows related to such financial contracts are altered.

The Boards of the Bank and Public Finance are ultimately responsible for management of IRRBB and defining the overall risk appetite for management of IRRBB. The RMCs are responsible for reviewing IRRBB policies, establishing risk limits in relation to EVE and NII in accordance with risk appetite and maintaining management oversight on IRRBB. The ALCOs are responsible for identifying, measuring, evaluating, controlling and monitoring IRRBB and ensuring the timely implementation of IRRBB management strategy by different departments and business lines in response to the changing market conditions. RMDs assess, monitor and report interest rate risk exposures against approved risk limits and key interest rate risk related matters (such as limit excesses) to the ALCOs at least monthly, and escalate to the RMCs and the Boards for further deliberations/approval of proposed actions as necessary. The Group manages its IRRBB exposures at a desired level and within its risk tolerance thresholds through strategic planning of balance sheet compositions with matching of repricing maturity for its on-balance sheet instruments and/or off-balance sheet derivatives in each significant currency. Currently, the Group does not use interest rate instruments like interest rate swaps and interest rate futures for hedging purpose as the Group is not engaged in complex business transactions involving derivative financial instruments. Where the Group decides to implement a hedging to manage IRRBB, the hedge accounting treatment is required to be made in accordance with the Hong Kong Financial Reporting Standards. The Group conducts stress testing via scenario analyses to assess the adverse impact of various interest rate shocks on the Group's EVE and NII, and the outcomes are deliberated in ALCO and RMC meetings. The Group establishes model for IRRBB assessment including yield curve levels' projection of relevant interest-bearing assets and early redemption of loans. Any revisions to the existing IRRBB model or assessment methodology are deliberated by ALCOs and RMCs for the approval by the Boards. Internal Audit Departments perform independent reviews on the effectiveness of the IRRBB management system, including but not limited to the implementation/compliance of the approved policies, monitoring of risk limits, escalation of limit breaches and adequacy of IRRBB assessment methodology.

The Group employs various analytical techniques to measure IRRBB and its impact on EVE and NII on a monthly basis, including interest rate repricing profile analysis, and scenario assessment on the Group's EVE and NII under both parallel and non-parallel interest rate shocks.

For computation of the impact on EVE, the Group adopts the six prescribed standardised interest rate shock scenarios defined by the HKMA (namely parallel up, parallel down, steepener, flattener, short rate up, and short rate down) and internal parallel up and down scenarios at 100 basis points.

For computation of the impact on NII over the next twelve months, the Group adopts the standardised and internal parallel up or down scenarios as mentioned above and also the two prescribed standardised basis risk scenarios defined by the HKMA as below:

Scenario 1: All rates except for fixed and managed rates on interest rate-sensitive assets are subject to the parallel up shock; and

Scenario 2: Managed rates on interest rate-sensitive assets are subject to the parallel down shock while other rates remain unchanged.

The key modeling assumptions used by the Group in EVE and NII computation pursuant to the requirements of the HKMA include the following:

(i) For EVE computation, commercial margins and other spread components have been excluded in the cash flows used in the computation and discount rate.

(ii) The repricing maturity of non-maturity deposits is determined based on the earliest date on which their interest rates can be adjusted. Based on such assumption, the repricing maturity of all non-maturity deposits is determined to be one day.

(iii) Conditional prepayment rates have been computed for the fixed-rate retail loan products based on historical data of past two years or more. Retail term deposits are assumed not to be subject to early redemption risk given the material early withdrawal penalty imposed by the Group.

(iv) The Group measures IRRBB exposures separately for each significant currency in view that yield curves for different currencies vary from one to another. The Group's significant currency is defined as Hong Kong dollar, United States dollar, RMB, Australian dollar and other currencies that account for at least 5% of total on-balance sheet interest rate-sensitive position in all currencies and that the aggregate of significant currency should account for at least 90% of total on-balance sheet interest rate-sensitive position. The interest rate correlations between different currencies are assumed to be insignificant.

Template IRRBB1: Quantitative information on interest rate risk in banking book

The table below provides information on IRRBB.

		(a)	(b)	(c)	(d)
		ΔEVE		ΔNII	
	Period	**31 December 2024**	**31 December 2023**	**31 December 2024**	**31 December 2023**
		HK$'000	HK$'000	HK$'000	HK$'000
1	Parallel up	(48,694)	(65,383)	106,448	86,045
2	Parallel down	43,938	61,262	(108,770)	(88,004)
3	Steepener	(8,692)	6,835		
4	Flattener	(802)	(16,084)		
5	Short rate up	(32,323)	(46,863)		
6	Short rate down	28,869	44,327		
7	**Maximum**	48,694	65,383	108,770	88,004
	Period	**31 December 2024**		**31 December 2023**	
		HK$'000		HK$'000	
8	**Tier 1 capital**	5,977,574		6,208,432	

Table REMA: Remuneration policy

The Bank has established its Nomination and Remuneration Committee with written terms of reference in compliance with the requirements of the Supervisory Policy Manual Module CG-5 "Guideline on a Sound Remuneration System" (the "Remuneration Guideline") issued by the HKMA. The terms of reference of the Nomination and Remuneration Committee are available under "Board Committees" section in the Bank's website at www.publicbank.com.hk.

As at 31 December 2024, there were five members in the Nomination and Remuneration Committee and three of them were Independent Non-Executive Directors ("INEDs"). The Nomination and Remuneration Committee was chaired by Mr. Lim Chao Li, an INED of the Bank. The other members were Mr. Lai Wan, Tan Sri Dato' Sri Dr. Tay Ah Lek, Mr. Lee Chin Guan and Ms. Phe Kheng Peng.

The Nomination and Remuneration Committee meets at least once a year to review and make recommendations to the Board of the Bank on the overall remuneration policy (the "Remuneration Policy"), specific remuneration packages and compensation arrangement relating to the appointment or termination of Directors, Chief Executive, Alternate Chief Executives, Senior Management and key personnel, and for the formulation and implementation of the Remuneration Policy applicable to all employees of the Bank.

During the year, the Nomination and Remuneration Committee reviewed and noted/concurred (via meetings or written resolutions): (i) Directors' fees for 2023; (ii) annual salary review; (iii) discretionary bonus and merit bonus for 2024; (iv) promotions of three Senior Management staff; (v) succession plan; (vi) performance review of Senior Management and key personnel; (vii) training and development programmes attended by Directors, Chief Executive and Alternate Chief Executives; (viii) results of annual assessment on effectiveness of the Board, Board Committees, Directors, Chief Executive and Alternate Chief Executives for year 2023; (ix) annual review of terms of reference of the Nomination and Remuneration Committee; (x) review of the Remuneration Policy and System in compliance with the Remuneration Guideline of the HKMA; (xi) assessments of independence of INEDs, time commitment of retiring Directors who were eligible for re-election and any potential conflicts of interest of Directors; (xii) re-election of retiring Directors; (xiii) the size, composition and structure of the Board; (xiv) the governance procedures and practices; (xv) extension of employment contract for one Senior Management staff; and (xvi) the review of various policies/manuals related to Directors and the corporate governance of the Bank.

Remuneration of the Executive Director, Chief Executive, Alternate Chief Executives, Senior Management and key personnel is determined by reference to factors including the level of workload, responsibilities and commitments, performance and remuneration packages. No individual Director or any of his/her associates is involved in deciding his/her own remuneration.

No remuneration was paid to members of the Nomination and Remuneration Committee for the years 2024 and 2023 except the Directors' fees.

The Board of the Bank oversees the formulation, maintenance and implementation of the Remuneration Policy.

The Nomination and Remuneration Committee of the Bank reviews and recommends the remuneration packages of Senior Management and key personnel of the Bank in accordance with the authorities and responsibilities as stipulated in its terms of reference to the Board of the Bank for approval.

Remuneration review is submitted to the Board of the Bank by the Nomination and Remuneration Committee for approval each year.

The Nomination and Remuneration Committee of the Bank also works closely with the Human Resources Committee, Audit Committee, RMC and other dedicated committees and departments to (i) review if there are any material non-compliance issues in relation to internal policy and statutory requirements and make adjustments to payments of remuneration whenever necessary, and (ii) decide upon the appraisal system which fairly measures the performance of each key personnel, and make changes to the system when necessary to meet the changing needs of the Bank.

Regular compliance monitoring is imposed to review the management and operation of the remuneration system.

Human Resources Department takes initiatives on all human resources matters while Human Resources Committee continues to function in accordance with its terms of reference.

Recommendations related to Heads of Internal Audit Department, Compliance Department and RMD are submitted to the Audit Committee and RMC of the Bank, where applicable, for endorsement. Discussions and recommendations related to other employees at managerial level made in the meetings of Human Resources Committee are submitted to the Group Human Resources Committee of Public Bank Berhad, the ultimate holding company of the Bank, and where appropriate, to the Nomination and Remuneration Committee of the Bank for endorsement and the Board for approval while discussions and decisions related to non-managerial employees made in the meetings are normally noted in the Board Executive Committee of the Bank.

The Bank adopted the Remuneration Policy in compliance with the Remuneration Guideline. The Remuneration Policy covers the Bank (including all branches and representative offices of the Bank) and its subsidiaries which are subject to the HKMA's consolidated supervision except Public Finance, Public Financial Limited and Public Securities Limited (the "Bank Group"), which have their own remuneration policy. The Remuneration Policy was initiated by the Human Resources Committee and approved by the Board. The Human Resources Committee also reviews and keeps abreast of the legal and regulatory requirements from time to time, and liaises with risk control units including risk management, financial management and compliance functions to strike a balance among sufficient staff motivation, sound remuneration packages and prudent risk management. Any findings and recommendations to be incorporated into the Remuneration Policy will be put forth to the Nomination and Remuneration Committee for consideration. Having discussed and agreed upon at the Nomination and Remuneration Committee, the revisions to the Remuneration Policy will be recommended to the Board for approval. The Remuneration Policy is subject to an annual review.

The Bank's Remuneration Policy encourages employee behaviour that supports the Bank's risk tolerance, risk management framework and long-term financial soundness. The policy is established and implemented in line with the objectives, business strategies and long-term goals of the Bank and formulated in a way that will not encourage excessive risk-taking by employees but allows the Bank to attract and retain employees with relevant skills, knowledge and expertise to discharge their specific functions. The Bank has considered the key risks, including market risk, credit risk, liquidity risk, climate-related risk and operational risk, when implementing the remuneration measures, which are closely monitored by various management committees and working groups. The Bank considers and reviews the audit reports and various kinds of performance reports to take account of these risks in the remuneration process. Audit reports cover information on asset quality, credit risk management and operational risk management whilst performance reports state various kinds of business performance indicators such as delinquent rate, net impairment ratio, customer deposit, business growth, etc., which are useful for identification of current and future risks. The employees' performances in controlling these current and future risks are linked with their remuneration rewards. The Board will take into account the overall performance of the Bank Group, risk management, market trends, and other non-financial measures when deciding the performance bonus pool. This will be adjusted as and when the Bank considers appropriate. There is no change of remuneration measures over the past year.

Basically, the remuneration package consists of fixed and variable remuneration which are offered in cash. Fixed remuneration refers to basic salary and other fixed income while variable remuneration refers to discretionary bonus, sales commission and other variable income. The remuneration packages are determined by taking into consideration the evaluation of the job's responsibilities and contribution, the market pay levels for benchmark positions, and employee's performance. The level of remuneration and the proportion of variable remuneration to fixed remuneration of Senior Management and key personnel are linked to their level of responsibility undertaken and contribution to business performance and enhancements of efficiency and effectiveness of operations.

When the amount of variable remuneration payout exceeds a predetermined percentage or amount of the annual fixed remuneration of the employee, a deferment period of 3 years will be imposed in order to align the incentive awards to be granted to an individual employee with the long-term value creation and the time horizons of risk. The deferred remuneration will be vested gradually over the 3-year deferment period and no faster than on a pro-rata basis. To conform to the spirit of the Remuneration Guideline and not to undermine the risk management advantage by applying deferment of variable remuneration, if there is any deferred remuneration, hedging exposures in respect of the unvested portion of deferred remuneration by any trading, investment or other financial activities will be restricted.

Subject to the decision of the Nomination and Remuneration Committee in accordance with the internal guidelines, the Bank Group may apply “malus” and/or “clawback” to deferred remuneration when it is later established that the data on which the performance measurement for a particular year was based is subsequently proven to have been manifestly misstated; or it is later established that the employee concerned has committed fraud or other malfeasance, or violated any legislation, code or internal control policies of the Bank Group; or there has been a significant downward restatement of the financial performance of the Bank Group; or the employment of the employee is terminated.

The award of variable remuneration to the Senior Management, key personnel and risk-taking employees is subject to the aforesaid deferral mechanism which will be reviewed by the Nomination and Remuneration Committee at least annually and subject to change when necessary.

The remuneration of the employees within the risk control function, including those performing risk management, accounts, audit and compliance functions, etc., is determined by the performance of individual employees and is independent of the business they oversee. The performance factors of the appraisees in carrying out their core job responsibilities under their respective job functions are assessed in the performance appraisals. Appropriate remuneration will be recommended based on the results of the appraisals annually.

The Bank uses a comprehensive performance measurement framework that incorporates both financial and non-financial performance in determining the size and allocation of variable remuneration. The financial metrics link the variable remuneration to the profits, revenue and other performance measures of the Bank as a whole, and the contribution of business units or departments and an individual employee to the Bank as well. The applicable and material risks associated with the activities of employees, the cost and quantity of capital required to support the risks taken, and the cost and quantity of liquidity risk in the conduct of business are also taken into consideration. The non-financial metrics capture the performance on qualitative aspects such as the compliance with risk management policies; adherence to legal, regulatory and ethical standards; adherence to corporate culture and values; customer satisfaction; and effectiveness and efficiency of supporting operations. Given the importance in both financial achievements and non-financial factors, employees with poor performance will result in reduction of or elimination to the variable remuneration. Adverse performance in non-financial factors will override outstanding financial achievement, and thus, the employee’s performance can be assessed comprehensively.

An annual review of the Remuneration Policy and the remuneration system of the Bank Group was conducted by the Nomination and Remuneration Committee at the end of 2024. Minor changes were made to the Remuneration Policy to update its coverage of employees and clarify the application of commission scheme. The review concludes that the remuneration system and processes have followed the Remuneration Policy consistently and are consistent with the principles set out in the Remuneration Guideline.

Template REM1: Remuneration awarded during financial year

The table below provides the quantitative information on remuneration for the Bank's Senior Management and key personnel, split into fixed and variable remuneration. Senior Management comprises personnel who received remuneration during the year in respect of his/her position as Chief Executive/Alternate Chief Executive/Financial Controller/Head of Treasury/Head of Compliance/Head of Risk Management/Head of Internal Audit. Key personnel comprises individual employees whose duties or activities in the course of employment involve the assumption of material risks or the taking on material exposures on behalf of the Bank and/or other key personnel who plays a pivotal role within the Bank. There was no variable remuneration in shares or share-linked instruments which had been granted for the year ended 31 December 2024.

			31 December 2024	
			(a)	(b)
Remuneration amount (HK$'000) and quantitative information			Senior Management	Key personnel
1	Fixed remuneration	Number of employees	7	8
2		Total fixed remuneration	12,435	7,579
3		Of which: cash-based	12,435	7,579
4		Of which: deferred	0	0
5		Of which: shares or other share-linked instruments	0	0
6		Of which: deferred	0	0
7		Of which: other forms	0	0
8		Of which: deferred	0	0
9	Variable remuneration	Number of employees	7	8
10		Total variable remuneration	3,256	1,185
11		Of which: cash-based	3,256	1,185
12		Of which: deferred	0	0
13		Of which: shares or other share-linked instruments	0	0
14		Of which: deferred	0	0
15		Of which: other forms	0	0
16		Of which: deferred	0	0
17	**Total remuneration**		**15,691**	**8,764**

Template REM2: Special payments

No Senior Management or key personnel had been awarded new sign-on awards or severance payments or paid guaranteed bonuses shows in the table below.

		31 December 2024					
		(a)	(b)	(c)	(d)	(e)	(f)
Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
			HK$'000		HK$'000		HK$'000
1	Senior Management	0	0	0	0	0	0
2	Key personnel	0	0	0	0	0	0

Template REM3: Deferred remuneration

There were no deferred remuneration awarded, paid out and reduced through performance adjustments for the year ended 31 December 2024 and there was no outstanding deferred remuneration to Senior Management and key personnel as at 31 December 2024.

		31 December 2024				
		(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1	Senior Management					
2	Cash	0	0	0	0	0
3	Shares	0	0	0	0	0
4	Cash-linked instruments	0	0	0	0	0
5	Other	0	0	0	0	0
6	Key personnel					
7	Cash	0	0	0	0	0
8	Shares	0	0	0	0	0
9	Cash-linked instruments	0	0	0	0	0
10	Other	0	0	0	0	0
11	**Total**	**0**	**0**	**0**	**0**	**0**

Glossary

Abbreviations	Descriptions
AI	Authorised Institution
AT1	Additional Tier 1
BCR	Banking (Capital) Rules
BSC Approach	Basic Approach
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
DTAs	Deferred Tax Assets
D-SIBs	Domestic Systemically Important Banks
EAD	Exposure At Default
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
EVE	Economic Value of Equity
ΔEVE	Change in projected economic value of equity
FBA	Fall-Back Approach
G-SIBs	Global Systemically Important Banks
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
IMM(CCR) Approach	Internal Models (Counterparty Credit Risk) Approach
IMM Approach	Internal Models Approach
IRB Approach	Internal Ratings-Based Approach
IRRBB	Interest Rate Risk in Banking Book
J	Jurisdiction

Glossary

Abbreviations	Descriptions
JCCyB	Jurisdiction Countercyclical Capital Buffer
LAC	Loss-Absorbing Capacity
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LTA	Look Through Approach
LR	Leverage Ratio
MA	Monetary Authority
MBA	Mandate-Based Approach
MSRs	Mortgage Servicing Rights
NII	Net Interest Income
ΔNII	Change in projected net interest income
NSFR	Net Stable Funding Ratio
OBS	Off-Balance Sheet
PFE	Potential Future Exposure
PSE	Public Sector Entity
RW	Risk-Weight
RWA	Risk-Weighted Asset/Risk-Weighted Amount
SA-CCR	Standardised Approach (Counterparty Credit Risk)
SEC-ERBA	Securitisation External Ratings-Based Approach
SEC-SA	Securitisation Standardised Approach
SEC-FBA	Securitisation Fall-Back Approach
SEC-IRBA	Securitisation Internal Ratings-Based Approach
SFT	Securities Financing Transaction
STC Approach	Standardised (Credit Risk) Approach
STM Approach	Standardised (Market Risk) Approach
VaR	Value-At-Risk