CHINA CITIC BANK INTERNATIONAL

China CITIC Bank International Limited
中信銀行(國際)有限公司

Regulatory Disclosure Statement

31 December 2024
(Unaudited)

These disclosures are prepared under the Banking (Disclosure) Rules

Regulatory Disclosure Statement

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Regulatory Disclosure Statement (continued)

The information contained in this regulatory disclosure statement is for China CITIC Bank International Limited ("the Bank") and its subsidiaries (together "the Group"), and is prepared in accordance with the Banking (Disclosure) Rules and the disclosure templates issued by the Hong Kong Monetary Authority ("HKMA"). It should be read in conjunction with the Group's 2024 Annual Report. These regulatory disclosures are governed by the Group's disclosure policy, which set out the governance, control and assurance requirements for publication of the document.

PART I: OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL RATIOS AND RISK-WEIGHTED ASSET (RWA)

OVA: Overview of risk management

The Group has the fundamental goal of executing our strategy while managing our risks in a comprehensive and integrated manner. The Risk Appetite Statement and Risk Appetite Framework are key components within the risk management framework which describes the types and levels of risk that we are prepared to accept in the pursuit of our goals. The Group has a robust infrastructure to facilitate identifying, quantifying, monitoring and mitigating all risk types in our business activities. A comprehensive overview of our risk management framework including the management and mitigation of key risks facing the Group is set out in the *Risk Management Section of the Annual Report 2024.*

The Board has the primary responsibility for the effective management of risks. The Board approves the Risk Appetite Statement and ensures that it is consistent with our strategic, business, capital and financial plans, as well as the risk-taking capacity and remuneration system. The Board has established the Credit & Risk Management Committee ("CRMC") to oversee and manage the Bank's risk related matters, including but not limited to the risk strategy, risk appetite/tolerance, profile, policies (including key risk procedures), fair value practices, capital adequacy, risk culture, systems, and various risk-related initiatives and projects. The CRMC carries out its oversight function on the Group's risk management through various committees at the management level, including the Credit Committee, Market Risk Committee, Non-Performing Loans Committee, Investment Review Committee, Asset and Liability Committee, Operational Risk Management Committee, New Product Committee, Compliance and AML Committee and Management Committee. Further information on the risk governance structure is set out in the *Corporate Governance and Other Information Section of the Annual Report 2024.*

The Group adopts a Three Lines of Defence model in risk management. As the first line of defence, business units and related support units which take risks have primary responsibility to own and manage the risks associated with day-to-day business and operational activities. For reporting of quantifiable risks that are measured against approved limits, limits initiated by business units shall be subject to independent monitoring and control by various independent risk management and compliance functions as the second line of defence. Furthermore, the second line of defence establishes relevant risk governance and framework to ensure the level of risks are properly managed. As the third line of defence, the Internal Audit Group shall conduct regular audits on the risk areas to ascertain the effectiveness of the system in risk measurement, reporting and monitoring.

The Group's Bank Culture Reform ("BCR") Taskforce convened to review and drive continuously the various bank-wide and group/entity-level BCR initiatives which included refining the bank-wide Bank Culture Indicators ("BCI") dashboard; producing group/entity-level BCI dashboards; launching various BCR promotion to shape desirable behaviour; senior management training as part of leadership development programme; bank-wide and group/entity-level Risk Appetite Statement alongside with summary sheets of Code of Conduct and General Compliance Policy and Guideline; and incorporating BCR as a standing agenda item in Board level Committee meetings.

Our risk measurement and reporting systems are dedicated to deliver comprehensive and management information in support of business strategy and solutions to evolving regulatory reporting requirements. The Group maintains adequate tools/techniques and management information systems to identify, measure, monitor and mitigate all relevant quantifiable and material risks and to provide our management with timely and accurate reports on the financial condition, operating performance and risk exposure of the Group. Risk management tools/techniques include but not limited to quantitative models, portfolio and limit management tools, early alert tools, stress testing, etc. to ensure that the risks are evaluated and quantified in a multi-dimensional and scientific manner. The Group continually seeks to enhance our risk management practices and methodologies in alignment with international best practices. The Group has been actively proceeding a number of key initiatives including implementation of the Basel III Reform Package and climate risk management and projects to enhance risk database, data governance, system and infrastructure.

Regulatory Disclosure Statement (continued)

PART I: OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL RATIOS AND RISK-WEIGHTED ASSET (RWA) (CONTINUED)

OVA: Overview of risk management (continued)

The Group operates a robust and comprehensive stress testing programme that supports our risk management and capital planning. Stress testing also assesses our capital strength and enhances our resilience to adverse events. It also gives an insight into the potential impact of the Group risk taking positions and how it could be mitigated. Apart from regulatory driven stress tests, the Group also conducts internal stress tests. Our stress testing is supported by dedicated teams and infrastructure. The Board delegated committees oversees the stress testing programme, and the stress test results are regularly reported to the management level committees for approval and course of action, where appropriate. The Group uses a range of stress testing techniques to achieve a comprehensive coverage across our business activities. A comprehensive overview on stress testing over different risk classes is set out in the *Risk Management Section of the Annual Report 2024.*

KM1: Key prudential ratios

		At 31 December 2024	At 30 September 2024	At 30 June 2024	At 31 March 2024	At 31 December 2023
		(a)	(b)	(c)	(d)	(e)
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Regulatory capital					
1	Common Equity Tier 1 (CET1)	**43,302,008**	43,567,696	41,331,557	40,891,804	40,684,957
2	Tier 1	**52,637,404**	52,903,092	50,666,953	50,227,200	50,020,353
3	Total capital	**59,995,329**	60,142,943	58,033,783	57,469,394	61,250,220
	RWA					
4	Total RWA	**316,672,653**	310,286,791	310,278,532	302,201,989	304,311,483
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	**13.7%**	14.0%	13.3%	13.5%	13.4%
6	Tier 1 ratio (%)	**16.6%**	17.0%	16.3%	16.6%	16.4%
7	Total capital ratio (%)	**18.9%**	19.4%	18.7%	19.0%	20.1%
	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 (%)	**0.358%**	0.680%	0.686%	0.673%	0.684%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	**N/A**	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	**2.858%**	3.180%	3.186%	3.173%	3.184%
12	CET1 available after meeting the AI's minimum capital requirements (%)	**9.2%**	9.5%	8.8%	9.0%	8.9%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	**500,422,088**	480,171,271	469,757,417	461,969,216	475,072,752
14	LR (%)	**10.5%**	11.0%	10.8%	10.9%	10.5%
	Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	**80,310,151**	75,468,213	74,806,699	79,327,677	75,332,110
16	Total net cash outflows	**36,256,661**	38,396,108	35,160,658	40,999,097	33,267,007
17	LCR (%)	**227%**	198%	217%	195%	241%
	Applicable to category 2 institution only:					
17a	LMR (%)	**N/A**	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	**326,750,362**	305,244,207	299,866,511	285,528,605	295,361,614
19	Total required stable funding	**219,791,551**	214,841,032	211,474,126	201,753,941	188,624,721
20	NSFR (%)	**149%**	142%	142%	142%	157%
	Applicable to category 2A institution only:					
20a	CFR (%)	**N/A**	N/A	N/A	N/A	N/A

N/A – Not Applicable

Regulatory Disclosure Statement (continued)

PART I: OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL RATIOS AND RISK-WEIGHTED ASSET (RWA) (CONTINUED)

OV1: Overview of RWA

The following table provides an overview of the Bank's RWA by various risk types and the corresponding minimum capital requirements (i.e. 8% of RWA), as required by the HKMA.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		At 31 December 2024	At 30 September 2024	At 31 December 2024
		HK$'000	*HK$'000*	*HK$'000*
1	Credit risk for non-securitization exposures	275,114,273	266,257,063	22,009,142
2	Of which STC approach	275,114,273	266,257,063	22,009,142
2a	Of which BSC approach	–	–	–
3	Of which foundation IRB approach	–	–	–
4	Of which supervisory slotting criteria approach	–	–	–
5	Of which advanced IRB approach	–	–	–
6	Counterparty default risk and default fund contributions	5,833,002	6,475,114	466,640
7	Of which SA-CCR approach	5,636,199	5,706,781	450,896
7a	Of which CEM	–	–	–
8	Of which IMM (CCR) approach	–	–	–
9	Of which others	196,803	768,333	15,744
10	CVA risk	1,439,913	1,596,088	115,193
11	Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–
12	Collective investment scheme ("CIS") exposures – LTA	–	–	–
13	CIS exposures – MBA	–	–	–
14	CIS exposures – FBA	–	–	–
14a	CIS exposures – combination of approaches	–	–	–
15	Settlement risk	–	240	–
16	Securitization exposures in banking book	–	–	–
17	Of which SEC-IRBA	–	–	–
18	Of which SEC-ERBA (including IAA)	–	–	–
19	Of which SEC-SA	–	–	–
19a	Of which SEC-FBA	–	–	–
20	Market risk	16,246,300	18,425,288	1,299,704
21	Of which STM approach	16,246,300	18,425,288	1,299,704
22	Of which IMM approach	–	–	–
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	Not applicable	Not applicable	Not applicable
24	Operational risk	18,155,213	17,637,600	1,452,417
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	57,590	57,590	4,607
26	Capital floor adjustment	–	–	–
26a	Deduction to RWA	173,638	162,192	13,891
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	–	–	–
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	173,638	162,192	13,891
27	**Total**	**316,672,653**	**310,286,791**	**25,333,812**

Remark:

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

The Bank has adopted the "standardised approach" for calculating the risk-weighted amount for credit risk and market risk and the "basic indicator approach" for calculating operational risk.

Total RWA increased mainly due to an increase in credit RWAs for non-securitization exposures, which was driven mainly by an increase in loans and advances to customers.

PART II: LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
At 31 December 2024	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Assets							
Cash and balances with banks and central banks	10,537,339	10,537,339	10,537,339	–	–	–	–
Placements with and advances to banks	70,361,763	70,361,763	70,361,763	–	–	–	–
Financial assets held under resale agreements							
– at fair value through profit or loss	2,982,785	2,982,785	–	2,982,785	–	–	–
– at amortised cost	3,174,582	3,174,582	–	3,174,582	–	–	–
Derivative financial instruments	19,365,077	19,365,077	–	19,365,077	–	19,365,077	–
Financial investments							
– at fair value through profit or loss	2,040,808	2,040,808	1,344,593	–	–	696,215	–
– at fair value through other comprehensive income	139,264,603	139,264,603	139,264,603	–	–	–	–
– at amortised cost	90,179	90,179	90,179	–	–	–	–
Loans and advances to customers and other accounts							
– at fair value through profit or loss	11,960,075	11,960,075	11,960,075	–	–	–	–
– at amortised cost	227,140,524	227,197,060	227,197,060	–	–	–	–
Tax recoverable	290	290	290	–	–	–	–
Right-of-use assets	820,633	820,633	820,633	–	–	–	–
Property and equipment							
– Investment properties	409,073	409,073	409,073	–	–	–	–
– Other premises and equipment	608,937	608,807	608,807	–	–	–	–
Intangible assets	537,835	537,835	–	–	–	–	537,835
Deferred tax assets	874	874	–	–	–	–	874
Total assets	**489,295,377**	**489,351,783**	**462,594,415**	**25,522,444**	**–**	**20,061,292**	**538,709**
Liabilities							
Deposits and balances of banks and other financial institutions	12,141,506	12,141,506	–	–	–	–	12,141,506
Deposits from customers	371,313,584	371,365,011	–	–	–	–	371,365,011
Financial liabilities at fair value through profit or loss	99,849	99,849	–	–	–	99,849	–
Financial assets sold under repurchase agreements							
– at fair value through profit or loss	2,294,942	2,294,942	–	2,294,942	–	–	–
– at amortised cost	7,652,423	7,652,423	–	7,652,423	–	–	–
Derivative financial instruments	18,393,793	18,393,793	–	18,393,793	–	18,393,793	–
Certificates of deposit issued	1,760,216	1,760,216	–	–	–	–	1,760,216
Current tax liabilities	283,315	283,315	–	–	–	–	283,315
Deferred tax liabilities	1,648	1,648	–	–	–	–	1,648
Other liabilities	14,170,136	14,169,882	–	–	–	–	14,169,882
Lease liabilities	956,170	956,170	–	–	–	–	956,170
Loan capital	3,859,664	3,859,664	–	–	–	–	3,859,664
Of which: Loan capital not eligible for inclusion in regulatory capital	–	–	–	–	–	–	–
Loan capital eligible for inclusion in regulatory capital	–	3,881,475	–	–	–	–	3,881,475
Total liabilities	**432,927,246**	**432,978,419**	**–**	**28,341,158**	**–**	**18,493,642**	**404,537,412**

PART II: LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES (CONTINUED)

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

		(a)	(b)	(c)	(d)	(e)
			Items subject to:			
		Total	credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
At 31 December 2024		***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	488,813,074	462,594,415	–	25,522,444	20,061,292
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	28,441,007	–	–	28,341,158	18,493,642
3	Total net amount under regulatory scope of consolidation	460,372,067	462,594,415	–	(2,818,714)	1,567,650
4	Off-balance sheet amounts	163,410,388	12,786,589	–	–	–
5	Differences in valuations	–	–	–	–	–
6	Differences due to consideration of provisions	–	728,368	–	–	–
7	Differences due to potential exposures for counterparty credit risk	–	–	–	5,480,952	–
	Exposure amounts considered for regulatory purposes	**623,782,455**	**476,109,372**	**–**	**2,662,238**	**1,567,650**

LIA: Explanations of differences between accounting and regulatory exposure amounts

(1) Template LI1

The difference between column (a) and column (b) of Template LI1 are due to the consolidation basis for accounting includes the Bank and all its subsidiaries whereas the consolidation basis for regulatory purposes includes the Bank and only some of the Group's subsidiaries but mainly excluded nominee services companies.

(2) Template LI2

The main drivers for the differences between accounting values and amounts considered for regulatory purposes are the application of credit conversion factor ("CCF") on off-balance sheet amounts and consideration of potential future exposures ("PFE") for counterparty risk.

PART II: LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES (CONTINUED)

PV1: Prudent valuation adjustments

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
								Of which:	Of which:
At 31 December 2024 (HK$'000)		Equity	Interest rates	FX	Credit	Commodities	Total	In the trading book	In the banking book
1	Close-out uncertainty, of which:	–	20,951	–	–	–	20,951	–	20,951
2	*Mid-market value*	–	–	–	–	–	–	–	–
3	*Close-out costs*	–	20,951	–	–	–	20,951	–	20,951
4	*Concentration*	–	–	–	–	–	–	–	–
5	Early termination	–	–	–	–	–	–	–	–
6	Model risk	–	–	–	–	–	–	–	–
7	Operational risks	–	–	–	–	–	–	–	–
8	Investing and funding costs						–	–	–
9	Unearned credit spreads						–	–	–
10	Future administrative costs	–	–	–	–	–	–	–	–
11	Other adjustments	–	–	–	–	–	–	–	–
12	**Total adjustments**	**–**	**20,951**	**–**	**–**	**–**	**20,951**	**–**	**20,951**

Prudent valuation adjustments ("PVA") are made for financial instruments accounted for at fair value for the purpose of determining capital requirements, regardless of whether they are booked in the trading book or banking book and whether they are marked-to-market or marked-to-model. The Group applies prudence and makes appropriate adjustments in the financial reporting to address valuation uncertainties arising from the following factors: mid-market value, unearned credit spreads, and other factors where appropriate.

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL

CC1: Composition of regulatory capital

		(a)	(b)
		Amount	Source based on reference number of the balance sheet under the regulatory scope of consolidation
At 31 December 2024		*HK$'000*	
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	18,058,853	(5)–(6)
2	Retained earnings	27,885,636	(7)
3	Disclosed reserves	748,319	(8)
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)	–	
6	**CET1 capital before regulatory deductions**	**46,692,808**	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	20,951	(11)
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	537,835	(1)
10	Deferred tax assets (net of associated deferred tax liabilities)	874	(2)
11	Cash flow hedge reserve	–	
12	Excess of total EL amount over total eligible provisions under the IRB approach	–	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	3,178	(3)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	–	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in CET1 capital instruments	–	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	Of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	Of which: mortgage servicing rights	Not applicable	Not applicable
25	Of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	2,827,962	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	315,706	(10)
26b	Regulatory reserve for general banking risks	2,512,256	(9)
26c	Securitization exposures specified in a notice given by the MA	–	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e	Capital shortfall of regulated non-bank subsidiaries	–	

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount	Source based on reference number of the balance sheet under the regulatory scope of consolidation
At 31 December 2024		***HK$'000***	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28	**Total regulatory deductions to CET1 capital**	**3,390,800**	
29	**CET1 capital**	**43,302,008**	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	9,335,396	
31	Of which: classified as equity under applicable accounting standards	9,335,396	
32	Of which: classified as liabilities under applicable accounting standards	–	
33	*Capital instruments subject to phase-out arrangements from AT1 capital*	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	
35	*Of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements*	–	
36	**AT1 capital before regulatory deductions**	**9,335,396**	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	–	
38	Reciprocal cross-holdings in AT1 capital instruments	–	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
41	National specific regulatory adjustments applied to AT1 capital	–	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–	
43	**Total regulatory deductions to AT1 capital**	**–**	
44	**AT1 capital**	**9,335,396**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**52,637,404**	

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount	Source based on reference number of the balance sheet under the regulatory scope of consolidation
At 31 December 2024		*HK$'000*	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	3,881,475	(4)
47	*Capital instruments subject to phase-out arrangements from Tier 2 capital*	–	
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)	–	
49	*Of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	–	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	3,334,382	
51	**Tier 2 capital before regulatory deductions**	**7,215,857**	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	–	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	–	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under s2(1) of Schedule 4F to BCR only)	–	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	National specific regulatory adjustments applied to Tier 2 capital	(142,068)	
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	(142,068)	(10) x 45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within s48(1)(g) of BCR	–	
57	**Total regulatory adjustments to Tier 2 capital**	**(142,068)**	
58	**Tier 2 capital (T2)**	**7,357,925**	
59	**Total regulatory capital (TC = T1 + T2)**	**59,995,329**	
60	**Total RWA**	**316,672,653**	
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio**	**13.7%**	
62	**Tier 1 capital ratio**	**16.6%**	
63	**Total capital ratio**	**18.9%**	
64	**Institution – specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	**2.86%**	
65	*Of which: capital conservation buffer requirement*	2.50%	
66	*Of which: bank specific countercyclical capital buffer requirement*	0.36%	
67	*Of which: higher loss absorbency requirement*	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	9.17%	

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CC1: Composition of regulatory capital (continued)

		(a)	(b)
At 31 December 2024		**Amount**	**Source based on reference number of the balance sheet under the regulatory scope of consolidation**
		HK$'000	
	National minima (if different from Basel III 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	400,547	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	23,036	
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)	3,334,382	
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	3,512,437	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	–	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	–	
	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*	–	
83	*Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)*	–	
84	*Current cap on Tier 2 capital instruments subject to phase-out arrangements*	–	
85	*Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)*	–	

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CC1: Composition of regulatory capital (continued)

<table>
<tr><th rowspan="2">Row No.</th><th rowspan="2">Description</th><th>Hong Kong basis</th><th>Basel III basis</th></tr>
<tr><th>HK$'000</th><th>HK$'000</th></tr>
<tr><td rowspan="2">9</td><td>Other intangible assets (net of associated deferred tax liability)</td><td>537,835</td><td>537,835</td></tr>
<tr><td colspan="3"><u>Explanation</u>
As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</td></tr>
<tr><td rowspan="2">10</td><td>Deferred tax assets (net of associated deferred tax liabilities)</td><td>874</td><td>874</td></tr>
<tr><td colspan="3"><u>Explanation</u>
As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</td></tr>
<tr><td rowspan="2">18</td><td>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</td><td>–</td><td>–</td></tr>
<tr><td colspan="3"><u>Explanation</u>
For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</td></tr>
</table>

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CC1: Composition of regulatory capital (continued)

Row No.	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)**	–	–
	Explanation 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)**	–	–
	Explanation 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)**	–	–
	Explanation 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.			

Abbreviations:

CET1 : Common Equity Tier 1
AT1 : Additional Tier 1

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CC2: Reconciliation of regulatory capital to balance sheet

	At 31 December 2024		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	HK$'000	*HK$'000*	
Assets			
Cash and balances with banks and central banks	10,537,339	10,537,339	
Placements with and advances to banks	70,361,763	70,361,763	
Financial assets held under resale agreements			
– at fair value through profit or loss	2,982,785	2,982,785	
– at amortised cost	3,174,582	3,174,582	
Derivative financial instruments	19,365,077	19,365,077	
Financial investments			
– at fair value through profit or loss	2,040,808	2,040,808	
– at fair value through other comprehensive income	139,264,603	139,264,603	
– at amortised cost	90,179	90,179	
Loans and advances to customers and other accounts			
– at fair value through profit or loss	11,960,075	11,960,075	
– at amortised cost	227,140,524	227,197,060	
Of which: Collective impairment allowances reflected in regulatory capital	–	715,908	
Tax recoverable	290	290	
Right-of-use assets	820,633	820,633	
Property and equipment			
– Investment properties	409,073	409,073	
– Other premises and equipment	608,937	608,807	
Intangible assets	537,835	537,835	(1)
Deferred tax assets	874	874	(2)
Total Assets	**489,295,377**	**489,351,783**	
Liabilities			
Deposits and balances of banks and other financial institutions	12,141,506	12,141,506	
Deposits from customers	371,313,584	371,365,011	
Financial liabilities at fair value through profit or loss	99,849	99,849	
Financial assets sold under repurchase agreements			
– at fair value through profit or loss	2,294,942	2,294,942	
– at amortised cost	7,652,423	7,652,423	
Derivative financial instruments	18,393,793	18,393,793	
Of which: Debit valuation adjustments in respect of derivative contracts	–	3,178	(3)
Certificates of deposit issued	1,760,216	1,760,216	
Current tax liabilities	283,315	283,315	
Deferred tax liabilities	1,648	1,648	
Other liabilities	14,170,136	14,169,882	
Lease liabilities	956,170	956,170	
Loan capital	3,859,664	3,859,664	
Of which: Loan capital not eligible for inclusion in regulatory capital	–	–	
Loan capital eligible for inclusion in regulatory capital	–	3,881,475	(4)
Total Liabilities	**432,927,246**	**432,978,419**	
Equity			
Total shareholders' equity	47,032,735	47,037,968	
Of which: Share capital	18,404,013	18,404,013	(5)
Of which: non-qualifying CET1 Capital	–	345,160	(6)
Reserves	28,628,722	28,633,955	
Of which: Retained earnings	27,875,989	27,885,636	(7)
Of which: Other reserves	752,733	748,319	(8)
Of which: Regulatory reserve earmarked	–	2,512,256	(9)
Of which: Cumulative fair value gains arising from the revaluation of land and buildings	–	315,706	(10)
Of which: Valuation adjustments	–	20,951	(11)
Other equity instruments	9,335,396	9,335,396	
Total Equity	**56,368,131**	**56,373,364**	
Total Equity and Liabilities	**489,295,377**	**489,351,783**	

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CCA: Main features of regulatory capital instruments

		Share Capital
(1)	Issuer	China CITIC Bank International Limited
(2)	Unique identifier	N/A
(3)	Governing law(s) of the instrument	Hong Kong laws
	Regulatory treatment	
(4)	– Transitional Basel III rules (1)	N/A
(5)	– Post-transitional Basel III rules (2)	Common Equity Tier 1
(6)	– Eligible at solo/group/group and solo	Group and solo
(7)	– Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
(8)	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK$18,058.85 million
(9)	Par value of instrument	N/A
(10)	Accounting classification	Shareholders' equity
(11)	Original date of issuance	10 December 1954
(12)	Perpetual or dated	Perpetual
(13)	– Original maturity date	No maturity
(14)	Issuer call subject to prior supervisory approval	N/A
(15)	– Optional call date, contingent call dates and redemption amount	N/A
(16)	– Subsequent call dates, if applicable	N/A
	Coupons/dividends	
(17)	– Fixed or floating dividend/coupon	N/A
(18)	– Coupon rate and any related index	N/A
(19)	– Existence of a dividend stopper	N/A
(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
(23)	*Convertible or non-convertible*	Non-convertible
(24)	– If convertible, conversion trigger(s)	N/A
(25)	– If convertible, fully or partially	N/A
(26)	– If convertible, conversion rates	N/A
(27)	– If convertible, mandatory or optional conversion	N/A
(28)	– If convertible, specify instrument type convertible into	N/A
(29)	– If convertible, specify issuer of instrument if converts into	N/A
(30)	Write-down feature	No
(31)	– If write-down, write-down trigger(s)	N/A
(32)	– If write-down, full or partial	N/A
(33)	– If write-down, permanent or temporary	N/A
(34)	– If temporary write-down, description of write-up mechanism	N/A
(35)	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A
(36)	Non-compliant transitioned features	No
(37)	If yes, specify non-compliant features	N/A

N/A – Not Applicable

Footnotes:

1 Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.
2 Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

Full terms and conditions of regulatory capital instruments can be viewed in the Regulatory Disclosures section of the Bank's corporate website www.cncbinternational.com.

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CCA: Main features of regulatory capital instruments (continued)

		Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities with US$600 million at 3.25% per annum
(1)	Issuer	China CITIC Bank International Limited
(2)	Unique identifier	XS2368569252
(3)	Governing law(s) of the instrument	English laws (subordination governed by Hong Kong laws)
	Regulatory treatment	
(4)	– Transitional Basel III rules (1)	N/A
(5)	– Post-transitional Basel III rules (2)	Additional Tier 1
(6)	– Eligible at solo/group/group and solo	Group and solo
(7)	– Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Capital Securities
(8)	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK$4,647.49 million
(9)	Par value of instrument	US$600.00 million
(10)	Accounting classification	Equity – par value
(11)	Original date of issuance	29 July 2021
(12)	Perpetual or dated	Perpetual
(13)	– Original maturity date	No maturity
(14)	Issuer call subject to prior supervisory approval	Yes
(15)	– Optional call date, contingent call dates and redemption amount	– 29 July 2026 (First Call Date) – No fixed redemption date. – Optional Redemption (on a designated date in 2026 or on any Distribution Payment Date thereafter), Tax or Regulatory Redemption are all subject to prior written consent of the HKMA and satisfying any conditions that the HKMA may impose at that time. Redemption amount will be the outstanding principal amount together with distributions accrued to the date of redemption.
(16)	– Subsequent call dates, if applicable	N/A
	Coupons/dividends	
(17)	– Fixed or floating dividend/coupon	Fixed
(18)	– Coupon rate and any related index	– At a fixed rate of 3.25% per annum until (but excluding) 29 July 2026. – On the First Call Date and each anniversary falling five years thereafter, the Distribution Rate will reset by reference to the then – prevailing five-year U.S. Treasury Rate plus 2.53% per annum. – Any distributions are subject to there being no Mandatory Distribution Cancellation Event or Optional Distribution Cancellation Event.
(19)	– Existence of a dividend stopper	Yes
(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
(23)	*Convertible or non-convertible*	Non-convertible
(24)	– If convertible, conversion trigger(s)	N/A
(25)	– If convertible, fully or partially	N/A
(26)	– If convertible, conversion rates	N/A
(27)	– If convertible, mandatory or optional conversion	N/A
(28)	– If convertible, specify instrument type convertible into	N/A
(29)	– If convertible, specify issuer of instrument if converts into	N/A
(30)	Write-down feature	Yes
(31)	– If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event, the Issuer shall, upon the provision of a Non-Viability Event Notice, irrevocably reduce the then prevailing principal amount and cancel any accrued but unpaid distribution of each Capital Security in whole or in part. "Non-Viability Event" means the earlier of: (a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; or (b) the HKMA notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable. At the sole discretion of the relevant Hong Kong Resolution Authority following a non-viability event, the outstanding amount of AT1 Capital Securities can be adjusted upon the exercise of Hong Kong Resolution Authority Power in accordance with the Hong Kong Financial Institutions (Resolution) Ordinance (Cap.628).
(32)	– If write-down, full or partial	Full or partial
(33)	– If write-down, permanent or temporary	Permanent
(34)	– If temporary write-down, description of write-up mechanism	N/A
(35)	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinated to the claims of: (i) all unsubordinated creditors (including depositors), (ii) creditors in respect of Tier 2 Capital Securities, and (iii) all other Subordinated Creditors whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operations of law or contract.
(36)	Non-compliant transitioned features	No
(37)	If yes, specify non-compliant features	N/A

N/A – Not Applicable

Regulatory Disclosure Statement (continued)

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CCA: Main features of regulatory capital instruments (continued)

		Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities with US$600 million at 4.80% per annum
(1)	Issuer	China CITIC Bank International Limited
(2)	Unique identifier	XS2461766805
(3)	Governing law(s) of the instrument	English laws (subordination governed by Hong Kong laws)
	Regulatory treatment	
(4)	– Transitional Basel III rules (1)	N/A
(5)	– Post-transitional Basel III rules (2)	Additional Tier 1
(6)	– Eligible at solo/group/group and solo	Group and solo
(7)	– Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Capital Securities
(8)	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK$4,687.91 million
(9)	Par value of instrument	US$600.00 million
(10)	Accounting classification	Equity – par value
(11)	Original date of issuance	22 April 2022
(12)	Perpetual or dated	Perpetual
(13)	– Original maturity date	No maturity
(14)	Issuer call subject to prior supervisory approval	Yes
(15)	– Optional call date, contingent call dates and redemption amount	– 22 April 2027 (First Call Date) – No fixed redemption date. – Optional Redemption (on a designated date in 2027 or on any Distribution Payment Date thereafter), Tax or Regulatory Redemption are all subject to prior written consent of the HKMA and satisfying any conditions that the HKMA may impose at that time. Redemption amount will be the outstanding principal amount together with distributions accrued to the date of redemption.
(16)	– Subsequent call dates, if applicable	N/A
	Coupons/dividends	
(17)	– Fixed or floating dividend/coupon	Fixed
(18)	– Coupon rate and any related index	– At a fixed rate of 4.80% per annum until (but excluding) 22 April 2027. – On the First Call Date and each anniversary falling five years thereafter, the Distribution Rate will reset by reference to the then – prevailing five-year U.S. Treasury Rate plus 2.104% per annum. – Any distributions are subject to there being no Mandatory Distribution Cancellation Event or Optional Distribution Cancellation Event.
(19)	– Existence of a dividend stopper	Yes
(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
(23)	*Convertible or non-convertible*	Non-convertible
(24)	– If convertible, conversion trigger(s)	N/A
(25)	– If convertible, fully or partially	N/A
(26)	– If convertible, conversion rates	N/A
(27)	– If convertible, mandatory or optional conversion	N/A
(28)	– If convertible, specify instrument type convertible into	N/A
(29)	– If convertible, specify issuer of instrument if converts into	N/A
(30)	Write-down feature	Yes
(31)	– If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event, the Issuer shall, upon the provision of a Non-Viability Event Notice, irrevocably reduce the then prevailing principal amount and cancel any accrued but unpaid distribution of each Capital Security in whole or in part. "Non-Viability Event" means the earlier of: (a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; or (b) the HKMA notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable. At the sole discretion of the relevant Hong Kong Resolution Authority following a non-viability event, the outstanding amount of AT1 Capital Securities can be adjusted upon the exercise of Hong Kong Resolution Authority Power in accordance with the Hong Kong Financial Institutions (Resolution) Ordinance (Cap.628).
(32)	– If write-down, full or partial	Full or partial
(33)	– If write-down, permanent or temporary	Permanent
(34)	– If temporary write-down, description of write-up mechanism	N/A
(35)	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinated to the claims of: (i) all unsubordinated creditors (including depositors), (ii) creditors in respect of Tier 2 Capital Securities, and (iii) all other Subordinated Creditors whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operations of law or contract.
(36)	Non-compliant transitioned features	No
(37)	If yes, specify non-compliant features	N/A

N/A – Not Applicable

PART IIA: COMPOSITION OF REGULATORY CAPITAL (CONTINUED)

CCA: Main features of regulatory capital instruments (continued)

		Subordinated notes (due 2033) with U.S.$500 million at 6.00% per annum
(1)	Issuer	China CITIC Bank International Limited
(2)	Unique identifier	XS2672283293
(3)	Governing law(s) of the instrument	English laws (subordination governed by Hong Kong laws)
	Regulatory treatment	
(4)	– Transitional Basel III rules (1)	N/A
(5)	– Post-transitional Basel III rules (2)	Tier 2
(6)	– Eligible at solo/group/group and solo	Group and solo
(7)	– Instrument type (types to be specified by each jurisdiction)	Debt instruments
(8)	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HK$3,881.48 million
(9)	Par value of instrument	US$500.00 million
(10)	Accounting classification	Liability – amortised cost
(11)	Original date of issuance	5 December 2023
(12)	Perpetual or dated	Dated
(13)	– Original maturity date	5 December 2033
(14)	Issuer call subject to prior supervisory approval	Yes
(15)	– Optional call date, contingent call dates and redemption amount	– 5 December 2028 (Call Date). Included tax and regulatory call options. – Redemption at par, subject to adjustment following the occurrence of a Non-Viability Event.
(16)	– Subsequent call dates, if applicable	N/A
	Coupons/dividends	
(17)	– Fixed or floating dividend/coupon	Fixed
(18)	– Coupon rate and any related index	At a fixed rate of 6.00% per annum until (but excluding) 5 December 2028 and thereafter reset at then prevailing five-year U.S. Treasury rate plus the initial spread of 1.65% per annum.
(19)	– Existence of a dividend stopper	No
(20)	– Fully discretionary, partially discretionary or mandatory	Mandatory
(21)	– Existence of step up or other incentive to redeem	No
(22)	– Non-cumulative or cumulative	Cumulative
(23)	*Convertible or non-convertible*	Non-convertible
(24)	– If convertible, conversion trigger(s)	N/A
(25)	– If convertible, fully or partially	N/A
(26)	– If convertible, conversion rates	N/A
(27)	– If convertible, mandatory or optional conversion	N/A
(28)	– If convertible, specify instrument type convertible into	N/A
(29)	– If convertible, specify issuer of instrument if converts into	N/A
(30)	Write-down feature	Yes
(31)	– If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event, the Issuer shall, upon or prior to the provision of a Non-Viability Event Notice, irrevocably (without the need for the consent of the holders of the Notes) reduce the then outstanding principal amount of, and cancel any accrued but unpaid interest of each Note in whole or in part. "Non-Viability Event" means the earlier of: (a) the Hong Kong Monetary Authority (the "HKMA") notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; or (b) the HKMA notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.
(32)	– If write-down, full or partial	Full or partial
(33)	– If write-down, permanent or temporary	Permanent
(34)	– If temporary write-down, description of write-up mechanism	N/A
(35)	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Immediately subordinated to indebtedness/unsecured senior notes
(36)	Non-compliant transitioned features	No
(37)	If yes, specify non-compliant features	N/A

N/A – Not Applicable

Regulatory Disclosure Statement (continued)

PART IIB: MACROPRUDENTIAL SUPERVISORY MEASURES

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer

		At 31 December 2024			
		a	b	c	d
	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	0.5000%	150,210,349		
2	Australia	1.0000%	1,337,588		
3	Belgium	1.0000%	1,393		
4	Cyprus	1.0000%	234,726		
5	France	1.0000%	1,503		
6	Germany	0.7500%	321,111		
7	Hungary	0.5000%	2,408		
8	Ireland	1.5000%	404,617		
9	Luxembourg	0.5000%	299,172		
10	Netherlands	2.0000%	674,795		
11	Norway	2.5000%	695		
12	South Korea	1.0000%	1,165,367		
13	Sweden	2.0000%	985		
14	United Kingdom	2.0000%	352,678		
	Sum (Remark 1)		**155,007,387**		
	Total (Remark 2)		**226,205,310**	**0.358%**	**1,132,738**

Remark:

(1) This represents the sum of RWAs for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.
(2) The total RWAs used in the computation of the CCyB ratio in column (b) represents the total RWAs for the private sector credit exposures in all jurisdictions to which the banks is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero. The CCyB amount in column (d) represents the Group's total RWAs multiplied by the Group specific CCyB ratio in column (c).
(3) In accordance with the announcements made by the HKMA, the JCCyB ratio for Hong Kong was reduced from 1% to 0.5% effective from 18 October 2024.

PART IIC: LEVERAGE RATIO

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

	Item	Value under the LR framework At 31 December 2024
		HK$'000
1	Total consolidated assets as per published financial statements	489,295,377
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	56,405
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	–
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
3a	Adjustments for eligible cash pooling transactions	–
4	Adjustments for derivative contracts	(12,217,693)
5	Adjustment for SFTs (i.e. repos and similar secured lending)	2,991,214
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	26,012,154
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(114,869)
7	Other adjustments	(5,600,500)
8	**Leverage ratio exposure measure**	**500,422,088**

Regulatory Disclosure Statement (continued)

PART IIC: LEVERAGE RATIO (CONTINUED)

LR2: Leverage ratio

		(a) At 31 December 2024 HK$'000	(b) At 30 September 2024 HK$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	451,592,917	422,827,947
2	Less: Asset amounts deducted in determining Tier 1 capital	(3,387,622)	(3,352,833)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	**448,205,295**	**419,475,114**
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)	2,027,495	1,689,487
5	Add-on amounts for PFE associated with all derivative contracts	8,684,463	9,525,317
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(1,553,919)	(2,166,464)
8	Less: Exempted CCP leg of client-cleared trade exposures	–	–
9	Adjusted effective notional amount of written credit-related derivative contracts	–	–
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	–	–
11	**Total exposures arising from derivative contracts**	**9,158,039**	**9,048,340**
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	16,649,605	28,711,529
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	490,913	913,442
15	Agent transaction exposures	–	–
16	**Total exposures arising from SFTs**	**17,140,518**	**29,624,971**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	163,410,388	151,717,389
18	Less: Adjustments for conversion to credit equivalent amounts	(137,398,234)	(129,597,672)
19	**Off-balance sheet items**	**26,012,154**	**22,119,717**
Capital and total exposures			
20	**Tier 1 capital**	52,637,404	52,903,092
20a	**Total exposures before adjustments for specific and collective provisions**	500,516,006	480,268,142
20b	**Adjustments for specific and collective provisions**	(93,918)	(96,871)
21	**Total exposures after adjustments for specific and collective provisions**	**500,422,088**	**480,171,271**
Leverage ratio			
22	**Leverage ratio**	**10.5%**	**11.0%**

Regulatory Disclosure Statement (continued)

PART IID: LIQUIDITY

LIQA: Liquidity risk management

Liquidity risk is the risk that the Group may not be able to fund an increase in assets or meet obligations as they fall due without incurring unacceptable losses. Such funding liquidity risk arises from the maturity mismatch of the assets and liabilities that the Group manages.

The liquidity risk management framework is as follows:

– The Board of Directors is ultimately responsible for the liquidity risk assumed by the Group and the manner in which the risk is managed. The Board has delegated to the Credit and Risk Management Committee ("CRMC") to oversee the Group's liquidity risk management, which further delegates to the Asset and Liability Committee ("ALCO") to formulate policies and strategies related to Asset and Liability Management, including liquidity policies.

– The ALCO is established by the Chief Executive Officer and ratified by the CRMC as the governing body responsible for formulating and implementing policies, strategies, guidelines and limit structures. It also identifies, measures and monitors the Group's liquidity risk profile to ensure current and future funding requirements are met. In addition, the ALCO monitors a set of risk indicators for liquidity risk. Daily liquidity stress testing, which includes market general, bank-specific and combined (market general and bank-specific) stress scenarios, is conducted by the Risk Management Group, and the stress results are regularly reviewed by the ALCO to assess the current risk tolerance level and the level of the liquidity cushion. A Contingency Funding Plan is established which sets out the strategies for addressing liquidity stress situations. The plan contains a set of policies, procedures and action plans, with clearly established lines of responsibility, as well as invocation and escalation procedures. This plan is reviewed and approved by the Board on a regular basis.

– Daily liquidity management is managed by the Central Treasury Unit to monitor funding requirements. This unit is supported by other functional departments including the Financial Management Group and Risk Management Group, which monitor the liquidity risk and provide regular reports to the management, committees and local regulatory bodies. Limits for net cash flow per different time bucket under stress scenarios have been set to ensure that adequate funding and liquid assets are available to meet liquidity needs. Moreover, limits, alerts or desirable levels are set for other liquidity risk indicators such as the statutory liquidity ratios, the loan-to-deposit ratio, the currency mismatch ratio and the maturity mismatch position. Both quantitative and qualitative measures are employed to identify and measure liquidity risk. Limits, alert or desirable levels related to liquidity risk are monitored and reported by the Financial Management Group or Risk Management Group to the ALCO to review and approve on a regular basis. The Internal Audit Group performs periodic reviews to ensure liquidity risk management functions are carried out effectively.

Liquidity management is conducted at the Group and the Bank levels, and at individual overseas branches and subsidiaries. Financial subsidiaries and overseas branches are responsible for implementing their own liquidity management policies under the framework established by the ALCO and local regulatory requirements, taking into account their different liquidity risk characteristics. The liquidity situation of overseas branches and subsidiaries falls under the overall supervision of the ALCO. Policy and respective counterparty limits are set for overseas branches and subsidiaries in respect of the funding support extended from the head office. The Group expects all business units to contribute to the success of managing liquidity under normal and contingency situations by maintaining a rapport with depositors, customers, interbank counterparties, related companies and the HKMA.

Regulatory Disclosure Statement (continued)

PART IID: LIQUIDITY (CONTINUED)

LIQA: Liquidity risk management (continued)

	Intragroup Money Market Funding Limit for the year ended 31 December 2024
	HK$ million
Subsidiaries	
CITIC Bank International (China) Limited	4,000
HKCB Finance Limited	60
Overseas Branches	
Singapore	17,078
New York	54,341
Los Angeles	7,763
Macau	5,434

The objective of liquidity management is to meet obligations payable under normal and emergency circumstances, to fund asset growth and to comply with the statutory liquidity requirements. To achieve this, the following liquidity management processes are in place:

– Projecting cash flows in normal and various stress scenarios, using the net mismatch gap between assets and liabilities to estimate the prospective net funding requirement;

– Factoring potential drawdown on irrevocable committed facilities into our normal and stress scenarios to cater for contingent liquidity risk;

– Monitoring the statutory liquidity ratios, the loan-to-deposit ratio, the currency mismatch ratio and the maturity mismatch position against internal and/or regulatory requirements;

– Ensuring a sound and diversified range of funding sources, through monitoring the structure and the stability of the deposit portfolio;

– Projecting the statutory liquidity ratios regularly for the short to medium term to permit early detection of liquidity issues and to ensure the ratios are within statutory requirements and internal triggers;

– Projecting a high-level funding requirement and funding structure during the annual budget process to ensure sufficient funding and an appropriate funding mix;

– Conducting liquidity risk assessment before launching a new product;

– Maintaining High Quality Liquid Assets ("HQLA") comprising cash and investment grade securities as a cushion against unexpected funding needs. The amount of HQLA that the Group maintains is determined with reference to the statutory requirement and the results of the liquidity stress tests;

– Maintaining access to the interbank money market;

– Maintaining funding programmes to tap debt funding on a regular basis;

– Monitoring the Group's collateral requirement. Periodically assess and review the additional collateral required under derivative contracts and credit downgrade events. Based on the positions at 31 December 2024, in the event of a 2-notch downgrade, the impact on the Group's additional collateral requirement is minimal; and

– Maintaining a Contingency Funding Plan, which integrates with the results of the scenarios and assumptions used in the stress test, including setting early warning indicators (including internal and market indicators), and describing actions to be taken in the event of a stress crisis, so as to minimise adverse long-term implications for business.

Regulatory Disclosure Statement (continued)

PART IID: LIQUIDITY (CONTINUED)

LIQA: Liquidity risk management (continued)

The Group funds its operations through a diversified funding source, primarily from the retail and corporate customer deposits. At the same time, it also participates in the wholesale funding market through the issuance of certificates of deposit ("CDs"), to secure another source of term funding and to enable diversification of funding sources. Deposit tenor mix and debt maturities are regularly monitored to ensure there is an appropriate funding maturity mix.

Under the Banking (Liquidity) Rules, the Group being a Category 1 institution is required to maintain a Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") above the statutory minimum requirements.

The following maturity profile is based on the remaining period at the end of the reporting period date to the contractual maturity date:

	31 December 2024			
	Repayable within one year	Repayable within one to five years	Repayable over five years	Undated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total on-balance sheet assets	289,754,959	148,451,486	36,984,051	14,104,881
Total on-balance sheet liabilities	416,106,294	13,062,053	1,972,973	1,785,926
Net liquidity gap	(126,351,335)	135,389,433	35,011,078	12,318,955

The net liquidity gap of off-balance sheet items is mainly within one year.

Regulatory Disclosure Statement (continued)

PART IID: LIQUIDITY (CONTINUED)

LIQ1: Liquidity Coverage Ratio – for category 1 institution

Number of data points used in calculating the average value of the LCR and related components set out in this template		**For the quarter ended 31 December 2024: (75 data points)**		**For quarter ended 30 September 2024: (76 data points)**	
Basis of disclosure: Consolidated		**Unweighted amount (Average)**	**Weighted amount (Average)**	**Unweighted amount (Average)**	**Weighted amount (Average)**
		HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
A. High Quality Liquid Assets (HQLA)					
1	Total HQLA		**80,310,151**		**75,468,213**
B. Cash outflows					
2	Retail deposits and small business funding, of which	**217,342,476**	**14,629,621**	**209,990,134**	**14,360,592**
3	*Stable retail deposits and stable small business funding*	19,386,194	969,310	13,422,206	671,110
4	*Less stable retail deposits and less stable small business funding*	75,249,939	7,524,994	77,221,693	7,722,170
4a	*Retail term deposits and small business term funding*	122,706,343	6,135,317	119,346,235	5,967,312
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	**109,153,611**	**57,539,127**	**106,112,218**	**56,259,518**
6	Operational deposits	22,486,713	5,325,899	21,245,855	5,107,930
7	*Unsecured wholesale funding (other than small business funding) not covered in row 6*	86,242,265	51,788,595	84,550,194	50,835,419
8	*Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period*	424,633	424,633	316,169	316,169
9	Secured funding transactions (including securities swap transactions)		**4,770,724**		**4,119,062**
10	Additional requirements, of which	**26,136,023**	**8,177,924**	**23,389,682**	**8,136,026**
11	*Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements*	11,257,954	5,878,459	11,197,819	6,436,892
12	*Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions*	–	–	–	–
13	*Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)*	14,878,069	2,299,465	12,191,863	1,699,134
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	**14,569,002**	**14,569,002**	**14,086,313**	**14,086,313**
15	Other contingent funding obligations (whether contractual or non-contractual)	**143,702,467**	**468,163**	**136,695,078**	**465,198**
16	**Total cash outflows**		**100,154,561**		**97,426,709**
C. Cash Inflows					
17	Secured lending transactions (including securities swap transactions)	7,461,788	7,461,788	5,417,500	5,417,500
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	67,447,400	45,202,653	62,407,342	41,921,599
19	Other cash inflows	11,546,740	11,233,459	12,111,566	11,691,502
20	**Total cash inflows**	**86,455,928**	**63,897,900**	**79,936,408**	**59,030,601**
D. Liquidity Coverage Ratio					
21	**Total HQLA**		**80,310,151**		**75,468,213**
22	**Total Net Cash Outflows**		**36,256,661**		**38,396,108**
23	**LCR (%)**		**227%**		**198%**

Regulatory Disclosure Statement (continued)

PART IID: LIQUIDITY (CONTINUED)

LIQ2: Net Stable Funding Ratio – for category 1 institution

		For the quarter ended 31 December 2024				
		Unweighted value by residual maturity				
Basis of disclosure: Consolidated		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	**Weighted amount**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
A.	**Available stable funding ("ASF") item**					
1	Capital	56,459,664	–	–	3,870,401	60,330,065
2	*Regulatory capital*	56,114,504	–	–	3,870,401	59,984,905
2a	*Minority interests not covered by row 2*	–	–	–	–	–
3	*Other capital instruments*	345,160	–	–	–	345,160
4	Retail deposits and small business funding:	–	215,887,075	7,240,416	145,835	201,964,599
5	*Stable deposits*		19,706,352	374,096	840	19,077,266
6	*Less stable deposits*		196,180,723	6,866,320	144,995	182,887,333
7	Wholesale funding:	–	166,146,649	3,737,445	1,991,062	64,351,885
8	*Operational deposits*		21,246,939	–	–	10,623,470
9	*Other wholesale funding*	–	144,899,710	3,737,445	1,991,062	53,728,415
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	5,089,534	4,290,174	207,626	–	103,813
12	*Net derivative liabilities*	52,757				
13	*All other funding and liabilities not included in the above categories*	5,036,777	4,290,174	207,626	–	103,813
14	**Total ASF**					**326,750,362**
B.	**Required stable funding ("RSF") item**					
15	Total HQLA for NSFR purposes	94,508,210				15,186,274
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	3,506,027	156,687,944	56,298,619	141,904,815	192,123,678
18	*Performing loans to financial institutions secured by Level 1 HQLA*	–	–	–	–	–
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	286,678	94,116,466	12,878,494	14,463,460	35,306,855
20	*Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:*	3,165,783	49,834,306	35,476,693	67,148,713	102,396,277
21	*With a risk-weight of less than or equal to 35% under the STC approach*	–	1,259,473	369,763	132,717	900,884
22	*Performing residential mortgages, of which:*	–	1,571,400	1,198,953	27,374,950	19,194,840
23	*With a risk-weight of less than or equal to 35% under the STC approach*	–	1,569,385	1,196,991	27,295,224	19,125,084
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	53,566	11,165,772	6,744,479	32,917,692	35,225,706
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	21,709,623	3,413,838	50,937	–	11,589,989
27	*Physical traded commodities, including gold*	–				–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	1,304,277				1,108,635
29	*Net derivative assets*	–				–
30	*Total derivative liabilities before adjustments for deduction of variation margin posted*	11,014,197				550,710
31	*All other assets not included in the above categories*	9,391,149	3,413,838	50,937	–	9,930,644
32	Off-balance sheet items		161,410,388			891,610
33	**Total RSF**					**219,791,551**
34	**Net Stable Funding Ratio (%)**					**148.66%**

Regulatory Disclosure Statement (continued)

PART IID: LIQUIDITY (CONTINUED)

LIQ2: Net Stable Funding Ratio – for category 1 institution (continued)

		For the quarter ended 30 September 2024				
		Unweighted value by residual maturity				
Basis of disclosure: Consolidated		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	**Weighted amount**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
A.	**Available stable funding ("ASF") item**					
1	Capital	56,678,880	–	–	3,869,988	60,548,868
2	*Regulatory capital*	56,333,720	–	–	3,869,988	60,203,708
2a	*Minority interests not covered by row 2*	–	–	–	–	–
3	*Other capital instruments*	345,160	–	–	–	345,160
4	Retail deposits and small business funding:	–	193,867,138	14,281,046	86,392	188,099,410
5	*Stable deposits*		13,009,236	583,830	1,731	12,915,143
6	*Less stable deposits*		180,857,902	13,697,216	84,661	175,184,267
7	Wholesale funding:	–	157,365,443	3,797,148	1,445,075	56,595,929
8	*Operational deposits*		22,672,950	–	–	11,336,475
9	*Other wholesale funding*	–	134,692,493	3,797,148	1,445,075	45,259,454
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	7,364,598	7,554,411	–	–	–
12	*Net derivative liabilities*	335,944				
13	*All other funding and liabilities not included in the above categories*	7,028,654	7,554,411	–	–	–
14	**Total ASF**					**305,244,207**
B.	**Required stable funding ("RSF") item**					
15	Total HQLA for NSFR purposes	80,421,718				13,202,731
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities:	2,763,933	156,358,869	45,323,433	141,775,029	186,238,973
18	*Performing loans to financial institutions secured by Level 1 HQLA*	–	–	–	–	–
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	108,905	90,882,217	9,107,003	14,206,099	32,500,838
20	*Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:*	2,615,959	53,667,099	28,615,439	66,885,977	100,208,993
21	*With a risk-weight of less than or equal to 35% under the STC approach*	–	1,287,637	151,628	44,601	748,623
22	*Performing residential mortgages, of which:*	–	1,856,990	921,357	26,087,155	18,361,649
23	*With a risk-weight of less than or equal to 35% under the STC approach*	–	1,854,979	919,519	26,008,037	18,292,473
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	39,069	9,952,563	6,679,634	34,595,798	35,167,493
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	24,191,452	6,071,998	72,735	12	14,768,446
27	*Physical traded commodities, including gold*	–				–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	1,269,062				1,078,703
29	*Net derivative assets*	–				–
30	*Total derivative liabilities before adjustments for deduction of variation margin posted*	10,127,222				506,361
31	*All other assets not included in the above categories*	12,795,168	6,071,998	72,735	12	13,183,382
32	Off-balance sheet items		151,172,475			630,882
33	**Total RSF**					**214,841,032**
34	**Net Stable Funding Ratio (%)**					**142.08%**

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES

CRA: General information about credit risk

Risk management plays a critical role in balancing the risks and rewards of the Group's strategic goals, growth and activities. The Group's risks are managed under the oversight of the Board and its delegated Risk Management Committee, the Credit & Risk Management Committee ("CRMC"), with the fundamental objective of ensuring the Group's overall risk appetite, tolerance and risk management strategy is commensurate with the Group's strategy and direction, and therefore achieving value creation while preserving the Group's financial strength for sustainable development.

Credit risk is controlled and managed by the Risk Management Group ("RMG") under the oversight of the Credit Committee, and is reported to the CRMC at the board level on a quarterly basis. These committees provide appropriate oversight of the Group's risk management practices by defining the Group's policies and risk appetite, and providing the RMG with the means to implement measures to mitigate credit risk arising from the Group's adopted strategy.

The Group has established a comprehensive risk governance framework and risk management function comprising various risk owners and departments (including business units) that work collectively to identify, quantify, monitor and mitigate the various risks faced by the Bank. RMG is responsible for overseeing the Group's risk-taking activities and undertaking risk assessments independently from the business line. The Compliance & Control Group is responsible for monitoring compliance with laws, corporate governance rules, regulations and the Group's policies. The Internal Audit Group is responsible for providing assurance on the effectiveness of the Group's risk management framework including the risk governance arrangements.

The Group has developed risk management policies and procedures to identify, monitor and mitigate risks, to set appropriate risk limits and to monitor all relevant risk exposures by means of reliable and up-to-date management information systems. The risk management framework and risk appetite statement are approved by the Board and continually monitored and reviewed by the Board delegated committee and various management level committees, including Credit Committee, Non-Performing Loans Committee, Investment Review Committee, New Product Committee and Management Committee.

To match the standards set by the Basel Committee on Banking Supervision, the HKMA has imposed increasingly stringent requirements on the banking industry. With a view to strengthening the risk infrastructure and coping with a tighter regulatory environment, the Group implemented a number of risk management enhancement initiatives throughout the year. Various risk management enhancement projects and initiatives including the implementation of Basel III Reform Package are underway to keep pace with the evolving regulatory landscape and increasingly stringent regulatory requirements. Furthermore, the Group has been actively fortifying the resilience against climate-related risks and promoting the risk culture of green and sustainable banking.

The Group maintains robust management information and reporting systems to identify, measure, monitor and mitigate all relevant quantifiable and material risks and to provide our management with timely and accurate reports on our risk exposure, including provisions, total exposures and RWAs, as well as early alert accounts.

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES (CONTINUED)

CR1: Credit quality of exposures

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of			Of which ECL accounting provisions for credit losses on STC approach exposures			
		Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions	Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
At 31 December 2024		***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
1	Loans	4,543,776	224,646,233	(2,494,528)	(1,778,779)	(715,749)	–	226,695,481
2	Debt securities	63,833	139,913,995	(37,856)	(10,075)	(27,781)	–	139,939,972
3	Off-balance sheet exposures	–	17,161,555	(93,757)	–	(93,757)	–	17,067,798
4	**Total**	**4,607,609**	**381,721,783**	**(2,626,141)**	**(1,788,854)**	**(837,287)**	**–**	**383,703,251**

CR2: Changes in defaulted loans and debt securities

		(a)
		Amount
At 31 December 2024		***HK$'000***
1	**Defaulted loans and debt securities at end of the previous reporting period (30 June 2024)**	**7,345,985**
2	Loans and debt securities that have defaulted since the last reporting period	366,765
3	Returned to non-defaulted status	(1,705,428)
4	Amounts written off	(525,394)
5	Other changes (Note)	(874,319)
6	**Defaulted loans and debt securities at end of the current reporting period (31 December 2024)**	**4,607,609**

Note: Other changes mainly due to repayments from loan customers, disposal of the defaulted loans and settlement of debt securities.

CRB: Additional disclosure related to credit quality of exposures

Loans and advances past due up to 90 days and not otherwise classified as impaired are separately classified as "past due but not impaired". "Past due but not impaired" gross financial instruments are those loans where, although customers have failed to make payments in accordance with the contractual terms of their facilities, they do not exhibit any objective evidence of impairment. Impaired loans and advances are loans which exhibit objective evidence of impairment, and the borrower is either unlikely to pay their credit obligations in full without recourse to security, or is more than 90 days past due on any material credit obligation. Objective evidence for impairment is described in the *Material Accounting Policies Note 2 of the Annual Report 2024*. The accounting definition of past due and the regulatory definition of default are generally aligned.

The Hong Kong Financial Reporting Standard 9 ("HKFRS 9") requires the consideration of changes in economic factors in ECL calculation, which would be determined on a probability-weighted basis. The Group has an effective credit risk rating process in place which captures the varying level, nature and drivers of credit risk of all in-scope assets in order to reasonably ensure that the corresponding ECL are appropriately measured. ECL must be updated on a timely basis to reflect changes in credit risk quality for all in-scope assets. The models used in the ECL computation process are reviewed regularly.

Loans and receivables with renegotiated terms are loans that have been restructured due to (i) deterioration in the borrower's financial position or the borrower's inability to meet the original repayment schedule; and (ii) for which the revised repayment terms, either of interest or of repayment period, are "non-commercial" to the Group. Renegotiated loans and receivables are subject to ongoing monitoring to determine whether they remain impaired or past due.

Regulatory Disclosure Statement (continued)

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES (CONTINUED)

CRB: Additional disclosure related to credit quality of exposures (continued)

(a) Breakdown of exposures by geographical areas

		31 December 2024
		HK$'000
1	Hong Kong	202,957,089
2	Mainland China	62,428,720
3	United States	49,090,655
4	Others	71,852,926
5	**Total**	**386,329,390**

(b) Breakdown of exposures by industry

	31 December 2024
	HK$'000
Debt securities and loans for use in Hong Kong	
Industrial, commercial and financial	
– Property development	8,262,846
– Property investment	22,975,409
– Financial concerns	101,127,980
– Stockbrokers	1,966,095
– Wholesale and retail trade	11,560,788
– Manufacturing	9,728,321
– Transport and transport equipment	4,321,602
– Recreational activities	1,025,104
– Information technology	4,866,375
– Others	72,280,729
Individuals	40,047,115
Trade finance	7,153,152
Debt securities and loans for use outside Hong Kong	101,013,874
Total	**386,329,390**

Regulatory Disclosure Statement (continued)

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES (CONTINUED)

CRB: Additional disclosure related to credit quality of exposures (continued)

(c) Breakdown of exposures by residual maturity

		31 December 2024
		HK$'000
1	Less than 1 year	191,723,234
2	1 to 5 years	152,711,039
3	More than 5 years	35,463,103
4	Undated	6,432,014
5	**Total**	**386,329,390**

(d) Impaired exposures, related allowances and write-offs by geographical areas

		31 December 2024		
		Impaired exposures	Related allowances	Write-offs
		HK$'000	*HK$'000*	*HK$'000*
1	Hong Kong	3,659,871	1,427,603	1,287,573
2	Mainland China	627,141	105,157	183,231
3	United States	262,417	85,270	243,775
4	Others	328,886	160,749	259,179
5	**Total**	**4,878,315**	**1,778,779**	**1,973,758**

(e) Impaired exposures, related allowances and write-offs by industry

		31 December 2024		
		Impaired exposures	Related allowances	Write-offs
		HK$'000	*HK$'000*	*HK$'000*
1	Property development	988,181	244,271	160,034
2	Property investment	156,345	34,052	44,107
3	Financial concerns	51,382	35,976	–
4	Wholesale and retail trade	322,834	90,956	134,861
5	Manufacturing	34,983	7,772	27,916
6	Individuals	116,910	48,577	58,102
7	Loans for use outside Hong Kong	3,084,778	1,259,706	1,525,361
8	Others	122,902	57,469	23,377
9	**Total**	**4,878,315**	**1,778,779**	**1,973,758**

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES (CONTINUED)

CRB: Additional disclosure related to credit quality of exposures (continued)

(f) Aging analysis of accounting past due exposures

	31 December 2024
	HK$'000
Loans overdue for:	
– 6 months or less but over 3 months	146,793
– 1 year or less but over 6 months	574,044
– over 1 year	3,822,939
Total	**4,543,776**

(g) Rescheduled loans

		31 December 2024
		HK$'000
1	Impaired exposures	12,973
2	Not impaired exposures	–
3	**Total**	**12,973**

Regulatory Disclosure Statement (continued)

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES (CONTINUED)

CRC: Qualitative disclosures related to credit risk mitigation

The Group focuses on assessing the repayment ability of individual customers or counterparties rather than just solely relying on securities. Mitigation of credit risk is a key aspect of effective risk management process that takes many forms. The Group has guidelines on the acceptability of specific classes of collateral or credit risk enhancements accompanied by the determination of valuation parameters. Such parameters are expected to be reviewed regularly. Security structures and covenants (financial and non-financial) are subject to regular review to ensure they comply with the stipulated conditions.

The Group enters into enforceable master netting arrangements with counterparties. If an event of default occurs, all outstanding transactions with the counterparty are terminated and all amounts outstanding are settled on a net basis. Except for the event of default, all outstanding transactions with the counterparty are settled on a gross basis and generally do not result in offsetting the assets and liabilities in the statement of financial position. The Group discloses information to evaluate the effect or potential effect of netting arrangements, including the rights of set-off associated with the Group's recognised financial assets and recognised financial liabilities, on the Group's financial position.

The Group establishes policies and procedures to govern the credit risk mitigations including acceptability and management of collateral, valuation practices, valuer's competency and documentations. Collateral should be revalued on a regular basis, though the frequency may vary with the type of collateral involved, the nature and the internal credit rating of the underlying credit.

The most common form of mitigating credit risk is to take collateral. The principal collateral received to secure loans and advances includes mortgages, cash collateral, equities listed on a main index/recognised exchanges, accounts receivable assignments, standby letters of credit and listed debt securities acceptable to the Group. The main types of provider of guarantees are banks, sovereigns and other financial institutions and corporates. The creditworthiness of guarantee providers is thoroughly assessed and ideally independent of the financial position of the borrower.

CR3: Overview of recognised credit risk mitigation

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
At 31 December 2024		***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
1	Loans	215,609,723	11,085,758	4,981,363	6,104,395	–
2	Debt securities	139,939,972	–	–	–	–
3	**Total**	**355,549,695**	**11,085,758**	**4,981,363**	**6,104,395**	**–**
4	Of which defaulted	962,216	2,315,229	2,230,891	84,338	–

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

The standardized approach requires banks to use risk assessments prepared by external credit assessment institutions ("ECAIs"), including Standard & Poor's, Moody's and Fitch's, to determine the risk weights applied to exposures. There has been no change on the ECAIs over the current reporting period.

ECAI risk assessments are used within the Group as part of the determination of risk rating for the following exposure classes:

a) Sovereigns
b) Public Sector Entities
c) Banks
d) Corporates
e) Securities Firms

The Group adopts standardized approach for credit risk. The risk weights are assigned to exposures according to Banking (Capital) Rule. When calculating risk-weighted amount, risk systems look up the available ECAI ratings to derive relevant risk weights.

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES (CONTINUED)

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

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
At 31 December 2024		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*	*%*
	Exposure classes						
1	Sovereign exposures	53,947,304	–	55,500,768	–	311,375	1%
2	PSE exposures	12,805,897	2,333,155	13,124,250	66,577	2,638,166	20%
2a	Of which: domestic PSEs	8,617,380	2,200,000	8,935,733	–	1,787,147	20%
2b	Of which: foreign PSEs	4,188,517	133,155	4,188,517	66,577	851,019	20%
3	Multilateral development bank exposures	–	–	–	–	–	–
4	Bank exposures	117,674,600	2,232,888	120,178,406	2,116,444	44,736,924	37%
5	Securities firm exposures	841,373	7,824,520	841,373	–	420,687	50%
6	Corporate exposures	211,587,275	124,043,239	205,126,927	9,718,188	193,116,292	90%
7	CIS exposures	–	–	–	–	–	–
8	Cash items	3,019,822	–	5,770,294	872,929	69,892	1%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	–
10	Regulatory retail exposures	10,412,425	24,518,010	10,308,015	12,451	7,740,349	75%
11	Residential mortgage loans	28,785,398	–	28,504,655	–	10,014,883	35%
12	Other exposures which are not past due exposures	12,685,608	2,458,575	12,405,014	–	12,405,014	100%
13	Past due exposures	3,213,612	–	3,213,612	–	3,660,691	114%
14	Significant exposures to commercial entities	–	–	–	–	–	–
15	**Total**	**454,973,314**	**163,410,387**	**454,973,314**	**12,786,589**	**275,114,273**	**59%**

PART III: CREDIT RISK FOR NON-SECURITIZATION EXPOSURES (CONTINUED)

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

At 31 December 2024		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Risk Weight / Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1	Sovereign exposures	53,943,892	–	1,556,876	–	–	–	–	–	–	–	55,500,768
2	PSE exposures	–	–	13,190,827	–	–	–	–	–	–	–	13,190,827
2a	Of which: domestic PSEs	–	–	8,935,733	–	–	–	–	–	–	–	8,935,733
2b	Of which: foreign PSEs	–	–	4,255,094	–	–	–	–	–	–	–	4,255,094
3	Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–
4	Bank exposures	–	–	61,915,777	–	56,050,609	–	4,328,464	–	–	–	122,294,850
5	Securities firm exposures	–	–	–	–	841,373	–	–	–	–	–	841,373
6	Corporate exposures	–	–	3,480,553	–	38,518,731	–	172,215,860	629,971	–	–	214,845,115
7	CIS exposures	–	–	–	–	–	–	–	–	–	–	–
8	Cash items	6,293,896	–	349,293	–	–	–	34	–	–	–	6,643,223
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	–	–	–	–	–	–
10	Regulatory retail exposures	–	–	–	–	–	10,320,466	–	–	–	–	10,320,466
11	Residential mortgage loans	–	–	–	28,426,146	–	51,106	27,403	–	–	–	28,504,655
12	Other exposures which are not past due exposures	–	–	–	–	–	–	12,405,014	–	–	–	12,405,014
13	Past due exposures	70	–	2,553	–	–	–	2,312,606	898,383	–	–	3,213,612
14	Significant exposures to commercial entities	–	–	–	–	–	–	–	–	–	–	–
15	**Total**	**60,237,858**	–	**80,495,879**	**28,426,146**	**95,410,713**	**10,371,572**	**191,289,381**	**1,528,354**	**–**	**–**	**467,759,903**

PART IV: COUNTERPARTY CREDIT RISK

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

Counterparty Credit Risk ("CCR") has two components, namely pre-settlement risk and settlement risk. Pre-settlement risk which comprises counterparty default risk and credit valuation adjustment (CVA) risk, is the risk of loss due to default, or deterioration of the credit quality, of the counterparty to a transaction before the final settlement of the transaction. Settlement risk is the risk of loss during the settlement process due to a counterparty's failure to perform its obligation after the Bank has performed its obligation in a transaction at the settlement date. For counterparty default risk, an economic loss would only occur if the transaction with the counterparty has a positive economic value at the time of default, which vary in value by reference to a market factor, such as an interest rate, exchange rate or asset price. Counterparty credit risk relates to derivative contracts (including over-the-counter ("OTC") derivatives and exchange-traded derivatives), securities financing transactions ("SFTs"), and long settlement transactions in either the trading or the non-trading book.

Counterparty credit risk for treasury transactions is managed in the same way as the Group manages its lending risk. Policies are established and implemented to effectively assess and control credit limits and tenors made available to the counterparty. Credit limits are set to control the pre-settlement risk and settlement risk for individual counterparties, including central counterparties. The credit limits are based on the credit quality of the counterparty and aligned with the Group's risk appetite.

Counterparty credit exposures are mitigated to the extent possible by various means including requiring and accepting collateral or cash margining or other forms of mitigation including but not limited to guarantee from third parties and/or incorporation of measures such as set-off rights, option to terminate and material change triggers or financial covenants. Payment netting and closeout netting, where proper documentation is in place will also mitigate counterparty credit risk. Industry standard documentation (for example, International Swaps and Derivatives Association master agreements for derivatives and Global Master Repurchase Agreements for SFTs) is executed for clients prior to trading. The Bank establishes a guideline for Credit Support Annex ("CSA") requirement criteria, collateral threshold amounts, minimum transfer amounts, minimum haircuts and collateral eligibility criteria, and call frequency. Where netting is not enforceable, exposures are shown gross, and where netting and collateral enforceability criteria are not fulfilled, exposure is assumed to be uncollateralized.

Wrong-way risk represents the risk of loss due to the unfavorable correlation between credit risk exposure and the credit quality of the counterparty, i.e. the size of the exposure increases at the same time as the risk of the counterparty being unable to meet that obligation increases. It can be characterized into specific wrong-way risk and general wrong-way risk. The Group establishes policy to ensure that wrong-way risk exposures are identified, monitored and controlled. Transaction associated with specific wrong-way risk is prohibited in the Group.

A credit rating downgrade threshold clause in a CSA is designed for the Group to trigger an action if the credit rating of the affected party falls below a prescribed level, which may include the requirement to pay or increase collateral, the reduction of threshold amount, the termination of transactions or the assignment of transactions. Upon the new Variation Margin requirement, most of the CSA entered with banks had been updated with zero threshold.

PART IV: COUNTERPARTY CREDIT RISK (CONTINUED)

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

		(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
At 31 December 2024		***HK$'000***	***HK$'000***	***HK$'000***		***HK$'000***	***HK$'000***
1	SA-CCR approach (for derivative contracts)	1,412,951	5,480,952		1.4	9,651,465	5,636,199
1a	CEM (for derivative contracts)	–	–		1.4	–	–
2	IMM (CCR) approach			–	–	–	–
3	Simple approach (for SFTs)					11,144,780	121,287
4	Comprehensive approach (for SFTs)					325,912	65,648
5	VaR (for SFTs)					–	–
6	**Total**						**5,823,134**

CCR2: CVA capital charge

		(a)	(b)
		EAD post CRM	RWA
At 31 December 2024		***HK$'000***	***HK$'000***
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	–	–
1	(i) VaR (after application of multiplication factor if applicable)		–
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		–
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	9,651,465	1,439,913
4	**Total**	**9,651,465**	**1,439,913**

PART IV: COUNTERPARTY CREDIT RISK (CONTINUED)

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

At 31 December 2024		(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
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
1	Sovereign exposures	3,054,355	–	–	–	–	–	–	–	–	–	3,054,355
2	PSE exposures	–	–	224	–	–	–	–	–	–	–	224
2a	*Of which: domestic PSEs*	–	–	224	–	–	–	–	–	–	–	224
2b	*Of which: foreign PSEs*	–	–	–	–	–	–	–	–	–	–	–
3	Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–
4	Bank exposures	–	–	1,745,480	–	5,404,987	–	29,070	–	–	–	7,179,537
5	Securities firm exposures	–	–	–	–	288,793	–	–	–	–	–	288,793
6	Corporate exposures	–	–	–	–	719,001	–	2,167,831	47,133	–	–	2,933,965
7	CIS exposures	–	–	–	–	–	–	–	–	–	–	–
8	Regulatory retail exposures	–	–	–	–	–	–	–	–	–	–	–
9	Residential mortgage loans	–	–	–	–	–	–	–	–	–	–	–
10	Other exposures which are not past due exposures	–	–	–	–	–	–	–	–	–	–	–
11	Significant exposures to commercial entities	–	–	–	–	–	–	–	–	–	–	–
12	**Total**	**3,054,355**	**–**	**1,745,704**	**–**	**6,412,781**	**–**	**2,196,901**	**47,133**	**–**	**–**	**13,456,874**

PART IV: COUNTERPARTY CREDIT RISK (CONTINUED)

CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
At 31 December 2024	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Cash – domestic currency	–	214,063	581,056	–	–	–
Cash – other currencies	–	2,858,977	825,967	1,386,907	17,330,937	8,866,045
Debt securities	–	–	–	–	11,013,263	18,254,323
Total	**–**	**3,073,040**	**1,407,023**	**1,386,907**	**28,344,200**	**27,120,368**

CCR8: Exposures to CCPs

		(a)	(b)
		Exposure after CRM	RWA
At 31 December 2024		***HK$'000***	***HK$'000***
1	**Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)**		**9,868**
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	365,228	7,305
3	(i) OTC derivative transactions	365,228	7,305
4	(ii) Exchange-traded derivative contracts	–	–
5	(iii) Securities financing transactions	–	–
6	(iv) Netting sets subject to valid cross-product netting agreements	–	–
7	Segregated initial margin	1,207,350	
8	Unsegregated initial margin	–	–
9	Funded default fund contributions	113,190	2,563
10	Unfunded default fund contributions	–	–
11	**Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)**		–
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	–	–
13	(i) OTC derivative transactions	–	–
14	(ii) Exchange-traded derivative contracts	–	–
15	(iii) Securities financing transactions	–	–
16	(iv) Netting sets subject to valid cross-product netting agreements	–	–
17	Segregated initial margin	–	–
18	Unsegregated initial margin	–	–
19	Funded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

PART V: MARKET RISK

MRA: Qualitative disclosures related to market risk

Overview of Market Risk

Market risk is the risk of loss caused by an adverse change in valuation associated with holding either long or short market positions. The risk arises as a result of market making, underwriting, principal position taking and asset/liability management in interest rate, foreign exchange, equity, credit and commodity markets and their associated derivatives instruments. The Group manages its market risk exposures mainly through its trading and treasury business. The trading business is to facilitate customer activities, but as a result, takes on principal positions. The treasury business performs asset/liability management function including liquidity risk management, with securities positions intended for liquidity management and investment purposes under non-trading portfolio (debt securities measured at fair value through other comprehensive income).

The objective of market risk management is to consistently measure and monitor market risk on a timely and unbiased basis in order to better manage the portfolios and, by doing so, optimise financial performance. The business is responsible for managing market risks to meet corporate performance objectives within the market risk limit parameters. The Risk Management Group ("RMG") is responsible to independently monitor and report all market risks.

Market Risk Management and Governance Structure

The Board of the Group allocates capital or risk appetite through the limit process. The Board delegates Credit & Risk Management Committee ("CRMC") to establish limits for the different businesses. CRMC further delegates market risk limit establishment to the Market Risk Committee ("MRC") and then to RMG. RMG is responsibility for designing and drafting the market risk limits and framework and reviewing and updating the limits on a regular basis. The market risk limits and framework are to be approved by MRC and endorsed by CRMC. In addition, the Board also establishes a set of risk indicators under the risk appetite statement ("RAS") in measuring different types of risks including market risk.

RMG is an independent function reporting to the Chief Risk Officer ("CRO"). RMG uses both quantitative and qualitative measures in analysing market risk. The analysis includes, but not limited to, Value-at-Risk ("VaR"), stress testing, risk sensitivities, market events, product liquidity and volatility, underlying quality, hedging strategy, performance including profit and loss, accuracy of valuations and capital impact from market fluctuations. The results are regularly reported to senior management and CRO and to MRC and CRMC.

Regulatory Disclosure Statement (continued)

PART V: MARKET RISK (CONTINUED)

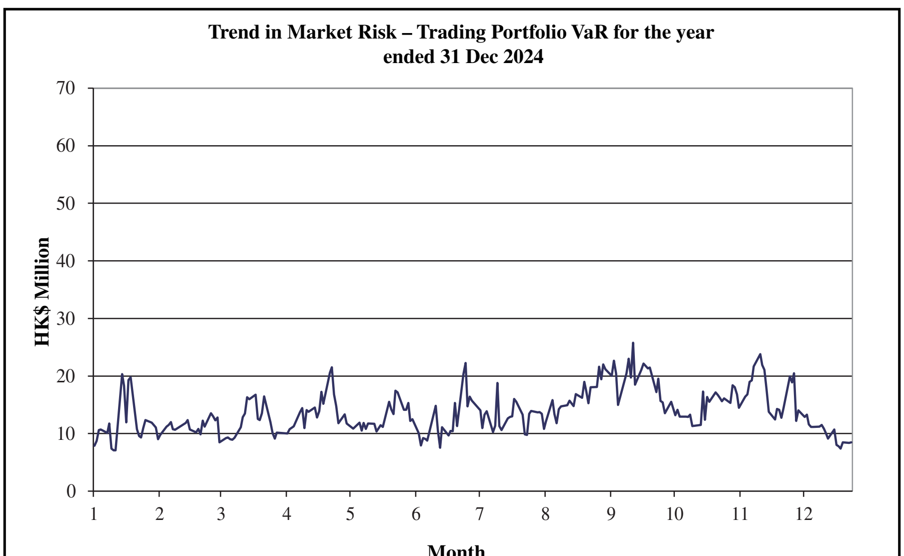
MRA: Qualitative disclosures related to market risk (continued)

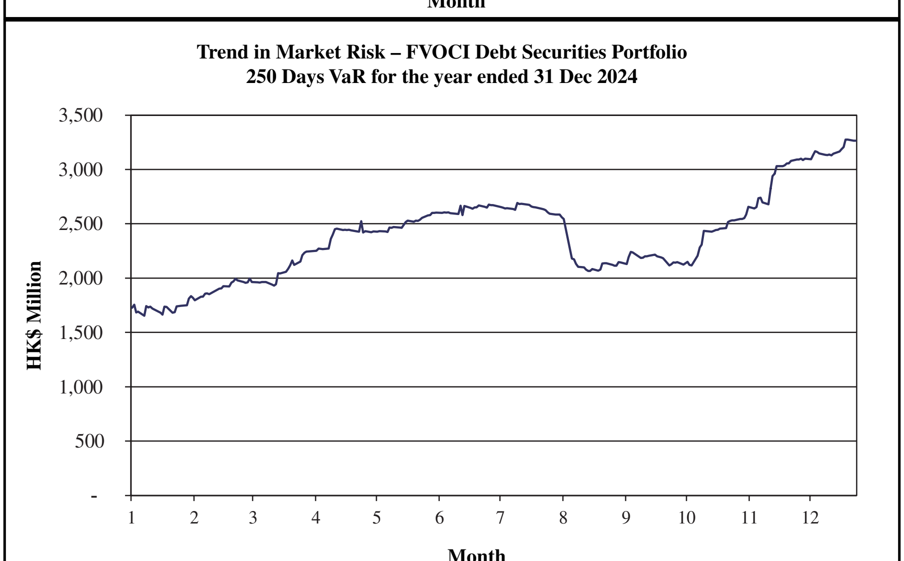
Value at Risk ("VaR")

VaR is a technique in estimating the potential losses that could occur on market risk-taking positions due to market rates and prices movement under normal market conditions over a specified time horizon. The model is designed to capture different types of risk including interest rate risk, foreign exchange risk, credit spread risk, equity risk, commodity risk and volatility risk.

The VaR model used by the Group is based on the historical simulation technique. The technique predicts the value at risk by simulating or constructing position returns over time arise from the historical changes in rates and prices in the interest rate, foreign exchange, equity, credit and commodity markets. The calculation that the Group has adopted for VaR is based on historical method that includes the following:

- Period of observations of market data – based on 2 years of historical data
- Confidence level – set at 99%
- Time horizons – 1-day for trading book portfolio; 250-day for FVOCI portfolio debt securities and related positions



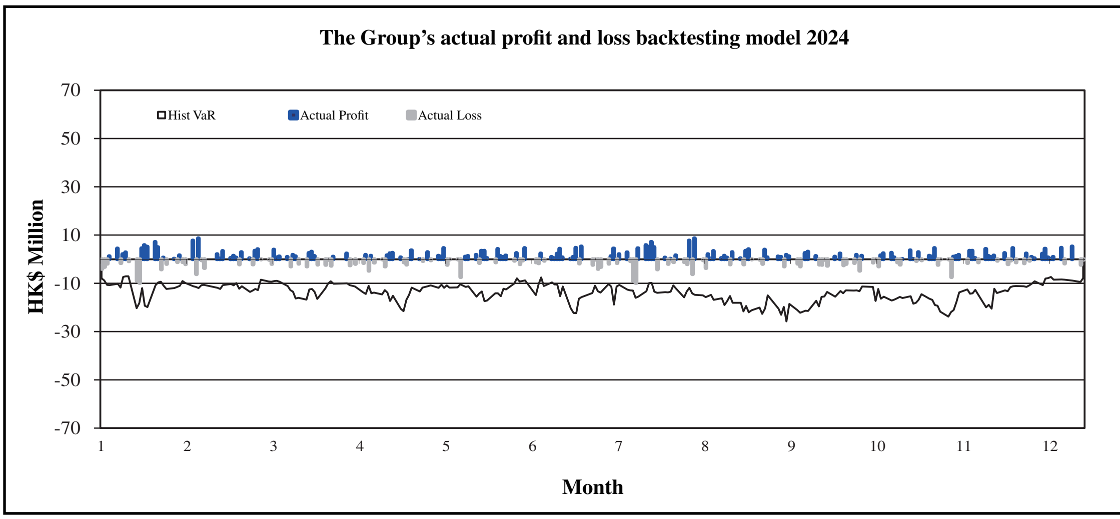


PART V: MARKET RISK (CONTINUED)

MRA: Qualitative disclosures related to market risk (continued)

Back Testing

The Group back-tests the accuracy of its VaR model by comparing the actual and hypothetical daily profit and loss, adjusted for items including fees and commissions, against the corresponding VaR figures. For the period from 1 January 2024 to 31 December 2024, there was no exception in the back-testing results, which corresponds to the green zone specified by the HKMA and the international Basel principles.



Stress Testing

Stress testing is implemented as a compliment of the VaR model in order to capture remote, but plausible events. The Group uses both sensitivity-based and historical-based scenarios for market risk stress testing. The results are reported to senior management, MRC and CRMC.

Other Risk Metrics

In addition, risk sensitivities and other risk metrics are used in measuring market risk of different asset classes and products. The types of risk sensitivities include, but not limited to, foreign exchange ("FX Open"), interest rate ("PV01"), credit fixed income ("CS01"), option volatility ("vega") and etc. The types of risk metrics such as aging for staled securities positions, tenor to control risk with respect to time and rating on the issuer of securities are also adopted.

Fair Value

The Group adopts fair value practice including independent price verification ("IPV"), model validation, valuation uncertainty ("VU") and valuation adjustments ("VA") to establish sound valuation control and process. It covers market price uncertainty, bid-offer or position close out uncertainty, model risk, liquidity risk.

Regulatory Disclosure Statement (continued)

PART V: MARKET RISK (CONTINUED)

MR1: Market risk under STM approach

		(a)
		RWA
At 31 December 2024		***HK$'000***
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	15,542,413
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures	626,925
4	Commodity exposures	–
	Option exposures	
5	Simplified approach	–
6	Delta-plus approach	76,962
7	Other approach	–
8	Securitization exposures	–
9	**Total**	**16,246,300**

PART VI: INTEREST RATE RISK IN BANKING BOOK

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

Interest rate risk in the banking book ("IRRBB") is the risk to the Group's financial condition caused by adverse movements in interest rates that affect the Group's non-trading book activities. The impact of IRRBB could be measured both from earning or net interest income ("NII") perspective and from economic value ("EVE") perspective. The activities include those arise from assets, liabilities and off-balance sheet items. Excessive levels of IRRBB can pose a significant threat to earnings and capital base.

The objective of interest rate risk management at the Group's is to consistently measure and monitor interest rate risk on a timely and unbiased manner in order to better manage risk taking and by doing so, optimize the Group's financial performance. It is essential that the Group's develops and establishes an effective governance structure and a system to ensure the soundness and appropriateness of interest rate risk management.

The Bank identifies, assesses and manages interest rate risk at several levels. The Board has delegated its authority in overseeing the Bank's IRRBB to the Credit & Risk Management Committee ("CRMC"), which then delegates the authority to the Asset and Liability Committee ("ALCO") for the control and management of IRRBB including assessment of strategies and risk profile and establishment of governance, methodologies, limits & exceptions and documentations. ALCO further delegates the day-to-day management of IRRBB to the Central Treasury Unit ("CTU") of Treasury & Markets Group ("TMG") and the Market and Credit Risk Methodologies ("MCRM") of the Risk Management Group ("RMG"). Internal Audit Group ("IAG") is to conduct regular audits to evaluate the effectiveness of internal controls over IRRBB.

The Group applies various types of metrics including BP01, stress testing and other sensitivity, where applicable. The limit authority is at the Board level, which is then delegated to ALCO.

In managing IRRBB, both on and off-balance sheet products are used including, but not limited to, interest rate swaps and fx swaps. Hedging is entered either against individual transactions or on a portfolio basis and related hedge accounting treatment is applied under Hong Kong Financial Reporting Standard.

In measuring IRRBB, the standardized framework introduced by HKMA's Supervisory Policy Manual module IR-1 "Interest Rate Risk in the Banking Book" ("HKMA SPM IR-1") has been adopted by the Group. Customer behavior on products such as types of deposits and loans due to change in interest rates is also considered. The cash flows of selective instruments are adjusted accordingly to reflect the behavior of clients when calculating some of the IRRBB metrics. The method is in line with those described in the HKMA SPM IR-1:

- the commercial margins and other credit spread components are included in the cash flows used in the computation and discount rate used;

- the average repricing maturity of non-maturity deposits is estimated based on customer behaviour derived from the Group's historical customer data;

- the prepayment rates of retail loans and early redemption rates of retail term deposits are estimated by various quantitative methods with reference to relevant data according to their product characteristics;

- the impact on EVE and NII is based on the methodology per HKMA SPM IR-1; and

- the aggregation across currencies is also based on the methodology per HKMA SPM IR-1.

The Group's average and longest behavioral maturity of non-maturity deposits ("NMDs") are 0.2 year and 2 years respectively.

Regulatory Disclosure Statement (continued)

PART VI: INTEREST RATE RISK IN BANKING BOOK (CONTINUED)

IRRBBA: Interest rate risk in banking book – risk management objectives and policies (continued)

A robust risk management system plays a crucial role in the effectiveness and the efficiency of the risk management process. MCRM uses a vendor and an in-house developed system in capturing, reporting and monitoring IRRBB daily, monthly and quarterly. The system:

- evaluates IRRBB arising from the full range of assets, liabilities and off-balance sheet positions;
- employs validated and accepted financial models in measuring significant IRRBB;
- captures accurate and timely data; and
- is relatively automated to reduce administrative errors.

IRRBB1: Quantitative information on interest rate risk in banking book

(HK$'million)		(a)	(b)	(c)	(d)
		ΔEVE		ΔNII	
	Period	**31 December 2024**	**31 December 2023**	**31 December 2024**	**31 December 2023**
1	Parallel up	1,915	83	(319)	(931)
2	Parallel down	71	692	320	931
3	Steepener	154	90	N/A	N/A
4	Flattener	513	32	N/A	N/A
5	Short rate up	1,191	56	N/A	N/A
6	Short rate down	93	336	N/A	N/A
7	**Maximum**	1,915	692	320	931
	Period	**31 December 2024**		**31 December 2023**	
8	**Tier 1 capital**	52,637		50,020	

N/A – Not Applicable

Note:

(a)& (b): The change in economic value of equity ("ΔEVE") based on the standardized framework described in the HKMA SPM IR-1 and the IRRBB return.

(c)& (d): The change in projected net interest income ("ΔNII") over a forward-looking rolling 12-month period based on the methodology described in the HKMA SPM IR-1 and the IRRBB return.

Maximum: Refer to the maximum of economic value of equity (across interest rate shock scenarios 1 to 6 above) and net interest income (across interest rate shock scenarios 1 and 2 above). Positive values indicate losses under the alternative scenarios.

PART VII: REMUNERATION

REMA: Remuneration policy

In support of the Bank's sustainable development and continued business growth, the Bank has put in place a Master Remuneration policy and a structured reward system that enable the Bank to attract and retain talents in the highly competitive manpower market, promote effective risk management, and support the Bank's business objectives. The policy is applicable to the Bank, its overseas offices and its subsidiaries.

During 2024, in executing its roles and responsibilities in supervising the Bank's remuneration policies and structure, the major work performed by the Bank's Remuneration Committee included:

- engaged an external consulting firm, Willis Towers Watson, to review the remuneration policy and systems against regulatory requirements and sound remuneration governance framework;
- updated the Master Remuneration policy to further strengthen the Bank's governance. Main amendments include supplementing that the bonus pool shall also be endorsed by CCOO before approved by Remuneration Committee, adding Alternate Chief Executive ("ACE") to the list of senior management and specified that the remuneration package of the Chief Executive Officer and ACE shall be approved by the Board, as well as updating the job titles of the Key Personnel according to the Bank's existing job position framework, etc.;
- reviewed and approved the proposed variable pay for 2023 and the pay review proposal for 2024;
- determined the remuneration packages of the senior management and key personnel of the Bank;
- discussed and reviewed the fees payable to the directors and made its recommendation to the general meeting; and
- reviewed the Remuneration Committee's effectiveness in discharging its roles and responsibilities, and its terms of reference.

(i) Reward System

a) Remuneration Structure

The reward system is designed based on the Total Compensation Framework ("TCF"). Total Compensation comprises a fixed component (Guaranteed Cash), a variable component, and benefits.

The Bank's variable remuneration includes Performance Bonus which mainly takes the form of cash bonus, while Long-term Incentive is a form of phantom share scheme (Book Value Appreciation Rights Scheme).

b) Performance measurements and the allocation of variable remuneration

Performance Bonus Scheme is intended to reward performance in the preceding year. In determination of the Performance Bonus pool of the Bank, the Remuneration Committee would consider both financial factors (including Operating Profit and other financial ratios against the market) and non-financial factors. The non-financial factors to be taken into consideration when assessing performance includes (but not limited to): adherence to risk management policy, compliance with legal and regulatory standards, result of internal audit, adherence to corporate values, customer satisfaction, and climate-related risk considerations. Unsatisfactory performance in non-financial factors will lead to reduction of Performance Bonus pool. Final bonus pool at the Bank's level will be endorsed by Chief Risk Officer and Chief Control & Compliance Officer, and be approved by the Remuneration Committee.

Allocations of Performance Bonus to individual employees are based on assessment on the achievement against key measures including financial, risk management, regulatory and compliance, growth, people and team, as well as staff competencies and behaviour.

The Long-term Incentive is aimed to motivate executives towards increasing shareholders' wealth while balancing long-term risk management. Under the Long-term Incentive Scheme, each grant is set with a 3-year performance period, and the payment of incentive is determined by the appreciation in the Bank's net profit after tax, RAROC and comparison with peer banks over the 3-year period and is made at the end of the performance period, with malus and clawback arrangements in place in case of misconduct. Payment is deferred until the Bank's performance results achieved pre-set targets that triggers an award. It is designed to align employees' reward with long-term value creation.

PART VII: REMUNERATION (CONTINUED)

REMA: Remuneration policy (continued)

(i) Reward System (continued)

c) Deferral arrangements

Variable remuneration is subject to a deferral provision, under which if the variable remuneration of an employee exceeds the prescribed threshold, a portion of the variable remuneration will be deferred in order to align remuneration with the time horizon of risk and to allow their performance, including the associated risks, be validated over a period of time. The unvested deferred remuneration can be forfeited, and the variable remuneration paid in the past or which has already vested can be required to return to the Bank where it is later established that there has been fraud or other malfeasance on the part of the employee or violations by the employee of internal control policies.

(ii) Methodologies and Approaches

Methodologies and approaches applied to remuneration management include but not limited to the followings:

- **Regular Review** with reference to the guidance issued by Financial Stability Board (FSB) will be conducted, to ensure the effectiveness of the remuneration and related performance measurement mechanisms in preventing potential misconduct risk.
- **Total Compensation Framework** to ensure optimal level of remuneration and to deliver balanced solution.
- **Market Benchmarking** to take into account market relativities, having regard to the need to attract, motivate and retain talents.
- **Job Evaluation** to determine relative size of different position and therefore corresponding level of reward.
- **Performance Management System** to implement full-cycle performance management and linked with reward system to support performance-oriented culture.
- **Effective incentive and restraint mechanism** taking into account performance and potential for differentiation when granting variable rewards. Adhere to value-oriented approach and harness the incentive and restraint effect of remuneration.
- **Promotion review mechanism** with consideration of competency requirements and performance to support the Bank's manpower plan.
- **Remuneration Committee** assists the Board in the design and operation of the remuneration system. The Committee held five meetings in 2024. Members of the Remuneration Committee are Non-executive Directors of the Bank. Except for Non-executive Directors assigned by the parent bank, the other Non-executive Directors are paid Directors' fee.
- **Engagement of external consulting firm** in verification of incentive scheme to ensure effectiveness (to be commissioned by the Board or Remuneration Committee), when necessary.
- **Clawback and Malus Arrangement** shall be made under the following circumstances:

  (a) Vesting conditions are not fulfilled

  (b) Performance measurement was based on data which is later proven to have manifestly mis-stated

  (c) Fraud or other malfeasance on the part of the relevant grantees

  (d) Violation by the grantees of internal control policies or legal requirement
- The **Disciplinary Actions Policy** to provide clear guidelines on the consequences of misconduct behavior on remuneration. It covers indicative scenarios that severity of misconduct would result in a reduction to variable remuneration proportionately.

(iii) Senior Management and Key Personnel

Senior Management ("SM") is defined as heads of major functional units and Key Personnel ("KP") is defined as those whose activities involve the assumption of material risk or the taking on of material exposures on behalf of the Bank.

PART VII: REMUNERATION (CONTINUED)

REMA: Remuneration policy (continued)

(iv) Staff within risk control function

Risk Control Function includes risk management, legal, compliance, audit, and financial management function.

The remuneration of risk control function staff is determined by their functional job responsibilities and achievements against key measures specific to the functional role they undertake, which are independent from the performance of the business they oversee. Remuneration of risk control function staff is carefully benchmarked with the market and internally to ensure that it is set at an appropriate level.

REM1: Remuneration awarded during financial year

Aggregate quantitative information on remuneration for Senior Management ("SM") and Key Personnel ("KP") for the years ended 31 December 2024 and 2023 are as follows:

		2024		2023	
		Senior Managementnote 3	**Key Personnel**note 4	Senior Management note 5	Key Personnel note 6
Remuneration amount and quantitative information		***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Fixed remuneration note 1	Number of employees	13	3	11	3
	Fixed remuneration				
	Cash-based	34,558	8,525	35,931	7,613
	Of which: deferred	–	–	–	–
	Other forms	–	–	–	–
	Of which: deferred	–	–	–	–
Variable remuneration note 2	Number of employees	13	3	11	3
	Variable remuneration				
	Cash-based	–	–	38,605	7,850
	Of which: deferred	–	–	21,977	3,899
	Other forms	–	–	–	–
	Of which: deferred	–	–	–	–
Total Remuneration		**34,558**	**8,525**	**74,536**	**15,463**

note 1: Fixed remuneration included annual salary and allowance.

note 2: Variable remuneration comprised of performance bonus ("PB") and long-term incentive ("LTI"), if any. The final 2024 remunerations of members of the senior management who received remunerations from the Bank are still pending approval.

note 3: Two Senior Management were newly appointed and two Senior Management were ceased to be appointed in 2024 and the remuneration was disclosed according to the period of being Senior Management within the year.

note 4: One Key Personnel was newly appointed in 2024 and the remuneration was disclosed according to the period of being Key Personnel within the year.

note 5: One Senior Management was added in 2023 as the job list of Senior Management was updated in 2023. One Senior Management was ceased to be appointed in 2023 and the remuneration was disclosed according to the period of being Senior Management within the year.

note 6: One Key Personnel was ceased to be appointed in 2023 and the remuneration was disclosed according to the period of being Key Personnel within the year.

REM2: Special payments

During the financial year of 2024, sign-on awards amounted to HK$360,000 and HK$304,850 was paid to two Senior Management respectively. No guaranteed bonus or severance payments were awarded or paid to Senior Management and Key Personnel.

During the financial year of 2023, sign-on awards amounted to HK$570,000 was paid to one Senior Management. No guaranteed bonus or severance payments were awarded or paid to Senior Management and Key Personnel.

PART VII: REMUNERATION (CONTINUED)

REM3: Deferred remuneration

	2024				
	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
Deferred and retained remuneration	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Senior management					
Cash[note 1]	32,401	32,401	(3,254)	–	11,133
Other	–	–	–	–	–
Key personnel					
Cash[note 1]	7,781	7,781	(633)	–	2,598
Other	–	–	–	–	–
Total	**40,182**	**40,182**	**(3,887)**	**–**	**13,731**

	2023				
	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
Deferred and retained remuneration	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Senior management					
Cash[note 1]	58,565	58,565	(4,097)	–	9,709
Other	–	–	–	–	–
Key personnel					
Cash[note 1]	10,411	10,411	(543)	–	2,681
Other	–	–	–	–	–
Total	**68,976**	**68,976**	**(4,640)**	**–**	**12,390**

note 1: Cash-based deferred and retained remuneration comprised of PB and LTI, if any. LTI reported is the target cash value at maturity, and the actual payment amount will be determined by the bank and the employees' performance for the performance period.