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

Banking Disclosure Statement
For the year ended
31st December, 2023

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

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Introduction

Purpose

The information contained in this document is for OCBC Bank (Hong Kong) Limited ("the Bank") and its subsidiaries (together "the Group"). It should be read in conjunction with the Group's 2023 Annual Report. The Group's Annual Report and the Banking Disclosure Statement, taken together, comply with the Banking (Disclosure) Rules ("BDR") made under section 60A of the Banking Ordinance.

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

Basis of preparation

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

Effective from 31st March, 2023, the Group has adopted the Internal Ratings-Based ("IRB") approach to compute the Risk-weighted amount ("RWA") for credit risk for the majority of its non-securitisation portfolios, in accordance with the Banking (Capital) Rules ("BCR"). The Standardised (Credit Risk) ("STC") approach for credit risk applies to exempted portfolio.

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

Certain financial information in this document is extracted from the Group's 2023 Annual Report. The statutory accounts can be viewed on our website: www.ocbc.com.hk.

The Banking Disclosure Statement

The Group's Banking Disclosure Statement at 31st December, 2023 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision ("BCBS"). The disclosures are made in accordance with the latest BDR issued by the HKMA.

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

The Banking Disclosure Statement includes the majority of the information required under the BDR. The remainder of the disclosure requirement is covered in the Group's 2023 Annual Report which can be found in our website: www.ocbc.com.hk.

Disclosure requirements covered in the Group's 2023 Annual Report:

- The disclosure of remuneration, including Table REMA, REM1, REM2 and REM3, in "Corporate Governance Report";
- The general disclosure of major business activities and product lines in note 31 and note 5(c) of "Notes to the Consolidated Financial Statements";
- The disclosure of off balance sheet and currency risk in note 28(a) and note 33(c)(iii) of "Notes to the Consolidated Financial Statements" respectively.

OVA: Overview of Risk Management as at 31st December, 2023

RISK MANAGEMENT

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

- Risk Culture – The Board and top management determine the tone for a strong risk culture, they are supported by a robust internal control environment throughout the Group. All business units, product teams, independent functional risk management units and other support units are actively involved in the risk management process.

- Risk Appetite – The Group's risk appetite is set by the Board via Risk Appetite Statement ("RAS") which forms the cornerstone of the Group's risk management framework. It defines the level and nature of risks that the Group is prepared to take, by specifying the strategic business goals and risk-adjusted return expectations. They are aligned with risk-taking decisions via risk limits of portfolios. RAS is supported by a framework of policies, procedures and controls.

- Risk Management Framework – The overarching risk management framework is supported by 3 key pillars: infrastructure, policies and methodologies. Together with tools, processes and controls across the various risk types, robust governance structures have been established to achieve comprehensive, consistent and effective risk management.

- Holistic Risk Management – Interactions between risk factors across a wide spectrum of the Group's activities are common. Risks are managed on an integrated basis and across business lines encompassing all types of risks. The Group makes use of quantitative stress testing to quantify the impact of potential adverse events on credit and market risk portfolios that may adversely affect portfolio quality and earnings. Quantitative tool is supplemented by sensitivity analysis and qualitative analysis to enable adequate coverage and comprehensive assessment. During business strategy formulation, risk limits setting and capital adequacy assessment, the results are presented to senior management for decision making.

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

OVA: Overview of Risk Management as at 31st December, 2023 (continued)

RISK GOVERNANCE AND ORGANISATION

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

- review, advise and recommend for the Board's approval the overall risk tolerance, risk appetite and management strategy of the Group.
- oversee the Group's implementation of risk management strategy.
- oversee the risk exposures, effectiveness of risk management framework in identifying, measuring, monitoring, controlling and reporting risk.

Risk Management Division ("RMD") is an independent risk and control oversight function that supports the Group's business development within a prudent, consistent and effective risk management framework and governance structure. RMD also establishes relevant risk management framework, policies and procedures, risk measurements and methodologies. Key risk reports, including the Group's Internal Capital Adequacy Assessment Process stress test results and action plans, are submitted regularly to senior management, RMC and the Board.

Governance of all new products and services is managed by RMD through the New Product Approval Process. This process provides a platform to ensure that all risks associated with new product or market initiatives are comprehensively identified, assessed, managed and mitigated before product launch.

RISK MEASUREMENT AND REPORTING SYSTEMS

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

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

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

KM1: Key Prudential Ratios as at 31st December, 2023

		(a)	(b)	(c)	(d)	(e)
		31st December, 2023	30th September, 2023	30th June, 2023	31st March, 2023	31st December, 2022
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	37,430	36,637	37,081	38,031	36,968
2	Tier 1	40,430	39,637	40,081	41,031	39,968
3	Total capital	42,515	41,683	42,153	43,275	43,041
	RWA (amount)					
4	Total RWA	196,763	187,344	186,664	189,865	226,569
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	19.0%	19.6%	19.9%	20.0%	16.3%
6	Tier 1 ratio (%)	20.5%	21.2%	21.5%	21.6%	17.6%
7	Total capital ratio (%)	21.6%	22.2%	22.6%	22.8%	19.0%
	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 (%)	0.538%	0.552%	0.551%	0.535%	0.527%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	3.038%	3.052%	3.051%	3.035%	3.027%
12	CET1 available after meeting the AI's minimum capital requirements (%)	13.607%	15.056%	15.365%	15.530%	11.816%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	398,948	376,670	376,791	375,361	373,503
14	LR (%)	10.13%	10.52%	10.64%	10.93%	10.70%
	Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institutions only:					
17a	LMR (%)	51.6%	49.9%	48.4%	44.0%	42.9%
	Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a	CFR (%)	153.5%	155.7%	151.6%	151.4%	148.8%

Note: There were no material changes to the key prudential ratios during the current reporting period.

The Group has adopted the IRB approach to calculate its exposure to credit risk from 31st March, 2023, with regulatory approved exempted portfolios remaining on the STC approach.

OV1: Overview of RWA as at 31st December, 2023

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 31st December, 2023 and 30th September, 2023 respectively:

	Items	(a)	(b)	(c)
		RWA		Minimum capital requirements
		31st December, 2023	30th September, 2023	31st December, 2023
1	Credit risk for non-securitisation exposures	**144,240**	**140,386**	**12,168**
2	Of which STC approach	13,239	13,699	1,059
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	120,340	115,917	10,205
4	Of which supervisory slotting criteria approach	0	0	0
5	Of which advanced IRB approach	10,661	10,770	904
6	Counterparty default risk and default fund contributions	**1,829**	**1,544**	**152**
7	Of which SA-CCR approach	988	661	84
7a	Of which CEM	0	0	0
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	841	883	68
10	CVA risk	**607**	**454**	**49**
11	Equity positions in banking book under the simple risk-weight method and internal models method	**7,011**	**8,456**	**594**
12	Collective investment scheme ("CIS") exposures – LTA	0	0	0
13	CIS exposures – MBA	0	0	0
14	CIS exposures – FBA	0	0	0
14a	CIS exposures – combination of approaches	0	0	0
15	Settlement risk	0	0	0
16	Securitisation exposures in banking book	0	0	0
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0
20	Market risk	**13,626**	**12,296**	**1,090**
21	Of which STM approach	13,626	12,296	1,090
22	Of which IMM approach	0	0	0
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	N/A	N/A	N/A
24	Operational risk #	**13,255**	**12,851**	**1,060**
24a	Sovereign concentration risk	0	0	0

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OV1: Overview of RWA as at 31st December, 2023 (continued)

	Items	(a)	(b)	(c)
		RWA		Minimum capital requirements
		31st December, 2023	30th September, 2023	31st December, 2023
25	Amounts below the thresholds for deduction (subject to 250% RW)	**1,278**	**1,209**	**108**
26	Capital floor adjustment	**8,130**	**3,665**	**650**
26a	Deduction to RWA	**1,630**	**1,741**	**130**
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	0	0
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	1,630	1,741	130
27	**Total**	**188,346**	**179,120**	**15,741**

Notes:

a Item marked with an asterisk (*) will be applicable only after the policy framework takes effect.

b The Group used the Basic Indicator Approach (#) to calculate its exposure to operational risk at 31st December, 2023 and 30th September, 2023.

c The Group has adopted the Internal Ratings-based approach to calculate its exposure to credit risk from 31st March, 2023, with regulatory approved exempted portfolios remaining on the Standardized approach.

d RWAs in this table are presented before the application of the 1.06 scaling factor, where applicable.

e Minimum capital requirement represents the Pillar 1 capital charge at 8% of the RWAs after application of the 1.06 scaling factor, where applicable.

LI1: Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories as at 31st December, 2023

The following table shows the differences between the carrying values as reported in the Group's financial statements following the scope of accounting consolidation and the carrying values under the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitisation framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with banks and central banks	13,007	13,007	12,945	62	0	0	0
Placements with banks, central banks and other financial institutions	2,568	2,568	2,568	0	0	0	0
Amounts due from ultimate holding company and fellow subsidiaries	23,086	23,086	22,672	414	0	0	0
Trading assets	12,301	12,301	0	11,526	0	11,382	350
Advances to customers and other accounts	207,798	207,612	206,196	1,181	0	0	284
Amounts due from subsidiaries	0	2	2	0	0	0	0
Financial assets measured at fair value through other comprehensive income	82,445	82,445	82,450	5,515	0	0	0
Debt securities measured at amortised cost	6,713	6,713	6,713	0	0	0	0
Investments in subsidiaries	0	20	20	0	0	0	0
Investments in associated companies	635	332	332	0	0	0	0
Fixed assets							
– Investment properties	216	216	216	0	0	0	0
– Bank premises and equipment	4,989	4,989	4,785	0	0	0	204
Goodwill	1,306	1,306	0	0	0	0	1,306
Current tax recoverable	41	37	37	0	0	0	0
Deferred tax assets	144	144	0	0	0	0	144
Total assets	**355,249**	**354,778**	**338,936**	**18,698**	**0**	**11,382**	**2,288**

LI1: Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories as at 31st December, 2023 (continued)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitisation framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposits and balances of banks	11,935	11,935	0	7,720	0	0	4,215
Amounts due to ultimate holding company and fellow subsidiaries	11,656	11,656	0	282	0	0	11,374
Deposits from customers	263,002	263,002	0	20	0	0	262,982
Certificates of deposit and fixed rate note issued	7,049	7,049	0	0	0	0	7,049
Trading liabilities	9,408	9,408	0	9,223	0	8,170	185
Lease liabilities	63	63	0	0	0	0	63
Current tax payable	237	233	0	0	0	0	233
Deferred tax liabilities	510	510	0	0	0	0	510
Other accounts and provisions	5,039	4,855	27	322	0	0	4,506
Amounts due to subsidiaries	0	507	0	0	0	0	507
Total liabilities	**308,899**	**309,218**	**27**	**17,567**	**0**	**8,170**	**291,624**

LI2: Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements as at 31st December, 2023

The following table shows the main sources of differences between the carrying values in financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation:

		(a)	(b)	(c)	(d)	(e)
			Items subject to:			
		Total	credit risk framework	securitisation framework	counterparty credit risk framework	market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	352,490	338,936	0	18,698	11,382
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	17,594	27	0	17,567	8,170
3	**Total net amount under regulatory scope of consolidation**	**334,896**	**338,909**	**0**	**1,131**	**3,212**
4	Off-balance sheet amounts	67,667	10,582	0	29,419	0
5	*Difference due to SFT*		0	0	197	0
6	*Difference due to derivatives*		0	0	11,003	0
7	*Difference due to credit risk mitigation*		(60)	0	0	0
8	*Difference due to provisions*		1,117	0	0	0
9	*Others*		19	0	0	0
N	**Exposure amounts considered for regulatory purposes**	**402,563**	**350,567**	**0**	**41,750**	**3,212**

LIA: Explanations of Differences between Accounting and Regulatory Exposure Amounts as at 31st December, 2023

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

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

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

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

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

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

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

Systems and controls applied to prudent valuation

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

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

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

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

PV1: Prudent Valuation Adjustments as at 31st December, 2023

The following table shows a detailed breakdown of the constituent elements of valuation adjustment that have not been taken into account in the calculation of the amount of the Group's retained earnings or other disclosed reserves as at 31st December, 2023. Valuation adjustments relating to Mid-market value, Model risk and Unearned credit spreads, have been taken in financial reporting and not shown in this table.

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

CC1: Composition of Regulatory Capital as at 31st December, 2023

		(a)	(b)
		Amount	Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	**7,308**	(5)
2	Retained earnings	**28,701**	(6)
3	Disclosed reserves	**6,527**	(9)
4	*Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)*	**Not applicable**	**Not applicable**
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	**0**	
6	**CET1 capital before regulatory deductions**	**42,536**	
CET1 capital: regulatory deductions			
7	Valuation adjustments	**2**	
8	Goodwill (net of associated deferred tax liabilities)	**1,306**	(1)
9	Other intangible assets (net of associated deferred tax liabilities)	**164**	
10	Deferred tax assets (net of associated deferred tax liabilities)	**106**	
11	Cash flow hedge reserve	**93**	
12	Excess of total EL amount over total eligible provisions under the IRB approach	**0**	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitisation transactions	**0**	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	**0**	(2) + (4)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	**0**	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	**0**	
17	Reciprocal cross-holdings in CET1 capital instruments	**0**	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	**0**	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	**0**	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	**Not applicable**	**Not applicable**
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	**Not applicable**	**Not applicable**
22	Amount exceeding the 15% threshold	**Not applicable**	**Not applicable**
23	of which: significant investments in the ordinary share of financial sector entities	**Not applicable**	**Not applicable**
24	of which: mortgage servicing rights	**Not applicable**	**Not applicable**

CC1: Composition of Regulatory Capital as at 31st December, 2023 (continued)

		(a)	(b)
		Amount	Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation
25	of which: deferred tax assets arising from temporary differences	**Not applicable**	**Not applicable**
26	National specific regulatory adjustments applied to CET1 capital	**3,435**	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	**2,964**	(8) + (10)
26b	Regulatory reserve for general banking risks	**471**	(7)
26c	Securitisation exposures specified in a notice given by the MA	**0**	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	**0**	
26e	Capital shortfall of regulated non-bank subsidiaries	**0**	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	**0**	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	**0**	
28	**Total regulatory deductions to CET1 capital**	**5,106**	
29	**CET1 capital**	**37,430**	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	**3,000**	(11)
31	of which: classified as equity under applicable accounting standards	**3,000**	(11)
32	of which: classified as liabilities under applicable accounting standards	**0**	
33	*Capital instruments subject to phase-out arrangements from AT1 capital*	**0**	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	**0**	
35	*of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements*	**0**	
36	**AT1 capital before regulatory deductions**	**3,000**	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	**0**	
38	Reciprocal cross-holdings in AT1 capital instruments	**0**	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	**0**	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	**0**	
41	National specific regulatory adjustments applied to AT1 capital	**0**	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	**0**	
43	**Total regulatory deductions to AT1 capital**	**0**	

CC1: Composition of Regulatory Capital as at 31st December, 2023 (continued)

		(a)	(b)
		Amount	Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation
44	**AT1 capital**	**3,000**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**40,430**	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	**0**	
47	*Capital instruments subject to phase-out arrangements from Tier 2 capital*	**0**	(3)
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	**0**	
49	*of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	**0**	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	**751**	
51	**Tier 2 capital before regulatory deductions**	**751**	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	**0**	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	**0**	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	**0**	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	**0**	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	**0**	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	**0**	
56	National specific regulatory adjustments applied to Tier 2 capital	**(1,334)**	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	**(1,334)**	((8) + (10)) X 45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	**0**	
57	**Total regulatory adjustments to Tier 2 capital**	**(1,334)**	
58	**Tier 2 capital (T2)**	**2,085**	

CC1: Composition of Regulatory Capital as at 31st December, 2023 (continued)

		(a)	(b)
		Amount	Source based on Reference Numbers of the Consolidated Statement of Financial Position under the Regulatory Scope of Consolidation
59	**Total regulatory capital (TC = T1 + T2)**	**42,515**	
60	**Total RWA**	**196,763**	
Capital ratios (as a percentage of RWA)			
61	**CET1 capital ratio**	**19.023%**	
62	**Tier 1 capital ratio**	**20.548%**	
63	**Total capital ratio**	**21.607%**	
64	**Institution-specific buffer requirement capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	**3.038%**	
65	of which: capital conservation buffer requirement	**2.500%**	
66	of which: bank specific countercyclical capital buffer requirement	**0.538%**	
67	of which: higher loss absorbency requirement	**0.000%**	
68	**CET1 (as a percentage of RWA) available after meeting minimum capital requirements**	**13.607%**	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	**Not applicable**	
70	National Tier 1 minimum ratio	**Not applicable**	
71	National Total capital minimum ratio	**Not applicable**	
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	**1,751**	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	**511**	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	**Not applicable**	
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	**Not applicable**	
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	**155**	
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	**166**	
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)	**596**	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	**892**	

CC1: Composition of Regulatory Capital as at 31st December, 2023 (continued)

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

Notes to the template:

Description		Hong Kong basis	Basel III basis
9	**Other intangible assets (net of associated deferred tax liabilities)**	164	164
	Explanation As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		

CC1: Composition of Regulatory Capital as at 31st December, 2023 (continued)

<table>
<tr><th colspan="2">Description</th><th>Hong Kong basis</th><th>Basel III basis</th></tr>
<tr><td>10</td><td>Deferred tax assets (net of associated deferred tax liabilities)</td><td>106</td><td>106</td></tr>
<tr><td></td><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>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>0</td><td>0</td></tr>
<tr><td></td><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>
<tr><td>19</td><td>Significant 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>0</td><td>0</td></tr>
<tr><td></td><td colspan="3"><u>Explanation</u>
For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</td></tr>
</table>

CC1: Composition of Regulatory Capital as at 31st December, 2023 (continued)

<table>
<tr><th colspan="2">Description</th><th>Hong Kong basis</th><th>Basel III basis</th></tr>
<tr><td>39</td><td>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</td><td>0</td><td>0</td></tr>
<tr><td></td><td colspan="3"><u>Explanation</u>
The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 39 (i.e. the amount reported under the “Hong Kong basis”) adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI’s connected companies which were subject to deduction under the Hong Kong approach.</td></tr>
<tr><td>54</td><td>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)</td><td>0</td><td>0</td></tr>
<tr><td></td><td colspan="3"><u>Explanation</u>
The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 54 (i.e. the amount reported under the “Hong Kong basis”) adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI’s connected companies which were subject to deduction under the Hong Kong approach.</td></tr>
<tr><td colspan="4">Remarks:</td></tr>
<tr><td colspan="4">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.</td></tr>
</table>

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

OCBC

CC2: Reconciliation of Regulatory Capital to Consolidated Statement of Financial Position as at 31st December, 2023

	(a) Consolidated Statement of Financial Position as in published financial statement 31st December, 2023	(b) Consolidated Statement of Financial Position under regulatory scope of consolidation 31st December, 2023	(c) Reference
ASSETS			
Cash and balances with banks and central banks	**13,007**	**13,007**	
Placements with banks, central banks and other financial institutions	**2,568**	**2,568**	
Amounts due from ultimate holding company and fellow subsidiaries	**23,086**	**23,086**	
Trading assets	**12,301**	**12,301**	
of which: – insignificant capital investments in financial sector entities exceeding 10% threshold	**0**	**0**	
Advances to customers and other accounts	**207,798**	**207,612**	
Amounts due from subsidiaries		**2**	
Financial assets measured at fair value through other comprehensive income	**82,445**	**82,445**	
of which: – insignificant capital investments in financial sector entities exceeding 10% threshold	**0**	**0**	
– significant capital investments in financial sector entities exceeding 10% threshold	**0**	**0**	
Investments in subsidiaries	**0**	**20**	
of which: – significant capital investments in financial sector entities exceeding 10% threshold	**0**	**0**	
Debt securities measured at amortised cost	**6,713**	**6,713**	
Investments in associated companies	**635**	**332**	
of which: – significant capital investments in financial sector entities exceeding 10% threshold	**0**	**0**	
Fixed assets			
– Investment properties	**216**	**216**	
– Bank premises and equipment	**4,989**	**4,989**	
Goodwill	**1,306**	**1,306**	(1)
Current tax recoverable	**41**	**37**	
Deferred tax assets	**144**	**144**	
Total assets	**355,249**	**354,778**	

CC2: Reconciliation of Regulatory Capital to Consolidated Statement of Financial Position as at 31st December, 2023 (continued)

	(a) Consolidated Statement of Financial Position as in published financial statement 31st December, 2023	(b) Consolidated Statement of Financial Position under regulatory scope of consolidation 31st December, 2023	(c) Reference
EQUITY AND LIABILITIES			
Deposits and balances of banks	11,935	11,935	
Amounts due to ultimate holding company and fellow subsidiaries	11,656	11,656	
Deposits from customers	263,002	263,002	
Certificates of deposit and fixed rate note issued	7,049	7,049	
of which: – gains or losses due to changes in the own credit risk on fair value liabilities	0	0	(2)
Trading liabilities	9,408	9,408	
Lease liabilities	63	63	
Current tax payable	237	233	
Deferred tax liabilities	510	510	
Other accounts and provisions	5,039	4,855	
Amounts due to subsidiaries		507	
Subordinated liabilities	0	0	
of which: – subordinated debt not eligible for inclusion in regulatory capital		0	(3)
– subordinated debt eligible for inclusion in regulatory capital		0	
– gains or losses due to changes in the own credit risk on fair value liabilities		0	(4)
Total liabilities	308,899	309,218	
Share capital	7,308	7,308	(5)
Reserves	36,042	35,252	
of which: – Retained earnings		28,701	(6)
of which: – regulatory reserve for general banking risks		471	(7)
– cumulative fair value gains arising from revaluation of investment properties		175	(8)
– Disclosed reserves		6,527	(9)
of which: – cumulative fair value gains arising from revaluation of land and buildings		2,789	(10)
Perpetual capital securities issued	3,000	3,000	(11)
Total equity	46,350	45,560	
Total equity and liabilities	355,249	354,778	

CCA: Main Features of Regulatory Capital Instruments as at 31st December, 2023

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

CCA: Main Features of Regulatory Capital Instruments as at 31st December, 2023 (continued)

		(a)	(b)	(c)
		Quantitative/qualitative information	**Quantitative/qualitative information**	**Quantitative/qualitative information**
		Ordinary shares	**HKD1,500 million Additional Tier 1 Capital Securities (issued on 12th December, 2018)**	**HKD1,500 million Additional Tier 1 Capital Securities (issued on 27th September, 2019)**
18	Coupon rate and any related index	N/A	Year 1-5: 5.3% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year Hong Kong Dollar Swap Offer Rate plus a fixed initial spread; The coupon rate was reset on 12th December, 2023 to 6.63% per annum for 5 years up to 12th December, 2028	Year 1-5: 4.25% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year Hong Kong Dollar Swap Offer Rate plus a fixed initial spread.
19	Existence of a dividend stopper	N/A	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step-up or other incentive to redeem	N/A	No	No
22	Non-cumulative or cumulative	N/A	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	N/A	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down feature	N/A	Yes	Yes
31	If write-down, write-down trigger(s)	N/A	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	N/A	May be partially or fully written down	May be partially or fully written down
33	If write-down, permanent or temporary	N/A	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A

CCA: Main Features of Regulatory Capital Instruments as at 31st December, 2023 (continued)

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

Footnote:

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

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

* *Include solo-consolidated basis*

CCyB1: Geographical Distribution of Credit Exposures used in Countercyclical Capital Buffer ("CCyB") as at 31st December, 2023

The following table presents the geographical breakdown of RWA in relation to private sector credit exposures as at 31st December, 2023:

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio	AI-specific CCyB ratio (%)	CCyB amount
1	Hong Kong SAR	1.000%	69,151		
2	Mainland China	0.000%	56,246		
3	Australia	1.000%	395		
4	Bangladesh	0.000%	35		
5	Belgium	0.000%	20		
6	Brazil	0.000%	11		
7	Canada	0.000%	69		
8	Denmark	0.000%	0		
9	Finland	0.000%	1		
10	France	0.500%	2		
11	Germany	0.750%	334		
12	India	0.000%	43		
13	Indonesia	0.000%	345		
14	Ireland	0.000%	106		
15	Italy	0.000%	1		
16	Japan	0.000%	145		
17	Kenya	0.000%	3		
18	Macau	0.000%	12,342		
19	Malaysia	0.000%	47		
20	Myanmar	0.000%	3		
21	Netherlands	1.000%	2		
22	New Zealand	0.000%	1		
23	Peru	0.000%	0		
24	Philippines	0.000%	1		
25	Singapore	0.000%	412		
26	South Africa	0.000%	2		
27	South Korea	0.000%	98		
28	Spain	0.000%	159		
29	Sweden	2.000%	8		
30	Switzerland	0.000%	20		
31	Taiwan, China	0.000%	36		
32	Thailand	0.000%	2		
33	Turkey	0.000%	1		
34	United Arab Emirates	0.000%	2		
35	United Kingdom	2.000%	3,916		
36	United States	0.000%	311		
37	Vietnam	0.000%	0		
46	Sum		144,270		
47	Total		144,270	0.538%	776

LR1: Summary Comparison of Accounting Assets against Leverage Ratio ("LR") Exposure Measure as at 31st December, 2023

		(a)
		Value under the LR framework
1	Total consolidated assets as per published financial statements	355,249
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	20
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	0
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	0
3a	Adjustments for eligible cash pooling transactions	0
4	Adjustments for derivative contracts	35,144
5	Adjustment for SFTs (i.e. repos and similar secured lending)	442
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	14,074
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(384)
7	Other adjustments	(5,597)
8	**Leverage ratio exposure measure**	**398,948**

LR2: Leverage Ratio ("LR") as at 31st December, 2023

		(a)	(b)
		31st December, 2023	**30th September, 2023**
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	336,576	313,259
2	Less: Asset amounts deducted in determining Tier 1 capital	(5,106)	(5,269)
3	**Total on-balance sheet exposures (excluding derivative contract and SFTs)**	**331,470**	**307,990**
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)	11,968	17,276
5	Add-on amounts for PFE associated with all derivative contracts	32,985	29,120
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(258)	(125)
8	Less: Exempted CCP leg of client-cleared trade exposures	0	0
9	Adjusted effective notional amount of written credit derivative contracts	1,819	1,691
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	(1,819)	(1,691)
11	**Total exposures arising from derivative contracts**	**44,695**	**46,271**
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	8,297	7,231
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	0	0
14	CCR exposure for SFT assets	442	481
15	Agent transaction exposures	0	0
16	**Total exposures arising from SFTs**	**8,739**	**7,712**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	67,667	67,043
18	Less: Adjustments for conversion to credit equivalent amounts	(53,239)	(52,077)
19	**Off-balance sheet items**	**14,428**	**14,966**
Capital and total exposures			
20	**Tier 1 capital**	**40,430**	**39,637**
20a	**Total exposures before adjustments for specific and collective provisions**	**399,332**	**376,939**
20b	**Adjustments for specific and collective provisions**	**(384)**	**(269)**
21	**Total exposures**	**398,948**	**376,670**
Leverage ratio			
22	**Leverage ratio**	**10.13%**	**10.52%**

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

LIQA: Liquidity Risk Management

Liquidity risk is the risk arising from the inability to meet financial and cash outflow obligations as they fall due. The objective of liquidity risk management is to ensure that we continue to fulfill our financial obligations and to undertake new transactions, through the management of liquidity and funding risks within our risk appetite.

Liquidity risks arise from cashflow mismatches in maturing assets, liabilities, and off-balance sheet items. Liquidity risks are also identified through the monitoring of early warning indicators of potential liquidity risk, which take into account the market environment as well as any other financial risks that could potentially trigger a liquidity risk event. Early identification of liquidity risk is crucial for effective management of our funding requirements and liquidity risks.

Liquidity risk metrics consist of a framework for projecting cash flows on both contractual and behavioural bases under business as usual and stressed market scenarios. We also established liquidity and funding concentration ratios to measure and manage the effective diversification of funding sources, and the adequacy of sources of liquidity under stressed conditions.

The Group performs stress testing under a range of scenarios to assess the potential impact of extreme market events on our liquidity risk profile. We regularly review these stress scenarios in the context of the prevailing risk climate, financial conditions and liquidity strategies. Stress testing bolsters our resilience in the face of liquidity stresses, helping us to anticipate and set aside sufficient liquidity buffers while applying the relevant stress testing outcomes to develop effective funding strategies, policies and contingency funding plans.

Roles and responsibilities in the Group's liquidity risk management structure are mainly distributed across different committees and hierarchical levels: the Board, RMC, ALCO, ALCO Sub-Committee, Global Markets Division, Finance Division, RMD, Wholesale Banking Division, Consumer Financial Services Division and Emerging Business Division.

Liquidity is managed on a day-to-day basis by the Treasurer under the direction of ALCO. ALCO is responsible for overseeing liquidity risk management, in particular implementation of appropriate liquidity policies and procedures, identifying, measuring and monitoring liquidity risk, and control over the liquidity risk management process. The Board of Directors approves the liquidity risk strategy and framework policies and is responsible for maintaining continued awareness of the overall liquidity risk profile and ensuring liquidity risk is adequately managed and controlled by senior management within the established risk management framework.

A summary of liquidity risk measures is submitted to ALCO monthly and the key highlights of liquidity risk measures is reported to RMC quarterly for review.

LIQA: Liquidity Risk Management (continued)

The table below shows the Group's major sources of funding as at 31st December, 2023.

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

	2023	%
Deposits and balances of banks	11,935	4%
Deposits from customers:		
Demand deposits and current accounts	87,777	31%
Savings deposits	18,957	7%
Time, call and notice deposits	156,268	55%
Certificates of deposit and fixed rate note issued	7,049	3%
Total	**281,986**	**100%**

The Group maintains liquid assets in excess of regulatory requirements to mitigate potential liquidity risk and meet liquidity needs during a crisis. These liquid assets mainly comprise marketable debt securities. The details of distribution of credit ratings of the Group's debt securities as at 31st December, 2023 are disclosed in note 33(a) of "Notes to the Consolidated Financial Statements" of the Group's 2023 Annual Report.

Customer deposit is the main source of funding. In the event where market conditions lead to expensive customer funding, flexibility is maintained to fund lending growth with duration matched wholesale funding. The Group actively makes use of the foreign exchange swap market to swap surplus funding into other currencies to meet customer demand for loans and to manage surplus funds.

In 2023, the Group, classified as a category 2A institution by the Hong Kong Monetary Authority, continued our regulatory reporting of our group-wide Liquidity Maintenance Ratio ("LMR") and Core Funding Ratio ("CFR"). As at 31st December, 2023, the ratios are reported as follows:

	2023
Liquidity Maintenance Ratio	54%
Core Funding Ratio	157%

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

LIQA: Liquidity Risk Management (continued)

The table below shows the net intra-group funding of the overseas subsidiaries as of 31st December, 2023.

	2023		
	HK (Including HK Subsidiaries)	Macau	China
Net intra-group funding profile	1,068	30	(1,099)

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

The majority of the Group's liquidity risk arises from the maturity mismatch gap between the Group's assets and liabilities. The maturity profiles of the assets and liabilities of the Group as at 31st December, 2023 are disclosed in note 26 of "Notes to the Consolidated Financial Statements" of the Group's 2023 Annual Report. The cash flows payable by the Group for financial liabilities including interest payable that will be settled by remaining contractual maturities as of 31st December, 2023 are disclosed in note 33(b) of "Notes to the Consolidated Financial Statements" of the Group's 2023 Annual Report.

CRA: General Information about Credit Risk as at 31st December, 2023

CREDIT RISK MANAGEMENT

Credit risk arises from our lending activities to retail, corporate and institutional customers. Counterparty credit risk emerges from the potential default of a counterparty during our trading and/or banking activities in derivatives and debt securities. For derivative transactions, the total credit exposure is quantified by the transactions' replacement cost plus an appropriate add-on factor for potential future exposure.

CREDIT RISK MANAGEMENT OVERSIGHT AND ORGANISATION

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

Credit Risk Management ("CRM") units ensure the proper execution of the credit risk management framework, policies and procedures. These units also independently manage credit risk to ensure adequacy of risk-returns within our risk appetite, customer targets, limits and risk standards. Dedicated risk functions are responsible for portfolio risk monitoring, risk measurement methodology, risk reporting and remedial management. Regular risk reports are provided to the Committee, Chief Executive, RMC and the Board, where appropriate, in a timely, objective and transparent manner for review. These reports include detailed credit exposures, credit migration, expected losses and risk concentrations by business portfolio and geography. Regular stress tests and portfolio reviews are conducted to assess the potential impact of emerging risk on our credit exposures, including interactions among credit, market and liquidity events where appropriate. The results of the stress tests and portfolio reviews are factored as necessary into the adjustment and refinement of risk-taking strategies and credit limits to remain within our risk appetite.

Internal Audit provides independent assessment on the compliance and effectiveness of the Bank's credit risk management, control and governance processes, as well as general internal controls across the business, risk control and other support units. Such independent assessment includes the adequacy of expected credit loss (stage 3), and the correctness and timeliness of loan classification. Internal Audit provides the assessment separately to the Board, through the Audit Committee, in accordance with its own charter.

CRA: General Information about Credit Risk as at 31st December, 2023 (continued)

CREDIT RISK MANAGEMENT APPROACH

Our credit risk management framework provides a comprehensive and proactive approach towards managing credit risk in the Group. The framework documents the credit risk objectives and minimum standards for the full credit risk management cycles of the Group's lending businesses. Effective risk management is enhanced by the experience and sound judgment of our credit specialists. We seek to undertake credit risk that meet our target markets, lending parameters and risk-return expectations for sustainable performance. We commit to building long-term relationships with our customers. In addition to effective risk management practices, the sound judgement of our experienced credit approving officers is also key to our successful risk management.

A responsible financing framework has been established to broadly define our Group's position and commitment to sustainable development and practices by integrating ESG considerations into our credit decision process. It sets out the overall approach to be taken by the Group for alignment with OCBC Group's Responsible Financing Framework in the management of ESG risks (including climate-related risk) in our lending activities. It details the roles and responsibilities of the key parties involved in the ESG risk management process. Transactions with significant ESG or reputational risk are escalated to the Reputational Risk Review Group of our parent bank for clearance. Periodic ESG related reporting is made to our parent bank on the progress of our responsible financing implementation.

LENDING TO CONSUMERS AND SMALL BUSINESSES

Consumers and selected small businesses customers are assessed through credit programs with predefined acquisition strategies, product structure and portfolio and transaction limits, as well as customer selection, lending and collateral criteria. Advanced application models and systems are used for efficient, objective and consistent credit decision making and customer due diligence checks. The credit risk of this customer segment is monitored on a portfolio basis.

LENDING TO CORPORATE AND INSTITUTIONAL CUSTOMERS

Corporate credit exposures are diversified among corporates, middle market borrowers and small and medium enterprises. Corporate customers are assessed individually with robust independent evaluation carried out by experienced credit officers. Business and credit risk units jointly approve credits to ensure objectively and shared risk ownership. The Bank also conduct regular reviews and forward-looking stress tests at borrower and portfolio levels to monitor credit quality and identify potential weak credit. The Group also has internal limits to manage exposure to individual industries and for borrowers and groups of borrowers or linked-counterparties.

CR1: Credit Quality of Exposures as at 31st December, 2023

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 31st December, 2023:

		(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)
1	Loans	1,944	203,581	1,089	19	84	986	204,436
2	Debt securities	0	95,063	24	0	1	23	95,039
3	Off-balance sheet exposures	0	16,211	360	0	4	356	15,851
4	**Total**	**1,944**	**314,855**	**1,473**	**19**	**89**	**1,365**	**315,326**

CR2: Changes in Defaulted Loans and Debt Securities as at 31st December, 2023

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as at 31st December, 2023 and 30th June, 2023 respectively:

		(a)
		Amount
1	**Defaulted loans and debt securities at end of 30th June, 2023**	**2,770**
2	Loans and debt securities that have defaulted since the last reporting period	219
3	Returned to non-defaulted status	(125)
4	Amounts written off	(187)
5	Other changes*	(733)
6	**Defaulted loans and debt securities at end of 31st December, 2023**	**1,944**

* Other changes include loan repayment.

CRB: Additional Disclosure related to Credit Quality of Exposures as at 31st December, 2023

REMEDIAL MANAGEMENT

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

The Group adopts "Policy & Procedures for Loan Classification" based on HKMA guideline. It is required to classify loans and advances to five classification categories, namely "Pass", "Special Mention", "Substandard", "Doubtful" and "Loss". The decision to classify loans into the above five categories is based on the borrower's repayment ability and the likelihood of individual counterparties being default.

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

EXPECTED CREDIT LOSS FOR LOANS

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

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

Our approach for determining impairment of loans and the expected credit loss is explained in note 2(k) of "Notes to the Consolidated Financial Statements" of the Group's 2023 Annual Report.

The details of the analysis related to credit quality are disclosed in note 13(b), 14(b) and 33(a) of "Notes to the Consolidated Financial Statements" and notes (B) to (D) of "Unaudited Supplementary Financial Information" for exposure by geographical area, industry sector, remaining maturity, aging and rescheduled exposure of the Group's 2023 Annual Report.

CRC: Qualitative Disclosures related to Credit Risk Mitigation as at 31st December, 2023

CREDIT RISK CONTROL

CREDIT RISK MITIGATION

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

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

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

Collateral arrangements, typically covered under market standard documentation such as International Swaps and Derivatives Association ("ISDA") agreement, include a minimum threshold amount where additional collateral is to be posted by either party if the mark-to-market exposures exceed the agreed threshold. The credit risk associated with contractual obligations is reduced by the netting agreements to the extent that if an event of default occurs, all amounts with the counterparty are settled on a single net claim basis. Agreements may also contain rating triggers where additional collateral posting is required in the event of a rating downgrade.

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

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

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

MANAGING CREDIT RISK CONCENTRATIONS

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

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

CR3: Overview of Recognised Credit Risk Mitigation as at 31st December, 2023

The following table presents the extent of credit risk exposures covered by different types of recognised CRM as at 31st December, 2023:

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts
1	Loans	112,841	91,595	90,456	1,139	0
2	Debt securities	95,039	0	0	0	0
3	**Total**	**207,880**	**91,595**	**90,456**	**1,139**	**0**
4	Of which defaulted	578	1,163	1,125	38	0

CRD: Qualitative Disclosures on use of ECAI Ratings under STC Approach as at 31st December, 2023

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

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

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

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

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

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

CR4: Credit Risk Exposures and Effects of Recognised Credit Risk Mitigation – for STC Approach as at 31st December, 2023

The following table illustrates the effect of any recognised CRM (including recognised collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 31st December, 2023:

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	0	0	0	0	0	0.0%
2	PSE exposures	0	0	0	0	0	0.0%
2a	Of which: domestic PSEs	0	0	0	0	0	0.0%
2b	Of which: foreign PSEs	0	0	0	0	0	0.0%
3	Multilateral development bank exposures	223	0	223	0	0	0.0%
4	Bank exposures	0	0	0	0	0	0.0%
5	Securities firm exposures	0	0	0	0	0	0.0%
6	Corporate exposures	2,210	520	2,201	48	1,586	70.5%
7	CIS exposures	0	0	0	0	0	0.0%
8	Cash items	0	0	0	0	0	0.0%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0.0%
10	Regulatory retail exposures	6,395	4,415	5,961	18	4,484	75.0%
11	Residential mortgage loans	9,306	0	8,867	0	3,691	41.6%
12	Other exposures which are not past due exposures	2,937	49	2,937	0	2,937	100.0%
13	Past due exposures	515	0	485	0	541	111.5%
14	Significant exposures to commercial entities	0	0	0	0	0	0.0%
15	**Total**	**21,586**	**4,984**	**20,674**	**66**	**13,239**	**63.8%**

CR5: Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach as at 31st December, 2023

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 31st December, 2023:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Exposure class / **Risk Weight**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**250%**	**Others**	**Total credit risk exposures amount (post CCF and post CRM)**
1	Sovereign exposures	0	0	0	0	0	0	0	0	0	0	**0**
2	PSE exposures	0	0	0	0	0	0	0	0	0	0	**0**
2a	Of which: domestic PSEs	0	0	0	0	0	0	0	0	0	0	**0**
2b	Of which: foreign PSEs	0	0	0	0	0	0	0	0	0	0	**0**
3	Multilateral development bank exposures	223	0	0	0	0	0	0	0	0	0	**223**
4	Bank exposures	0	0	0	0	0	0	0	0	0	0	**0**
5	Securities firm exposures	0	0	0	0	0	0	0	0	0	0	**0**
6	Corporate exposures	0	0	305	0	839	0	1,105	0	0	0	**2,249**
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	**0**
8	Cash items	0	0	0	0	0	0	0	0	0	0	**0**
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0	0	0	0	0	**0**
10	Regulatory retail exposures	0	0	0	0	0	5,979	0	0	0	0	**5,979**
11	Residential mortgage loans	0	0	0	7,556	0	1,059	252	0	0	0	**8,867**
12	Other exposures which are not past due exposures	0	0	0	0	0	0	2,937	0	0	0	**2,937**
13	Past due exposures	0	0	0	0	0	0	374	111	0	0	**485**
14	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	**0**
15	**Total**	**223**	**0**	**305**	**7,556**	**839**	**7,038**	**4,668**	**111**	**0**	**0**	**20,740**

CRE: Qualitative Disclosures related to Internal Models for Measuring Credit Risk under IRB Approach as at 31st December, 2023

CREDIT PORTFOLIO MANAGEMENT

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

- Portfolio Segmentation – This is the process of grouping credit exposures that are similar in nature. It involves using attributes that represent common business drivers, such as geography, industry and business segment, as well as common risk drivers such as exposure to material downside risks like a property price correction, a sharp hike in interest rates, or a country risk event.

- Portfolio Modelling – This includes using internal rating models to quantify the exposure risk, default risk and potential losses of our borrowers. Please refer to Table 1 for information on our internal rating models. We also use stress test models to simulate the potential increase in our credit losses and Credit Risk Weighted Assets (CRWA) under stressed scenarios.

Overview of Internal Rating Models

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

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

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

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

CRE: Qualitative Disclosures related to Internal Models for Measuring Credit Risk under IRB Approach as at 31st December, 2023 (continued)

CREDIT PORTFOLIO MANAGEMENT (continued)

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

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

As of 31st December, 2023, the portion of EAD and RWA within the Group covered by IRB approach are summarised in the following table. The remaining portions not covered by IRB approach are under STC approach.

Portfolio	Percentage of total EAD under IRB approach	Percentage of total RWA under IRB approach
Corporate	99%	99%
Sovereign	100%	100%
Bank	100%	100%
Retail	76%	48%
Equity	100%	100%
Other	100%	100%

CR6: Credit Risk Exposures by Portfolio and PD Ranges – for IRB Approach as at 31st December, 2023

The following tables present the main parameters of internal models used for the calculation of credit risk capital requirements under the foundation and retail IRB approaches respectively at 31st December, 2023:

Foundation IRB Approach

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Sovereign	0.00 to < 0.15	49,662	0	0.0%	49,664	0.02%	14	45.0%	1.49	2,952	5.9%	4	
	0.15 to < 0.25	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	0.25 to < 0.50	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	0.50 to < 0.75	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	0.75 to < 2.50	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	2.50 to < 10.00	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	10.00 to < 100.00	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	100.00 (Default)	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	Sub-total	49,662	0	0.0%	49,664	0.02%	14	45.0%	1.49	2,952	5.9%	4	38
Bank	0.00 to < 0.15	60,221	50	12.1%	61,369	0.04%	145	45.0%	1.01	7,423	12.1%	11	
	0.15 to < 0.25	493	0	0.0%	493	0.19%	6	45.0%	0.60	165	33.4%	0	
	0.25 to < 0.50	2,754	76	0.0%	2,754	0.37%	10	39.4%	0.49	1,197	43.5%	4	
	0.50 to < 0.75	378	0	0.0%	378	0.54%	5	45.0%	0.06	214	56.5%	1	
	0.75 to < 2.50	283	241	0.0%	283	1.84%	16	37.9%	0.57	256	90.5%	2	
	2.50 to < 10.00	56	26	0.0%	56	3.20%	6	0.0%	1.00	0	0.0%	0	
	10.00 to < 100.00	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	100.00 (Default)	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	Sub-total	64,185	393	1.5%	65,333	0.07%	188	44.7%	0.98	9,255	14.2%	18	127

CR6: Credit Risk Exposures by Portfolio and PD Ranges – for IRB Approach as at 31st December, 2023 (continued)

Foundation IRB Approach (continued)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Corporate – Small-and-medium sized corporates	0.00 to < 0.15	47	12	0.0%	47	0.09%	4	42.5%	3.58	14	29.0%	0	
	0.15 to < 0.25	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	0.25 to < 0.50	237	62	1.9%	238	0.37%	8	43.5%	1.48	93	39.0%	0	
	0.50 to < 0.75	957	11	24.7%	959	0.54%	10	35.9%	1.19	344	35.9%	2	
	0.75 to < 2.50	1,066	642	4.2%	1,070	1.53%	76	35.8%	2.02	681	63.7%	6	
	2.50 to < 10.00	2,856	351	32.7%	2,934	4.71%	58	39.2%	1.92	2,844	96.9%	54	
	10.00 to < 100.00	265	68	5.3%	253	11.10%	18	34.8%	2.22	301	119.1%	10	
	100.00 (Default)	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	Sub-total	5,428	1,146	13.0%	5,501	3.43%	174	38.0%	1.82	4,277	77.7%	72	55
Corporate – Other corporates	0.00 to < 0.15	32,123	10,365	24.0%	34,608	0.11%	144	44.4%	1.73	9,628	27.8%	17	
	0.15 to < 0.25	0	0	0.0%	0	0.00%	0	0.0%	0.00	0	0.0%	0	
	0.25 to < 0.50	23,500	16,129	11.0%	25,269	0.37%	145	43.8%	1.48	13,644	54.0%	41	
	0.50 to < 0.75	24,993	14,457	21.2%	28,045	0.54%	181	42.6%	1.65	17,510	62.4%	65	
	0.75 to < 2.50	29,258	16,187	17.6%	32,042	1.37%	490	40.7%	1.98	27,737	86.6%	178	
	2.50 to < 10.00	15,930	3,159	9.5%	16,153	4.47%	332	36.3%	2.06	18,022	111.6%	263	
	10.00 to < 100.00	5,515	665	0.1%	5,496	11.57%	185	36.0%	2.33	8,828	160.6%	230	
	100.00 (Default)	1,094	0	0.0%	1,085	100.00%	21	35.6%	3.60	2,734	251.9%	192	
	Sub-total	132,413	60,962	17.2%	142,698	2.22%	1,498	41.8%	1.80	98,103	68.7%	986	1,427

CR6: Credit Risk Exposures by Portfolio and PD Ranges – for IRB Approach as at 31st December, 2023 (continued)

Retail IRB Approach

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
Retail – Residential mortgage exposures (including individuals and property-holding shell companies)	0.00 to < 0.15	2,658	0	0.0%	2,658	0.10%	1,125	10.0%		399	15.0%	0	
	0.15 to < 0.25	18,445	1	100.0%	18,446	0.20%	7,302	10.5%		2,767	15.0%	4	
	0.25 to < 0.50	0	0	0.0%	0	0.00%	0	0.0%		0	0.0%	0	
	0.50 to < 0.75	11,783	0	0.0%	11,783	0.50%	4,725	10.9%		1,793	15.2%	6	
	0.75 to < 2.50	9,710	72	109.9%	9,789	1.51%	3,867	10.7%		1,721	17.6%	16	
	2.50 to < 10.00	2,250	98	100.0%	2,348	4.73%	1,070	12.1%		905	38.5%	14	
	10.00 to < 100.00	392	8	100.0%	400	23.27%	122	11.2%		217	54.4%	12	
	100.00 (Default)	258	0	0.0%	258	100.00%	99	11.9%		219	84.8%	16	
	Sub-total	45,496	179	103.7%	45,682	1.55%	18,310	10.7%		8,021	17.6%	68	116
Retail – Small business retail exposures	0.00 to < 0.15	337	0	0.0%	337	0.10%	1,782	25.0%		21	6.2%	0	
	0.15 to < 0.25	871	0	0.0%	871	0.20%	2,566	29.0%		103	11.8%	1	
	0.25 to < 0.50	0	0	0.0%	0	0.00%	0	0.0%		0	0.0%	0	
	0.50 to < 0.75	606	0	0.0%	606	0.50%	1,575	32.5%		142	23.4%	1	
	0.75 to < 2.50	182	0	0.0%	182	1.50%	506	34.7%		75	41.2%	1	
	2.50 to < 10.00	36	0	0.0%	36	6.01%	150	31.6%		17	47.6%	1	
	10.00 to < 100.00	18	0	0.0%	18	15.97%	78	31.8%		10	56.8%	1	
	100.00 (Default)	36	0	0.0%	36	100.00%	40	36.2%		52	144.4%	11	
	Sub-total	2,086	0	0.0%	2,086	2.35%	6,697	30.1%		420	20.1%	16	15
Other retail exposures to individuals	0.00 to < 0.15	911	0	0.0%	911	0.10%	8,282	25.2%		57	6.3%	0	
	0.15 to < 0.25	2,905	0	100.0%	2,905	0.20%	7,864	21.0%		247	8.5%	1	
	0.25 to < 0.50	0	0	0.0%	0	0.00%	0	0.0%		0	0.0%	0	
	0.50 to < 0.75	3,010	2	100.0%	3,012	0.50%	4,905	24.3%		525	17.4%	4	
	0.75 to < 2.50	1,494	2	100.0%	1,496	1.42%	2,634	44.2%		780	52.1%	10	
	2.50 to < 10.00	901	7	109.3%	909	4.46%	1,123	28.9%		385	42.3%	13	
	10.00 to < 100.00	83	17	100.0%	99	21.76%	310	60.8%		120	120.3%	14	
	100.00 (Default)	34	0	0.0%	34	100.00%	77	50.1%		106	310.8%	11	
	Sub-total	9,338	28	102.3%	9,366	1.49%	25,195	27.5%		2,220	23.7%	53	39
Total (sum of all portfolios)		**308,608**	**62,708**	**17.3%**	**320,330**	**1.34%**	**52,076**	**37.9%**		**125,248**	**39.1%**	**1,217**	**1,817**

CR7: Effects on RWA of Recognized Credit Derivative Contracts used as Recognized Credit Risk Mitigation – for IRB Approach as at 31st December, 2023

The following table presents the effect of recognised credit derivative contracts on the calculation of credit risk capital requirements under the IRB approach as at 31st December, 2023:

		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialized lending under supervisory slotting criteria approach (project finance)	0	0
2	Corporate – Specialized lending under supervisory slotting criteria approach (object finance)	0	0
3	Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance)	0	0
4	Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate)	0	0
5	Corporate – Specialized lending (high-volatility commercial real estate)	0	0
6	Corporate – Small-and-medium sized corporates	4,277	4,277
7	Corporate – Other corporates	98,103	98,103
8	Sovereigns	2,952	2,952
9	Sovereign foreign public sector entities	0	0
10	Multilateral development banks	0	0
11	Bank exposures – Banks	8,371	8,371
12	Bank exposures – Securities firms	381	381
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	503	503
14	Retail – Small business retail exposures	420	420
15	Retail – Residential mortgages to individuals	7,621	7,621
16	Retail – Residential mortgages to property-holding shell companies	400	400
17	Retail – Qualifying revolving retail exposures (QRRE)	0	0
18	Retail – Other retail exposures to individuals	2,220	2,220
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	7,011	7,011
20	Equity – Equity exposures under market-based approach (internal models method)	0	0
21	Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment)	0	0
22	Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment)	0	0
23	Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures)	0	0
24	Equity – Equity exposures under PD/LGD approach (other equity exposures)	0	0
25	Equity – Equity exposures associated with equity investments in funds (CIS exposures)	0	0
26	Other – Cash items	51	51
27	Other – Other items	5,702	5,702
28	**Total (under the IRB calculation approaches)**	**138,012**	**138,012**

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

CR8: RWA Flow Statements of Credit Risk Exposures under IRB Approach as at 31st December, 2023

The following table presents a flow statement explaining variations in the RWA for credit risk determined under the IRB approach for the period from 30th September, 2023 to 31st December, 2023:

		(a)
		Amount
1	**RWA at end of 30th September, 2023**	126,687
2	Asset size	3,829
3	Asset quality	(358)
4	Model updates	0
5	Methodology and policy	0
6	Acquisitions and disposals	0
7	Foreign exchange movements	843
8	Other	0
9	**RWA at end of 31st December, 2023**	**131,001**

CR9: Back-Testing of PD per Portfolio – for IRB Approach as at 31st December, 2023

The following table provides back-testing data as at 31st December, 2023 to validate the reliability of PD calculations, including a comparison of the PD used to calculate capital requirements with the effective default rates of obligors under the IRB approach:

(a)	(b)	(c)			(d)	(e)	(f)		(g)	(h)	(i)
		External rating equivalent					Number of obligors[1]				
Portfolio	PD Range	Standard & Poor's	Fitch	Moody's	Weighted average PD	Arithmetic average PD by obligors	Beginning of the year	End of the year	Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
Sovereign	0.00 to < 0.15	AAA to BBB	AAA to BBB	Aaa to Baa2	0.02%	0.02%	18	14	0	0	0.00%
	0.15 to < 0.25	BBB to BBB-	BBB to BBB-	Baa2 to Baa3	0.00%	0.00%	0	0	0	0	0.00%
	0.25 to < 0.50	BBB- to BB+	BBB- to BB+	Baa3 to Ba1	0.00%	0.00%	0	0	0	0	0.00%
	0.50 to < 0.75	BB+	BB+	Ba1	0.00%	0.00%	0	0	0	0	0.00%
	0.75 to < 2.50	BB+ to B+	BB+ to B+	Ba1 to B1	0.00%	0.00%	0	0	0	0	0.00%
	2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	0.00%	0.00%	0	0	0	0	0.00%
	10.00 to < 100.00	B- to C	B- to C	B3 to C	0.00%	0.00%	0	0	0	0	0.00%
Bank	0.00 to < 0.15	AAA to BBB	AAA to BBB	Aaa to Baa2	0.04%	0.05%	170	169	0	0	0.00%
	0.15 to < 0.25	BBB to BBB-	BBB to BBB-	Baa2 to Baa3	0.19%	0.19%	8	9	0	0	0.00%
	0.25 to < 0.50	BBB- to BB+	BBB- to BB+	Baa3 to Ba1	0.37%	0.37%	9	10	0	0	0.00%
	0.50 to < 0.75	BB+	BB+	Ba1	0.54%	0.54%	7	7	0	0	0.00%
	0.75 to < 2.50	BB+ to B+	BB+ to B+	Ba1 to B1	1.74%	1.57%	26	20	0	0	0.00%
	2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	3.20%	3.20%	1	8	0	0	0.00%
	10.00 to < 100.00	B- to C	B- to C	B3 to C	0.00%	0.00%	0	0	0	0	0.00%
Corporate – Small-and-medium sized corporates	0.00 to < 0.15	AAA to BBB	AAA to BBB	Aaa to Baa2	0.14%	0.14%	8	4	0	0	0.00%
	0.15 to < 0.25	BBB to BBB-	BBB to BBB-	Baa2 to Baa3	0.00%	0.00%	0	0	0	0	0.00%
	0.25 to < 0.50	BBB- to BB+	BBB- to BB+	Baa3 to Ba1	0.37%	0.37%	7	8	0	0	0.00%
	0.50 to < 0.75	BB+	BB+	Ba1	0.54%	0.54%	9	10	0	0	0.00%
	0.75 to < 2.50	BB+ to B+	BB+ to B+	Ba1 to B1	1.46%	1.67%	82	76	0	0	0.00%
	2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	4.05%	4.22%	63	58	1	0	0.95%
	10.00 to < 100.00	B- to C	B- to C	B3 to C	11.10%	11.10%	14	18	0	0	0.00%
Corporate – Other corporates	0.00 to < 0.15	AAA to BBB	AAA to BBB	Aaa to Baa2	0.12%	0.11%	171	147	0	0	0.00%
	0.15 to < 0.25	BBB to BBB-	BBB to BBB-	Baa2 to Baa3	0.00%	0.00%	0	0	0	0	0.00%
	0.25 to < 0.50	BBB- to BB+	BBB- to BB+	Baa3 to Ba1	0.37%	0.37%	148	147	0	0	0.00%
	0.50 to < 0.75	BB+	BB+	Ba1	0.54%	0.54%	260	185	0	0	0.00%
	0.75 to < 2.50	BB+ to B+	BB+ to B+	Ba1 to B1	1.42%	1.51%	471	494	1	0	0.47%
	2.50 to < 10.00	B+ to B-	B+ to B-	B1 to B3	4.36%	4.23%	383	332	3	0	0.95%
	10.00 to < 100.00	B- to C	B- to C	B3 to C	11.16%	11.19%	210	189	4	0	1.09%

Notes:

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

CR9: Back-Testing of PD per Portfolio – for IRB Approach as at 31st December, 2023 (continued)

(a)	(b)	(c)			(d)	(e)	(f)		(g)	(h)	(i)
		External rating equivalent					Number of obligors[2]				
Portfolio	PD Range	Standard & Poor's	Fitch	Moody's	Weighted average PD	Arithmetic average PD by obligors	Beginning of the year	End of the year	Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
Retail – Residential mortgage exposures (including individuals and property-holding shell companies)	0.00 to < 0.15				0.10%	0.10%	1,368	1,168	1	0	0.08%
	0.15 to < 0.25				0.20%	0.20%	8,378	7,768	9	0	0.07%
	0.25 to < 0.50				0.00%	0.00%	0	0	0	0	0.00%
	0.50 to < 0.75				0.50%	0.50%	5,368	5,126	11	1	0.15%
	0.75 to < 2.50				1.52%	1.51%	4,548	4,403	23	0	0.29%
	2.50 to < 10.00				4.81%	4.56%	1,327	1,253	25	0	1.94%
	10.00 to < 100.00				19.86%	22.71%	110	131	14	0	11.98%
Retail – Small business retail exposures	0.00 to < 0.15				0.10%	0.10%	2,481	2,117	2	0	0.15%
	0.15 to < 0.25				0.20%	0.20%	3,247	3,264	3	0	0.17%
	0.25 to < 0.50				0.00%	0.00%	0	0	0	0	0.00%
	0.50 to < 0.75				0.50%	0.50%	1,982	1,901	16	0	0.88%
	0.75 to < 2.50				1.50%	1.50%	777	613	8	2	2.05%
	2.50 to < 10.00				6.01%	5.90%	130	175	5	0	5.65%
	10.00 to < 100.00				21.24%	17.69%	128	87	5	0	15.41%
Other retail exposures to individuals	0.00 to < 0.15				0.10%	0.10%	9,869	8,365	0	0	0.04%
	0.15 to < 0.25				0.20%	0.20%	8,710	8,124	4	0	0.14%
	0.25 to < 0.50				0.00%	0.00%	0	0	0	0	0.00%
	0.50 to < 0.75				0.50%	0.50%	5,967	5,085	17	2	0.26%
	0.75 to < 2.50				1.36%	1.49%	3,017	2,725	32	3	0.90%
	2.50 to < 10.00				4.17%	5.11%	1,020	1,174	34	3	2.96%
	10.00 to < 100.00				18.67%	20.46%	387	315	35	1	20.15%

Notes:

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

CR10: Specialized Lending under Supervisory Slotting Criteria Approach and Equities under the Simple Risk-Weight Method – for IRB Approach as at 31st December, 2023

The following table presents quantitative information in respect of specialised lending – HVCRE under the supervisory slotting criteria approach as at 31st December, 2023:

I. *Specialised Lending under supervisory slotting criteria approach – HVCRE*

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

^ Use of preferential risk-weights.

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

CR10: Specialized Lending under Supervisory Slotting Criteria Approach and Equities under the Simple Risk-Weight Method – for IRB Approach as at 31st December, 2023 (continued)

The following table presents quantitative information in respect of specialised lending – other than HVCRE under the supervisory slotting criteria approach as at 31st December 2023:

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

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

^ Use of preferential risk-weights.

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

III. Equity exposures under the simple risk-weight method

The following table presents quantitative information in respect of equity exposures under the simple risk-weight method as at 31st December, 2023:

	(a)	(b)	(c)	(d)	(e)
Categories	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount	RWA
Publicly traded equity exposures	0	0	300%	0	0
All other equity exposures	1,753	0	400%	1,753	7,011
Total	1,753	0		1,753	7,011

CCRA: Qualitative Disclosures related to Counterparty Credit Risk (including those Arising from Clearing through CCPs) as at 31st December, 2023

Counterparty Credit Risk Management

CREDIT RISK FROM INVESTMENT AND TRADING ACTIVITIES

Counterparty credit risk emerges from the potential default of a counterparty during our trading and/or banking activities in derivatives and debt securities. Where possible, trading in OTC derivatives is cleared through Central Clearing Counterparties ("CCP"), and OTC derivative trades that are not centrally cleared shall attract margin requirements in accordance with regulatory requirements. In most cases, bilateral transactions will be governed under ISDA agreements as well as Credit Support Annexes or an equivalent to allow for close-out netting if the counterparty defaults.

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

CREDIT RISK FROM SECURITISATION

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

COUNTERPARTY CREDIT RISK FROM OVER-THE-COUNTER DERIVATIVE TRANSACTIONS AND REPO-STYLE TRANSACTIONS

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

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

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

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

CCR1: Analysis of Counterparty Default Risk Exposures (other than those to CCPs) by Approaches as at 31st December, 2023

The following table presents a comprehensive breakdown of counterparty default risk exposures (other than those to CCPs), RWAs, and, where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs as at 31st December, 2023:

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)	493	1,711		1.4	3,086	988
1a	CEM (for derivative contracts)	0	0		1.4	0	0
2	IMM (CCR) approach			0	0	0	0
3	Simple Approach (for SFTs)					0	0
4	Comprehensive Approach (for SFTs)					636	48
5	VaR (for SFTs)					0	0
6	**Total**						**1,036**

CCR2: CVA Capital Charge as at 31st December, 2023

The following table presents information on portfolios subject to the CVA capital charge and the CVA calculations based on standardised CVA method and advanced CVA method as at 31st December, 2023:

		(a)	(b)
		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method		
1	(i) VaR (after application of multiplication factor if applicable)		0
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		0
3	Netting sets for which CVA capital charge is calculated by the standardised CVA method	3,111	607
4	**Total**	**3,111**	**607**

CCR3: Counterparty Default Risk Exposures (other than those to CCPs) by Asset Classes and by Risk Weights – for STC Approach as at 31st December, 2023

The following table presents a breakdown of default risk exposures as at 31st December, 2023, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach, by asset classes and risk-weights, irrespective of the approach used to determine the amount of default risk exposures:

		(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
	Exposure class / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	0	0	0	0	0	0	0	0	0	0	0
2	PSE exposures	0	0	0	0	0	0	0	0	0	0	0
2a	Of which: domestic PSEs	0	0	0	0	0	0	0	0	0	0	0
2b	Of which: foreign PSEs	0	0	0	0	0	0	0	0	0	0	0
3	Multilateral development bank exposures	0	0	0	0	0	0	0	0	0	0	0
4	Bank exposures	0	0	0	0	0	0	0	0	0	0	0
5	Securities firm exposures	0	0	0	0	0	0	0	0	0	0	0
6	Corporate exposures	0	0	0	0	0	0	0	0	0	0	0
7	CIS exposures	0	0	0	0	0	0	0	0	0	0	0
8	Regulatory retail exposures	0	0	0	0	0	0	0	0	0	0	0
9	Residential mortgage loans	0	0	0	0	0	0	0	0	0	0	0
10	Other exposures which are not past due exposures	0	0	0	0	0	0	32	0	0	0	32
11	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0	0	0
12	**Total**	**0**	**0**	**0**	**0**	**0**	**0**	**32**	**0**	**0**	**0**	**32**

CCR4: Counterparty Default Risk Exposures (other than those to CCPs) by Portfolio and PD Range – for IRB Approach as at 31st December, 2023

The following table presents all the relevant parameters used for the calculation of counterparty default risk capital requirements for exposures subject to the foundation IRB approach (other than those to CCPs) as at 31st December, 2023:

Foundation IRB Approach

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	PD scale	EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
Sovereign	0.00 to < 0.15	185	0.05%	1	45.0%	0.01	14	7.7%
	0.15 to < 0.25	0	0.00%	0	0.0%	0.00	0	0.0%
	0.25 to < 0.50	0	0.00%	0	0.0%	0.00	0	0.0%
	0.50 to < 0.75	0	0.00%	0	0.0%	0.00	0	0.0%
	0.75 to < 2.50	0	0.00%	0	0.0%	0.00	0	0.0%
	2.50 to < 10.00	0	0.00%	0	0.0%	0.00	0	0.0%
	10.00 to < 100.00	0	0.00%	0	0.0%	0.00	0	0.0%
	100.00 (Default)	0	0.00%	0	0.0%	0.00	0	0.0%
	Sub-total	185	0.05%	1	45.0%	0.01	14	7.7%
Bank	0.00 to < 0.15	2,732	0.05%	45	45.0%	0.87	361	13.2%
	0.15 to < 0.25	99	0.19%	5	45.0%	1.49	45	44.8%
	0.25 to < 0.50	61	0.37%	4	45.0%	1.65	41	67.4%
	0.50 to < 0.75	108	0.54%	6	45.0%	1.08	78	72.2%
	0.75 to < 2.50	0	0.00%	4	0.0%	0.00	0	0.0%
	2.50 to < 10.00	0	0.00%	2	0.0%	0.00	0	0.0%
	10.00 to < 100.00	0	0.00%	0	0.0%	0.00	0	0.0%
	100.00 (Default)	0	0.00%	0	0.0%	0.00	0	0.0%
	Sub-total	3,000	0.08%	66	45.0%	0.92	525	17.5%

CCR4: Counterparty Default Risk Exposures (other than those to CCPs) by Portfolio and PD Range – for IRB Approach as at 31st December, 2023 (continued)

Foundation IRB Approach (continued)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	PD scale	EAD post-CRM	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density
Corporate	0.00 to < 0.15	10	0.12%	4	45.0%	1.03	2	24.6%
	0.15 to < 0.25	0	0.00%	0	0.0%	0.00	0	0.0%
	0.25 to < 0.50	60	0.37%	8	45.0%	2.70	44	74.3%
	0.50 to < 0.75	135	0.54%	11	45.0%	1.75	85	63.3%
	0.75 to < 2.50	154	1.24%	29	45.0%	1.15	125	81.2%
	2.50 to < 10.00	133	5.75%	11	45.0%	1.24	185	138.3%
	10.00 to < 100.00	13	11.10%	11	45.0%	1.02	24	183.6%
	100.00 (Default)	0	0.00%	0	0.0%	0.00	0	0.0%
	Sub-total	505	2.37%	74	45.0%	1.51	465	92.2%
Total (sum of all portfolios)		**3,690**	**0.39%**	**141**	**45.0%**	**0.95**	**1,004**	**27.2%**

CCR5: Composition of Collateral for Counterparty Default Risk Exposures (including those for Contracts or Transactions Cleared through CCPs) as at 31st December, 2023

The following table presents a breakdown of all types of collateral posted or recognised collateral received to support or reduce the exposures to counterparty default risk exposures as at 31st December, 2023 in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP:

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	0	0	0	0	0	0
Cash – other currencies	0	94	284	1,000	7,856	0
Debt securities	0	0	0	0	0	8,492
Equity securities	0	0	0	0	0	0
Others	0	0	0	0	0	0
Total	**0**	**94**	**284**	**1,000**	**7,856**	**8,492**

CCR6: Credit-Related Derivatives Contracts as at 31st December, 2023

The following table presents the amount of credit-related derivative contracts as at 31st December, 2023 broken down into credit protection bought and credit protection sold:

	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	1,500	1,500
Index credit default swaps	0	0
Total return swaps	319	319
Credit-related options	0	0
Other credit-related derivative contracts	0	0
Total notional amounts	**1,819**	**1,819**
Fair values		
Positive fair value (asset)	1	4
Negative fair value (liability)	4	1

CCR8: Exposure to CCPs as at 31st December, 2023

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

		(a)	(b)
		Exposure after CRM	RWA
1	**Exposures of the AI as clearing member or client to qualifying CCPs (total)**		793
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	37,794	763
3	(i) OTC derivative transactions	37,772	761
4	(ii) Exchange-traded derivative contracts	22	2
5	(iii) Securities financing transactions	0	0
6	(iv) Netting sets subject to valid cross-product netting agreements	0	0
7	Segregated initial margin	284	
8	Unsegregated initial margin	178	9
9	Funded default fund contributions	56	21
10	Unfunded default fund contributions	0	0
11	**Exposures of the AI as clearing member or client to non-qualifying CCPs (total)**		0
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	0	0
13	(i) OTC derivative transactions	0	0
14	(ii) Exchange-traded derivative contracts	0	0
15	(iii) Securities financing transactions	0	0
16	(iv) Netting sets subject to valid cross-product netting agreements	0	0
17	Segregated initial margin	0	
18	Unsegregated initial margin	0	0
19	Funded default fund contributions	0	0
20	Unfunded default fund contributions	0	0

MRA: Qualitative Disclosures related to Market Risk as at 31st December, 2023

Market risk is the risk of income and/or market value loss due to fluctuations in factors such as interest rates, foreign exchange rates, credit spreads, equity and commodity prices or their volatilities and correlations, arising from both trading and/or banking activities.

Market risks arise primarily from our trading, client servicing and balance sheet management activities.

GOVERNANCE

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

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

MARKET RISK IDENTIFICATION

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

MARKET RISK MEASUREMENTS

Value-At-Risk

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

MRA: Qualitative Disclosures related to Market Risk as at 31st December, 2023 (continued)

MARKET RISK MEASUREMENTS (continued)

Sensitivity Analysis

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

Stress Testing and Scenario Analysis

We perform stress testing and scenario analysis to quantify and assess potential losses arising from low probability unlikely but plausible extreme market conditions. The stress scenarios are regularly reviewed and adjusted fine-tuned to ensure that the relevance they remain relevant to the Group's trading activities, and risk profile, and as well as prevailing current and forecasted economic conditions. These analyses determine if potential losses from such extreme market conditions are within the Group's risk tolerance.

RISK MONITORING AND CONTROL

Limits

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

Model Validation

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

Back-testing

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

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

MR1: Market Risk under Standardised (Market Risk) Approach (STM Approach) as at 31st December, 2023

The table below provides the components of the market risk capital requirements calculated using the STM approach exposures as at 31st December, 2023:

		(a)
		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	8,514
2	Equity exposures (general and specific risk)	0
3	Foreign exchange (including gold) exposures	5,112
4	Commodity exposures	0
	Option exposures	
5	Simplified approach	0
6	Delta-plus approach	0
7	Other approach	0
8	Securitisation exposures	0
9	**Total**	**13,626**

International Claims

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

	2023				
			Non-bank private sector		
	Banks	**Official sector**	**Non-bank financial institutions**	**Non-financial private sector**	**Total**
Offshore centres, of which					
– Hong Kong	**1,200**	**7,201**	**17,637**	**119,582**	**145,620**
– Macau	**0**	**4,205**	**136**	**18,733**	**23,074**
– Singapore	**23,143**	**1**	**207**	**1,040**	**24,391**
Developing Asia-Pacific, of which					
– Mainland China	**29,254**	**15,509**	**26,318**	**35,801**	**106,882**
	53,597	**26,916**	**44,298**	**175,156**	**299,967**

	2022				
			Non-bank private sector		
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
Offshore centres, of which					
– Hong Kong	1,141	7,468	17,151	125,690	151,450
– Macau	311	3,683	110	18,428	22,532
– Singapore	18,640	1	205	723	19,569
Developing Asia-Pacific, of which					
– Mainland China	31,442	9,739	18,741	38,376	98,298
	51,534	20,891	36,207	183,217	291,849

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

Mainland Activities

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

		2023		
		On-balance sheet exposures	**Off-balance sheet exposures**	**Total exposures**
(i)	Central government, central government-owned entities and their subsidiaries and Joint Ventures ("JVs")	**27,784**	**1,528**	**29,312**
(ii)	Local government, local government-owned entities and their subsidiaries and JVs	**7,571**	**3,085**	**10,656**
(iii)	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	**30,300**	**5,872**	**36,172**
(iv)	Other entities of central government not reported in item (i) above	**0**	**116**	**116**
(v)	Other entities of local government not reported in item (ii) above	**197**	**27**	**224**
(vi)	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China	**2,064**	**952**	**3,016**
(vii)	Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures	**3,527**	**210**	**3,737**
	Total	**71,443**	**11,790**	**83,233**
	Total assets after provisions	**336,565**		
	On-balance sheet exposures as a percentage of total assets	**21.23%**		

		2022		
		On-balance sheet exposures	Off-balance sheet exposures	Total exposures
(i)	Central government, central government-owned entities and their subsidiaries and JVs	21,002	1,887	22,889
(ii)	Local government, local government-owned entities and their subsidiaries and JVs	7,374	2,811	10,185
(iii)	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	29,962	5,144	35,106
(iv)	Other entities of central government not reported in item (i) above	2,604	0	2,604
(v)	Other entities of local government not reported in item (ii) above	197	13	210
(vi)	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in the Mainland China	2,094	1,359	3,453
(vii)	Other counterparties where the exposures are considered by the Group to be non-bank Mainland China exposures	3,159	101	3,260
	Total	66,392	11,315	77,707
	Total assets after provisions	320,024		
	On-balance sheet exposures as a percentage of total assets	20.75%		

Capital Buffer

Countercyclical Capital Buffer Ratio

	31st December, 2023	31st December, 2022
Countercyclical capital buffer ratio	**0.538%**	0.527%

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

Capital Conservation Buffer Ratio

Under section 3M of the Banking (Capital) Rules, the capital conservation buffer ratio for calculating the Bank's buffer level is 2.5% for 2023 and 2.5% for 2022.

IRRBBA: Interest Rate Risk in Banking Book as at 31st December, 2023 – Risk Management Objectives and Policies

(a) *Risk management purpose*

Interest rate risk in the banking book ("IRRBB") refers to the current and prospective risk of interest rates to the Bank's capital and earnings. The primary goal of the management of IRRBB is to ensure that interest rate risk exposures are consistent with our risk appetite and maintained within the defined risk tolerances.

(b) *Risk Management strategies*

The Bank's interest rate exposures in the banking book mainly arise from lending, deposit-taking and treasury activities, including investment of surplus fund in debt securities for the purposes of liquidity risk management and optimisation of the Bank's financial position. Interest rate risks arise from interest rate sensitive instruments which are repriced at different times (gap risk), are repriced by referencing different interest rate benchmarks (basis risk), or possess optionality with respect to timing of cashflows or interest reset under different circumstances (optionality risk).

The Bank has established risk management framework to oversee and manage IRRBB. Within the context of Asset Liability Management Framework approved by the board-level RMC, ALCO provides stewardship in managing the Bank's IRRBB profiles. IRRBB arising from commercial loans and deposits are centrally managed by Corporate Treasury and Global Markets. Market Risk Management, acting as a second line of defence, establishes relevant risk management policies and limits in line with the Bank's risk appetite, provides independent assessment, monitoring and reporting of the IRRBB profiles for ALCO and RMC's deliberation. ALCO regularly reviews the market activities and conditions and ensures that effective decision on managing IRRBB are taken and implemented in a timely manner. The Bank's Internal Audit in its role as the third line of defence conducts periodic reviews to ensure the effectiveness of risk management and control processes.

The Bank measures IRRBB from the perspective of both earnings and capital. Net interest income ('NII') sensitivity estimates the potential change in earnings over a one-year horizon, and economic value of equity ('EVE') sensitivity estimates the potential impact on the Bank's capital under various interest rate shock scenarios. Interest rate sensitivity measures such as PV01 and repricing gap profile analysis are also part of the risk metrics employed.

Limits and/or triggers are set based on the Bank's level of earnings and capital. The IRRBB exposures are reported to ALCO on regular basis. The key results are also reported to the board-level RMC on a quarterly basis. Any breach in limits or triggers is immediately reported to the senior management.

IRRBBA: Interest Rate Risk in Banking Book as at 31st December, 2023 – Risk Management Objectives and Policies (continued)

(b) Risk Management strategies (continued)

Interest rate derivatives are commonly used as the hedging instruments to manage IRRBB within risk limits. Hedge accounting is adopted where appropriate to reduce the marked-to-market P&L volatility of the derivatives. For fair value hedges, the Bank uses interest rate swaps and futures to manage the fair value movements of fixed-rate securities. The Bank also uses interest rate swaps to manage the variability in future cash flows due to interest rate movements, these swaps are subject to cash flow hedge accounting treatment.

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

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

(c) Risk measurement frequency

EVE and NII measures are calculated on the Bank's internal stress scenarios monthly or quarterly and the regulatory prescribed scenarios is monitored quarterly. PV01 measure is performed and monitored at least monthly.

(d) Interest rate shock and stress scenarios

EVE and NII sensitivities are simulated for various interest rate shocks scenarios to evaluate the Bank's capital adequacy in withstanding severe interest rate movements. The scenarios include:

Scenarios for EVE and NII monitoring:

- The six standard interest rate shock scenarios prescribed by the HKMA in its Supervisory Policy Manual ("SPM") IR-1 Interest Rate Risk in the Banking Book.
- Internally selected interest rate shock scenarios for the present value measure:
  - Parallel shift in interest rate curves (+/– 100 basis points) for all currencies.
  - The six standard regulatory interest rate shock scenarios prescribed by Monetary Authority of Singapore ("MAS"), the home regulatory of the parent group of the Bank.

IRRBBA: Interest Rate Risk in Banking Book as at 31st December, 2023 – Risk Management Objectives and Policies (continued)

(d) Interest rate shock and stress scenarios (continued)

Additional stress scenarios for banking book:

- Historical and anticipatory interest rate stress scenarios.

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

1. IRRBB is also assessed based on the Bank's internal behavioural models and/or additional internal scenarios. For the measurement of the internal PV01 and EVE, the Bank estimates repricing profiling of its non-maturity deposits ("NMDs"). NMD cohorts are segregated into stable and non-stable portions. The stable volume of deposits is determined based on the volatility of deposit balances using seven years of historical data. Pass Through Rate ("PTR") is assumed to represent the proportion of stable deposits that reprice due to the market rate change (i.e. non-core/rate sensitive portion of stable NMDs). The model assumptions used for HKMA IRRBB reporting are listed in section (g).

2. Conditional Prepayment rate ("CPR") is applied on both fixed and floating rate loans of retail and non-retail customers. Term deposit redemption ratio ("TDRR") is applied on both retail and non-retail fixed rate term deposit. No separate option model is applied on the non-retail exposure.

3. NII sensitivity analysis is based on simulation approach in the risk system based on the constant balance sheet assumption with the maturing or repricing cash flows being replaced with a new identical post shocked deal. The approach is slightly different from the template IRRBB1 which is calculated based on the gaping positions with the remaining repricing/contractual tenors of the instruments for 12 months tenor.

(f) Hedging strategies and accounting treatment

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

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

IRRBBA: Interest Rate Risk in Banking Book as at 31st December, 2023 – Risk Management Objectives and Policies (continued)

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

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

1 Treatment on NMD and managed rate asset

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

2 Balance sheet assumption

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

3 Treatment on repricing cashflow and the commercial margins and spread

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

4 Cashflow slotting on products with optionality

- Prepayment model is applied on retail fixed rate loans which the penalties charged are not sufficient to offset the economic cost. Conditional prepayment rate ("CPR") is calibrated based on the relationship between the historical loan prepayment rate and the age of the loans. The cashflow is adjusted per HKMA IR-1 instruction.

- Fixed rate retail term deposits may be subject to the risk of early withdrawal prior to maturity date. With term deposit redemption ratio ("TDRR") applied, the notional repricing cash flows of the early redeemed term deposits is slotted into the overnight. The TDRR is estimated based on the movement of term deposits from month-end balance sheets using five years historical data.

IRRBBA: Interest Rate Risk in Banking Book as at 31st December, 2023 – Risk Management Objectives and Policies (continued)

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

4 Cashflow slotting on products with optionality (continued)

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

5 Aggregation approach

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

IRRBB1: Quantitative Information on Interest Rate Risk in Banking Book

The values in IRRBB1 below are computed in accordance with the HKMA Return MA(BS)12A (the "Return"). The six interest rate scenarios and currency shifts are defined in the HKMA's SPM IR-1. At the Group level, the following impacts are assessed for each of the prescribed interest rate shock scenarios: (i) change in the economic value of equity (ΔEVE), using a run-off balance sheet and an instantaneous shock; and (ii) the change in net interest income (ΔNII) over a forward-looking rolling 12-month period, using a constant balance sheet assumption and an instantaneous shock. A general description of key modelling parametric assumptions and aggregation rules used for calculating ΔEVE and ΔNII is provided in section (g) of the table IRRBBA.

(in HKD millions)		ΔEVE		ΔNII	
	Period	31st December, 2023	31st December, 2022	31st December, 2023	31st December, 2022
1	Parallel up	2,156	1,610	260	54
2	Parallel down	0	0	(254)	(50)
3	Steepener	10	125		
4	Flattener	708	668		
5	Short rate up	1,369	1,125		
6	Short rate down	0	16		
7	**Maximum**	2,156	1,610	260	54
	Period	31st December, 2023		31st December, 2022	
8	**Tier 1 capital**	40,430		39,968	

The worst scenario for EVE loss remained at the Parallel Up scenario for both 31st December, 2023 and 31st December, 2022. The exposure remained well below the regulatory threshold corresponding to 15% of Tier 1 capital of the Bank (5.3% as of 31st December, 2023 and 4.0% as of 31st December, 2022). The more adverse scenario with regard to NII loss over the next 12 months was the Parallel Up scenario, resulting in potential adverse changes of HK$260m and HK$54m as of 31st December, 2023 and 31st December, 2022 respectively.

The increased in ΔEVE under the Parallel Up scenario was mainly due to booking of receive fixed HKD IRS under cashflow hedge initiative and the increased exposure in USD debt securities portfolio and CNY short term revolving loan. The increase in ΔNII under the Parallel Up scenario was attributed to the increased HKD fixed deposit and CNY repo balance.