

Regulatory Disclosures

31 March 2025



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1. Key prudential ratios, key metrics and overview of RWA

KM1: Key prudential ratios

	(a)	(b)	(c)	(d)	(e)	
	At 31 March 2025	At 31 December 2024	At 30 September 2024	At 30 June 2024	At 31 March 2024	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Regulatory capital (amount)						
1 & 1a	Common Equity Tier 1 (CET1)	281,204	266,651	280,004	261,872	256,822
2 & 2a	Tier 1	281,204	266,651	280,004	261,872	256,822
3 & 3a	Total capital	306,439	292,980	307,164	289,609	284,910
RWA (amount)						
4	Total RWA	1,196,007	1,331,828	1,371,663	1,306,227	1,293,876
4a	Total RWA (pre-floor)	1,196,007	Not applicable	Not applicable	Not applicable	Not applicable
Risk-based regulatory capital ratios (as a percentage of RWA)						
5 & 5a	CET1 ratio (%)	23.51%	20.02%	20.41%	20.05%	19.85%
5b	CET1 ratio (%) (pre-floor ratio)	23.51%	Not applicable	Not applicable	Not applicable	Not applicable
6 & 6a	Tier 1 ratio (%)	23.51%	20.02%	20.41%	20.05%	19.85%
6b	Tier 1 ratio (%) (pre-floor ratio)	23.51%	Not applicable	Not applicable	Not applicable	Not applicable
7 & 7a	Total capital ratio (%)	25.62%	22.00%	22.39%	22.17%	22.02%
7b	Total capital ratio (%) (pre-floor ratio)	25.62%	Not applicable	Not applicable	Not applicable	Not applicable
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 (%)	0.418%	0.422%	0.820%	0.823%	0.817%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	1.500%	1.500%	1.500%	1.500%	1.500%
11	Total AI-specific CET1 buffer requirements (%)	4.418%	4.422%	4.820%	4.823%	4.817%
12	CET1 available after meeting the AI's minimum capital requirements (%)	17.51%	14.00%	14.39%	14.05%	13.85%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	3,930,081	3,915,413	3,893,039	3,720,479	3,611,243
13a	LR exposure measure based on mean values of gross assets of SFTs	3,917,659	Not applicable	Not applicable	Not applicable	Not applicable
14, 14a & 14b	LR (%)	7.16%	6.81%	7.19%	7.04%	7.11%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	7.18%	Not applicable	Not applicable	Not applicable	Not applicable
Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)						
Applicable to category 1 institutions only:						
15	Total high quality liquid assets (HQLA)	1,434,598	1,150,171	1,166,618	1,216,472	1,218,966
16	Total net cash outflows	630,831	575,682	520,427	511,109	561,604
17	LCR (%)	231.50%	201.06%	231.81%	250.58%	223.79%
Applicable to category 2 institutions only:						
17a	LMR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)						
Applicable to category 1 institutions only:						
18	Total available stable funding	2,196,305	2,151,966	2,133,439	2,068,035	2,064,238
19	Total required stable funding	1,561,372	1,517,285	1,520,766	1,467,119	1,470,716
20	NSFR (%)	140.67%	141.83%	140.29%	140.96%	140.36%
Applicable to category 2A institutions only:						
20a	CFR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

The risk-based regulatory capital ratios at 31 March 2025 were calculated based on regulatory capital and RWA after the implementation of Basel III Final Reform Package.

1. Key prudential ratios, key metrics and overview of RWA (continued)

KM2(A): Key metrics – LAC requirements for material subsidiaries (at LAC consolidation group level)

		(a)	(b)	(c)	(d)	(e)
		At 31 March 2025	At 31 December 2024	At 30 September 2024	At 30 June 2024	At 31 March 2024
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Of the material entity at LAC consolidation group level						
1	Internal loss-absorbing capacity available	379,656	364,962	384,920	364,905	359,987
2	Risk-weighted amount under the LAC Rules	1,196,007	1,331,828	1,371,663	1,306,227	1,293,876
3	Internal LAC risk-weighted ratio	31.74%	27.40%	28.06%	27.94%	27.82%
4	Exposure measure under the LAC Rules	3,930,081	3,915,413	3,893,039	3,720,479	3,611,243
5	Internal LAC leverage ratio	9.66%	9.32%	9.89%	9.81%	9.97%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Footnote:

¹ The subordination exemptions under Section 11 of the Financial Stability Board (“FSB”) Total Loss-absorbing Capacity Term Sheet (“TLAC Term Sheet”) do not apply in Hong Kong under the LAC Rules.

1. Key prudential ratios, key metrics and overview of RWA (continued)

KM2(B): Key metrics – TLAC requirements for non-HK resolution entity (at resolution group level)

	(a)	(b)	(c)	(d)	(e)	
	At 31 March 2025	At 31 December 2024 ¹	At 30 September 2024 ¹	At 30 June 2024 ¹	At 31 March 2024 ¹	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Of the non-HK resolution entity at resolution group level						
1	External loss-absorbing capacity available	4,454,068	3,816,685	3,958,439	3,748,380	3,712,288
2	Total risk-weighted amount under the relevant non-HK LAC regime	21,485,895	20,342,786	20,817,473	19,824,182	20,041,798
3	External loss-absorbing capacity as a percentage of risk-weighted amount	20.73%	18.76%	19.01%	18.91%	18.52%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	40,478,627	38,829,513	39,566,157	37,862,246	38,165,510
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	11.00%	9.83%	10.00%	9.90%	9.73%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	Not applicable	Not applicable	Not applicable	Not applicable
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	Not applicable	Not applicable	Not applicable	Not applicable
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Footnote:

¹ The relevant non-HK LAC regime in the non-HK jurisdiction is not yet implemented and that the values for rows 1 to 5 are reported on the regulatory capital regime of the non-HK jurisdiction as proxies.

1. Key prudential ratios, key metrics and overview of RWA (continued)

OV1: Overview of RWA

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		At 31 March 2025	At 31 December 2024	At 31 March 2025
		HK\$m	HK\$m	HK\$m
1	Credit risk for non-securitization exposures	1,020,878	1,054,036	81,670
2	Of which STC approach	112,661	94,691	9,013
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	775,805	833,087	62,064
4	Of which supervisory slotting criteria approach	2,459	2,318	197
5	Of which advanced IRB approach	-	-	-
5a	Of which retail IRB approach	71,616	66,376	5,729
5b	Of which specific risk-weight approach	58,337	57,564	4,667
6	Counterparty credit risk and default fund contributions	22,182	22,106	1,775
7	Of which SA-CCR approach	21,678	21,457	1,734
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	504	649	41
10	CVA risk	8,527	8,927	682
11	Equity positions in banking book under the simple risk-weight method and internal models method	Not applicable	Not applicable	Not applicable
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	-	-	-
13	CIS exposures – mandate-based approach	-	-	-
14	CIS exposures – fall-back approach	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	88,333	80,009	7,067
21	Of which STM approach	88,333	5,645	7,067
22	Of which IMA	-	74,364	-
22a	Of which SSTM approach	-	Not applicable	-
23	Capital charge for moving exposures between trading book and banking book	-	Not applicable	-
24	Operational risk	71,065	120,026	5,686
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	7,229	11,059	578
26	Output floor level applied	50%	Not applicable	
27	Floor adjustment (before application of transitional cap)	-	-	
28	Floor adjustment (after application of transitional cap)	Not applicable	Not applicable	Not applicable
28a	Deduction to RWA	22,207	23,025	1,777
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	39	-	3
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	22,168	23,025	1,774
29	Total	1,196,007	1,273,138	95,681

Compared with 31 December 2024, the reduction in RWA of credit risk for non-securitisation exposures was mainly due to implementation of Basel III Final Reform Package.

2. Leverage ratio

LR2: Leverage ratio

		At 31 March 2025	At 31 December 2024
		(a)	(b)
		HK\$m	HK\$m
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	3,673,540	3,599,592
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	-	-
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(7,448)	(182)
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	-	-
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(16,054)	(15,215)
6	Less: Asset amounts deducted in determining Tier 1 capital	(49,555)	(51,257)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	3,600,483	3,532,938
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	10,327	17,341
9	Add-on amounts for PFE associated with all derivative contracts	55,271	47,101
10	Less: Exempted CCP leg of client-cleared trade exposures	-	-
11	Adjusted effective notional amount of written credit-related derivative contracts	-	-
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	-	-
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)	65,598	64,442
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	78,167	129,122
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	20,064	20,046
17	Agent transaction exposures	-	-
18	Total exposures arising from SFTs (sum of rows 14 to 17)	98,231	149,168
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	879,724	857,124
20	Less: Adjustments for conversion to credit equivalent amounts	(713,642)	(687,909)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(313)	(350)
22	Off-balance sheet items (sum of rows 19 to 21)	165,769	168,865
Capital and total exposures			
23	Tier 1 capital	281,204	266,651
24	Total exposures (sum of rows 7, 13, 18 and 22)	3,930,081	3,915,413
Leverage ratio			
25 & 25a	Leverage ratio	7.16%	6.81%
26	Minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	Not applicable	Not applicable

2. Leverage ratio (continued)

LR2: Leverage ratio (continued)

		At 31 March 2025	At 31 December 2024
		(a)	(b)
		HK\$m	HK\$m
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	65,745	Not applicable
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	78,167	Not applicable
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	3,917,659	Not applicable
31 & 31a	Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	7.18%	Not applicable

3. Liquidity

LIQ1: Liquidity Coverage Ratio – for category 1 institution

Number of data points used in calculating the average value of the LCR and related components set out in this template: (74)		For the quarter ended 31 March 2025	
		(a)	(b)
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)
		HK\$'m	HK\$'m
A. HQLA			
1	Total HQLA		1,434,598
B. Cash Outflows			
2	Retail deposits and small business funding, of which:	1,325,460	75,315
3	<i>Stable retail deposits and stable small business funding</i>	479,148	14,374
4	<i>Less stable retail deposits and less stable small business funding</i>	362,087	36,209
4a	<i>Retail term deposits and small business term funding</i>	484,225	24,732
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	1,533,135	675,420
6	<i>Operational deposits</i>	393,686	96,279
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	1,139,449	579,141
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	-	-
9	Secured funding transactions (including securities swap transactions)		740
10	Additional requirements, of which:	452,155	75,086
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	26,783	26,387
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	425,372	48,699
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	100,705	100,705
15	Other contingent funding obligations (whether contractual or non-contractual)	453,970	4,658
16	Total Cash Outflows		931,924
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	17,912	6,160
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	315,028	209,630
19	Other cash inflows	94,213	85,303
20	Total Cash Inflows	427,153	301,093
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		1,434,598
22	Total Net Cash Outflows		630,831
23	LCR (%)		231.50%

3. Liquidity (continued)

LIQ1: Liquidity Coverage Ratio – for category 1 institution (continued)

Notes:

- The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.
- The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.
- The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.
- The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

The Group's average LCR of the first quarter in 2025 was 231.50%, continuously maintained at stable and healthy level.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks and non-financial corporate debt securities. The majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposits which are the Group's primary source of funds, together with deposits and balances from banks and other financial institutions. To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market or by issuing debts in the capital market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, had a minimal impact to the LCR.

The majority of the Group's customer deposits are denominated in HKD, USD and RMB. As the supply of HQLA denominated in HKD in the market is relatively limited, the Group exchanges surplus funds in HKD for USD and other currencies through swap transactions, part of which being used for investment in HQLA.

4. Credit risk for non-securitization exposures

CR8: RWA flow statements of credit risk exposures under IRB approach

		(a)
		HK\$m
1	RWA as at 31 December 2024	959,345
2	Asset size	19,291
3	Asset quality	6,773
4	Model updates	-
5	Methodology and policy	(80,077)
6	Acquisitions and disposals	-
7	Foreign exchange movements	2,885
8	Other	-
9	RWA as at 31 March 2025	908,217

Due to implementation of Basel III Final Reform Package on 1 January 2025, credit RWA decreased by HK\$80,077 million in the first quarter of 2025.

5. Counterparty credit risk

CCR7: RWA flow statements of default risk exposures under IMM(CCR) approach

The Group did not use IMM(CCR) approach to measure default risk exposures as at 31 March 2025.

6. Credit valuation adjustment risk

CVA4: RWA flow statements of CVA risk exposures under standardized CVA approach

The Group did not use standardised CVA approach to calculate CVA risk capital charges as at 31 March 2025.

7. Market risk

MR2: Market risk under IMA

The Group did not use IMA to calculate market risk capital charge as at 31 March 2025.

8. Comparison of modelled and standardized RWAs

CMS1: Comparison of modelled and standardized RWAs at risk level

		At 31 March 2025			
		(a)	(b)	(c)	(d)
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for portfolios where standardized approaches are used	Total actual RWA (a + b) (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardized approach (i.e. used in the computation of the output floor)
		HK\$m	HK\$m	HK\$m	HK\$m
1	Credit risk for non-securitization exposures	908,217	112,661	1,020,878	1,498,077
2	Counterparty credit risk and default fund contributions	19,047	3,135	22,182	21,821
3	CVA risk		8,527	8,527	9,569
4	Securitization exposures in banking book	-	-	-	-
5	Market risk	-	88,333	88,333	88,333
6	Operational risk		71,065	71,065	71,065
7	Residual RWA	-	7,229	7,229	7,229
8	Total	927,264	290,950	1,218,214	1,696,094