The Bank of East Asia, Limited
東亞銀行有限公司

Banking Disclosure Statement
For the period ended
31 March 2025

(Unaudited)

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BEA東亞銀行

The Bank of East Asia, Limited
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Introduction

Purpose

The information contained in this document is for The Bank of East Asia, Limited ("the Bank") and its subsidiaries (together "the Group"), and is prepared in accordance with the Banking (Disclosure) Rules ("BDR"), Part 6 of the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules ("LAC Rules"), and disclosure templates issued by the Hong Kong Monetary Authority ("HKMA").

These banking disclosures are governed by the Group's disclosure policy, which has been approved by 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 the basis of regulatory scope of consolidation specified by the HKMA to the Bank. The basis of consolidation for regulatory purposes is different from that for accounting purposes.

The banking disclosure statement

The HKMA has implemented the Pillar 3 disclosure framework developed by the Basel Committee on Banking Supervision ("BCBS") and incorporated the BCBS Pillar 3 disclosure requirements in the latest BDR. These disclosures are supplemented by specific additional requirements of the HKMA set out in the BDR and the LAC Rules. The banking disclosure statement includes the information required under the BDR and the LAC Rules.

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

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Template KM1 - Key prudential ratios

	(HK$ million)	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	86,995	85,828	86,681	84,351	85,280
2 & 2a	Tier 1	92,016	90,849	91,701	94,441	95,369
3 & 3a	Total capital	109,466	108,372	109,245	112,224	107,849
	RWA (amount)					
4	Total RWA	360,278	486,099	488,569	491,847	471,911
4a	Total RWA (pre-floor)	360,278	N/A	N/A	N/A	N/A
	Risk-based regulatory capital ratios (as a percentage of RWA)[1]					
5 & 5a	CET1 ratio (%)	24.15%	17.66%	17.74%	17.15%	18.07%
5b	CET1 ratio (%) (pre-floor ratio)	24.15%	N/A	N/A	N/A	N/A
6 & 6a	Tier 1 ratio (%)	25.54%	18.69%	18.77%	19.20%	20.21%
6b	Tier 1 ratio (%) (pre-floor ratio)	25.54%	N/A	N/A	N/A	N/A
7 & 7a	Total capital ratio (%)	30.38%	22.29%	22.36%	22.82%	22.85%
7b	Total capital ratio (%) (pre-floor ratio)	30.38%	N/A	N/A	N/A	N/A
	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 (%)	0.313%	0.305%	0.498%	0.486%	0.484%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	2.813%	2.805%	2.998%	2.986%	2.984%
12	CET1 available after meeting the AI's minimum capital requirements (%)	19.54%	12.69%	13.24%	12.65%	13.57%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	892,886	928,662	923,080	916,589	896,328
13a	LR exposure measure based on mean values of gross assets of SFTs	900,541	N/A	N/A	N/A	N/A
14, 14a & 14b	LR (%)	10.31%	9.78%	9.93%	10.30%	10.64%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	10.22%	N/A	N/A	N/A	N/A
	Liquidity Coverage Ratio (LCR)					
15	Total high quality liquid assets (HQLA)[2]	100,782	102,108	91,560	87,458	89,677
16	Total net cash outflows	53,710	50,696	37,915	32,463	43,593
17	LCR (%)	190.32%	204.62%	247.00%	271.03%	213.12%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	598,792	594,979	598,191	596,245	589,173
19	Total required stable funding	474,630	471,563	476,368	474,640	466,581
20	NSFR (%)	126.16%	126.17%	125.57%	125.62%	126.27%

[1] Compared to 31 December 2024, the increase in capital ratios in March 2025 was mainly due to the decrease in RWA resulting from the implementation of the Basel III final reform effective on 1 January 2025.

[2] The movement of total high quality liquid assets (HQLA) between the periods was mainly contributed by the fluctuation in the average holding of central bank reserve and exchange funds bills and notes in level 1 HQLA.

Template OV1: Overview of RWA

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 31 March 2025 and 31 December 2024 respectively:

		(a)	(b)	(c)
		RWA		Minimum capital requirements[1]
(HK$ million)		31 Mar 2025	31 Dec 2024[2]	31 Mar 2025
1	**Credit risk for non-securitization exposures**	**310,448**	**371,689**	**24,836**
2	Of which STC approach	42,908	27,121	3,432
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	201,909	325,027	16,153
4	Of which supervisory slotting criteria approach	20,459	19,541	1,637
5	Of which advanced IRB approach	0	0	0
5a	Of which retail IRB approach	26,735		2,139
5b	Of which specific risk-weight approach	18,437		1,475
6	**Counterparty credit risk and default fund contributions**	**3,811**	**6,416**	**305**
7	Of which SA-CCR approach	3,587	5,807	287
7a	Of which CEM	0	0	0
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	224	609	18
10	CVA risk	1,350	2,103	108
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	13,728	N/A
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	1,607	2,076	128
13	CIS exposures – mandate-based approach	289	304	23
14	CIS exposures – fall-back approach	134	133	11
14a	CIS exposures – combination of approaches	0	0	0
15	Settlement risk	0	0	0
16	**Securitization 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**	**7,822**	**4,878**	**626**
21	Of which STM approach	7,822	205	626
22	Of which IMA	0	4,673	0
22a	Of which SSTM approach	0		0
23	Capital charge for moving exposures between trading book and banking book	0	N/A	0
24	Operational risk	25,453	40,572	2,036
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	12,131	12,031	970
26	Output floor level applied	50%		
27	Floor adjustment (before application of transitional cap)	0	12,180	
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	**Deduction to RWA**	**2,767**	**2,767**	**221**
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	0	0

Template OV1: Overview of RWA (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements[1]
		31 Mar 2025	31 Dec 2024[2]	31 Mar 2025
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	2,767	2,767	221
29	**Total**	**360,278**	**463,343**	**28,822**

1. Minimum capital requirement represents the amount of capital required to be held for that risk based on its RWAs multiplied by 8%.
2. The Basel III final reform is effective on 1 January 2025 in Hong Kong. Therefore, RWAs for position of March 2025 is under current regime, while that for position of December 2024 is under previous regime, with its Credit RWA under IRB approach before the application of 1.06 scaling factor.

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Template LR2: Leverage ratio ("LR")

		(HK$ million)	
		At 31 Mar 2025	At 31 Dec 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	852,953	842,794
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	(230)	-
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	(6,622)	(6,515)
6	Less: Asset amounts deducted in determining Tier 1 capital	(10,526)	(10,665)
7	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	835,575	825,614
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)	2,714	8,718
9	Add-on amounts for PFE associated with all derivative contracts	6,525	11,568
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**	9,239	20,286
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	12,734	32,200
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	20	526
17	Agent transaction exposures	-	-
18	**Total exposures arising from SFTs**	12,754	32,726
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	149,179	327,523
20	Less: Adjustments for conversion to credit equivalent amounts	(113,767)	(277,355)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(94)	(132)
22	**Off-balance sheet items**	35,318	50,036
Capital and total exposures			
23	**Tier 1 capital**	92,016	90,849
24	**Total exposures**	892,886	928,662
Leverage ratio			
25 & 25a	**Leverage ratio**	**10.31%**	**9.78%**
26	**Minimum leverage ratio requirement**	**3.00%**	**3.00%**
27	**Applicable leverage buffers**	**N/A**	**N/A**

Template LR2: Leverage ratio ("LR") (continued)

		(HK$ million)	
		At 31 Mar 2025	**At 31 Dec 2024**
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts associated cash payables and cash receivables	20,389	N/A
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	12,734	N/A
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)	900,541	N/A
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)	10.22%	N/A

Template LIQ1: Liquidity Coverage Ratio ("LCR")

	(HK$ million)	Quarter ending on 31 March 2025		Quarter ending on 31 December 2024	
	Number of data points used in calculating the average value of the LCR and related components set out in this template	73		75	
	Basis of disclosure: consolidated	**Unweighted value** (average)	**Weighted value** (average)	**Unweighted value** (average)	**Weighted value** (average)
A.	**High Quality Liquid Assets (HQLA)**				
1	Total HQLA		115,997		117,021
B.	**Cash Outflows**				
2	Retail deposits and small business funding, of which:	372,388	26,561	359,777	25,152
3	*Stable retail deposits and stable small business funding*	57,045	1,745	55,069	1,687
4	*Less stable retail deposits and less stable small business funding*	180,970	18,097	164,603	16,460
4a	*Retail term deposits and small business term funding*	134,373	6,719	140,105	7,005
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the institution, of which:	120,574	63,258	126,251	66,563
6	*Operational deposits*	0	0	0	0
7	*Unsecured wholesale funding (other than small business funding) not covered in row 6*	116,357	59,041	122,795	63,107
8	*Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period*	4,217	4,217	3,456	3,456
9	Secured funding transactions (including securities swap transactions)		442		548
10	Additional requirements, of which:	119,008	18,518	120,928	18,067
11	*Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements*	5,292	5,292	5,202	5,202
12	*Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions*	0	0	0	0
13	*Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)*	113,716	13,226	115,726	12,865
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	9,753	9,753	9,492	9,492
15	Other contingent funding obligations (whether contractual or non-contractual)	175,885	2,445	164,465	2,459
16	**Total Cash Outflows**		120,977		122,281
C.	**Cash Inflows**				
17	Secured lending transactions (including securities swap transactions)	7,430	5,614	8,415	7,004
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	103,568	55,381	103,152	58,109
19	Other cash inflows	6,549	6,272	6,790	6,472
20	**Total Cash Inflows**	117,547	67,267	118,357	71,585
D.	**Liquidity Coverage Ratio**		**Adjusted value**		**Adjusted value**
21	**Total HQLA**		100,782		102,108
22	**Total Net Cash Outflows**		53,710		50,696
23	**LCR (%)**		190.32%		204.62%

This is the standard disclosure template that a category 1 institution must use for the purposes of making its liquidity information disclosures under section 16FK or 103A (where applicable) of the Banking (Disclosure) Rules.

Template LIQ1: Liquidity Coverage Ratio ("LCR") (continued)

Main drivers of LCR results

The Liquidity Coverage Ratio ("LCR"), which came into effect on 1st January, 2015, promotes the short-term resilience of the Group's liquidity risk by requiring that the Group holds sufficient high quality liquid assets ("HQLAs") to survive under a pre-defined stress scenario over a period of 30 days. It is expressed as a percentage, of the amount of a category 1 institution's HQLAs to the amount of the institution's "total net cash outflows" over 30 calendar days. The Banking (Liquidity) Rules require that Group meets the minimum LCR of not less than 100% starting from 1st January, 2019.

The total net cash outflows is the total cash outflows offset by the total cash inflows. Total cash outflows mainly consist of customer deposits which are the Group's main source of stable funding. Total cash inflows mainly come from maturing assets such as money market placements, loans and securities within 30 calendar days.

The Group's LCR is well above the regulatory limit of 100% throughout the first quarter of 2025. The average LCR decreased from 205% for the forth quarter of 2024 to 190% for the first quarter of 2025 mainly resulted from comparably higher average net cash outflows and lower average holding of high quality liquid assets. Overall, there was no material adverse fluctuation in the average LCR across the last five quarters.

Composition of HQLA

The HQLAs for fulfilling the LCR consist of cash, exchange fund bills and notes, high quality government debt securities and other equivalent liquid marketable assets. The majority of HQLAs are denominated in Hong Kong dollars. The classification of HQLAs among level 1, 2A or 2B is based on the credit rating of securities and a number of market factors in determining the degree of readiness of monetizing the assets in short period of time. The Group's liquid assets are predominately classified as level 1 assets.

Concentration of Funding Sources

The Group has strengthened the deposit base by retaining loyal customers and maintaining customer relationships. The Group balances funding among retail, small business, and wholesale funding to avoid concentration in any one source. Professional markets are accessed through the issuance of certificates of deposit, medium-term notes, subordinated debt, money market placement, and borrowing for the purposes of providing additional funding, maintaining a presence in local money markets, and optimizing asset and liability maturities.

Currency mismatch in the LCR

Majority of the Group's customer deposits are denominated in HKD, USD and RMB. The Bank held an amount of HKD-denominated level 1 assets that was not less than 20% of its HKD-denominated total net cash outflows. The Group manages the composition of its HQLA by currency through funding swaps. There is no significant currency mismatch in the Bank's LCR at respective levels of consolidation.

Degree of centralization of liquidity management

The Asset and Liability Management Committee is delegated by the Board to oversee the Group's liquidity risk management. The Asset and Liability Management Committee sets the strategy, policy, and limits for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Regular meetings are held to review the compliance status of the monitoring matrix established and the need for any change in strategy and policy. Liquidity is managed daily by the Capital Markets & Liquidity Management Department under the Treasury Markets Division of the Group within the set limits. The Market & Liquidity Risk Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to liquidity risk. The Internal Audit Division performs periodic reviews to ensure that the liquidity risk management functions are carried out effectively.

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

The following table presents a flow statement explaining variations in the RWA for credit risk determined under the IRB approach for the period from 31 December 2024 to 31 March 2025:

(HK$ million)		(a) Amount
1	**RWA as at end of previous reporting period**	**370,327**
2	Asset size	(3,401)
3	Asset quality	3,649
4	Model updates	0
5	Methodology and policy	(102,580)
6	Acquisitions and disposals	0
7	Foreign exchange movements	1,575
8	Other	0
9	**RWA as at end of reporting period**	**269,570**

The decrease in Credit RWA during the quarter was mainly due to the implementation of the Basel III final reforms effective 1 January 2025 in Hong Kong.

Template CMS1: Comparison of modelled and standardized RWAs at risk level

		(a)	(b)	(c)	(d)
		RWA			
	(HK$ million)	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)
1	Credit risk for non-securitization exposures	267,540	42,908	310,448	566,440
2	Counterparty credit risk and default fund contributions	2,189	1,622	3,811	4,425
3	CVA risk		1,350	1,350	1,350
4	Securitization exposures in banking book	0	0	0	0
5	Market risk	0	7,822	7,822	7,822
6	Operational risk		25,453	25,453	25,453
7	Residual RWA	2,030	12,131	14,161	14,161
8	**Total**	**271,759**	**91,286**	**363,045**	**619,651**

The major differences between the RWA calculated under the model-based approach and the full standardized approach are mainly arisen from the corporate exposures and retail - residential mortgage exposures under credit risk for non-securitization exposures.

The RWA for credit risk calculated under the model-based approach is based on the IRB approach. For corporate exposures, the PD model considers obligors' financial information and expert qualitative assessment, and calibrated to the long-run default rates from the Group's internal data. For retail - residential mortgage exposures, the PD model considers mortgage scheme type, borrower type and delinquency status, and calibrated to the long-run default rates from the Group's internal data. The LGD model considers the Bank's internal loss and recovery data, with the downturn LGD estimated by adjusting the LGD with reference to the historical highest drop in Hong Kong Private Domestic Price Index. While the RWA calculated under the full standardized approach is based on supervisory risk weights.

Template KM2: Key metrics – LAC requirements for resolution entities (at LAC consolidation group level)

	(HK$ million)	31 Mar 2025	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024
Of the resolution entity at LAC consolidation group level						
1	External loss-absorbing capacity available	119,164	118,046	118,914	121,941	117,580
2	Risk-weighted amount under the LAC Rules	360,278	486,099	488,569	491,847	471,911
3	External LAC risk-weighted ratio	33.08%	24.28%	24.34%	24.79%	24.92%
4	Exposure measure under the LAC Rules	892,886	928,662	923,080	916,589	896,328
5	External LAC leverage ratio	13.35%	12.71%	12.88%	13.30%	13.12%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?[1]	N/A	N/A	N/A	N/A	N/A
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?[1]	N/A	N/A	N/A	N/A	N/A
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]	N/A	N/A	N/A	N/A	N/A

Footnote:

1 The subordination exemptions under Section 11 of the FSB TLAC Term Sheet do not apply in Hong Kong under the LAC Rules.

Glossary

Abbreviations	Descriptions
AI	Authorised Institution
BSC Approach	Basic Approach
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CEM	Current Exposure Method
CIS	Collective Investment Scheme
CRC	Comprehensive Risk Charge
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorised Institution
FBA	Fall-back Approach
FSB	Financial Stability Board
G-SIB	Global Systemically Important Authorised Institution
IAA	Internal Assessment Approach
IMM (CCR) Approach	Internal Models (Counterparty Credit Risk) Approach
IRB Approach	Internal Ratings-Based Approach
IRC	Incremental Risk Charge
LAC	Loss-absorbing Capacity
LGD	Loss Given Default
LTA	Look-through Approach
MBA	Mandate-based Approach
PD	Probability Of Default
PFE	Potential Future Exposure
RW	Risk Weight
RWA	Risk-Weighted Amount
SA-CCR Approach	Standardised Approach for measuring Counterparty Credit Risk Exposures
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-Back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
STC Approach	Standardized (Credit Risk) Approach
STM Approach	Standardized (Market Risk) Approach
TLAC	Total Loss-absorbing Capacity
VaR	Value-at-Risk