

香港存款保障委員會
HONG KONG DEPOSIT
PROTECTION BOARD

The 15th Anniversary of the DPS

LASTING PROTECTION

in an **Ever-changing World**



Annual Report **2021-2022**

HONG KONG DEPOSIT PROTECTION BOARD

The Hong Kong Deposit Protection Board is a statutory body established under the Deposit Protection Scheme Ordinance to oversee the operations of the Deposit Protection Scheme. The objectives of the Scheme are to protect depositors and to help maintain the stability of Hong Kong's banking system.

The Board's mission is to ensure that an efficient and effective Deposit Protection Scheme is in place in accordance with the Ordinance and in line with international best practices.



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CONTENTS



2 Message from the Chairman



4 Deposit Protection Scheme at a Glance



5 About the Hong Kong Deposit Protection Board

- 5 Overview
- 8 The Board and its Committee and Advisory Panel
- 12 Corporate Governance
- 14 Organisational Structure



15 Scheme Operations

- 15 Scheme Members' Profile and Protected Deposits
- 16 Review of the DPS
- 17 Payout Readiness
- 20 Deposit Protection Scheme Fund
- 22 Reinforcing Public Awareness and Understanding of the DPS
- 29 Compliance with the Representation Rules
- 29 Relationships with Other Safety Net Players



31 Independent Auditor's Report



34 Statement of Accounts of the Deposit Protection Scheme Fund



60 Annex: List of Scheme Members as at 31 March 2022



Message from the Chairman

In September 2021, the Hong Kong Deposit Protection Board (the Board) celebrated the 15th Anniversary of the launch of the Deposit Protection Scheme (DPS). Over the years, the Board has overseen some significant enhancements to the scheme. In particular, the protection limit provided by the DPS was raised from HK\$100,000 to HK\$500,000 in 2011, where it remains today. In 2016, the scheme moved to adopt a gross payout approach in the compensation calculation process, reducing the target payout time frame from 42 days to just seven. These initiatives expanded the protection offered to bank depositors in Hong Kong, and significantly enhanced the responsiveness of the DPS to a payout situation.

In June 2021, we further expedited the compensation process by launching new electronic payment channels to supplement traditional paper cheques. Now, in the case of a bank failure, depositors can receive compensation by direct bank transfer (if they hold accounts with one of the Board's designated payout agent banks), or via the Faster Payment System (FPS). This enhancement has brought a further level of convenience and efficiency to the DPS system.

A new electronic payout system is only as good as its execution. Recognising this, in November last year we carried out a payout rehearsal designed to test

the various electronic payment channels available, and to evaluate the effect on a payout of contingency arrangements implemented due to the COVID-19 pandemic. I am pleased to report that the rehearsal provided clear evidence that using electronic payment channels could reduce the payout time by one to two days compared with the time required for issuing paper cheques. Even in situations where pandemic business contingency plans were implemented, electronic payment could still be completed within the Board's target period of seven days.

Over the years, one of the Board's key missions has been to build and maintain a high level of public awareness of, and confidence in, the DPS. We monitor the level of public awareness annually, and can report that it has gradually risen over the years, from 66% in the early years of the DPS to around 79% in recent years. This strong level of awareness has been maintained despite disruptions





to our promotional and outreach efforts in the past two years due to the pandemic. Although many of our face-to-face publicity and community engagement initiatives had to be cancelled in 2021, this prompted the Board to explore new modes and methods of reaching out to the public, especially via digital channels and social media platforms. Our recent “Street Interviews” and “E-stamps Collection” campaigns are good examples of online initiatives that have proved highly successful in attracting attention and educating the public on the DPS and its benefits.

We have also aimed to ensure that the DPS remains in line with international best practices in deposit insurance, including through periodic reviews. In 2021, the Board completed a self-assessment exercise on the compliance of the DPS with the International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems. These principles relate to key features of deposit insurance systems such as deposit insurance coverage, funding and governance, reimbursement speed, and crisis preparedness and management. Our self-assessment found that the DPS is largely in compliance with the IADI Core Principles, with just a few areas requiring further research and analysis. The Board also engaged an external consultant to conduct an independent review of the DPS to ensure that it remains effective.

The fifth wave of the COVID-19 pandemic, which began to affect Hong Kong in January 2022, has taken a significant economic toll on many. As the guardian of bank deposits in Hong Kong, the Board recognises that it has an important role to play in reassuring the public and businesses of the safety of their bank deposits. We have a number of initiatives lined up for the year ahead aimed at maintaining high public confidence in the banking system, and ensuring that the Board can respond promptly and efficiently in any payout situation.

Our three-year communications strategy is an important cornerstone in our efforts to maintain a high level of public understanding of, and confidence in, the DPS. This year, that strategy will see us rolling out a range of publicity and educational campaigns for all age groups, with a special focus on young depositors.

We are also planning to conduct a comprehensive payout drill with members of the banking sector in the year. The aim of this is to ensure that all parties are familiar with the payout procedures, and can implement them without delay. There will be a special focus on using FPS to compensate depositors.

We also expect the independent review of the DPS to be concluded in the first half of this year. We will consider any recommendations made in the review, and look closely at ways to further enhance the DPS so that it remains optimally effective and in line with international best practices.

With this report, I come to the end of my six-year term as Chairman of the Board. I would like here to extend my support and best wishes to my successor, Ms Connie Lau. My warmest thanks also go out to the Board and Advisory Panel Members for their valuable support over the past year, and especially the service of those who have retired after completing their terms. Sincere thanks are also due to our major stakeholders, and of course to the Board’s loyal staff.

Professor HUI King-man, Michael, MH
Chairman

Hong Kong Deposit Protection Board



Deposit Protection Scheme at a Glance

- The Deposit Protection Scheme (DPS) is a statutory scheme established to protect bank depositors. All licensed banks, including virtual banks, are required to participate in the DPS as a Scheme member unless otherwise exempted by the Hong Kong Deposit Protection Board (the Board). It is a statutory requirement for all Scheme members to prominently display a membership sign at their places of business, where applicable.
- Each depositor's aggregate deposits in a Scheme member are protected up to a limit of HK\$500,000. In the event of a bank failure, the compensation payable to a depositor is determined on a gross basis without deducting any liabilities owed by the depositor to the bank concerned, and the target time frame for making full compensation payments to depositors is within seven days in most cases.
- The DPS covers deposits denominated in Hong Kong dollars, renminbi or any other currencies.
- Eligible deposits held with Scheme members are legally protected by the DPS without the need for registration or application. Depositors are not required to pay for the protection.
- Deposits such as term deposits with a maturity longer than five years, structured deposits, bearer instruments, offshore deposits and non-deposit products such as bonds, stocks, warrants, mutual funds, unit trusts and insurance policies, fall outside the scope of DPS protection.
- All Scheme members make contributions to the Deposit Protection Scheme Fund (DPS Fund). The target fund size is 0.25% of the total amount of protected deposits held with all Scheme members, which is equivalent to about HK\$6.2 billion in 2022.
- The Scheme members' contributions are assessed annually using a differential levy system with reference to the supervisory rating of each Scheme member as determined by the Hong Kong Monetary Authority (HKMA).



[計劃成員名稱]是存款保障計劃的成員。本銀行接受的合資格存款受存保計劃保障，最高保障額為每名存款人HK\$500,000。

[Name of the Scheme member] is a member of the Deposit Protection Scheme. Eligible deposits taken by this Bank are protected by the Scheme up to a limit of HK\$500,000 per depositor.



OVERVIEW

Introduction

The Board is a statutory body established under section 3 of the Deposit Protection Scheme Ordinance (DPSO) to oversee the operations of the DPS. The DPS has been a key building block in Hong Kong's financial safety net since its launch in September 2006, and the provision of deposit protection has contributed to the stability of the banking system. The Board is a member of the International Association of Deposit Insurers (IADI) and contributes to the efforts of the Association in promoting effective deposit insurance systems.

Mission and Functions of the Board

The Board's mission is to ensure that an efficient and effective DPS is in place in accordance with the DPSO and in line with international best practices. Under section 5 of the DPSO, the Board's functions include

- maintaining the DPS;
- collecting contributions payable by Scheme members;
- managing the DPS Fund;
- making payments to depositors in the event of the failure of a Scheme member; and
- recovering payments made to depositors from the assets of the failed Scheme member.



About the Hong Kong Deposit Protection Board

Composition of the Board

Members of the Board are appointed by the Financial Secretary (FS) in his exercise of power delegated from the Chief Executive of the Hong Kong Special Administrative Region (CE/HKSAR). The Members are selected from different professions, such as accounting, banking, legal practice, consumer protection, investment, information technology and public administration, and have rich experience in public service. The Board currently comprises nine members, including two ex officio members representing the HKMA and the Secretary for Financial Services and the Treasury of the HKSAR Government. Except for the ex officio members, all other members are appointed for a fixed renewable term not exceeding six years in total under normal circumstances. See pages 8 to 9 for the composition of the Board.

Committee and Advisory Panel of the Board

Under the DPSO, the Board may appoint committees and advisory panels to assist in performing its functions. Currently, an Investment Committee and an Advisory Panel on Communication and Public Education are assisting the Board. Their objectives and composition are set out on pages 10 and 11.



Executive Management

Pursuant to section 6 of the DPSO, the Board shall perform its functions through the HKMA unless indicated otherwise by the FS. Hence, the HKMA acts as an executive arm of the Board in administering the DPS. Against this background, the HKMA has assigned a team of professional and support staff to assist the Board in discharging its functions. The team is headed by an Executive Director of the HKMA, who is designated as the Chief Executive Officer of the Board to oversee all day-to-day functions of the DPS. The HKMA also provides administrative support to the Board, including accounting, administration, human resources and information technology, under detailed arrangements set out in a Memorandum of Understanding (MoU) between the two organisations. The Board reimburses costs incurred by the HKMA for such purposes on a cost-recovery basis in accordance with provisions set out in the DPSO.

The powers that the Board can exercise in administering the DPS are specified in the DPSO. The Board has clear guidelines on the division of responsibilities among the Board, the management team and supporting divisions of the HKMA, and on the division of responsibilities between the Chairman of the Board and the Chief Executive Officer, which have been devised in line with good corporate governance practices. In general, the Board takes strategic decisions relating to the operations and development of the DPS and those decisions that require an exercise of the Board's powers under the DPSO. The management team, on the other hand, is responsible for the day-to-day operations of the DPS according to the principles and policies endorsed by the Board.



About the Hong Kong Deposit Protection Board

THE BOARD AND ITS COMMITTEE AND ADVISORY PANEL

Members of the Board

Chairman



Professor HUI King-man, Michael, MH

Vice Rector (Academic Affairs)
Chair Professor of Marketing
University of Macau

Members



Mr CHAN Kam-man, Lawrence

Partner
Chungs Lawyers in association with
DeHeng Law Offices



Professor CHAN Koon-hung

Professor of Business and Hospitality Management
Caritas Institute of Higher Education
Emeritus Professor of Department of Accountancy
Lingnan University



Ms GIDUMAL, Anita

Director – Finance & Strategy
Abercorn Trading Co. Ltd.



Professor LEE Kwok-on, Matthew

Vice President (Development and External Relations)
Chair Professor of Information Systems and Electronic Commerce
City University of Hong Kong



Members



Mr LO Chi-wai, Peter

Former Chief Country Officer, Hong Kong
Deutsche Bank



Ms ZEE, Helen

Former Deputy Chief Executive and Managing Director
Haitong International Capital Limited



Ms YAN Mei-mei, Salina, JP

Permanent Secretary for Financial Services
and the Treasury (Financial Services)

Ex officio member of the Board representing
the Secretary for Financial Services
and the Treasury



Mr YUEN Kwok-hang, Arthur, JP

Deputy Chief Executive
Hong Kong Monetary Authority

Ex officio member of the Board
representing the Monetary Authority



About the Hong Kong Deposit Protection Board

Investment Committee of the Board

The Investment Committee is established in accordance with section 7 of Schedule 2 to the DPSO to advise the Board on the investment of the DPS Fund. It is responsible for

- making recommendations on the investment policy and strategy in respect of the DPS Fund;
- monitoring the investment performance of the DPS Fund and establishing proper risk management controls for the investment activities of the Board; and
- working on any other investment-related matters as determined from time to time by the Board.

The Committee comprises members with experience and expertise in banking and investment-related areas. The Chairperson and most of the members of the Committee are also members of the Board. The membership of the Committee is as follows:

Chairperson

Ms ZEE, Helen

Former Deputy Chief Executive and Managing Director
Haitong International Capital Limited

Members

Professor CHAN Koon-hung

Professor of Business and Hospitality Management
Caritas Institute of Higher Education
Emeritus Professor of Department of Accountancy
Lingnan University

Mr LO Chi-wai, Peter

Former Chief Country Officer, Hong Kong Deutsche
Bank

Mr CHAN Shiu-lun, Christopher

Chief Investment Officer (Public Markets)
Exchange Fund Investment Office
Hong Kong Monetary Authority



Advisory Panel on Communication and Public Education

The Advisory Panel on Communication and Public Education is established in accordance with section 7 of the DPSO. Comprising the Chairman of the Board and experts with extensive experience in public relations, communication and community education strategies, the Advisory Panel advises the Board on related matters, such as the development and implementation of strategies in these areas.

The membership of the Advisory Panel is as follows:

Chairman

Professor HUI King-man, Michael, MH

Members

Ms CHAN Kwok-fai, Jenny

Mr CHIU Sung-kei, Josiah

Mr FUNG Lap-wing



About the Hong Kong Deposit Protection Board

CORPORATE GOVERNANCE

The Board

The Board is an independent statutory body formed under the DPSO. In line with good corporate governance standards applicable to deposit insurers, only a minority of the members of the Board are representatives from the HKSAR Government and the HKMA. This arrangement is to facilitate a balanced contribution from the HKSAR Government, the HKMA (as the banking supervisor in Hong Kong) and external professionals, allowing for different perspectives in the management and operations of the DPS. At the same time, the Board's functions are insulated from the influence of the banking industry, as employees or directors of banks and bank-related companies are not eligible for appointment to the Board.

The Board is subject to the oversight of the FS, who is responsible for approving the estimates of income and expenditure of the DPS Fund, and tabling in the Legislative Council the Board's annual report covering its activities, the statement of accounts of the DPS Fund and the audit report of the statement. The proceedings of the Board are governed by provisions of the DPSO, and the Board meets about three times a year to discuss policy issues crucial to the operations and continuing development of the DPS. In 2021-2022, the Board met three times with an average attendance rate of 93%.

Risk Management and Audits

To manage the risks of the DPS, the Board ensures that appropriate and prudent risk management systems are adequately implemented and regularly reviewed. The Internal Audit Division (IAD) of the HKMA performs periodic reviews of the risks inherent in various operational areas of the Board. It also assesses whether appropriate and sufficient controls are in place to safeguard the Board against the potential risks identified. Audit findings and recommendations of the IAD are reported directly to the Board to ensure that any material issues identified are communicated independently and effectively to Board members.

The Board appoints an external auditor under the approval of the FS to audit the DPS Fund's annual statement of accounts. The appointee reports the results and any findings directly to the Board. The external auditor for the financial year ended 31 March 2022 was Deloitte Touche Tohmatsu. To avoid any potential conflict of interest, the Board has a standing mechanism that preserves the independence of the financial audit undertaken by the appointed external auditor. If the appointed external auditor also participates in other engagements with the Board, the financial auditing work will be conducted by a separate team.



Standards of Behaviour and Ethics

Clear guidelines and procedures, including requirements for declaration of interests, are set out in the DPSO and the Code of Conduct for members and staff of the Board to prevent any possible conflict of interest. Members are required to declare in writing their personal interests when they first join the Board or its committees, and then annually, to the secretary of the Board. The secretary keeps the Register of Members' Interests, which is available for public inspection upon request. Senior members of staff are required to make an annual declaration to the Chairman of the Board. Members and staff observe specific procedures to report their interests and, when applicable, to excuse themselves from the decision-making process.

Communication and Transparency

The Board is committed to open communication with the public and other stakeholders. It maintains a website to facilitate access to information on DPS operations, and its annual report is publicly available. In addition, the Board operates multiple channels to answer enquiries from the public. The Board also conducts consultations with banking industry associations on any policies and initiatives relating to the operations of the DPS that may affect the industry.

Appeal Mechanism

Certain decisions made by the Board and the HKMA under the DPSO can be the subject of an appeal to the Deposit Protection Appeals Tribunal. The CE/HKSAR has appointed a former Deputy Judge of the Court of First Instance of the High Court as Chairperson of the Tribunal, together with a panel of three persons who may be called upon as members of the Tribunal. The Tribunal convenes sittings only when required. To date, no appeal cases have been reported to or reviewed by the Tribunal.

Review of the Corporate Governance Structure

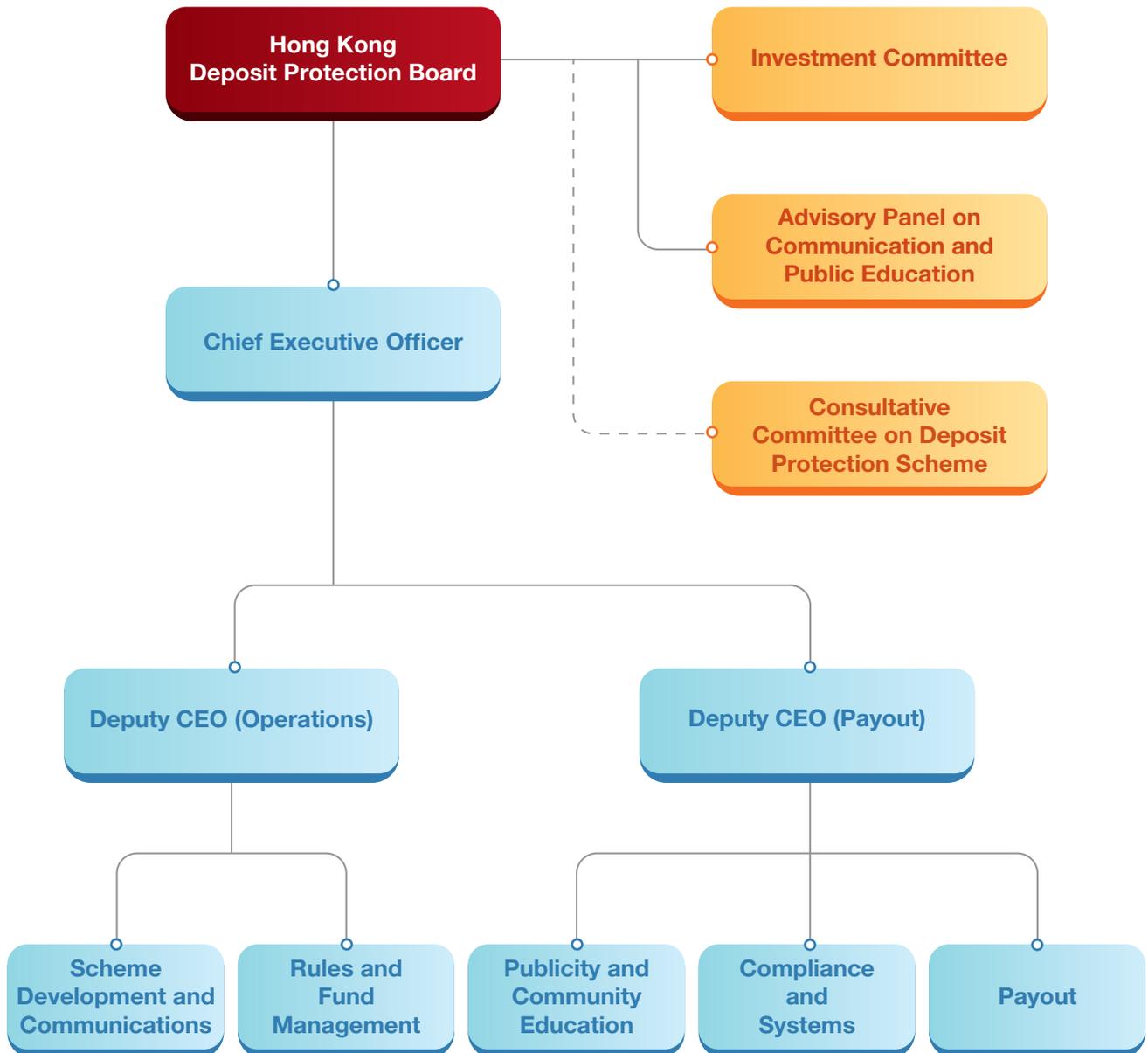
The Board has a policy of reviewing its corporate governance structure regularly to ensure that it continues to adhere to sound governance standards regardless of any changes in the scope of the Board's operations driven by the development of the DPS. Refinements are made between individual reviews to help the Board keep up with local and international best practices. The IAD also conducts independent reviews of the Board's corporate governance practices against applicable local or international standards on a periodic basis. It last conducted a review in the second quarter of 2018 and concluded that the Board's corporate governance framework was in line with industry best practices.



About the Hong Kong Deposit Protection Board

ORGANISATIONAL STRUCTURE

(as at 31 March 2022)



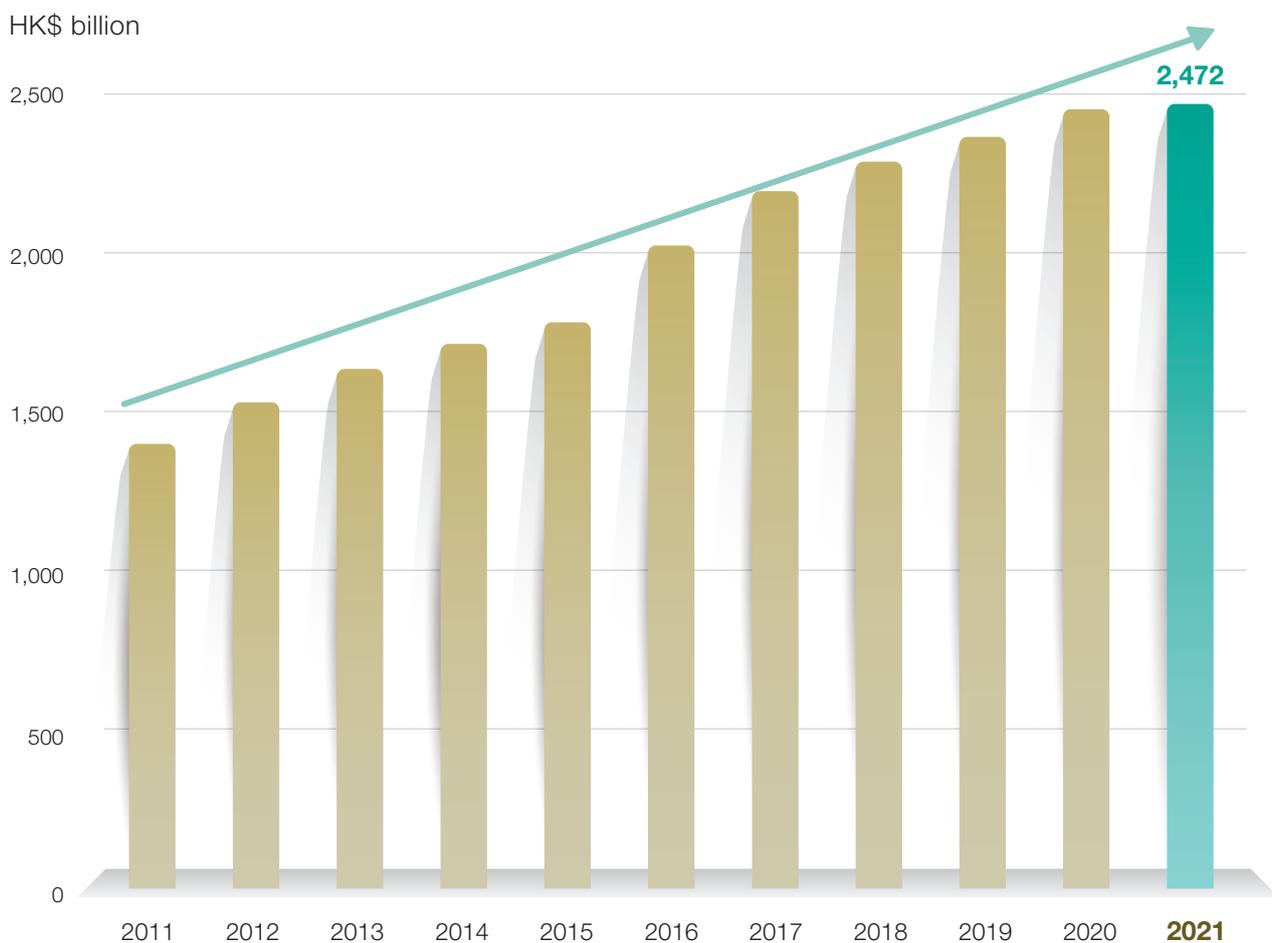


SCHEME MEMBERS' PROFILE AND PROTECTED DEPOSITS

At the end of March 2022, the Scheme had 154 members, with 31 incorporated locally and 123 incorporated outside Hong Kong. This is largely in line with the number of retail and wholesale banks in Hong Kong.

Based on returns submitted by Scheme members, the aggregate amount of their deposits under DPS protection edged up to HK\$2,472 billion in 2021, compared with HK\$2,460 billion in 2020.

Protected Deposits Held with Scheme Members

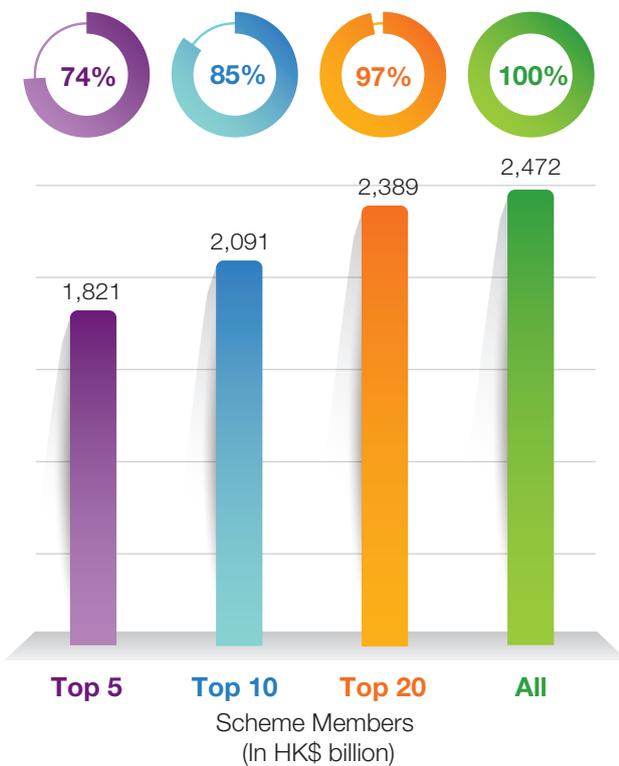




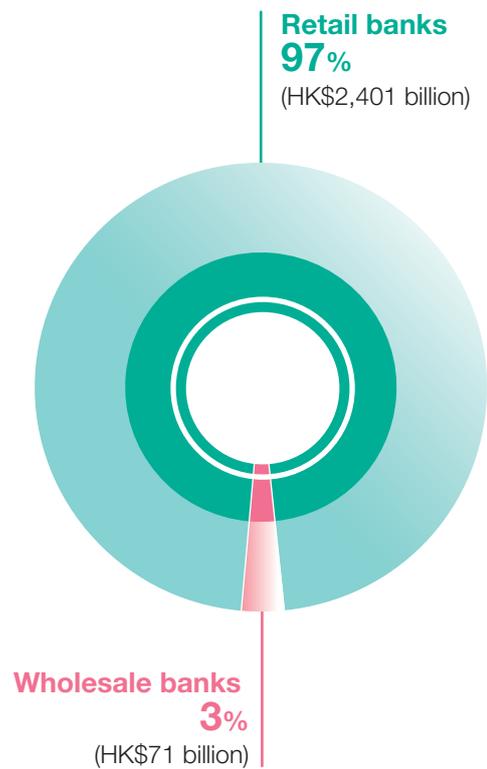
Scheme Operations

The distribution of protected deposits among Scheme members in 2021 was similar to that of 2020. The top 20 Scheme members, most of which were retail banks, held 97% of the industry’s aggregate protected deposits. According to statistics provided by Scheme members, close to 90% of depositors are fully protected by the DPS.

Distribution of Protected Deposits in 2021



Protected Deposits Held by Retail Banks and Wholesale Banks in 2021



REVIEW OF THE DPS

The Board conducts periodic reviews of the DPS to ensure that it remains efficient and effective in serving its public policy objectives and is well aligned with international best practices. In 2021, the Board completed a self-assessment on the compliance of the DPS with the IADI Core Principles for Effective Deposit Insurance Systems. The exercise concluded that the DPS is largely in

compliance with the IADI Core Principles with just a few areas requiring further research and analysis.

The Board also engaged a consultant to conduct an independent review of the DPS to ensure that it remains effective. The review is expected to be completed in the first half of 2022. The Board will consider the findings and recommendations of the review and look at ways to further enhance the DPS.



PAYOUT READINESS

Overview

The project to introduce new electronic payment channels for DPS compensation was completed in mid-2021 as scheduled, after which the Board conducted a payout rehearsal to test the use of these channels and the activation of business contingency arrangements due to the COVID-19 pandemic. The results were encouraging.

The Board also conducts compliance reviews on Scheme members' data readiness and simulation tests on systems and processes regularly to ensure that any payouts can be executed in an orderly and efficient manner.

Electronic Channels for Compensation Payment

The electronic payment channels will provide depositors with quicker and easier access to DPS compensation electronically, either through direct

bank transfer to accounts held by the depositors with the Board's designated payout agent bank or through the Faster Payment System (FPS) to the default receiving accounts of the depositors, in addition to the traditional means of payment via cheque.

Now that these electronic payment channels have been adopted, two new payout agents, namely the payout agent bank and the Hong Kong Interbank Clearing Limited (HKICL), will join the payout exercise when the DPS is triggered. The payout agent bank will perform the tasks necessary for identifying depositors eligible for receiving compensation payments through electronic channels. The HKICL, as the FPS operator, will be requested to check if the depositors can be paid through the FPS. The payout agent bank will adopt a stringent approach when verifying the identity of depositors to ensure that the electronic payments are made to the correct deposit accounts.

Roles of All the Payout Agents and How They Co-ordinate in Case of a Payout

Payout agents



Payout functions

Accounting firms

▶▶ Project management, compensation determination

IT service providers

▶▶ System support, data checking and uploading

NEW Payout agent bank

▶▶ Electronic payment services

NEW

Hong Kong Interbank Clearing Limited

▶▶ Support for DPS payout services via FPS

Public relations consultants

▶▶ Crisis management and communication

Call centre

▶▶ Handling of public enquiries

Law firms

▶▶ Legal services

Security printing firms

▶▶ Printing of compensation notices and cheques



Scheme Operations

The electronic payment channels not only shorten the payout time frame, but also provide depositors with convenient and secure access to DPS compensation without compromising the accuracy of payment. These new payment channels will allow all affected depositors to receive payment faster irrespective of the channel, thanks to the speediness of electronic payment and the lower printing volume of paper cheques.

The efficiency of the payout process relies not only on the payment channels but also on banks' ongoing ability to maintain up-to-date personal and contact details of their depositors. To ensure that DPS compensation payments can be received without delay, depositors should make sure the personal particulars maintained with their bank are the most up-to-date, including their name, identity document number, phone number and correspondence address.

Payout Rehearsal

A payout rehearsal was conducted in November, focusing on the use of the new electronic payment channels while also carrying out drills of the business contingency arrangements related to the COVID-19 pandemic. The results affirmed that the adoption of electronic payment channels could further speed up the payout process and shorten the time frame by one to two days compared to using only paper cheques. The results also showed that despite encountering some co-ordination and communication challenges in the execution of the business contingency arrangements, it was still possible to pay most of the eligible depositors within its payout target of seven days.

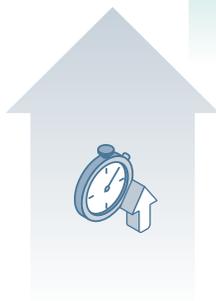
Advantages of Using Electronic Payment Channels



Convenient and secure



Provides depositors with quicker and easier access to DPS compensation



Improves efficiency of issuing cheques to depositors who do not use electronic channels



Simulated Meeting in a Payout Rehearsal

Regular information sessions are organised to maintain Scheme members' understanding of the IS requirements. The Board held four information webinars in 2021-2022, hosting more than 830 participants from Scheme members and audit firms which conducted independent assessments for them.

Information System Requirements and Compliance

Prompt submission of quality deposit records by Scheme members is critical to calculating compensation accurately and in a timely manner. The Board uses various measures under its Compliance Review Programme to regularly monitor the compliance of Scheme members with the Information System (IS) Guideline. These measures include carrying out regular and comprehensive reviews on selected Scheme members, and requiring Scheme members to commission an independent auditor to conduct a thorough assessment of their systems and processes every three years. To further guide auditors on identifying non-compliance, the Board enhanced the assessment steps in the Programme Guide for the Independent Assessment Programme in June 2021. According to the results of compliance monitoring activities held throughout 2021-2022, the overall compliance status was satisfactory.

Monitoring of Scheme Members' Compliance with the IS Guideline



Conducted 6 comprehensive compliance reviews of controls and correctness of deposit records submitted by selected Scheme members

Commissioned 52 Scheme members to submit independent assessment reports under the Compliance Review Programme



Reviewed all Scheme members' annual self-declaration on their compliance with the information system requirements



DEPOSIT PROTECTION SCHEME FUND

Composition of the DPS Fund

The DPS Fund is built up from two main sources: annual contributions paid to the Board by Scheme members, and returns generated by the DPS Fund's investments. The amount of deposits under DPS protection reported by Scheme members, together with the supervisory rating of each Scheme member as decided by the HKMA, serves as the basis for determining Scheme members' contributions for the coming year.

Assessment and Collection of Contributions

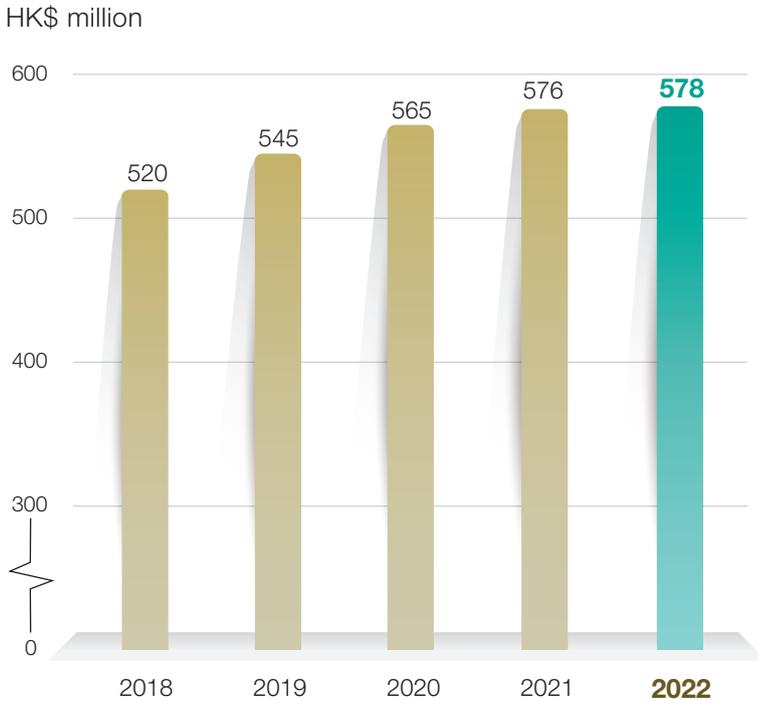
Contributions collected from Scheme members in 2022 amounted to HK\$578 million, an increase of 0.3% from 2021. Similar to the distribution of protected deposits, the amount of contributions collected from the top 20 Scheme members accounted for about 95% of the total. To validate the accuracy of reporting made by Scheme members on their protected deposits, the Board requests Scheme members to conduct regular audit reviews of their total deposits that are under DPS protection and reported to the Board in accordance with the Board's return review policy. The Board selected 23 Scheme members to submit an audit report on the accuracy of their returns in 2022. The audit results were generally satisfactory.

Policy and Performance of the DPS Fund Investment

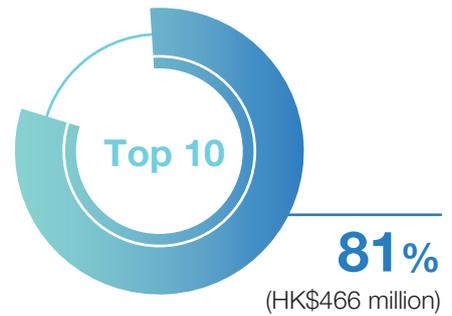
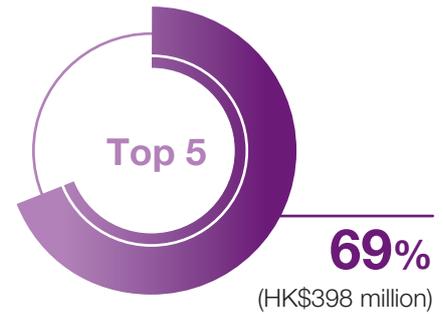
In view of the extremely uncertain investment environment during the financial year 2021-2022, the Board continued to adopt a prudent approach in managing the investment of the DPS Fund. Investments were made in strict compliance with the DPSO and the DPS Fund's investment-related policies. The policies set out clear guidelines on risk assessment and control measures, and the segregation of duties required for investment activities. As at the end of March 2022, the DPS Fund amounted to HK\$6.2 billion, of which around 23% was invested in US Treasury notes and the remaining amount was predominantly in the form of Hong Kong dollar deposits. The DPS Fund achieved an investment return of 0.21% for the year.



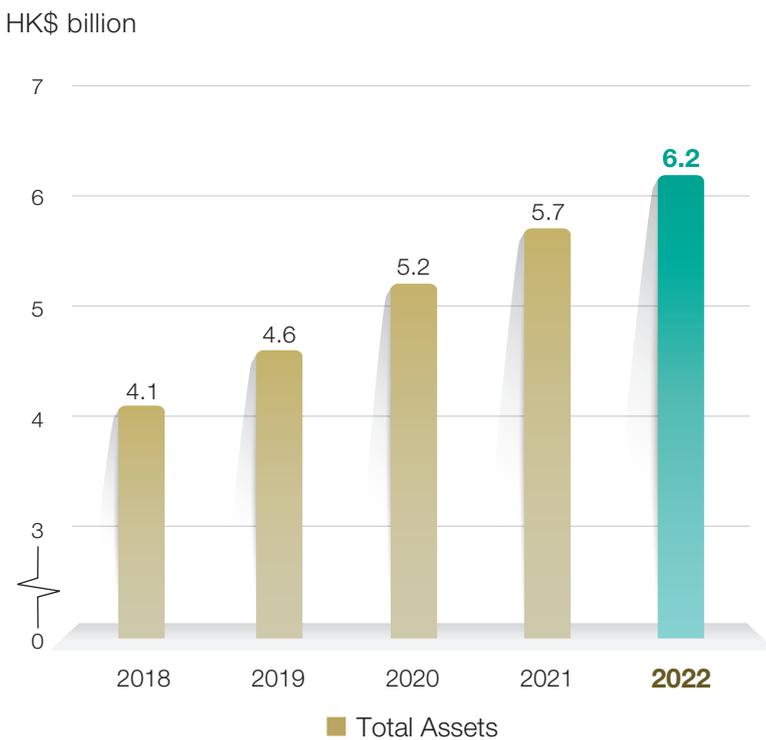
Contributions Paid by Scheme Members



Distribution of Contributions Collected from Scheme Members



DPS Fund's Assets





Scheme Operations

REINFORCING PUBLIC AWARENESS AND UNDERSTANDING OF THE DPS

Overview

The year 2021-2022 marked the 15th anniversary of the DPS since its launch in 2006. A series of publicity initiatives were implemented to promote the Board’s role as the “Guardian of Deposits” and the importance of the DPS in contributing to the stability of Hong Kong’s banking system. The anniversary also coincided with the start of the Board’s second three-year communications plan, which aimed to reassure the public that their deposits are safe. Educational outreach activities also continued, by adopting a flexible approach based on the severity of the pandemic.

Mass Publicity

15th Anniversary of the DPS

Leveraging the occasion of the 15th-year milestone, the Board organised a 15th DPS Anniversary media briefing, which was well-attended by all major media outlets and drew extensive media coverage. The Board also produced a “DPS Milestones” video to recount the evolution of the DPS for release on the Board’s social media platforms, and carried out an online campaign, “Guardian of Deposits”, with the theme “Lasting Protection in an Ever-changing World”. The campaign featured stories on how savings were built up by selected key opinion leaders who represented people at different stages in life, to bring out the importance of DPS protection. It was intertwined with several rounds of competition inviting the public to share smart saving tips for a chance to win a DPS commemorative gold coin.



The 15th Anniversary of the DPS
“Lasting Protection in an Ever-Changing World”



Multimedia Publicity Campaigns

The Board reran two rounds of the 30-second TV commercial, “Bank Deposits Always Come With Protection”, in which two DPS ambassadors Ah Chuen (symbolising “deposits”) and Ah Po (symbolising “protection”) returned to instil confidence in the public about deposit protection. The advertisements were strategically placed on TV, radio, digital and outdoor platforms to reach a wide spectrum of people, including the younger generation and non-Chinese-speaking ethnic minority groups.

In addition, a two to three-minute story was woven into an episode of the popular TV series “Come Home Love” during prime time to enhance the public’s appreciation of DPS protection and remind people not to panic over bank-related rumours.



Multimedia Advertising Placements on TV, Digital and Outdoor Platforms



Scheme Operations

Social Media Campaigns

The Board has been devoting more resources to promoting the DPS on social media in the midst of the pandemic:

- Several rounds of the “E-stamps Collection” campaign and “Voting for Daily Saving Habits” campaign were executed, using interactive games to deepen the public’s understanding of DPS features and to collect insights on savings habits.
- A series of short videos were produced and published, featuring “Street Interviews” with passers-by on interesting savings-related topics that the public could identify with, and incorporating DPS messages to bring out the importance of savings.
- Lunar New Year WhatsApp stickers of Ah Chuen and Ah Po were created with a download link.

Consumer and Public Relations Campaigns

The Board rolled out a consumer campaign to strengthen the public’s awareness and understanding of the DPS. Newspaper and online articles were published in the media, and online quizzes were rolled out to test people’s knowledge of DPS features. The campaign led to increased viewership of Facebook pages and attracted around 1,700 participants for the quizzes.



Newspaper Advertorial



- 1
- 2
- 3
- 4

1. “E-stamps Collection”
2. “Street Interviews” video
3. “Voting for Daily Saving Habits”
4. Lunar New Year WhatsApp Stickers





Survey on “Hongkongers’ Sense of Security on Savings”

In 2021, the Board conducted its fourth multi-year survey to keep track of Hong Kong people’s saving behaviour and to study the money management habits of married people. Results of the survey were announced at an online media briefing, which

generated around 100 write-ups in the media. The survey showed that bank deposits remained the most common form of savings, which again reinforced the importance of the Board’s role in safeguarding the hard-earned money that people had deposited with banks.

Interesting Findings of “Hongkongers’ Sense of Security on Savings” Survey

Public

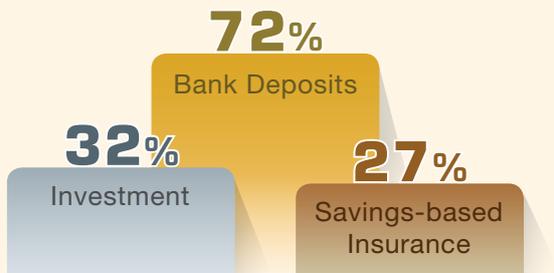


62%

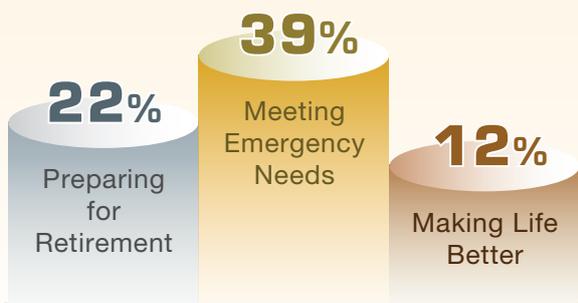
of the respondents have a habit of saving



Top 3 Common Ways of Saving Up



Top 3 Reasons for Saving Up



Married People

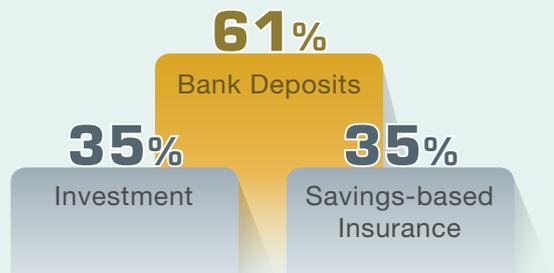


78%

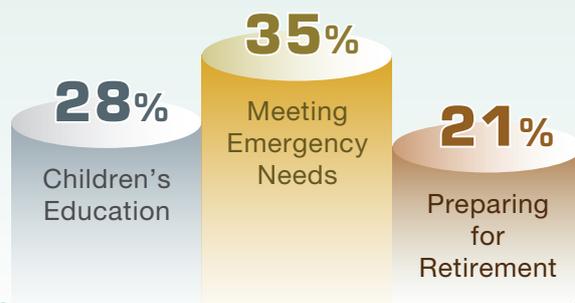
of the respondents have a habit of saving



Top 3 Common Ways of Saving Up



Top 3 Reasons for Saving Up





Scheme Operations

Community Education and Outreach

In order to adapt to the evolving local pandemic situation throughout the year, community education activities were held both on-site and online to continue reaching out to different target groups.

DPS Talks

In collaboration with non-governmental organisations (NGOs), elderly centres and schools, online DPS talks were conducted for the elderly and students to maintain the community education efforts while complying with prevailing social-distancing measures. On-site educational outreach activities, such as DPS board game workshops, resumed as the local pandemic situation improved in the third and fourth quarters of 2021. Online DPS financial education talks for secondary schools were well received. These talks were considered a very effective use of resources in reaching a large number of students and were extended to the Chinese University of Hong Kong and the Hong Kong Metropolitan University.

For the second year in a row, the Board offered an academic project for business students of Lingnan University to come up with proposals on how to promote DPS knowledge to their post-secondary peers. DPS messages were also disseminated through articles shared on the e-platforms of NGOs to target groups.



DPS Talks for Schools and Elderly Centres



Participation in High-traffic Consumer Shows

The Board participated in the Hong Kong Book Fair 2021, the 6th Golden Age Expo and Summit and the 55th Hong Kong Brands and Products Expo. At these events, visitors to the Board's booths played interactive educational games, received DPS information leaflets and promotional giveaway items, and watched drama performances that were aimed at elderly spectators.

Multilingual DPS Information Leaflets

To reach out to non-Chinese-speaking ethnic minority groups, the Board updated its multilingual DPS information leaflet with the addition of the Vietnamese language, and distributed the leaflets to target recipients via the respective Consulates and the Labour Department.

Educational Radio Programmes

In collaboration with RTHK Radio 2, a series of educational programmes and a quiz competition recorded on video were produced for radio broadcast and for release on digital platforms to impart knowledge of DPS features.



Consumer Shows



Scheme Operations

Public Awareness and Enquiries

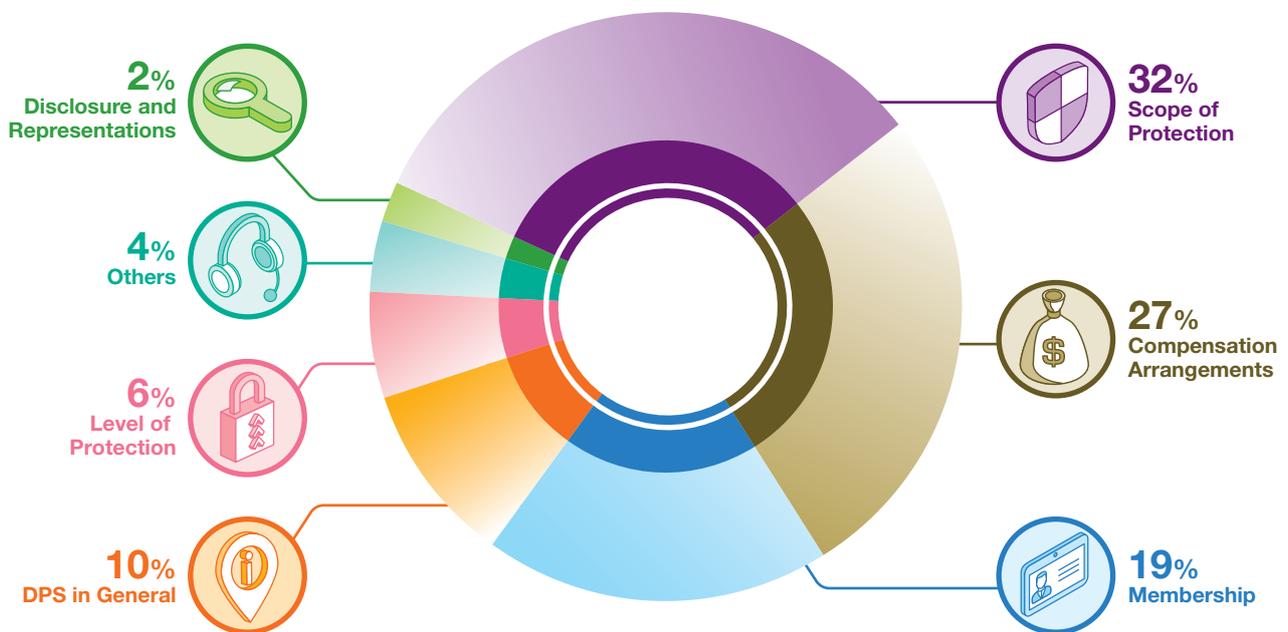
Public Opinion Survey 2021

The Board commissioned an independent public opinion survey which found that public awareness of the DPS remained high at 78.4%, of whom 81.2% knew about the HK\$500,000 protection limit and 83.0% were aware that the protection provided by the DPS was statutory. The survey results showed clearly that the Board's diligent publicity and community outreach efforts had paid off.

DPS Public Enquiry Service

The Board operates the DPS Public Enquiry Service on the hotline 1831 831 and the webpage <https://www.dps.org.hk/en/contact.php>. These are convenient and effective channels for members of the public to ask questions about the Scheme and the functions of the Board. About 60% of the enquiries received in 2021-2022 were related to the scope of protection of the DPS, including the deposit protection coverage of virtual banks and the types of financial products covered by the DPS; and the compensation arrangements, including the payout entitlements for joint accounts and the arrangement for determining the payout amount due to depositors.

Nature of Public Enquiries Received by the Board in 2021-2022





COMPLIANCE WITH THE REPRESENTATION RULES

The DPS (Representation on Scheme Membership and Protection of Financial Products under Scheme) Rules (Representation Rules) govern representations made by Scheme members about their DPS membership and the protection status of financial products offered by them. To monitor Scheme members' compliance with the representation requirements, the Board requested Scheme members to conduct a self-assessment review covering the period from 1 July 2020 to 30 June 2021. In addition, the HKMA continued to conduct on-site examinations to further assess selected Scheme members' compliance with the Representation Rules. The Board reviewed the self-assessment reports and findings of the on-site examinations and took appropriate follow-up actions. The assessment and examination results indicated that the overall compliance level of Scheme members was generally satisfactory.

RELATIONSHIPS WITH OTHER SAFETY NET PLAYERS

Co-operation with the HKMA

The Board and the HKMA share the common objective of promoting the stability of the banking system. To accomplish this, the two parties have signed an MoU to set out the mode of co-operation on the operation of the DPS. In line with the DPSO requirement that the Board perform its functions through the HKMA, the two parties have also agreed on the extent of the support provided by the HKMA to the Board on a day-to-day basis. In addition, the Board and the HKMA have a co-operative agreement to establish an early warning system of a potential bank failure so as to enable a fast DPS payout. In the event of an actual bank failure, the Board has a standby facility from the Exchange Fund to obtain the liquidity required to pay the compensation.



Scheme Operations

Relationship with the Securities and Futures Commission and the Investor Compensation Company

In the event of a bank failure, the funds of a depositor or a portion of those funds may, in certain circumstances, be covered by both the DPS and the Investor Compensation Fund (ICF) established under the Securities and Futures Ordinance to compensate securities or futures investors. To ensure that no person receives double compensation, the Board and the Securities and Futures Commission (SFC) have agreed on a set of arrangements to co-ordinate and exchange information with each other. These arrangements are documented in an MoU between the Board, the SFC and the Investor Compensation Company, which was established by the SFC to administer the ICF. The MoU recognises that in the event of a bank failure, the DPS will normally be the one to pay depositors first, and that the parties involved will avoid double compensation by exchanging relevant information.

International Co-operation

As a member of the IADI, the Board participates in IADI conferences and seminars and other events organised by IADI members and international organisations, and shares relevant experiences on deposit protection issues. Such international co-operation is important in enabling the Board to keep up with overseas developments, which may provide the Board with insights into possible enhancements of the DPS. Due to the COVID-19 pandemic, the conferences were held online in 2021-2022. Representatives from the Board took part in a number of virtual international meetings that included the following:

- 19th IADI Asia-Pacific Regional Committee (APRC) Annual Meeting, International Conference and CEO Dialogue;
- IADI 2021 Extraordinary General Meeting for Members and APRC Meeting; and
- IADI Round Table hosted by the Deposit Insurance Corporation of Japan.



TO THE HONG KONG DEPOSIT PROTECTION BOARD

(established under section 14 of the Deposit Protection Scheme Ordinance)

OPINION

We have audited the statement of accounts of the Deposit Protection Scheme Fund (the “Fund”) set out on pages 34 to 59, which comprises the balance sheet as at 31 March 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the statement of accounts, including a summary of significant accounting policies.

In our opinion, the statement of accounts gives a true and fair view of the financial position of the Fund as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Deposit Protection Scheme Ordinance (the “Ordinance”).

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Statement of accounts section of our report. We are independent of the Hong Kong Deposit Protection Board (the “Board”) in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The Board is responsible for the other information. The other information comprises the information included in the annual report, but does not include the statement of accounts and our auditor’s report thereon.

Our opinion on the statement of accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the statement of accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the statement of accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent Auditor's Report

RESPONSIBILITIES OF THE BOARD FOR THE STATEMENT OF ACCOUNTS

The Board is responsible for the preparation of the statement of accounts that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Board determines is necessary to enable the preparation of statement of accounts that is free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the Board is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the Fund's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STATEMENT OF ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the statement of accounts as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 19 of the Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the statement of accounts.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STATEMENT OF ACCOUNTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statement of accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the statement of accounts, including the disclosures, and whether the statement of accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

17 June 2022



Deposit Protection Scheme Fund – Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 HK\$	2021 HK\$
Income			
Contributions		576,343,199	567,993,511
Interest income from cash and balances with banks and the Exchange Fund		2,971,113	7,617,020
Interest income from financial assets measured at amortised cost	5	2,670,604	–
Exchange gains		6,343,049	–
Other income		90,000	95,807
		588,417,965	575,706,338
Expenditure			
Staff costs	6	11,743,835	12,781,313
Premises costs		359,988	531,204
Depreciation and amortisation		6,583,215	7,264,384
Office supplies		59,116	812,462
Transport and travelling		2,318	1,933
Operating expenses reimbursable to the HKMA	11	24,993,522	23,813,302
Hire of services		8,914,930	12,590,781
Interest expenses on lease liabilities	10	12,156	16,437
Communications		77,052	83,539
Publicity and printing		11,709,125	11,813,595
Other expenses		2,471,432	1,962,094
		66,926,689	71,671,044
Surplus for the year		521,491,276	504,035,294
Total comprehensive income for the year		521,491,276	504,035,294

The notes on pages 38 to 59 form part of this statement of accounts.

Deposit Protection Scheme Fund – Balance Sheet



As at 31 March 2022

	Notes	2022 HK\$	2021 HK\$
Non-current assets			
Fixed assets	7	8,927,682	12,794,636
Intangible assets	8	6,006,149	7,862,516
Financial assets measured at amortised cost	5	1,407,523,946	–
		1,422,457,777	20,657,152
Current assets			
Other receivables	9	1,895,500	1,631,619
Cash and balances with banks and the Exchange Fund		4,768,298,143	5,650,844,208
		4,770,193,643	5,652,475,827
Current liabilities			
Contributions received in advance		435,121,433	433,936,945
Other liabilities	10	28,206,577	29,907,874
		463,328,010	463,844,819
Net current assets		4,306,865,633	5,188,631,008
Non-current liability			
Other liability	10	1,339,192	2,795,218
Net assets		5,727,984,218	5,206,492,942
Represented by			
Accumulated surplus		5,727,984,218	5,206,492,942
		5,727,984,218	5,206,492,942

Approved and authorised for issue by the Hong Kong Deposit Protection Board on 17 June 2022.

Professor Hui King-man, Michael

Chairman

The notes on pages 38 to 59 form part of this statement of accounts.



Deposit Protection Scheme Fund – Statement of Changes In Equity

For the year ended 31 March 2022

	Total HK\$
Fund balance as at 1 April 2020	4,702,457,648
Surplus for the year	504,035,294
<hr/>	
Fund balance as at 31 March 2021	5,206,492,942
<hr/>	
At 1 April 2021	5,206,492,942
Surplus for the year	521,491,276
<hr/>	
Fund balance as at 31 March 2022	5,727,984,218
<hr/>	

The notes on pages 38 to 59 form part of this statement of accounts.

Deposit Protection Scheme Fund – Statement of Cash Flows



For the year ended 31 March 2022

	2022 HK\$	2021 HK\$
Operating activities		
Surplus for the year	521,491,276	504,035,294
Interest income	(5,641,717)	(7,617,020)
Interest expenses on lease liabilities	12,156	16,437
Exchange gains on financial assets measured at amortised cost	(6,269,389)	–
Depreciation and amortisation	6,583,215	7,264,384
Cash from operating surplus before changes in operating assets and liabilities	516,175,541	503,699,095
Changes in operating assets and liabilities		
Increase in other receivables	(241,135)	(699,999)
Increase in contributions received in advance	1,184,488	7,921,914
Decrease in other payables	(1,706,403)	(2,884,033)
Interest portion of lease payments	(12,156)	(16,437)
Net cash from operating activities	515,400,335	508,020,540
Investing activities		
Purchase of intangible assets	(780,378)	(1,469,467)
Purchase of fixed assets	(79,516)	(3,729,606)
Interest received	2,948,367	7,703,824
Purchase of financial assets measured at amortised cost	(1,398,583,953)	–
Net cash (used in)/from investing activities	(1,396,495,480)	2,504,751
Financing activities		
Principal portion of lease payments	(1,450,920)	(3,098,169)
Net cash used in financing activities	(1,450,920)	(3,098,169)
Net (decrease)/increase in cash and cash equivalents	(882,546,065)	507,427,122
Cash and cash equivalents at 1 April	5,650,844,208	5,143,417,086
Cash and cash equivalents at 31 March	4,768,298,143	5,650,844,208
Analysis of balance of cash and cash equivalents		
Cash and balances with banks and the Exchange Fund	4,768,298,143	5,650,844,208

The notes on pages 38 to 59 form part of this statement of accounts.



Deposit Protection Scheme Fund – Notes to The Statement of Accounts

1 PURPOSE AND ACTIVITIES

The Deposit Protection Scheme Fund (the Fund) is established under the Deposit Protection Scheme Ordinance (the Ordinance) for the purpose of providing compensation to depositors under certain circumstances in respect of deposits maintained with banks that are members of the Deposit Protection Scheme (the Scheme or the DPS). Currently, the protection limit is set at HK\$500,000 per depositor per bank. The Hong Kong Deposit Protection Board (the Board) manages the Fund in accordance with the provisions of the Ordinance. The Fund mainly consists of contributions collected from Scheme members and returns on investments of the Fund. Expenditure incurred in the establishment and maintenance of the Scheme, as well as the management and administration of the Fund are paid from the Fund.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The statement of accounts of the Fund has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs” is a collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Hong Kong (IFRIC) Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), and accounting principles generally accepted in Hong Kong. The statement of accounts has been prepared under the historical cost convention.

For the purpose of preparation of the financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The preparation of statement of accounts in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund’s accounting policies.

The Board makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions made in the preparation of these accounts do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

(i) *New and amended standards adopted by the Fund*

There are no amended standards that are effective for the first time in the current year's financial statements that would have a material impact on the Fund.

(ii) *New and amended standards have been issued but are not effective for the financial year beginning 1 April 2021 and have not been early adopted*

The Fund has not early applied any of the following amended standards which may be relevant to the Fund, that have been issued but are not yet effective.

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)²</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use¹</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract¹</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020¹</i>

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

The Fund is in the process of finalising its assessment of what the potential impact of these new and amended standards upon initial application. So far the Management's preliminary assessment indicates that the adoption of them is not expected to have a significant impact on the Fund's statements of accounts.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Revenue recognition

Contributions and exemption fees are collected from Scheme members as specified in Schedule 4 to the Ordinance. They are accounted for on an accrual basis.

Contributions are calculated based on the amount of deposits under DPS protection and the respective supervisory rating of each non-exempted bank applicable at a specified date. Contributions are collected annually during each calendar year and the advance portion is presented as contributions received in advance in the balance sheet.

Interest income is recognised in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(c) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis to write off the assets over their estimated useful lives as follows:

	Years
Computer hardware/software costs:	
• Servers	5
• Others, e.g. personal computers, printers and accessories	3
Office furniture, equipment and fixtures	5
Right-of-use assets arising from leases of premises	over the shorter of the lease terms and their estimated useful lives

Only items costing HK\$10,000 or more are capitalised. Gains or losses arising from the disposal of a fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income in the month of disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Intangible assets

Costs that are directly associated with the development of identifiable and unique systems controlled and used by the Fund, and that will probably generate economic benefit exceeding costs beyond 1 year, are recognised as intangible assets. Intangible assets include expenditures on development of the Payout System. Such expenditure is capitalised if the systems are technically and commercially feasible. The expenditure capitalised includes the direct labour and costs of materials. Intangible assets are stated at cost less accumulated amortisation and any impairment losses.

Amortisation of intangible assets with definite life is charged to the statement of comprehensive income on a straight-line basis over the assets' estimated useful life of 5 years.

(f) Leases

A lease is recognised in the balance sheet as a right-of-use asset with a corresponding lease liability at the lease commencement date, except that variable lease payments associated with short-term leases having a lease term of 12 months or less and leases of low-value assets are charged to the income and expenditure account on a straight-line basis over the lease term.

A right-of-use asset is recognised as fixed assets and measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the asset's estimated useful life.

The lease liability is recognised as other liabilities and is measured at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Fund's incremental borrowing rate. The lease liability is subsequently adjusted by the effect of the interest on and the settlement of the lease liability.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Leases *(continued)*

Lease payments included in the measurement of the Fund's lease liability mainly comprise:

- Fixed payments, less any lease incentives receivable;
- Lease payments in an optional renewal period if the Fund is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease unless the Fund is reasonably certain not to terminate early.

The lease liability is remeasured if the Fund changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(g) Financial assets

Classification, recognition, measurement and derecognition

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the contractual rights to receive the cash flows from the financial assets expire, or where the financial assets together with substantially all the risks and rewards of ownership have been transferred.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial assets *(continued)*

Impairment of financial assets

The Fund applies a three-stage approach to measure expected credit losses (ECLs) and impairment losses or reversals, for financial instruments measured at amortised cost that are not measured at fair value through profit or loss.

The change in credit risk since initial recognition determines the measurement bases for ECLs:

Stage 1: 12-month ECLs

For financial instruments for which there has not been a significant increase in credit risk since initial recognition, the portion of the lifetime ECLs that represent the ECLs that result from default events that are possible within the 12 months after the reporting period are recognised.

Stage 2: Lifetime ECLs – not credit impaired

For financial instruments for which there has been a significant increase in credit risk since initial recognition but that are not credit impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial instrument are recognised.

Stage 3: Lifetime ECLs – credit impaired

For financial instruments that have become credit impaired, lifetime ECLs are recognised and interest income is calculated by applying the effective interest rate to the amortised cost (net of loss allowance) rather than the gross carrying amount.

Determining the stage for impairment

At each reporting date, the Fund assesses whether there has been a significant increase in credit risk for financial instruments since initial recognition by comparing the risk of default occurring over the remaining expected life as at the reporting date with that as at the date of initial recognition. The assessment considers quantitative and qualitative information as well as forward-looking information. A financial asset is assessed to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial assets *(continued)*

Impairment of financial assets (continued)

Determining the stage for impairment *(continued)*

The Fund assesses whether there has been a significant increase in credit risk since initial recognition on an individual or collective basis. For collective assessment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account investment type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the counterparty or borrower and other relevant factors.

Debt investments with an external credit rating of investment grade are considered to have a low credit risk. Other financial instruments are considered to have a low credit risk if they have a low risk of default and the counterparty or borrower has a strong capacity to meet its contractual cash flow obligations in the near term. The credit risk on these financial instruments is assessed as not having increased significantly since initial recognition.

For a financial asset with lifetime ECLs recognised in the previous reporting period, if its credit quality improves and reverses the previously assessed significant increase in credit risk, then the loss allowance reverts from lifetime ECLs to 12-month ECLs.

When a financial asset is uncollectible, it is written off against the related loss allowance. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recognised in the statement of comprehensive income.

Measurement of ECLs

ECLs of a financial instrument are an unbiased and probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A credit loss is the difference between the cash flows due to the Fund in accordance with the contract and the cash flows that the Fund expects to receive, discounted at the effective interest rate. For a financial asset that is credit impaired at the reporting date, the Fund measures the ECLs as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Other payables are initially recognised at fair value and thereafter stated at amortised cost.

Other payables are classified as current liabilities if payment is due within 1 year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of transaction including: cash at bank and on hand, demand deposits with banks, other financial institutions and the Monetary Authority (MA) for the account of the Exchange Fund, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Translation of foreign currencies

(i) *Functional and presentation currency*

Items included in the statement of accounts are measured using the currency of the primary economic environment in which the Fund operates (the functional currency). The statement of accounts is presented in Hong Kong dollars, which is the Fund's functional and presentation currency.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Translation of foreign currencies *(continued)*

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Changes in the fair value of debt securities denominated in foreign currency classified as financial assets measured at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the surplus, and other changes in carrying amount, except impairment, are recognised in other comprehensive income. Translation differences on non-monetary financial assets are included in other comprehensive income.

(l) Provisions and contingent liabilities

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events where it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are recognised when the absence occurs.

(ii) *Pension obligations*

The Fund offers a mandatory provident fund scheme, the assets of which are generally held in separate trustee-administered funds. These pension plans are generally funded by payments from employees and by the Fund. The Fund's contributions to the mandatory provident fund scheme are expensed as incurred.

(n) Related parties

Related parties are those parties which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or entities.

(o) Critical accounting estimates and assumptions

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund has considered the existing and potential impacts arising from the outbreak of the COVID-19 pandemic when preparing the statements of accounts. While the Fund considers the outbreak has no significant impact on its financial position, the Fund will continue to closely monitor and review its operations and financial position in light of the ongoing development of COVID-19, and if required, take actions to minimise any potential impacts of COVID-19 on the Fund.



3 RISK MANAGEMENT

(a) Governance

The Fund is established under the Ordinance for the purpose of providing compensation to depositors under certain circumstances in respect of deposits maintained with banks which are members of the Scheme. Under Part 4 of the Ordinance, the Fund is to consist of:

- contributions and late payment fees collected from Scheme members;
- money recovered by the Board from, or out of the assets of, failed Scheme members;
- returns on investments;
- money borrowed by the Board for the purpose of performing its functions; and
- any other money lawfully paid into the Fund.

The Board established an Investment Committee and delegated its power to the Committee to place, or invest, money of the Fund that is not immediately required by the Board for the performance of its functions. In particular, the Investment Committee:

- makes recommendations on the investment policy and strategy in respect of the Fund;
- monitors the investment performance of the Fund and establishes proper risk management controls for the investment activities of the Board; and
- works on any other investment-related matters as determined from time to time by the Board.

Operating within the requirements under the Ordinance and policies endorsed by the Investment Committee, the Board's Management Team conducts the day-to-day investment management and risk management of the Fund.



3 RISK MANAGEMENT *(continued)*

(b) Investment management and control

Under section 21 of the Ordinance, the Fund or any part of it may be invested in the following investment instruments:

- deposits with the MA for the account of the Exchange Fund;
- Exchange Fund Bills;
- US Treasury Bills; and
- any other investment approved by the Financial Secretary.

In December 2008, the Financial Secretary approved an expansion of the investment scope of the Fund to cover Exchange Fund Notes and US Treasury Notes with remaining term to maturity of not more than 2 years, and Hong Kong dollar and US dollar deposits of up to 3 months in tenor with financial institutions.

Investment activities of the Fund are conducted in accordance with the requirements set out in the Ordinance and the policies endorsed by the Investment Committee to ensure the investment objectives of capital preservation and maintaining sufficient liquidity are met.

The Board's Management Team is responsible for the day-to-day investment management of the Fund. Investment reports showing the latest market values, rate of return, maturity profile, types of financial instruments held and limits versus exposures are regularly submitted to the Investment Committee for control purpose.



3 RISK MANAGEMENT *(continued)*

(c) Financial risk management

Market risk

Market risk is the risk that changes in market variables such as interest rates, equity prices and exchange rates may affect the fair value or cash flows of a financial instrument. Market risk to the Fund mainly comprises interest rate risk and currency risk.

(i) Interest rate risk

Interest rate risk refers to the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the majority of the financial assets represent the cash balances with bank and the Exchange Fund and financial assets measured at amortised cost, the impact of interest rate fluctuations on the Fund is considered minimal.

(ii) Currency risk

Currency risk is the risk of loss arising from changes in foreign exchange rates. The investments held by the Fund are denominated either in Hong Kong dollars or US dollars. Because of the linked exchange rate with the US dollar, the currency risk to the Fund is considered minimal.

Liquidity risk

Liquidity risk refers to the risk that the Fund may not have sufficient funds available to meet its liabilities as they fall due. In addition, liquidity risk also refers to the risk that the Fund may not be able to liquidate its financial assets at a price close to the fair value within a short period of time.

Given that the Fund can only make deposits with the MA for the account of the Exchange Fund or with financial institutions approved by the Investment Committee or invest in the highly liquid Exchange Fund Bills and Notes and US Treasury Bills and Notes, the liquidity of the Fund is maintained at a high level at all times.



3 RISK MANAGEMENT *(continued)*

(c) Financial risk management *(continued)*

Credit risk

The Fund is exposed to credit risk when a borrower or a counterparty may not be able or willing to perform its contractual obligations in full when due. The credit risk of the Fund mainly comprises (i) counterparty risk from placement activities; (ii) counterparty risk from investment transactions; (iii) issuer risk arising from debt securities holdings; and (iv) country risk.

Counterparty credit exposures arise mainly from the Fund's deposit placements with the MA for the account of the Exchange Fund and financial institutions approved by the Investment Committee and securities transactions with financial institutions. In this respect, the Fund will only conduct securities transactions with counterparties approved by the Investment Committee. To mitigate the issuer risk arises from investments in debt securities, the Board confines the types of investment securities of the Fund to Exchange Fund Bills and Notes and US Treasury Bills and Notes, both with minimal default risk. The Management Team considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. In addition to the counterparty and issuer risks, the Fund is exposed to country risk, which is confined to the sovereign risk of Hong Kong and the US and the country risk of financial institutions approved by the Investment Committee given the Fund's limited types of investments. The Fund's credit exposures are reported regularly to the Investment Committee based on its delegated authority from the Board.

Fair value measurement

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1 — fair values are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 — fair values are determined involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 — fair values are determined with inputs that are not based on observable market data (unobservable inputs).

The fair values of financial assets measured at amortised cost are disclosed in note 5.



4 TAXATION

No provision for Hong Kong Profits Tax for 2022 and 2021 have been made as the Board is exempt from Hong Kong Profits Tax pursuant to section 10 of the Ordinance.

5 FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2022 HK\$	2021 HK\$
US Treasury Bills		
Carrying value at the year beginning	—	—
Purchase	1,398,583,953	—
Interest income	2,670,604	—
Exchange gains	6,269,389	—
Carrying value at the year end	1,407,523,946	—
Fair value at the year end, Level 1	1,369,510,584	—

6 STAFF COSTS

	2022 HK\$	2021 HK\$
Salaries	10,456,681	11,410,914
Gratuity	43,215	50,746
Other employee benefits	1,243,939	1,319,653
	11,743,835	12,781,313



Deposit Protection Scheme Fund — Notes to The Statement of Accounts

7 FIXED ASSETS

	Owned assets		Right-of-use assets	Total HK\$
	Office equipment, furniture and fixtures HK\$	Computer hardware/software HK\$	Premises HK\$	
Cost				
As at 1 April 2020	1,691,747	12,810,619	7,250,400	21,752,766
Additions	2,830,727	898,879	4,969,688	8,699,294
Disposals	(1,517,724)	—	(7,250,400)	(8,768,124)
As at 31 March 2021	3,004,750	13,709,498	4,969,688	21,683,936
As at 1 April 2021	3,004,750	13,709,498	4,969,688	21,683,936
Additions	—	79,516	—	79,516
As at 31 March 2022	3,004,750	13,789,014	4,969,688	21,763,452
Accumulated depreciation				
As at 1 April 2020	1,620,641	6,061,121	4,962,493	12,644,255
Charge for the year	216,186	1,781,805	3,015,178	5,013,169
Written back on disposal	(1,517,724)	—	(7,250,400)	(8,768,124)
As at 31 March 2021	319,103	7,842,926	727,271	8,889,300
As at 1 April 2021	319,103	7,842,926	727,271	8,889,300
Charge for the year	584,257	1,907,670	1,454,543	3,946,470
As at 31 March 2022	903,360	9,750,596	2,181,814	12,835,770
Net book value				
As at 31 March 2022	2,101,390	4,038,418	2,787,874	8,927,682
As at 31 March 2021	2,685,647	5,866,572	4,242,417	12,794,636



8 INTANGIBLE ASSETS

	Development costs of payout system HK\$
Cost	
As at 1 April 2020	41,505,027
Additions	1,469,467
	<hr/>
As at 31 March 2021	42,974,494
	<hr/>
As at 1 April 2021	42,974,494
Additions	780,378
	<hr/>
As at 31 March 2022	43,754,872
	<hr/>
Accumulated amortization	
As at 1 April 2020	32,860,763
Charge for the year	2,251,215
	<hr/>
As at 31 March 2021	35,111,978
	<hr/>
As at 1 April 2021	35,111,978
Charge for the year	2,636,745
	<hr/>
As at 31 March 2022	37,748,723
	<hr/>
Net book value	
As at 31 March 2022	6,006,149
	<hr/>
As at 31 March 2021	7,862,516
	<hr/>



Deposit Protection Scheme Fund – Notes to The Statement of Accounts

9 OTHER RECEIVABLES

	2022 HK\$	2021 HK\$
Prepayment	1,817,411	1,567,678
Interest receivables	27,389	4,643
Others	50,700	59,298
	1,895,500	1,631,619

10 OTHER LIABILITIES

	Note	2022 HK\$	2021 HK\$
Other payables			
Hire of services	(a)	25,494,962	25,558,463
Staff expenses		992,273	1,638,392
Others		263,316	1,260,099
Lease liabilities			
Current portion	(b)	1,456,026	1,450,920
Non-current portion	(b)	1,339,192	2,795,218
		29,545,769	32,703,092

(a) This amount includes operating expenses of HK\$24,993,522 (2021: HK\$23,813,302) reimbursed to the Hong Kong Monetary Authority (HKMA).



10 OTHER LIABILITIES *(continued)*

(b) The changes in lease liabilities arising from financing activities are as follows:

	2022 HK\$	2021 HK\$
Balance at the year beginning	4,246,138	2,374,619
Changes from financing cash flows		
Principal portion of lease payments	(1,450,920)	(3,098,169)
Non-cash changes		
Increase relating to new leases (e)	—	4,969,688
Interest expenses on lease liabilities	12,156	16,437
Other changes		
Interest portion of lease payments	(12,156)	(16,437)
Balance at the year end	2,795,218	4,246,138

(c) The following table shows the remaining contractual maturities at the end of the reporting period of lease liabilities, which are based on contractual undiscounted cash flows and the earliest date on which the Fund can be required to pay.

	2022 HK\$	2021 HK\$
1 month or less	121,923	121,923
3 months or less but over 1 month	243,846	243,846
1 year or less but over 3 months	1,097,307	1,097,307
2 years or less but over 1 year	1,341,153	1,463,076
5 years or less but over 2 years	—	1,341,153
	2,804,229	4,267,305

(d) The total cash outflows for leases of the Fund for the year ended 31 March 2022 was HK\$1,463,076 (2021: HK\$3,114,606).

(e) In July 2020, the Fund entered into a lease agreement with the HKMA, setting out the understanding between both parties regarding the provision of office space to the Fund with a term up to 29 February 2024. At the commencement date of the lease, the Fund recognised right-of-use assets and lease liabilities of HK\$4,969,688. During the year, principal amount of the lease payment HK\$1,450,920 (2021: HK\$723,550) and interest amount of the lease payment HK\$12,156 (2021: HK\$7,988) were resulted from this lease agreement.



Deposit Protection Scheme Fund – Notes to The Statement of Accounts

11 MATERIAL RELATED PARTY TRANSACTIONS

Pursuant to section 6 of the Ordinance, the Board shall perform its functions through the MA unless indicated otherwise by the Financial Secretary. The HKMA has assigned a team of staff to assist the Board in discharging its functions. The team is headed by an Executive Director of the HKMA, who is designated as the Chief Executive Officer of the Board. The HKMA also supports the Board on aspects such as accounting, administration, human resources, and information technology.

The related party transactions with the HKMA are as follows:

	Notes	2022 HK\$	2021 HK\$
Aggregate amounts outstanding at the year end			
Balances with the Exchange Fund	(a)	4,760,501,343	5,649,618,920
Lease with the HKMA			
Right-of-use assets	7	2,787,874	4,242,417
Lease liabilities	10(b)	2,795,218	4,246,138
Transactions during the year			
Interest income from balances with the Exchange Fund	(a)	2,971,061	7,616,784
Operating expenses reimbursed to the HKMA	(b)	25,242,088	23,937,585
Lease payments to the HKMA			
Principal portion	10(e)	1,450,920	723,550
Interest portion	10(e)	12,156	7,988

- (a) During the year, the Fund placed deposits with the Exchange Fund and earned interest amounting to HK\$2,971,061 (2021: HK\$7,616,784) at a rate which is referenced to the market interest rates. As at 31 March 2022, the deposits amounted to HK\$4,760,501,343 (2021: HK\$5,649,618,920).



11 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

- (b) Certain operating expenses are reimbursed to the HKMA on a cost recovery basis in accordance with the provisions set out in the Ordinance. The expenses include the cost of staff and supporting services incurred by the HKMA for assisting the Board in carrying out its functions amounting to HK\$24,993,522 (2021: HK\$23,813,302) and the management fee in respect of the lease agreement with the HKMA amounting to HK\$248,566 (2021: HK\$124,283).
- (c) During the year, the HKMA provided the Board with a standby facility from the Exchange Fund for meeting the necessary liquidity required for payment of compensation in the event of a bank failure. The maximum amount which may be drawn under the facility is HK\$120 billion (2021: HK\$120 billion) of which nil (2021: nil) was drawn during the year.

12 APPROVAL OF STATEMENT OF ACCOUNTS

The statement of accounts was approved by the Board on 17 June 2022.



Annex: List of Scheme Members as at 31 March 2022

ABN AMRO BANK N.V.	BANK OF NOVA SCOTIA (THE)
AGRICULTURAL BANK OF CHINA LIMITED	BANK OF SINGAPORE LIMITED
AIRSTAR BANK LIMITED	BANK OF TAIWAN
ANT BANK (HONG KONG) LIMITED	BANK SINOPAC
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	BANQUE PICTET & CIE SA
BANCO BILBAO VIZCAYA ARGENTARIA S.A.	BARCLAYS BANK PLC
BANCO SANTANDER, S.A.	BDO UNIBANK, INC.
BANGKOK BANK PUBLIC COMPANY LIMITED	BNP PARIBAS
BANK J. SAFRA SARASIN AG	BNP PARIBAS SECURITIES SERVICES
BANK JULIUS BAER & CO. LTD.	CA INDOSUEZ (SWITZERLAND) SA
BANK OF AMERICA, NATIONAL ASSOCIATION	CANADIAN IMPERIAL BANK OF COMMERCE
BANK OF CHINA (HONG KONG) LIMITED	CATHAY BANK
BANK OF CHINA LIMITED	CATHAY UNITED BANK COMPANY, LIMITED
BANK OF COMMUNICATIONS (HONG KONG) LIMITED	CHANG HWA COMMERCIAL BANK, LTD.
BANK OF COMMUNICATIONS CO., LTD.	CHIBA BANK, LTD. (THE)
BANK OF DONGGUAN CO., LTD.	CHINA BOHAI BANK CO., LTD.
BANK OF EAST ASIA, LIMITED (THE)	CHINA CITIC BANK INTERNATIONAL LIMITED
BANK OF INDIA	CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED
BANK OF MONTREAL	CHINA CONSTRUCTION BANK CORPORATION
BANK OF NEW YORK MELLON (THE)	CHINA DEVELOPMENT BANK

Annex: List of Scheme Members as at 31 March 2022



CHINA EVERBRIGHT BANK CO., LTD.	DBS BANK LTD.
CHINA GUANGFA BANK CO., LTD.	DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK, FRANKFURT AM MAIN
CHINA MERCHANTS BANK CO., LTD.	
CHINA MINSHENG BANKING CORP., LTD.	E.SUN COMMERCIAL BANK, LTD.
CHINA ZHESHANG BANK CO., LTD.	EAST WEST BANK
CHIYU BANKING CORPORATION LIMITED	EFG BANK AG
CHONG HING BANK LIMITED	ERSTE GROUP BANK AG
CHUGOKU BANK, LTD. (THE)	FAR EASTERN INTERNATIONAL BANK
CIMB BANK BERHAD	FIRST ABU DHABI BANK PJSC
CITIBANK (HONG KONG) LIMITED	FIRST COMMERCIAL BANK, LTD.
CITIBANK, N.A.	FUBON BANK (HONG KONG) LIMITED
CMB WING LUNG BANK LIMITED	FUSION BANK LIMITED
COMMONWEALTH BANK OF AUSTRALIA	HACHIJUNI BANK, LTD. (THE)
COÖPERATIEVE RABOBANK U.A.	HANG SENG BANK, LIMITED
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK	HDFC BANK LIMITED
CREDIT INDUSTRIEL ET COMMERCIAL	HONG LEONG BANK BERHAD
CREDIT SUISSE AG	HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (THE)
CTBC BANK CO., LTD.	HSBC BANK PLC
DAH SING BANK, LIMITED	HSBC BANK USA, NATIONAL ASSOCIATION
DBS BANK (HONG KONG) LIMITED	HUA NAN COMMERCIAL BANK, LTD.



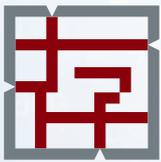
Annex: List of Scheme Members as at 31 March 2022

HUA XIA BANK CO., LIMITED	MELLI BANK PLC
ICICI BANK LIMITED	MITSUBISHI UFJ TRUST AND BANKING CORPORATION
INDIAN OVERSEAS BANK	MIZUHO BANK, LTD.
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED	MORGAN STANLEY BANK ASIA LIMITED
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED	MOX BANK LIMITED
INDUSTRIAL BANK CO., LTD.	MUFG BANK, LTD.
INDUSTRIAL BANK OF KOREA	NANYANG COMMERCIAL BANK, LIMITED
ING BANK N.V.	NATIONAL AUSTRALIA BANK LIMITED
INTESA SANPAOLO SPA	NATIONAL BANK OF PAKISTAN
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	NATIXIS
KBC BANK N.V.	NATWEST MARKETS PLC
KEB HANA BANK	NONGHYUP BANK
KOOKMIN BANK	O-BANK CO., LTD.
LAND BANK OF TAIWAN CO., LTD.	OCBC WING HANG BANK LIMITED
LGT BANK AG	OVERSEA-CHINESE BANKING CORPORATION LIMITED
LIVI BANK LIMITED	PHILIPPINE NATIONAL BANK
MALAYAN BANKING BERHAD	PING AN BANK CO., LTD.
MASHREQ BANK – PUBLIC SHAREHOLDING COMPANY	PING AN ONECONNECT BANK (HONG KONG) LIMITED
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.	

Annex: List of Scheme Members as at 31 March 2022



PT. BANK NEGARA INDONESIA (PERSERO) TBK.	TAI SANG BANK LIMITED
PUBLIC BANK (HONG KONG) LIMITED	TAI YAU BANK, LIMITED
PUNJAB NATIONAL BANK	TAIPEI FUBON COMMERCIAL BANK CO., LTD.
QATAR NATIONAL BANK (Q.P.S.C.)	TAISHIN INTERNATIONAL BANK CO., LTD
ROYAL BANK OF CANADA	TAIWAN BUSINESS BANK, LTD.
SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. (THE)	TAIWAN COOPERATIVE BANK, LTD.
SHANGHAI COMMERCIAL BANK LIMITED	TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.
SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD.	TORONTO-DOMINION BANK
SHIGA BANK, LTD. (THE)	UBS AG
SHINHAN BANK	UCO BANK
SHIZUOKA BANK, LTD. (THE)	UNION BANCAIRE PRIVÉE, UBP SA
SKANDINAVISKA ENSKILDA BANKEN AB	UNION BANK OF INDIA
SOCIETE GENERALE	UNITED OVERSEAS BANK LTD.
STANDARD CHARTERED BANK	WELAB BANK LIMITED
STANDARD CHARTERED BANK (HONG KONG) LIMITED	WELLS FARGO BANK, NATIONAL ASSOCIATION
STATE BANK OF INDIA	WESTPAC BANKING CORPORATION
STATE STREET BANK AND TRUST COMPANY	WOORI BANK
SUMITOMO MITSUI BANKING CORPORATION	YUANTA COMMERCIAL BANK CO., LTD
SUMITOMO MITSUI TRUST BANK, LIMITED	ZA BANK LIMITED



香港存款保障委員會
HONG KONG DEPOSIT
PROTECTION BOARD

