

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

ENHANCED DEPOSIT PROTECTION SAVE WITH MORE CONFIDENCE

ANNUAL REPORT 2024-2025

HK\$800,000



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 practice.



Room 1802–1810, 18/F, Hopewell Centre,
183 Queen's Road East, Wan Chai, Hong Kong
Telephone: (852) 1831 831
Facsimile: (852) 2290 5050
E-mail: dps_enquiry@dps.org.hk
Website: www.dps.org.hk



CONTENTS

	Message from the Chairman	2
	Deposit Protection Scheme at a Glance	4
	About the Hong Kong Deposit Protection Board	5
	Overview	5
	The Board and its Committee and Advisory Panel	7
	Corporate Governance	10
	Organisational Structure	12
	Scheme Operations	13
	Scheme Members' Profile and Relevant Deposits	13
	Enhancements to the DPS	14
	Payout Readiness	17
	Deposit Protection Scheme Fund	20
	Reinforcing Public Awareness and Understanding of DPS	22
	Compliance with the Representation Rules	31
	Relationships with Other Safety Net Players	31
	Sustainability	32
	Independent Auditor's Report	41
	Statement of Accounts of the Deposit Protection Scheme Fund	44
	Annex: List of Scheme Members as at 31 March 2025	71



Message from the Chairman



I am proud to report that this year saw the achievement of an important new milestone in the history of the Hong Kong Deposit Protection Board (the Board), a milestone that provides significantly greater protection to bank depositors as well as a clear testament to overall financial stability in Hong Kong. The success of this major enhancement to depositor protection is the culmination of continual efforts by the Board in planning and implementing enhancements to the Deposit Protection Scheme (DPS or the Scheme).

All the necessary legislative amendments for the DPS enhancements were completed in July 2024, paving the way for implementation in two phases, on 1 October 2024 and 1 January 2025. The most important measure was the raising of the deposit protection limit to HK\$800,000 per depositor per bank, from HK\$500,000 previously. This change translated into an immediate increase of around 20% in the real value of deposit protection – a big step forward for the large numbers of Hong Kong depositors whose savings have been accumulating

over the years. I feel very privileged to have helped oversee an enhancement that supports Hong Kong people's sense of financial security and their ability to plan for the future with confidence.

A number of other enhancements were also rolled out smoothly as scheduled. These included improvements to the transparency of Scheme members, for example, by requiring them to display their DPS membership status on electronic banking platforms in addition to their physical branches. Depositors also gained greater protection in the event of a bank merger or acquisition.

Equally important to the implementation of the changes are the Board's efforts to raise awareness of the enhanced DPS and the benefits it brings. We launched a series of publicity campaigns and activities focused on the DPS enhancements and targeted at many different social groups. At the centre of these campaigns was a new version of "Superhero Ah Po", the DPS digital ambassador, who stepped up his video publicity by vigorously

Message from the Chairman



promoting the higher protection limit and delivering other important messages from the Board, reinforcing the Board's image as Hong Kong's "Guardian of Deposits".

The Board also continued to use various publicity channels to raise general awareness of the DPS, especially among target segments who might not be familiar with the Scheme. We expanded the scope of our outreach by launching a new DPS WeChat page, thus adding another social media outlet through which we can communicate effectively with the public. Another communications initiative was our "DPS Art Lab" pop-up booth in the Central Market, which proved very popular as a hands-on way of learning more about the Scheme. Other groups targeted included the elderly and low-income households, to whom we reached out to promote the DPS in collaboration with the Government's Care Teams.

The seventh edition of the Board's important annual survey, "Hongkongers' Sense of Security on Savings", was carried out during the year and once again attracted much media coverage, generating a great deal of public interest. The 2024 survey revealed that the average monthly savings of Hong Kong people had once again grown significantly, reaching a record high of HK\$9,800, almost 10% from the previous year.

All these promotional efforts have certainly borne fruit in terms of keeping the Board and the DPS in the public eye. Public awareness of the DPS remained high at 79.1%, and our 2024 annual opinion survey also indicated that confidence in the Scheme hit a record high of 85%.

In the event of a bank failure, the crucial test of the DPS function is in how swiftly and efficiently compensation payments would be made to the affected depositors. To ensure DPS payout readiness, regular rehearsals are conducted to assess the effectiveness of the payout process.

During the year, we collaborated with various stakeholders on a payment drill that had a special focus on the use of electronic means, the Faster Payment System (FPS), to support potentially large DPS payouts. The drill went smoothly, assuring us that all parties were ready and able for immediate action should a bank failure arise.

In the year ahead, the Board is gearing up for a range of activities aimed at reinforcing our payout readiness, and public awareness and understanding of the enhanced DPS protection. In the pipeline is a full-scale payout rehearsal simulating a near-real-world payment scenario in a bank failure. The exercise seeks to test specifically the overall readiness of our payout agents in the actual handling of prompt and efficient compensation payments in an urgent situation. The Board is vigilant about its role in payout readiness, and such a drill is vital to boost the confidence of bank depositors in the statutory guarantee of prompt disbursement of compensation payments if a bank fails.

I am indebted to the diverse parties involved in bringing to fruition the implementation of the DPS enhancements over the past year. Clearly, the changes would not have been possible without the relentless behind-the-scenes efforts in the pursuit of our goals. I would like to extend my deep personal gratitude to all the Board members for their ongoing expert advice and firm support. With their continued unwavering support, I look forward to another fruitful year of the Board in enhancing depositor protection and confidence in the security and stability of our banking sector and financial system.

Ms Connie Lau Yin-hing, SBS, JP

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 digital banks, are required to participate in the DPS as a Scheme member unless otherwise exempted by the Hong Kong Deposit Protection Board (the Board or the HKDPB).
- It is a statutory requirement for all Scheme members to display a membership sign at their places of business and their electronic banking platforms, where applicable.

Place of business



Electronic banking platform (including website and mobile app)



- Each depositor's aggregate deposits in a Scheme member are protected up to a limit of HK\$800,000. 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, non-deposit products such as bonds, stocks, warrants, mutual funds, unit trusts, insurance policies and virtual assets, and stored value facilities fall outside the scope of DPS protection.
- Depositors who are affected by a bank merger or acquisition will have additional coverage for their protected deposits transferred from each of the original Scheme member(s) up to the standard protection limit for six months generally, on top of the standard protection limit available at the resulting Scheme member, where applicable.
- 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\$8.7 billion for 2025.
- Scheme members' contributions are assessed annually using a differential levy system with reference to the supervisory rating of each Scheme member as assigned by the Monetary Authority.

About the Hong Kong Deposit Protection Board



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 participates in the Association's work on 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 practice. 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, finance, law, consumer affairs, information technology and administration, and have rich experience in public service. The Board currently comprises nine members, including two ex officio members representing the Monetary Authority 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 7 to 8 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 page 9.

Executive Management

Pursuant to section 6 of the DPSO, the Board shall perform its functions through the Monetary Authority unless indicated otherwise by the FS. Hence, the Hong Kong Monetary Authority (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



Ms LAU Yin-hing, Connie, SBS, JP

Former Ombudsman
Former Chief Executive
Consumer Council

Members



Mr CHAN Kam-man, Lawrence

Partner
DeHeng Law Offices (Hong Kong) LLP



Professor CHAN Koon-hung

Professor of Business and Hospitality Management
Saint Francis University
Emeritus Professor of Department of Accountancy
Lingnan University



Mr CHEUNG Tai-keung, Jack

Former Chief Executive Officer
Treasury Markets Association



Professor LEE Kwok-on, Matthew

Chair Professor of Information Systems and
Electronic Commerce
City University of Hong Kong



About the Hong Kong Deposit Protection Board

Members



Mr MAK Yip-shing, Andrew, BBS, JP

Barrister
Sir Oswald Cheung's Chambers



Mrs LAW SHING Mo-han, Yvonne, BBS, JP

Former Partner and Senior Advisor
Deloitte China



**Mr HO Siu-hong, Francis, JP
(since December 2024)**

Deputy 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



**Ms CHAN Wing-man, Manda, JP
(until November 2024)**

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

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

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 members of the Committee are also members of the Board. The membership of the Committee is as follows:

Chairperson

Mr CHEUNG Tai-keung, Jack

Former Chief Executive Officer
Treasury Markets Association

Members

Professor CHAN Koon-hung

Professor of Business and Hospitality Management
Saint Francis University
Emeritus Professor of Department of Accountancy
Lingnan University

Mrs LAW SHING Mo-han, Yvonne, BBS, JP

Former Partner and Senior Advisor
Deloitte China

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, the Advisory Panel advises the Board on related matters, such as the development of strategies and implementation of activities in these areas. The membership of the Advisory Panel is as follows:

Chairman

Ms LAU Yin-hing, Connie, SBS, JP

Members

Mr FUNG Lap-wing, Eric

Mr LAU Chung, Billie

Ms LAU Mee-yee, Esme



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 current 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 for 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 2024-2025, the Board met three times and recorded an average attendance rate of 89%.

Risk Management and Audits

To manage the risks of the DPS, the Board ensures that appropriate and prudent risk management systems are implemented adequately and reviewed regularly. 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, if any, are reported directly to the Board to ensure that any material issues identified are communicated independently and effectively to Board members. The next regular review is scheduled for 2025-2026.

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 responsible for the audit for the financial year ended 31 March 2025 was Deloitte Touche Tohmatsu. To avoid any potential conflict of interest, the Board has a standing mechanism that safeguards 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.



Board Meeting of the HKDPB

About the Hong Kong Deposit Protection Board



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 makes its annual report 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 Monetary Authority 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 case has been reported to or reviewed by the Tribunal.

Review of the Corporate Governance Structure

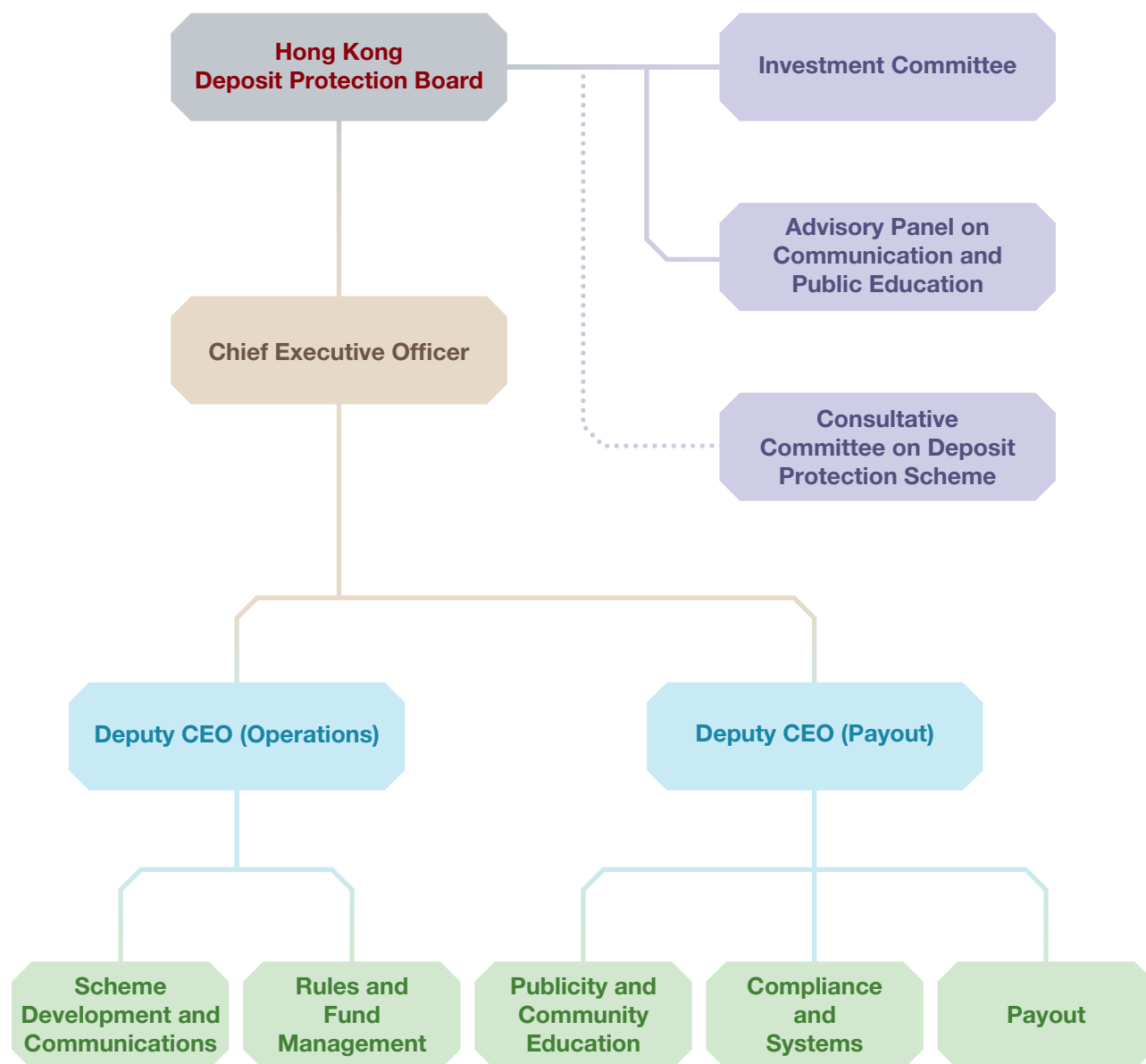
The Board has a policy of reviewing its corporate governance structure regularly to ensure that it continues to adhere to sound governance standards regardless of any changes in the scope of the Board's operations driven by the development of the DPS. Refinements are made between individual reviews to help the Board keep up with local and international best practices. The IAD of the HKMA also conducts independent reviews of the Board's corporate governance practices against applicable local or international standards on a periodic basis. The next regular review will be held in 2025-2026.



About the Hong Kong Deposit Protection Board

ORGANISATIONAL STRUCTURE

(as at 31 March 2025)



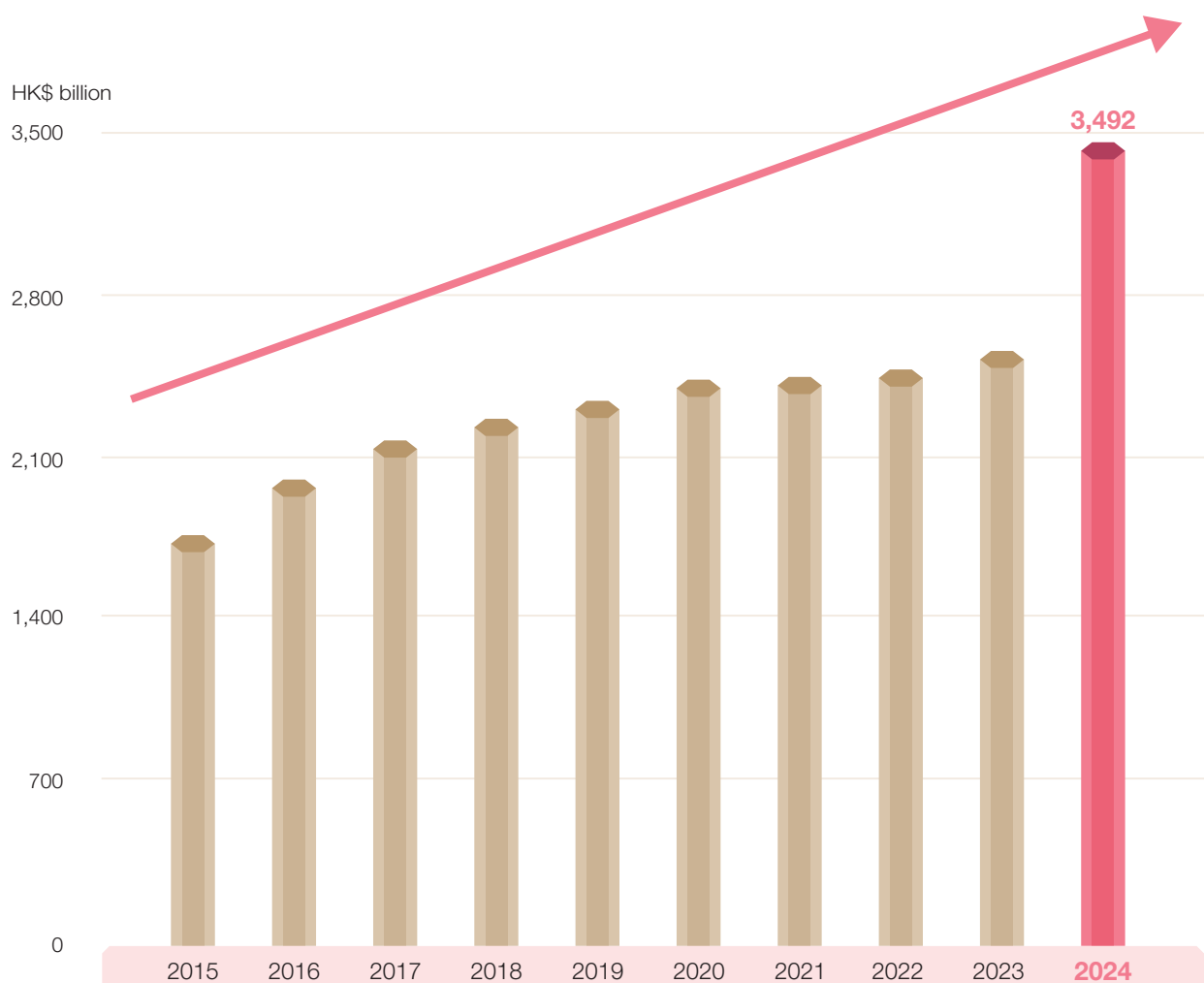


SCHEME MEMBERS' PROFILE AND RELEVANT DEPOSITS

At the end of March 2025, the Scheme had 148 members, with 32 incorporated locally and 116 incorporated outside Hong Kong.

Based on returns submitted by Scheme members, the aggregate amount of their deposits under DPS protection grew significantly to HK\$3,492 billion in 2024, compared with HK\$2,585 billion in 2023, following the increase in the deposit protection limit from HK\$500,000 to HK\$800,000.

Protected Deposits Held with Scheme Members



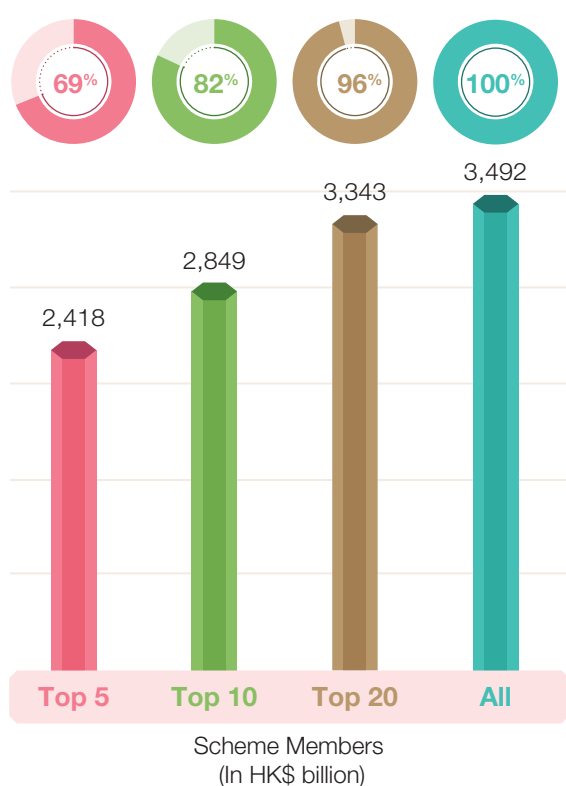


Scheme Operations

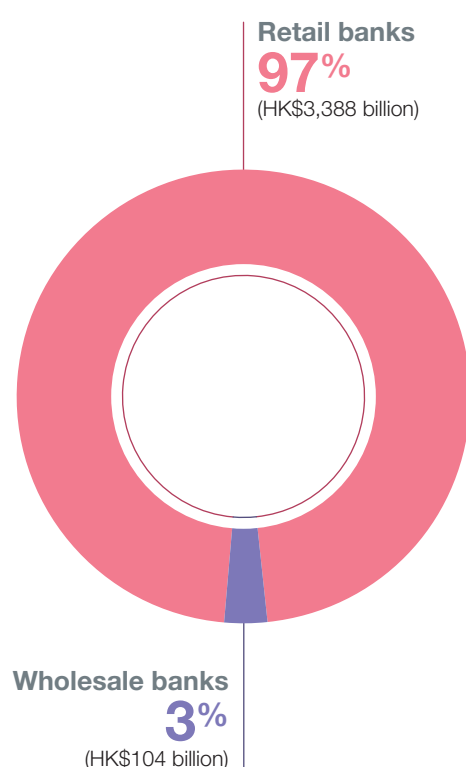
The distribution of protected deposits among Scheme members in 2024 was similar to 2023. The top 20 Scheme members, most of which were retail banks, held 96% of the industry's aggregate

protected deposits. According to the latest statistics provided by Scheme members, over 92% of depositors were fully protected by the DPS.

Distribution of Protected Deposits in 2024



Protected Deposits Held by Retail Banks and Wholesale Banks in 2024



ENHANCEMENTS TO THE DPS

Overview

During the year, the legislative process for enhancing the DPS was completed, and the enhancement measures took effect smoothly in two phases as planned. The protection limit

rose from HK\$500,000 to HK\$800,000, while affected depositors in the event of a bank merger or acquisition would receive enhanced coverage. Taken together, the enhanced DPS now provides depositors with better protection, which in turn reinforces public confidence in Hong Kong's banking system.



Legislative Process and Preparations

Subsequent to the announcement of the consultation conclusions on DPS enhancements in February 2024, the Legislative Council passed the DPS (Amendment) Bill 2024 on 3 July 2024, and the DPS (Amendment) Ordinance was gazetted on 12 July 2024.

First-phase Enhancement Measures

On 1 October 2024, the deposit protection limit was increased from the original HK\$500,000 to HK\$800,000 per depositor per bank. The enhanced protection limit represents a 20% rise in the real value of protection and thereby more than compensates for cumulative inflation over time. In addition, as a result of the enhanced limit, the percentage of depositors enjoying full deposit coverage has exceeded 92%, which is in line with international standards. A refined levy system also came into effect, enabling the DPS Fund underpinning the Scheme to reach its target fund size within a reasonable time frame under the enhanced protection limit.

At the same time, a streamlined requirement applicable to private banking customers was introduced. It allows Scheme members to make negative disclosures and obtain the customer's acknowledgement on a one-off basis instead of requiring it for every transaction. The simplified requirement is thus commensurate with the sophistication level and investment experience of private banking customers.

Second-phase Enhancement Measures

On 1 January 2025, enhanced coverage to affected depositors in the event of a bank merger or acquisition took effect. Such depositors can have additional coverage for their protected deposits transferred from each of the original Scheme member(s) up to the standard protection limit of HK\$800,000 for six months generally, on top of the standard protection limit available at the resulting Scheme member, where applicable. The enhanced coverage provides a transitional period for depositors affected by a bank merger or acquisition to consider whether to adjust their deposit portfolios, for example, by reallocating part of their deposits to another bank, to bring their deposit balances within the standard protection limit.

In addition, a new requirement was introduced for Scheme members to display the simplified DPS membership sign on their electronic banking platforms. This change takes into account the growing prevalence of digital channels in delivering banking services. It helps ensure a consistent practice among Scheme members and avoid possible confusion as to the DPS membership status of individual banks.



存款保障計劃成員
DEPOSIT PROTECTION
SCHEME MEMBER

Simplified membership sign

The Way Forward

The Board will continue to step up promotional efforts to raise awareness and understanding of the enhanced DPS.



Scheme Operations

DPS enhancement measures



1 ENHANCED DEPOSIT PROTECTION LIMIT

Raised from HK\$500,000 to HK\$800,000 per depositor per bank



2

REFINED LEVY SYSTEM

Enables the DPS Fund to reach its target fund size within a reasonable time frame under the higher protection limit



3 STREAMLINED NEGATIVE DISCLOSURE REQUIREMENT

Streamlines the negative disclosure requirement on non-protected deposit transactions of private banking customers



4

ENHANCED COVERAGE IN BANK MERGER/ACQUISITION

Provides affected customers with generally six months of extra deposit protection in case of a bank merger/acquisition



5

ELECTRONIC DISPLAY OF MEMBERSHIP SIGN

Requires Scheme members to display the DPS membership sign on their electronic banking platforms



PAYOUT READINESS

Overview

The Board is dedicated to ensuring the prompt payment of compensation to depositors in the event of a bank failure. To maintain readiness, a comprehensive review and update of industry guidance, payout systems and procedures were conducted during the year. The exercise ensured that all necessary changes were in place prior to the implementation of the new DPS enhancements, so the Board could provide timely and effective payout to depositors.

In addition, a series of targeted activities was held to further strengthen payout readiness. These activities included drills for payout agents and the banking industry, training with payout agents and Scheme members, as well as ongoing compliance monitoring activities with Scheme members. A payout rehearsal is planned for 2025. The upcoming exercise will assess the combined efforts of the Board's personnel and its payout agents in achieving the seven-day payout target, and identify areas for improvement in the payout process.

Payout Readiness Activities

The Board maintained its high level of payout readiness throughout the year, ensuring a swift and efficient distribution of compensation payments to depositors in the event of a bank failure. To achieve this goal, the Board conducted drills and a payout walkthrough exercise with its network of payout agents.

A payout drill took place with the banking sector in the fourth quarter of 2024 to test its readiness in processing compensation payments through electronic payment channels, with a focus on the Faster Payment System. The payout agent bank and Hong Kong Interbank Clearing Limited engaged in the drill actively to support electronic payment services. The results confirmed that all parties were familiar with the payout procedures and were well prepared to distribute compensation payments efficiently through electronic channels.

The Board also provided refresher training and simulation tests to accounting firms and IT service providers in the first quarter of 2025 to reinforce their understanding of the step-by-step payout process and maintain their proficiency in payout operations.



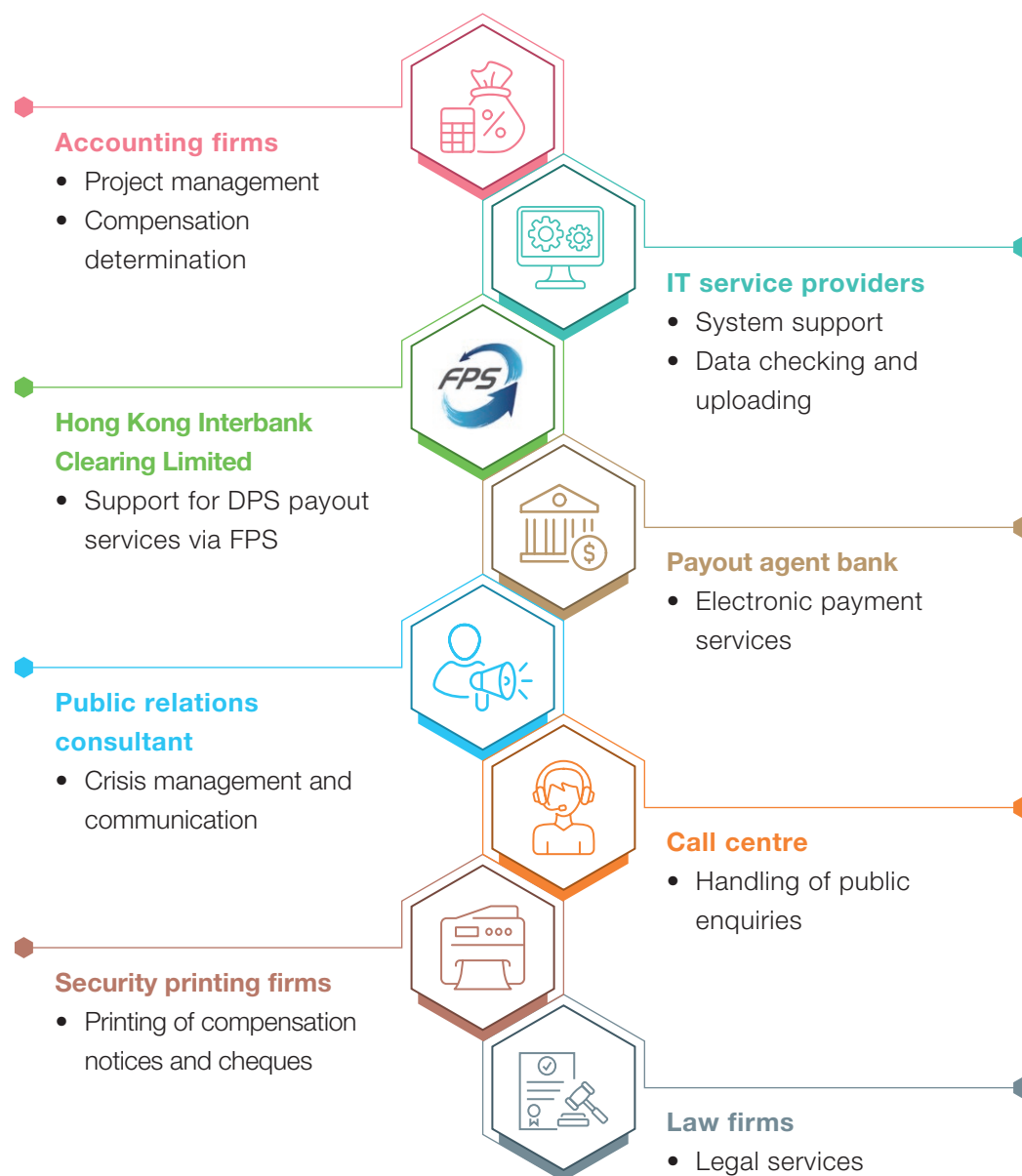
The payout walkthrough exercise with payout agents

The Board plans to conduct its regular payout rehearsal in the fourth quarter of 2025 to test the overall readiness of the systems, procedures and personnel under a simulated real-life scenario.



Scheme Operations

Roles of payout agents and their coordination in case of a payout





Information System Requirements and Compliance

Pursuant to the enhanced DPS, following an industry-wide consultation, the Board revised the Information System (IS) Guideline and Compliance Review Programme, setting out new information retention and submission requirements related to how the enhanced protection for affected depositors would be determined upon a bank merger. The Board shared the new requirements with Scheme members and independent auditors through regular webinars about the IS Guideline.

Under the IS Guideline, Scheme members should submit quality deposit records in the required format to the Board for calculating compensation in an accurate and timely manner during a payout. The Board is monitoring the compliance status of Scheme members with the IS Guideline through measures in the Compliance Review Programme: carrying out regular and comprehensive reviews of selected Scheme members; requiring Scheme members to commission an independent auditor to assess their systems and processes every three years; and requiring each Scheme member to make a self-declaration of its compliance status every year. According to the results of compliance monitoring activities held throughout 2024-2025, overall compliance of the industry was satisfactory.

Monitoring of Scheme members' compliance with IS Guideline



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



Commissioned 48 Scheme members to submit independent assessment reports under the Compliance Review Programme



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



Scheme Operations

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 assigned by the Monetary Authority, serves as the basis for determining Scheme members' contributions for the coming year.

Assessment and Collection of Contributions

Contributions collected from Scheme members in 2025 amounted to HK\$833 million, a rise of 252% from 2024, reflecting the increase in protection limit. Similar to the distribution of protected deposits, 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 report to the Board in accordance with the Board's return review policy. The Board selected 30 Scheme members to submit an audit report on the accuracy of their returns in 2025. The audit results were generally satisfactory.

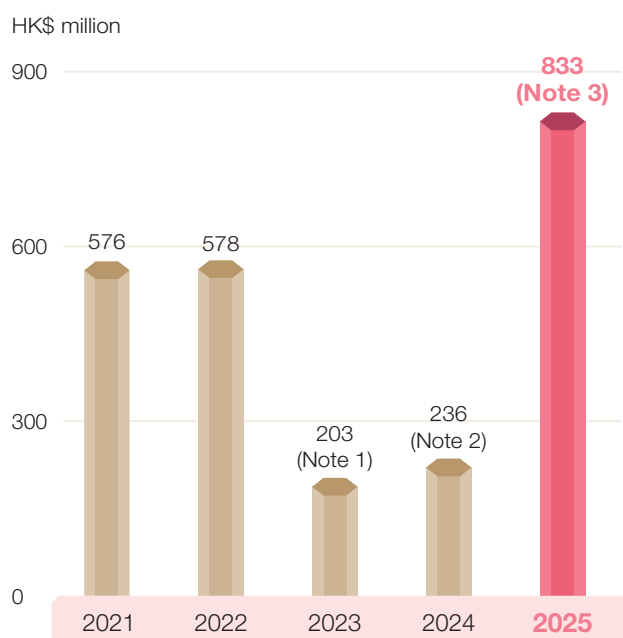
Policy and Performance of DPS Fund Investment

In view of the extremely uncertain investment environment, 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 2025, the assets of the DPS Fund amounted to HK\$7.8 billion, of which around 20% and 42% were invested in Exchange Fund papers and US Treasuries respectively, while the remaining sum was predominantly in the form of Hong Kong dollar deposits. The DPS Fund achieved an investment return of 3.98% for the year.

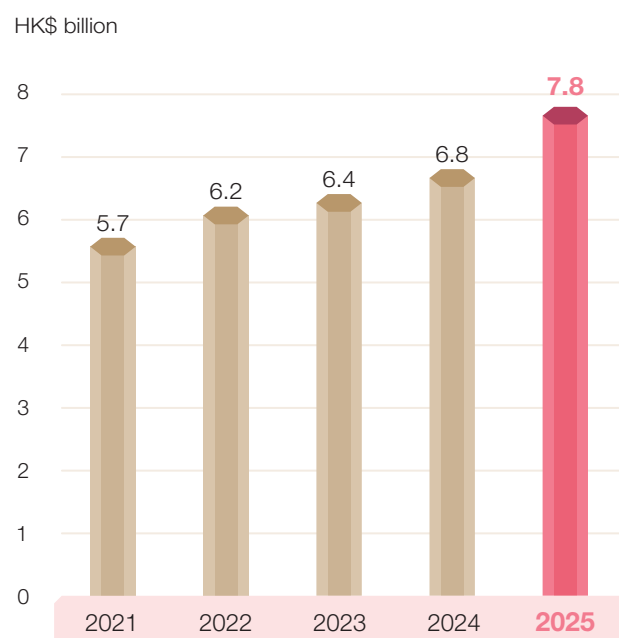
Scheme Operations



Contributions Paid by Scheme Members



DPS Fund's Total Assets

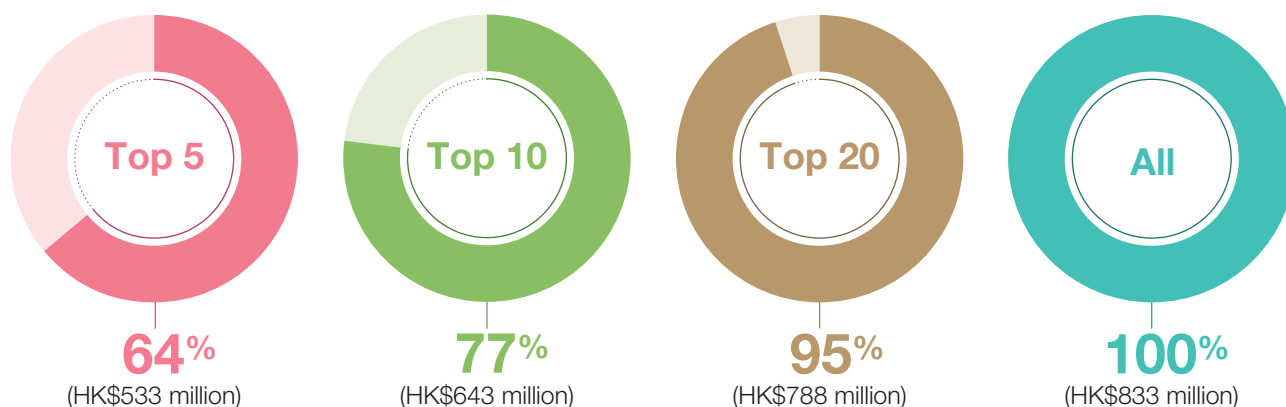


Note 1: Since the balance of the DPS Fund was very close to the target fund size, according to section 3(6) of Schedule 4 to the DPSO, the total contributions payable by Scheme members for 2023 were reduced to the extent that the balance of the DPS Fund after including the contributions would not exceed the target fund size.

Note 2: According to section 4(1) of Schedule 4 to the DPSO, an expected loss levy is payable by a Scheme member for any year after the year in which the target fund size has been reached for the first time. Since the target fund size was reached in 2023, an expected loss levy was payable by a Scheme member for 2024.

Note 3: According to section 3(2) of Schedule 4 to the DPSO, a build-up levy was payable by Scheme members for 2025, since the DPS Fund's target fund size for 2025 was greater than the balance of the DPS Fund, as a result of the increase in deposit protection limit in 2024.

Distribution of Contributions Collected from Scheme Members





Scheme Operations

REINFORCING PUBLIC AWARENESS AND UNDERSTANDING OF DPS

Overview

The year 2024-2025 marked the beginning of the Board's new three-year communications plan, which aimed at reassuring the public that their bank deposits were safe and at promoting the new deposit protection limit of HK\$800,000, effective from 1 October 2024. Throughout the year, community education activities were conducted to maintain outreach to different target audiences.

Mass Publicity

Two rounds of an advertising campaign were strategically deployed across different media to reach out to the respective audiences. The campaign launched a new television commercial, entitled "Superhero Ah Po's DPS Accessories", featuring the two iconic DPS characters, Ah Chuen and Ah Po, to promote the new deposit protection limit and the key DPS features.

Publicity initiatives via radio, digital and out-of-home advertising were deployed to extend the reach to the public.

With The HK\$800,000
Enhanced Protection

Everyone Can Save
With More Confidence



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

www.dps.org.hk



Advertising placements on TV, digital and outdoor media

Scheme Operations



An online poster advertising campaign, “Upgraded Ah Po Movie Poster”, was launched across various digital media to expand the publicity drive.

A 2D animation video was produced to highlight the key message of the enhanced protection limit in a lighthearted manner. The video was shared on the Board’s social media platforms and attracted a wide viewership.

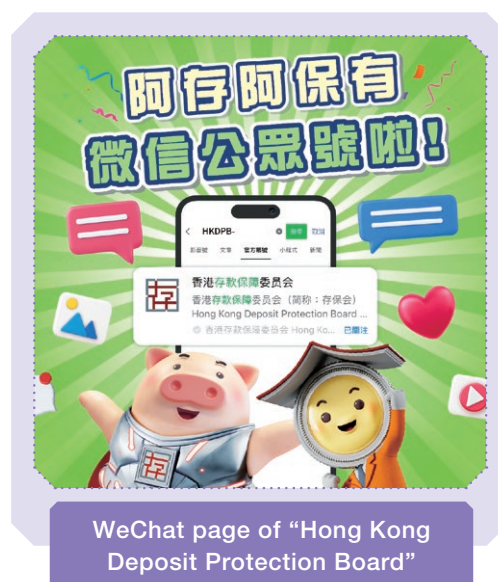
Social Media Campaigns

The Board is constantly keeping up the promotion of DPS on digital and social media, in line with the public’s growing engagement with these platforms.

In addition to regular fun and engaging posts around money-saving and the DPS key features on Facebook and Instagram, the Board launched a new WeChat page, “Hong Kong Deposit Protection Board”, in October 2024 to increase its presence on social media and extend the reach to users of different social media platforms.



“Upgraded Ah Po Movie Poster”



WeChat page of “Hong Kong Deposit Protection Board”



2D animation video conveying the key message of the enhanced DPS

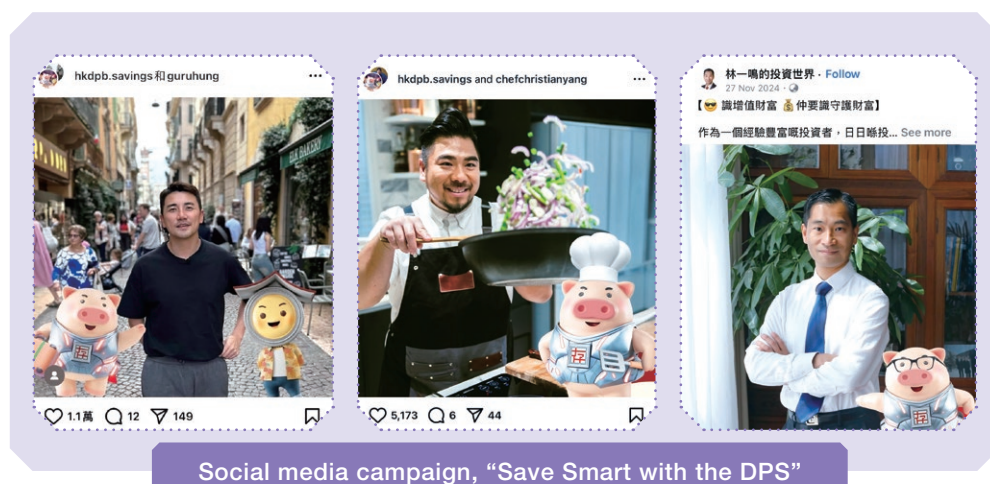




Scheme Operations

To target the younger generations, the Board implemented “Save Smart with the DPS” in partnership with key opinion leaders who were popular among various categories of audiences.

They were invited to share interesting savings-related topics to attract viewers’ attention. The key features of DPS and the new deposit protection limit were incorporated into the publicity campaign.



Consumer and Public Relations Campaigns

A consumer campaign, “DPS Promotional Wagon”, was rolled out in high-traffic districts to promote the DPS protection and to raise awareness of the new

protection limit. A promotional truck wrapped in the latest advertising visuals travelled around town for four days, offering interactive games to engage with passers-by.



Scheme Operations



The “DPS Art Lab” PR campaign returned to publicise the DPS protection for people from all walks of life following its successful debut last year. A promotional booth displaying advertising

visuals was set up at the Central Market, while illustrators created cartoon portraits on DPS tote bags for visitors to promote the DPS message to the community in an interactive way.



PR campaign, “DPS Art Lab”

Survey about “Hongkongers’ Sense of Security on Savings”

The Board conducted the seventh multiyear survey to keep track of the savings behaviours of Hong Kong people and to study the money-saving habits of pre-retirees aged 50 to 65. The survey findings indicated significant growth in the average monthly savings of Hongkongers, rising from HK\$9,000 in 2023 to HK\$9,800 in 2024, a near 10% growth, which was a record high since the study began.

A media briefing was organised to announce the survey results, which generated extensive coverage of more than 220 write-ups in the media. The survey also indicated that bank deposits continued to be the most common form of savings, underscoring the sustained preference for bank deposits and reinforcing the Board’s role as the “Guardian of Deposits” in Hong Kong.



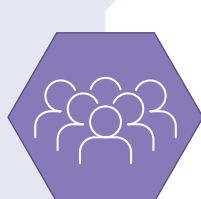
Media briefing about the “Hongkongers’ Sense of Security on Savings” Survey



Scheme Operations

Interesting findings from the Hongkongers' "Sense of Security on Savings" Survey

2024



Public
(Aged 18 or above)

67%

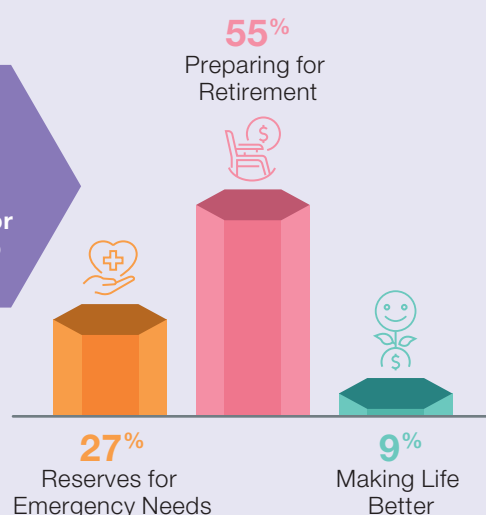
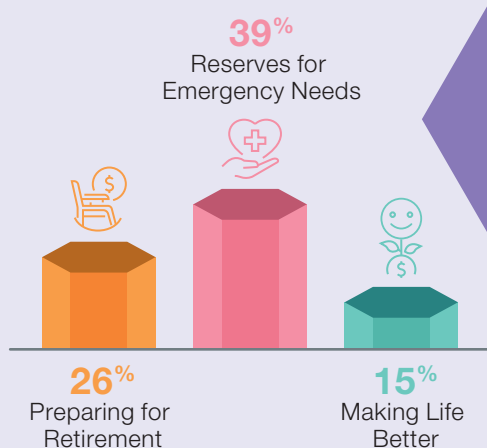
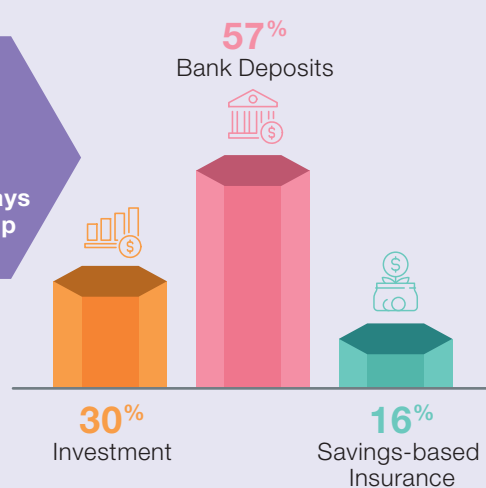
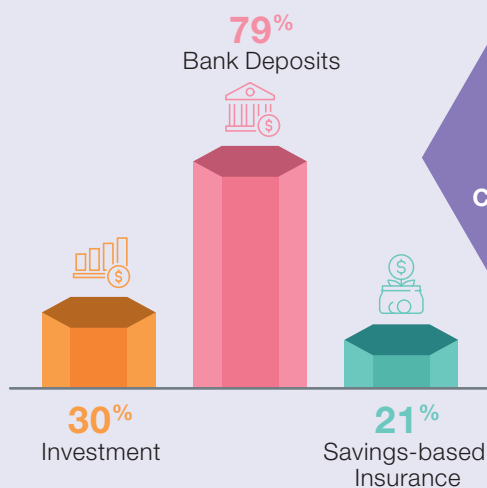
of the respondents had
a habit of saving



Pre-retirees
(Aged 50 to 65)

82%

of the respondents had
a habit of saving



Scheme Operations



Community Education and Outreach

Throughout the year, the Board carried out community outreach activities with different target groups.

DPS Talks, Board Game Workshops and Student Engagement

In partnership with non-governmental organisations (NGOs), elderly centres and schools, DPS Talks were held for both the elderly and students to

support the community education efforts. Financial education talks were also conducted for secondary school students. To raise DPS understanding among ethnic minorities, the Board organised targeted talks for them as well. In addition, a new collaborative effort with the Government's Care Teams comprised DPS Ambassador training sessions, DPS Talks and interactive mini-game booths, strengthening the Board's outreach efforts.



DPS Talks for elderly people, students and homemakers



DPS Ambassador training sessions



New collaboration with the Care Teams



Scheme Operations

The Board organised introductory workshops about DPS Board Games for both secondary and primary students. An academic project continued to be offered for business students of Lingnan University

to come up with proposals on how to promote the DPS and the new deposit protection limit to vulnerable groups, namely the elderly, low-income families, and ethnic minorities.



DPS Board Game Workshops for students and ethnic minorities



The student engagement project with Lingnan University

Scheme Operations



Public Engagement in High-traffic Consumer Shows and Popular Shopping Districts

The Board participated in two high-traffic consumer shows, the Hong Kong Book Fair and Hong Kong Brands and Products Expo, engaging the public with interactive educational games to deepen

awareness and understanding of the DPS. A promotional booth was also set up at Times Square, where passers-by played interactive educational games designed to further deepen public understanding of the DPS and the new protection limit.



Participation at Hong Kong Book Fair 2024



Participation at the 58th Hong Kong Brands and Products Expo



DPS promotional booth at Times Square



Scheme Operations

Public Awareness and Enquiries

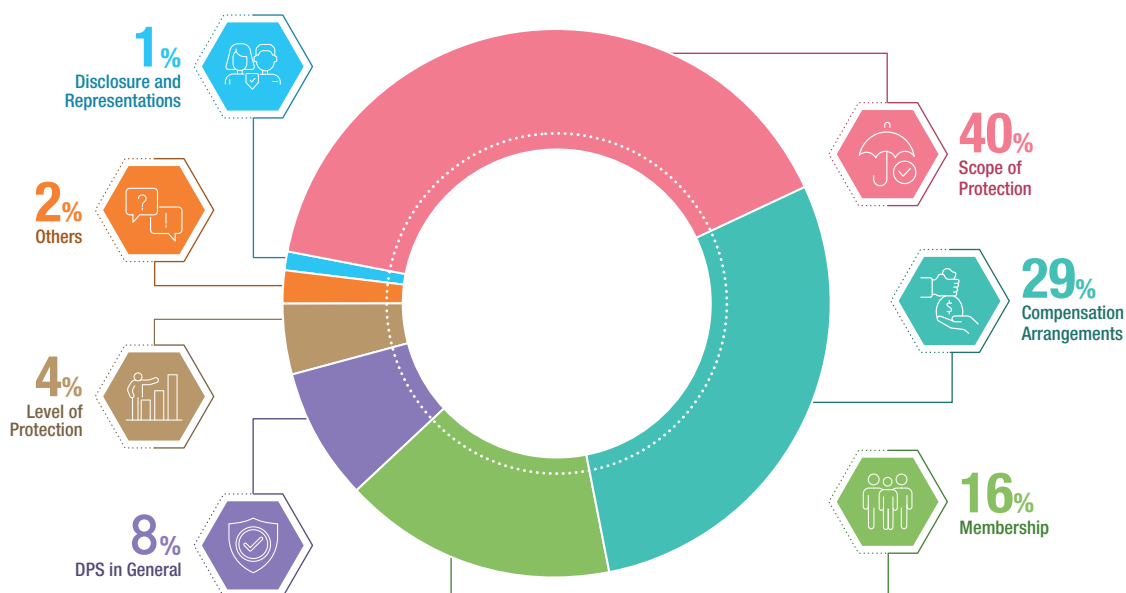
Public Opinion Survey 2024

The Board commissioned its annual independent public opinion survey. With the enhancement of the DPS taking effect during the year and the launch of a new multimedia advertising campaign, the results showed that public awareness of the DPS remained high at 79.1%, while public confidence in the DPS was at a record 85%. Most survey respondents agreed that the DPS enhanced their sense of security in bank deposits. Among the respondents, 88.3% recognised that the protection provided by the DPS was statutory. The results of the survey clearly demonstrated that the Board's dedicated publicity and community outreach efforts had been highly effective.

DPS Public Enquiry Services

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 reach the Board for questions about the Scheme and the functions of the Board. About 70% of the enquiries received in 2024-2025 were related to the DPS scope of protection, including the enhanced protection limit, types of financial products covered by the Scheme, and compensation arrangements of joint accounts.

Nature of public enquiries received in 2024-2025





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 2023 to 30 June 2024. In addition, the HKMA conducted on-site examinations to 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 action. 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 objective, 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 deposit compensation when necessary.

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, which was first signed in 2008 and subsequently updated in 2022, 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 the Association's 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. Representatives from the Board took part in a number of international meetings in 2024–2025, either in person or virtually, that included the following:

- 2024 IADI Annual Conference and Annual General Meeting in Tokyo; and
- IADI Asia-Pacific Regional Committee ad-hoc meetings.



Sustainability

OVERVIEW

The Board aims to be a sustainable organisation by implementing various strategies to reduce its environmental footprint. To support the Government's carbon neutrality commitments, which include achieving carbon neutrality before 2050 and an interim carbon intensity reduction target of 65-70% by 2030, the Board is seeking net-zero greenhouse gas (GHG) emissions in its own operations by 2030. This goal is also in line with the emission reduction target of the HKMA. By setting its own GHG reduction target and adopting environmentally conscious practices, the Board strives to promote sustainability in its operations.

Environment

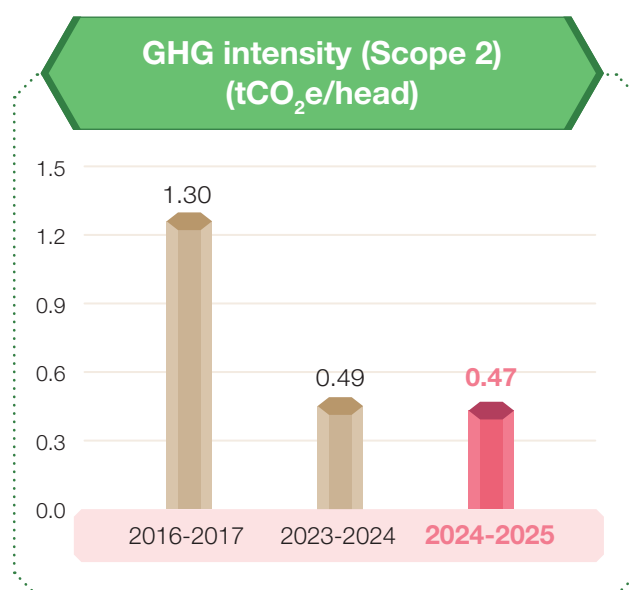
The Board endeavours to manage the environmental impacts of its operations effectively through measures outlined below.

Energy Efficiency

A green working environment is fostered by undertaking energy efficiency initiatives, such as installing energy-efficient lighting and motion sensors and optimising temperature control systems. Staff are encouraged to adopt

environmentally friendly habits, such as switching off lights that are not in use. The Board's energy usage was 0.79 megawatt hours on a per head basis in 2024-2025, 52% lower than the 2016-2017 baseline.

Given the nature of its operations, the Board's GHG emissions are predominantly indirect, stemming from the use of electricity generated from fossil fuels. In 2024-2025, the intensity of the Board's Scope 2 emissions has decreased to 0.47 tonnes of carbon dioxide equivalent (tCO₂e) on a per head basis, 64% less than 2016-2017. The Performance Summary section on page 35 gives detailed data on the Board's Scope 2 emissions.

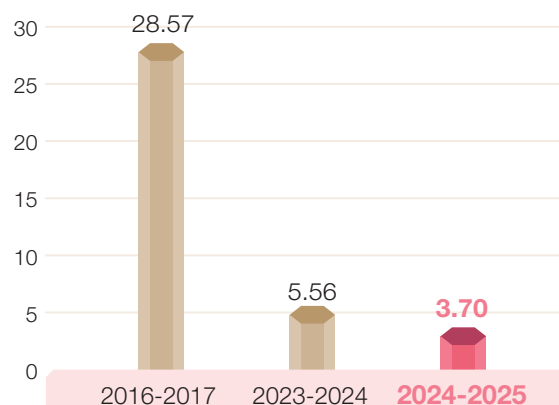




Green Operations

The Board is carrying out its operations in a more environmental-friendly way by adopting digital and paperless measures, which have yielded positive results. In 2024-2025, paper usage intensity was 3.70 kg per head, a significant reduction of 87% from 2016-2017.

Office paper consumption intensity (kg/head)



Reducing the use of paper and printing



Publish annual reports on the Board's official website and minimise printed copies.



Distribute electronic documents for Board meetings.



Upload the electronic version of the DPS leaflet to the Board's website, allowing Scheme members to provide the e-version to customers.



Implement automation and electronic processes for internal matters, including e-remittance advices and leave applications.



Inform stakeholders about the publication of the Board's annual reports via email.



Use sustainable paper, such as Forest Stewardship Council certified paper, wherever feasible.



Request Scheme members to submit only a soft copy of their annual IS Guideline self-declaration.



Conduct paperless meetings on electronic platforms whenever practicable.



Sustainability

To further reduce the use of paper and printing, the Board strongly encourages Scheme members to provide the electronic version of the DPS leaflet to their customers. With the issuance of a new version of the information leaflet in 2024-2025 to highlight the DPS enhancement measures, Scheme members' requests for a copy of the electronic leaflet increased by 160% year on year. The Board also encourages outreach participants to obtain information online from its website, so as to distribute fewer printed DPS leaflets in its activities.

Waste Management

The Board strives to minimise its environmental footprint through a multifaceted approach to waste management. Various initiatives are in force along these principles: refuse, reduce, reuse and recycle. Efforts include establishing designated recycling collection points for paper, plastic and metal waste, promoting the reuse of paper, eliminating the use of disposable items, collecting food waste for reprocessing, and compiling used lai see packets for recycling.

A detailed breakdown of the Board's waste management practices is provided in the Performance Summary section on page 35, which comprises data related to non-hazardous waste disposed in landfills and different categories of recyclable waste.



Performance Summary

The Board aims to achieve net-zero GHG emissions in its own operations by 2030, using 2016-2017 as the base year. In 2024-2025, an external assurance and verification agency, SGS Hong Kong Limited, was engaged for the first time to verify the

Board's emissions, energy usage, paper usage and waste data as disclosed in this report. The scope and basis of the verification are set out in the Verification Statement appended to the end of this chapter.

Indicators	Unit	FY2024-25	FY2023-24	FY2016-17 (Base Year)
Energy Management				
Total energy consumption	MWh	21.35	20.09	44.34
Energy intensity	MWh/head	0.79	0.74	1.64
Emissions¹				
Indirect emissions from energy (Scope 2)	tCO ₂ e	12.81	13.26	35.03
GHG intensity (Scope 2)	tCO ₂ e/head	0.47	0.49	1.30
Paper Consumption				
Total office paper consumption	tonnes	0.10	0.15	0.77
Office paper consumption intensity	kg/head	3.70	5.56	28.57
Waste Management				
Non-hazardous waste disposed in landfills	tonnes	1.17	1.17	2.90
Waste disposed to landfills intensity	kg/head	43.51	43.23	107.57
Waste collected for recycling				
– Paper	tonnes	0.54	0.43	1.07
– Food waste ²	kg	111.20	106.32	–
– Plastics	kg	9.56	7.81	7.86
– Metals	kg	2.65	1.74	12.01

- The emissions figures were calculated based on the reporting requirements of the GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol) issued by the World Resources Institute and the World Business Council for Sustainable Development, and the Practical Guide on Carbon Audit and Management — Guide to Low Carbon Offices issued by the Environmental Protection Department in Hong Kong. Scope 2 indirect emissions were calculated by the market-based method as defined by the GHG Protocol. The emission factor applied is for each respective year, with reference to information published by The Hongkong Electric Co., Ltd.
- The food waste recycling programme was launched in mid-November 2022.



Sustainability

People

The Board is committed to investing in the well-being of its staff to foster a motivated and healthy workforce.

Wellness Office

Staff of the Board work in a safe and modern environment characterised by an open layout. Workstations are equipped with height-adjustable desks and ergonomic chairs that comply with occupational safety and health regulations, as well as eye protection features on liquid-crystal display (LCD) monitors to enhance productivity. Maintaining the highest standards of office hygiene is also a priority, with regular sanitisation carried out to ensure a clean and healthy workplace.



Maintaining a clean and healthy workplace

Staff Well-being

The Board cares about the well-being of its staff. As part of the group medical scheme, the Board offers a well-being benefit aimed at supporting staff in maintaining good health and achieving better work-life balance. Staff and their family members can use this benefit flexibly for a variety of purposes, including health checks, optical expenses, fitness fees, leisure class fees and nutrition consultations. The Board also promotes a healthy lifestyle through initiatives such as Fruit Mondays.

Additionally, the Board offers a flexible working arrangement that enables staff members to work from home for up to one day per week, subject to approval and operational requirements.

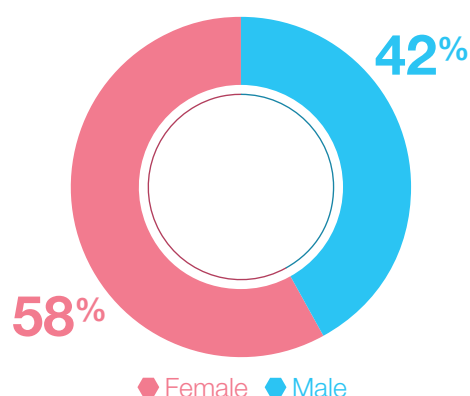
Equal Opportunities

The Board is an equal opportunity employer and believes in creating a work environment that is free from discrimination, harassment, vilification or victimisation. The Board is committed to full compliance with the relevant ordinances related to sex, disability, family status and racial discrimination. The equal opportunities policy is applied to the Board's recruitment process, terms and conditions of employment, performance assessments, promotions, transfers, training, dismissals, grievance procedures and general conduct.

Diversity

The Board values diversity in its workforce, as reflected in its balanced gender representation. Female representation of the Board's workforce was 58% as of March 2025.

Gender of staff





Social Responsibility

The Board believes that corporate social responsibility is an integral part of its mission to help protect depositors' interests and maintain banking stability, which is achieved through steadfast efforts to engage with the public via promotion and outreach.

Consumer Education

The Board is dedicated to promoting awareness of the importance of savings and the role of the DPS in safeguarding bank deposits. Publicity campaigns and community outreach initiatives were conducted throughout the year.

Needs of Vulnerable Groups

The Board made considerable efforts to engage with vulnerable groups, including the elderly, low-income families and ethnic minorities, to raise their understanding of the DPS through talks, Board Game Workshops and targeted outreach programmes in collaboration with the Government's Care Teams. A dedicated multilingual leaflet is available on our website to provide ethnic minorities with DPS information.



Community outreach activities

Information of the DPS in multi-languages





Sustainability

Talent Cultivation

In line with the Board's commitment to nurturing local talent, a placement programme is offered to undergraduate students. Participants can gain valuable work experience from different teams within the Board to support their career development.

In addition, the Board continues to offer an academic project that engages business students of Lingnan University to develop proposals for promoting the DPS and the new deposit protection limit to vulnerable groups. It poses an opportunity for students to gain knowledge about the DPS and the Board while creating new ideas for promotional activities.

Personal Data Privacy

The Board attaches high importance to personal data privacy protection. To this end, internal guidelines are in place on how to preserve the confidentiality of personal data. The guidelines are reviewed and updated from time to time to align with the prevailing best practices suggested by the Office of the Privacy Commissioner for Personal Data. Staff also receive training to enhance their knowledge and understanding of the Personal Data (Privacy) Ordinance.



ASSURANCE STATEMENT

SGS HONG KONG LIMITED'S ASSURANCE STATEMENT ON ENVIRONMENTAL AND GREENHOUSE GAS DATA OF HONG KONG DEPOSIT PROTECTION BOARD

NATURE OF THE ASSURANCE/VERIFICATION

SGS Hong Kong Limited (hereinafter referred to as SGS) was commissioned by the Hong Kong Deposit Protection Board (hereinafter referred to as HKDPB) to conduct an independent assurance on the environmental and greenhouse gas data (hereinafter referred to as the ENV & GHG Data). The reporting period of the ENV & GHG Data is from 1 April 2016 to 31 March 2017, 1 April 2023 to 31 March 2024 & 1 April 2024 to 31 March 2025.

RESPONSIBILITIES

HKDPB is responsible for the collection and preparation of the ENV & GHG Data information. SGS has not been involved in the preparation of any of the materials related to the ENV & GHG Data.

Our responsibility is to express an opinion on the ENV & GHG Data within the scope of verification with the intention to inform all HKDPB's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board. The verification process was designed to obtain a reasonable level of assurance for the purpose of devising the verification opinion and conclusion.

The assurance of the ENV & GHG Data has been conducted according to the following Assurance Standard:

Assurance Standard	Level of Assurance
ISAE 3000	Reasonable

SCOPE OF ASSURANCE

The scope of the assurance included the evaluation of quality, accuracy and reliability of the ENV & GHG Data of HKDPB as detailed below:

SPECIFIED PERFORMANCE INFORMATION INCLUDED IN ASSURANCE SCOPE

- Total energy consumption and its intensity
- GHG emission (Scope 2: Indirect emissions from energy) and its intensity
- Paper consumption and its intensity
- Amount of Non-hazardous waste disposed and its intensity
- Amount of waste recycled (include paper, food waste, plastics and metals)

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interview with relevant employees, data collection methodology, documentation and record review as well as validation with the relevant stakeholders.



Sustainability

INHERENT LIMITATIONS

GHG data are quantified based on the values provided by the relevant organisations. The process of quantifying GHG data involves utilizing values provided by these organisations, which may be derived from estimations, hence introducing a certain level of inherent uncertainty.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from HKDPB, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditor(s) and sustainability report training instructor(s) specialising in the sustainability, Environmental, Social and Governance (ESG), environmental and carbon fields.

MATERIALITY

The materiality required for the verification was considered by SGS to 5%, based on the needs of the intended user of the Assurance Statement.

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate and reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the HKDPB has chosen an appropriate level of assurance for this stage in their reporting.

Signed:

For and on behalf of SGS Hong Kong Limited

Miranda Kwan
Director
Business Assurance
23 May 2025
WWW.SGS.COM

Independent Auditor's Report



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 44-70, which comprises the balance sheet as at 31 March 2025, 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 material accounting policies and other explanatory information.

In our opinion, the statement of accounts gives a true and fair view of the financial position of the Fund as at 31 March 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 (“HKSAs”) as 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 HKFRS Accounting Standards as 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 HKSA's 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.

As part of an audit in accordance with HKSA's, 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.



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

- 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.

The engagement partner on the audit resulting in this independent auditor's report is Chu, Wai Chung (practising certificate number: P07024).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 June 2025



Deposit Protection Scheme Fund – Statement of Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 HK\$	2024 HK\$
Income			
Contributions		383,410,235	211,570,261
Interest income from cash and balances with banks and the Exchange Fund		98,960,355	60,086,558
Interest income from financial assets measured at amortised cost	5	183,290,147	124,503,037
Exchange losses		(9,738,786)	(10,745,008)
Other income		60,001	74,548
		655,981,952	385,489,396
Expenditure			
Staff costs	6	12,568,080	11,989,368
Premises costs		386,470	377,831
Depreciation and amortisation		3,619,117	6,358,153
Office supplies		109,980	183,278
Overseas travel		34,212	56,798
Transport and travelling		–	1,307
Operating expenses reimbursable to the HKMA	11	25,617,675	25,803,958
Hire of services		9,194,839	11,356,070
Auditor's remuneration		122,000	137,000
Interest expenses on lease liabilities	10	152,913	16,598
Communications		51,288	51,885
Publicity and printing		12,676,427	10,593,217
Other expenses		3,160,121	2,829,335
		67,693,122	69,754,798
Surplus for the year		588,288,830	315,734,598
Total comprehensive income for the year		588,288,830	315,734,598

The notes on pages 48 to 70 form part of this statement of accounts.

Deposit Protection Scheme Fund – Balance Sheet



As at 31 March 2025

	Notes	2025 HK\$	2024 HK\$
Non-current assets			
Fixed assets	7	12,574,507	5,973,599
Intangible assets	8	5,002,663	2,812,558
Financial assets measured at amortised cost	5	1,322,154,487	1,778,884,461
		1,339,731,657	1,787,670,618
Current assets			
Other receivables	9	2,506,404	2,110,850
Financial assets measured at amortised cost	5	3,565,157,552	3,372,029,393
Cash and balances with banks and the Exchange Fund		2,900,345,784	1,610,670,788
		6,468,009,740	4,984,811,031
Current liabilities			
Contributions received in advance		627,556,065	178,096,532
Other liabilities	10	30,696,630	32,099,357
		658,252,695	210,195,889
Net current assets		5,809,757,045	4,774,615,142
Non-current liabilities			
Other liabilities	10	2,208,532	3,294,420
Net assets		7,147,280,170	6,558,991,340
Represented by			
Accumulated surplus		7,147,280,170	6,558,991,340
		7,147,280,170	6,558,991,340

Approved and authorised for issue by the Hong Kong Deposit Protection Board on 13 June 2025.

Lau Yin-hing, Connie

Chairman

The notes on pages 48 to 70 form part of this statement of accounts.



Deposit Protection Scheme Fund – Statement of Changes in Equity

For the year ended 31 March 2025

Total
HK\$

At 1 April 2023	6,243,256,742
Surplus for the year	315,734,598
Fund balance as at 31 March 2024	6,558,991,340
At 1 April 2024	6,558,991,340
Surplus for the year	588,288,830
Fund balance as at 31 March 2025	7,147,280,170

The notes on pages 48 to 70 form part of this statement of accounts.

Deposit Protection Scheme Fund – Statement of Cash Flows



For the year ended 31 March 2025

	2025 HK\$	2024 HK\$
Operating activities		
Surplus for the year	588,288,830	315,734,598
Interest income	(282,250,502)	(184,589,595)
Interest expenses on lease liabilities	152,913	16,598
Exchange losses on financial assets measured at amortised cost	9,626,757	6,692,035
Depreciation and amortisation	3,619,117	6,358,153
Cash from operating surplus before changes in operating assets and liabilities	319,437,115	144,211,789
Changes in operating assets and liabilities		
Increase in other receivables	(326,769)	(301,647)
Increase in contributions received in advance	449,459,533	24,737,887
(Decrease)/increase in other payables	(1,445,896)	1,466,580
Interest portion of lease payments	(152,913)	(16,598)
Net cash from operating activities	766,971,070	170,098,011
Investing activities		
Purchase of intangible assets	(3,191,750)	(1,633,888)
Purchase of fixed assets	(9,218,380)	(326,280)
Interest received	249,413,144	132,639,494
Purchase of financial assets measured at amortised cost	(3,053,256,369)	(3,488,909,347)
Proceeds from redemption of financial assets measured at amortised cost	3,340,000,000	2,973,698,000
Net cash from/(used in) investing activities	523,746,645	(384,532,021)
Financing activity		
Principal portion of lease payments	(1,042,719)	(1,424,191)
Net cash used in financing activity	(1,042,719)	(1,424,191)
Net increase/(decrease) in cash and cash equivalents	1,289,674,996	(215,858,201)
Cash and cash equivalents at 1 April	1,610,670,788	1,826,528,989
Cash and cash equivalents at 31 March	2,900,345,784	1,610,670,788
Analysis of balance of cash and cash equivalents		
Cash and balances with banks and the Exchange Fund	2,900,345,784	1,610,670,788

The notes on pages 48 to 70 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). On 1 October 2024, the protection limit is increased from HK\$500,000 to HK\$800,000 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 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation

The statement of accounts of the Fund has been prepared in accordance with HKFRS Accounting Standards (which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and 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 HKFRS Accounting Standards 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 MATERIAL ACCOUNTING POLICY INFORMATION *(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 2024 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 21	<i>Lack of Exchangeability¹</i>
Amendments to HKFRS9 and HKFRS7	<i>Classification and Measurement of Financial Instruments²</i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11²</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

Except for HKFRS 18, 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.

HKFRS 18: Presentation and Disclosure in Financial Statements

HKFRS 18, which replaces HKAS 1 "Presentation of Financial Statements", introduces new requirements for presentation of specified categories and subtotals in the income and expenditure account, aggregation and disaggregation of information, as well as disclosures related to management-defined performance measures. The Fund is yet to assess the full impact of the standard on its statements of accounts. The new standard is effective for annual periods beginning on or after 1 January 2027 and will be applied retrospectively with restatement of comparatives unless impracticable. At this stage, the Fund does not intend to adopt the standard before its effective date.



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

2 MATERIAL ACCOUNTING POLICY INFORMATION *(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 MATERIAL ACCOUNTING POLICY INFORMATION *(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 equipment, furniture 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.



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

2 MATERIAL ACCOUNTING POLICY INFORMATION *(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 MATERIAL ACCOUNTING POLICY INFORMATION *(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.



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

2 MATERIAL ACCOUNTING POLICY INFORMATION *(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 MATERIAL ACCOUNTING POLICY INFORMATION *(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.



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

2 MATERIAL ACCOUNTING POLICY INFORMATION *(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 MATERIAL ACCOUNTING POLICY INFORMATION *(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.



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

2 MATERIAL ACCOUNTING POLICY INFORMATION *(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.



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.



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

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.



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

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 arising 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.

Deposit Protection Scheme Fund – Notes to the Statement of Accounts



4 TAXATION

No provision for Hong Kong Profits Tax for 2025 and 2024 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

	2025 HK\$	2024 HK\$
Non-current assets		
US Treasury Bills and Notes	1,322,154,487	719,922,410
Exchange Fund Notes	–	1,058,962,051
	1,322,154,487	1,778,884,461
Current assets		
US Treasury Bills and Notes	1,994,039,913	–
Exchange Fund Notes	1,571,117,639	3,372,029,393
	3,565,157,552	3,372,029,393
Total	4,887,312,039	5,150,913,854
Fair value at the year end, Level 1	4,845,508,062	5,083,185,680



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

5 FINANCIAL ASSETS MEASURED AT AMORTISED COST *(continued)*

The movements in financial assets are summarised as follows:

	2025 HK\$	2024 HK\$
Carrying value at the year beginning	5,150,913,854	4,590,504,886
Purchase	3,053,256,369	3,488,909,347
Interest received	(150,521,574)	(72,613,381)
Interest income	183,290,147	124,503,037
Exchange losses	(9,626,757)	(6,692,035)
Redemption	(3,340,000,000)	(2,973,698,000)
Carrying value at the year end	4,887,312,039	5,150,913,854

6 STAFF COSTS

	2025 HK\$	2024 HK\$
Salaries	11,003,648	10,793,876
Gratuity	162,507	86,594
Other employee benefits	1,401,925	1,108,898
	12,568,080	11,989,368

Deposit Protection Scheme Fund – Notes to the Statement of Accounts



7 FIXED ASSETS

	Owned assets		Right-of-use assets	
	Office equipment, furniture and fixtures	Computer hardware/software	Premises	Total
	HK\$	HK\$	HK\$	HK\$
Cost				
As at 1 April 2023	3,004,750	13,849,584	4,969,688	21,824,022
Additions	–	326,280	–	326,280
Lease renewal	–	–	4,422,138	4,422,138
As at 31 March 2024	3,004,750	14,175,864	9,391,826	26,572,440
As at 1 April 2024	3,004,750	14,175,864	9,391,826	26,572,440
Additions	–	9,218,380	–	9,218,380
As at 31 March 2025	3,004,750	23,394,244	9,391,826	35,790,820
Accumulated depreciation				
As at 1 April 2023	1,478,256	11,674,336	3,636,357	16,788,949
Charge for the year	574,896	1,809,537	1,425,459	3,809,892
As at 31 March 2024	2,053,152	13,483,873	5,061,816	20,598,841
As at 1 April 2024	2,053,152	13,483,873	5,061,816	20,598,841
Charge for the year	574,167	937,770	1,105,535	2,617,472
As at 31 March 2025	2,627,319	14,421,643	6,167,351	23,216,313
Net book value				
As at 31 March 2025	377,431	8,972,601	3,224,475	12,574,507
As at 31 March 2024	951,598	691,991	4,330,010	5,973,599



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

8 INTANGIBLE ASSETS

	Development costs of payout system HK\$
Cost	
As at 1 April 2023	44,112,172
Additions	1,633,888
As at 31 March 2024	45,746,060
As at 1 April 2024	45,746,060
Additions	3,191,750
As at 31 March 2025	48,937,810
Accumulated amortisation	
As at 1 April 2023	40,385,241
Charge for the year	2,548,261
As at 31 March 2024	42,933,502
As at 1 April 2024	42,933,502
Charge for the year	1,001,645
As at 31 March 2025	43,935,147
Net book value	
As at 31 March 2025	5,002,663
As at 31 March 2024	2,812,558

Deposit Protection Scheme Fund – Notes to the Statement of Accounts



9 OTHER RECEIVABLES

	2025 HK\$	2024 HK\$
Prepayment	2,181,984	1,867,544
Interest receivables	261,391	192,606
Contribution receivables	12,329	–
Others	50,700	50,700
	2,506,404	2,110,850

10 OTHER LIABILITIES

	Notes	2025 HK\$	2024 HK\$
Other payables			
Hire of services	(a)	27,011,415	27,094,822
Staff expenses		1,549,061	1,142,707
Others		1,050,266	2,819,109
Lease liabilities			
Current portion	(b)	1,085,888	1,042,719
Non-current portion	(b)	2,208,532	3,294,420
		32,905,162	35,393,777

- (a) This amount includes operating expenses of HK\$25,617,675 (2024: HK\$25,803,958) reimbursed to the Hong Kong Monetary Authority (HKMA).



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

10 OTHER LIABILITIES *(continued)*

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

	2025 HK\$	2024 HK\$
Balance at the year beginning	4,337,139	1,339,192
Changes from financing cash flows		
Principal portion of lease payments	(1,042,719)	(1,424,191)
Non-cash changes		
Lease liabilities relating to lease renewal	–	4,422,138
Interest expenses on lease liabilities	152,913	16,598
Other changes		
Interest portion of lease payments	(152,913)	(16,598)
Balance at the year end	3,294,420	4,337,139

- (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.

	2025 HK\$	2024 HK\$
1 month or less	99,636	99,636
3 months or less but over 1 month	199,272	199,272
1 year or less but over 3 months	896,724	896,724
2 years or less but over 1 year	1,195,632	1,195,632
5 years or less but over 2 years	1,095,996	2,291,628
	3,487,260	4,682,892

- (d) The total cash outflows for leases of the Fund for the year ended 31 March 2025 was HK\$1,195,632 (2024: HK\$1,440,789).

- (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. In February 2024, the Fund renewed the lease with the HKMA with a term up to 29 February 2028 and recognised right-of-use assets and lease liabilities of HK\$4,422,138. During the year, principal amount of the lease payment HK\$1,042,719 (2024: HK\$1,424,191) and interest amount of the lease payment HK\$152,913 (2024: HK\$16,598) 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	2025 HK\$	2024 HK\$
Aggregate amounts outstanding at the year end			
Balances with the Exchange Fund	(a)	2,891,138,381	1,597,752,009
Investment in Exchange Fund Notes	(b)	1,571,117,639	4,430,991,444
Lease with the HKMA			
Right-of-use assets	7	3,224,475	4,330,010
Lease liabilities	10(b)	3,294,420	4,337,139
Transactions during the year			
Interest income from balances with the Exchange Fund	(a)	98,833,346	59,349,627
Interest income from Exchange Fund Notes	(b)	73,947,744	104,452,638
Operating expenses reimbursed to the HKMA	(c)	25,893,705	26,066,288
Lease payments to the HKMA			
Principal portion	10(e)	1,042,719	1,424,191
Interest portion	10(e)	152,913	16,598

- (a) During the year, the Fund placed deposits with the Exchange Fund and earned interest amounting to HK\$98,833,346 (2024: HK\$59,349,627) at a rate which is referenced to the market interest rates. As at 31 March 2025, the deposits amounted to HK\$2,891,138,381 (2024: HK\$1,597,752,009).



Deposit Protection Scheme Fund – Notes to the Statement of Accounts

11 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

- (b) As at 31 March 2025, the Fund held the Exchange Fund Notes amounting to HK\$1,571,117,639 (2024: HK\$4,430,991,444) and the interest thereon was HK\$73,947,744 (2024: HK\$104,452,638).
- (c) 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\$25,617,675 (2024: HK\$25,803,958) and the management fee in respect of the lease agreement with the HKMA amounting to HK\$276,030 (2024: HK\$262,330).
- (d) 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\$220 billion (2024: HK\$120 billion) of which nil (2024: nil) was drawn during the year.

12 APPROVAL OF STATEMENT OF ACCOUNTS

The statement of accounts was approved by the Board on 13 June 2025.

Annex: List of Scheme Members as at 31 March 2025

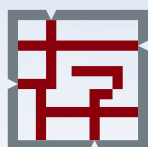


AGRICULTURAL BANK OF CHINA LIMITED	CHINA DEVELOPMENT BANK
AIRSTAR BANK LIMITED	CHINA EVERBRIGHT BANK CO., LTD.
ANT BANK (HONG KONG) LIMITED	CHINA GUANGFA BANK CO., LTD.
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	CHINA MERCHANTS BANK CO., LTD.
BANCO BILBAO VIZCAYA ARGENTARIA S.A.	CHINA MINSHENG BANKING CORP., LTD.
BANCO SANTANDER, S.A.	CHINA ZHESHANG BANK CO., LTD.
BANGKOK BANK PUBLIC COMPANY LIMITED	CHIYU BANKING CORPORATION LIMITED
BANK J. SAFRA SARASIN AG	CHONG HING BANK LIMITED
BANK JULIUS BAER & CO. LTD.	CHUGOKU BANK, LTD. (THE)
BANK OF AMERICA, NATIONAL ASSOCIATION	CIMB BANK BERHAD
BANK OF CHINA (HONG KONG) LIMITED	CITIBANK (HONG KONG) LIMITED
BANK OF CHINA LIMITED	CITIBANK, N.A.
BANK OF COMMUNICATIONS (HONG KONG) LIMITED	CMB WING LUNG BANK LIMITED
BANK OF COMMUNICATIONS CO., LTD.	COMMONWEALTH BANK OF AUSTRALIA
BANK OF DONGGUAN CO., LTD.	COÖPERATIEVE RABOBANK U.A.
BANK OF DONGGUAN INTERNATIONAL LIMITED	CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK
BANK OF EAST ASIA, LIMITED (THE)	CREDIT INDUSTRIEL ET COMMERCIAL
BANK OF INDIA	CTBC BANK CO., LTD.
BANK OF MONTREAL	DAH SING BANK, LIMITED
BANK OF NEW YORK MELLON (THE)	DBS BANK (HONG KONG) LIMITED
BANK OF NOVA SCOTIA (THE)	DBS BANK LTD.
BANK OF SINGAPORE LIMITED	DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK, FRANKFURT AM MAIN
BANK OF TAIWAN	E.SUN COMMERCIAL BANK, LTD.
BANK SINOPAC	EAST WEST BANK
BANQUE PICTET & CIE SA	EFG BANK AG
BARCLAYS BANK PLC	ERSTE GROUP BANK AG
BDO UNIBANK, INC.	FAR EASTERN INTERNATIONAL BANK
BNP PARIBAS	FIRST ABU DHABI BANK PJSC
CA INDOSUEZ (SWITZERLAND) SA	FIRST COMMERCIAL BANK, LTD.
CANADIAN IMPERIAL BANK OF COMMERCE	FUBON BANK (HONG KONG) LIMITED
CATHAY BANK	FUSION BANK LIMITED
CATHAY UNITED BANK COMPANY, LIMITED	HANG SENG BANK, LIMITED
CHANG HWA COMMERCIAL BANK, LTD.	HDFC BANK LIMITED
CHIBA BANK, LTD. (THE)	HONG LEONG BANK BERHAD
CHINA BOHAI BANK CO., LTD.	HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (THE)
CHINA CITIC BANK CORPORATION LIMITED	HSBC BANK PLC
CHINA CITIC BANK INTERNATIONAL LIMITED	HSBC BANK USA, NATIONAL ASSOCIATION
CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED	HUA NAN COMMERCIAL BANK, LTD.
CHINA CONSTRUCTION BANK CORPORATION	



Annex: List of Scheme Members as at 31 March 2025

HUA XIA BANK CO., LIMITED	PING AN BANK CO., LTD.
ICICI BANK LIMITED	PAO BANK LIMITED
INDIAN OVERSEAS BANK	PT. BANK NEGARA INDONESIA (PERSERO) TBK.
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED	PUBLIC BANK (HONG KONG) LIMITED
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED	QATAR NATIONAL BANK (Q.P.S.C.)
INDUSTRIAL BANK CO., LTD.	ROYAL BANK OF CANADA
INDUSTRIAL BANK OF KOREA	SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. (THE)
ING BANK N.V.	SHANGHAI COMMERCIAL BANK LIMITED
INTESA SANPAOLO SPA	SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD.
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	SHIGA BANK, LTD. (THE)
KBC BANK N.V.	SHINHAN BANK
KEB HANA BANK	SHIZUOKA BANK, LTD. (THE)
KGI BANK CO., LTD	SKANDINAVISKA ENSKILDA BANKEN AB
KOOKMIN BANK	SOCIETE GENERALE
LAND BANK OF TAIWAN CO., LTD.	STANDARD CHARTERED BANK
LGT BANK AG	STANDARD CHARTERED BANK (HONG KONG) LIMITED
LIVI BANK LIMITED	STATE BANK OF INDIA
MALAYAN BANKING BERHAD	STATE STREET BANK AND TRUST COMPANY
MASHREQ BANK – PUBLIC SHAREHOLDING COMPANY	SUMITOMO MITSUI BANKING CORPORATION
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.	SUMITOMO MITSUI TRUST BANK, LIMITED
MELLI BANK PLC	TAI SANG BANK LIMITED
MITSUBISHI UFJ TRUST AND BANKING CORPORATION	TAI YAU BANK, LIMITED
MIZUHO BANK, LTD.	TAIPEI FUBON COMMERCIAL BANK CO., LTD.
MORGAN STANLEY BANK ASIA LIMITED	TAISHIN INTERNATIONAL BANK CO., LTD
MOX BANK LIMITED	TAIWAN BUSINESS BANK, LTD.
MUFG BANK, LTD.	TAIWAN COOPERATIVE BANK, LTD.
NANYANG COMMERCIAL BANK, LIMITED	TAIWAN SHIN KONG COMMERCIAL BANK CO., LTD.
NATIONAL BANK OF PAKISTAN	TORONTO-DOMINION BANK
NATIXIS	UBS AG
NONGHYUP BANK	UCO BANK
O-BANK CO., LTD.	UNION BANCAIRE PRIVÉE, UBP SA
OCBC BANK (HONG KONG) LIMITED	UNITED OVERSEAS BANK LTD.
OVERSEA-CHINESE BANKING CORPORATION LIMITED	WELAB BANK LIMITED
PHILIPPINE NATIONAL BANK	WELLS FARGO BANK, NATIONAL ASSOCIATION
	WOORI BANK
	YUANTA COMMERCIAL BANK CO., LTD
	ZA BANK LIMITED



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