



INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

中國工商銀行（亞洲）有限公司

(Incorporated in Hong Kong with limited liability)

Regulatory Disclosure Statement

For the period ended June 30, 2025

(UNAUDITED)

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1. Purpose and Basis of Consolidation

The information contained in this Regulatory Disclosure Statement (the "Statement") is for Industrial and Commercial Bank of China (Asia) Limited (the "Bank") and its subsidiaries (collectively the "Group") to comply with the Banking (Disclosure) Rules ("BDR") (Cap. 155M) and Part 6 of the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules, and does not constitute statutory financial statements.

While the Regulatory Disclosure Statement is not required to be subject to external audit, the statement has been reviewed and verified in accordance with the Group's governance processes over financial reporting and policies on disclosures.

Except where indicated otherwise, the financial information contained in this Statement has been prepared on the basis of regulatory scope of consolidation specified by the Hong Kong Monetary Authority ("HKMA") to the Bank.

2. Key Prudential Ratios and Metrics

a. Key Prudential Ratios (KM1)

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		30/06/2025	31/03/2025	31/12/2024	30/09/2024	30/06/2024
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	126,780,371	124,812,511	122,380,449	122,506,392	120,551,656
2 & 2a	Tier 1	154,537,096	152,319,241	149,832,371	149,973,519	148,163,051
3 & 3a	Total capital	161,950,523	159,157,389	157,043,276	156,098,649	153,899,414
	RWA (amount) (Note 1)					
4	Total RWA	589,547,928	599,814,465	628,460,204	641,982,406	632,812,917
4a	Total RWA (pre-floor)	589,547,928	599,814,465	N/A	N/A	N/A
	Risk-based regulatory capital ratios (as a percentage of RWA)(Note 2)					
5 & 5a	CET1 ratio (%)	21.50%	20.81%	19.47%	19.08%	19.05%
5b	CET1 ratio (%) (pre-floor ratio)	21.50%	20.81%	N/A	N/A	N/A
6 & 6a	Tier 1 ratio (%)	26.21%	25.39%	23.84%	23.36%	23.41%
6b	Tier 1 ratio (%) (pre-floor ratio)	26.21%	25.39%	N/A	N/A	N/A
7 & 7a	Total capital ratio (%)	27.47%	26.53%	24.99%	24.32%	24.32%
7b	Total capital ratio (%) (pre-floor ratio)	27.47%	26.53%	N/A	N/A	N/A
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.37%	0.35%	0.36%	0.66%	0.64%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	1.00%	1.00%	1.00%	1.00%	1.00%
11	Total AI-specific CET1 buffer requirements (%)	3.87%	3.85%	3.86%	4.16%	4.14%
12	CET1 available after meeting the AI's minimum capital requirements (%)	17.00%	16.31%	14.97%	14.58%	14.55%
	Basel III leverage ratio(Note 3)					
13	Total leverage ratio (LR) exposure measure	1,151,008,261	1,109,501,542	1,031,650,437	1,034,387,285	1,002,309,501
13a	LR exposure measure based on mean values of gross assets of SFTs	-	-	N/A	N/A	N/A
14, 14a & 14b	LR (%)	13.43%	13.73%	14.52%	14.50%	14.78%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	-	-	N/A	N/A	N/A

2. Key Prudential Ratios and Metrics (continued)

a. Key Prudential Ratios (KM1) (continued)

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		30/06/2025	31/03/2025	31/12/2024	30/09/2024	30/06/2024
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institutions only:					
15	Total high quality liquid assets (HQLA)	238,994,174	206,508,501	169,413,293	173,748,644	176,836,420
16	Total net cash outflows	145,328,902	109,988,243	92,398,521	104,382,152	113,986,928
17	LCR (%)	164.84%	188.67%	186.67%	168.86%	156.50%
	Applicable to category 2 institutions only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institutions only:					
18	Total available stable funding	628,776,580	621,249,681	586,319,469	583,031,775	572,065,836
19	Total required stable funding	476,371,556	478,571,332	454,325,492	451,460,732	435,825,946
20	NSFR (%)	131.99%	129.81%	129.05%	129.14%	131.26%
	Applicable to category 2A institutions only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

Note 1: The Group has implemented the new section "Total RWA (pre-floor)" of RWA (amount) under Basel III disclosure requirements for the first time in 2025 1st quarter. Thus, no comparative figure is available for 2024.

Note 2: The Group has implemented the new section "pre-floor ratio" of Risk-based regulatory capital ratios under Basel III disclosure requirements for the first time in 2025 1st quarter. Thus, no comparative figure is available for 2024.

Note 3: The Group has implemented the new section "LR exposure measure based on mean values of gross assets of SFTs" and "LR (%) based on mean values of gross assets of SFTs" of Basel III leverage ratio under Basel III disclosure requirements for the first time in 2025 1st quarter. Thus, no comparative figure is available for 2024.

2. Key Prudential Ratios and Metrics (continued)

b. Key Metrics – LAC Requirements for the Group (at LAC Consolidation Group Level) (KM2(A))

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		30/06/2025	31/03/2025	31/12/2024	30/09/2024	30/06/2024
Of the material entity at LAC consolidation group level						
1	Internal loss-absorbing capacity available	171,762,961	168,881,452	166,747,964	165,808,712	163,660,477
2	Risk-weighted amount under the LAC Rules	589,547,928	599,814,465	628,460,204	641,982,406	632,812,917
3	Internal LAC risk-weighted ratio	29.13%	28.16%	26.53%	25.83%	25.86%
4	Exposure measure under the LAC Rules	1,151,008,261	1,109,501,542	1,031,650,437	1,034,387,285	1,002,309,501
5	Internal LAC leverage ratio	14.92%	15.22%	16.16%	16.03%	16.33%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?(Note 1)	N/A	N/A	N/A	N/A	N/A
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?(Note 1)	N/A	N/A	N/A	N/A	N/A
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied (Note 1)	N/A	N/A	N/A	N/A	N/A

Note 1: The subordination exemptions in the antepenultimate and penultimate paragraphs of Section 11 of the Financial Stability Board ("FSB") Total Loss Absorbing Capacity ("TLAC") Term Sheet do not apply in Hong Kong under the Loss Absorbing Capacity ("LAC") Rules.

2. Key Prudential Ratios and Metrics (continued)

c. Key Metrics – TLAC Requirements for Non-HK Resolution Entity (at Resolution Group Level) (KM2(B))

		(HK\$ Million)				
		(a)	(b)	(c)	(d)	(e)
		30/06/2025	31/03/2025	31/12/2024	30/09/2024	30/06/2024
Of the non-HK resolution entity at resolution group level (Note 1)						
1	External loss-absorbing capacity available	6,538,550	6,217,475	5,339,836	5,503,642	5,196,966
2	Total risk-weighted amount under the relevant non-HK LAC regime	29,422,894	28,475,063	27,259,188	28,365,707	26,907,457
3	External loss-absorbing capacity as a percentage of risk-weighted amount	22.22%	21.83%	19.59%	19.40%	19.31%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	59,874,288	57,559,077	54,033,971	56,015,658	52,635,905
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	10.92%	10.80%	9.88%	9.83%	9.87%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	N/A	N/A	N/A	N/A	N/A
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	N/A	N/A	N/A	N/A	N/A
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied	N/A	N/A	N/A	N/A	N/A

Note 1: Starting from January 1, 2025, Mainland China has implemented TLAC regulatory requirements. Therefore, the values in rows 1 to 5 are reported based on the actual total loss-absorbing capacity, risk-weighted assets, and exposure measure of non-Hong Kong resolution entities. Prior to this (i.e., before January 1, 2025), as LAC requirements had not yet been implemented in Mainland China, the values in rows 1 to 5 are reported based on the total regulatory capital, TLAC non-capital bonds, risk-weighted assets, and leverage ratio exposure measure of non-Hong Kong resolution entities.

3. Overview of Risk Management and RWA

Overview of Risk-weighted Amount (OV1)

		(HK\$'000)		
		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30/06/2025	31/03/2025	30/06/2025
1	Credit risk for non-securitization exposures	532,613,881	543,338,687	42,609,110
2	Of which STC approach	532,613,881	543,338,687	42,609,110
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
5a	Of which retail IRB approach	-	-	-
5b	Of which specific risk-weight approach	-	-	-
6	Counterparty credit risk and default fund contributions	17,844,563	22,948,568	1,427,565
7	Of which SA-CCR approach	6,357,748	6,732,131	508,620
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	N/A	N/A	N/A
9	Of which others	11,486,815	16,216,437	918,945
10	CVA risk	2,821,775	3,121,025	225,742
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A	N/A
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	10,413,775	5,050,817	833,102
13	CIS exposures – mandate-based approach	N/A	N/A	N/A
14	CIS exposures – fall-back approach	N/A	N/A	N/A
14a	CIS exposures – combination of approaches	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-

3. Overview of Risk Management and RWA (continued)

Overview of Risk-weighted Amount (OV1) (continued)

		(HK\$'000)		
		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30/06/2025	31/03/2025	30/06/2025
20	Market risk	10,141,300	9,581,238	811,304
21	Of which STM approach	10,141,300	9,581,238	811,304
22	Of which IMA	-	-	-
22a	Of which SSTM approach	-	-	-
23	Capital charge for moving exposures between trading book and banking book	N/A	N/A	N/A
24	Operational risk	14,046,775	14,076,888	1,123,742
24a	Sovereign concentration risk	N/A	N/A	N/A
25	Amounts below the thresholds for deduction (subject to 250% RW)	2,126,831	1,622,990	170,146
26	Output floor level applied (Note 1)	-	-	-
27	Floor adjustment (before application of transitional cap) (Note 2)	-	-	-
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	Deduction to RWA	460,972	461,986	36,878
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	460,972	461,986	36,878
29	Total	589,547,928	599,278,227	47,163,833

3. Overview of Risk Management and RWA (continued)

Overview of Risk-weighted Amount (OV1) (continued)

In the second quarter of 2025, RWA of the Group amounts to HKD 589.55 billion, which is an decrease of HKD 9.7 billion or 1.62% compared to the first quarter in 2025. In addition, “of which others” RWA in Counterparty default risk and default fund contributions decreased HKD 4.73 billion or 29.17% mainly because of decrease of Securities Financing Transactions (SFT). As for CVA risk, driven by the decrease of total number of trades along with a decrement of adjusted notional amount, CVA risk downshifted by HKD 299 million or 9.59% compared to the last quarter. Revised disclosure formats for equity/LAC investments and weight adjustments drove a HKD 504 million or 31.04% increase in risk weight. Meanwhile, Market risk RWA shows an increase of HKD 560 million or 5.85%. The RWA for operational risk shows a slight decrease of HKD 30 million or dropped by 0.21% compared to the last quarter.

The Group is in compliance with the Banking (Capital) (Amendment) Rules 2023 to calculate RWA since January 1st, 2025. The Group adopts the standardized (credit risk) approach (“STC”) for the non-securitization credit risk RWA (including equity exposure and CIS exposure) calculation. In accordance with the Banking (Capital) (Amendment) Rules 2023 enacted by HKMA, the Group adopts SA-CCR approach for the calculation of counterparty credit risk exposure arising from the Bank’s derivatives contracts and default risk exposure from derivatives cleared through central counterparty (“CCP”), which is implemented in the counterparty credit risk RWA calculation. The Group adopts simplified basic credit valuation adjustment (“CVA”) method for the CVA risk RWA calculation, the standardized (market risk) approach (“STM”) for the market risk RWA calculation, the standardized approach (“STC”) for the operational risk RWA calculation.

4. Composition of Regulatory Capital
a. Composition of Regulatory Capital (CC1)

		(a)	(b)
		Amount (HK\$'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	44,187,631	d
2	Retained earnings	82,220,861	e
3	Disclosed reserves	3,736,587	
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	CET1 capital before regulatory deductions	130,145,079	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	980,154	a
9	Other intangible assets (net of associated deferred tax liabilities)	12,616	b
10	Deferred tax assets (net of associated deferred tax liabilities)	1,539,821	c
11	Cash flow hedge reserve	(13,513)	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	7,265	g
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable

4 Composition of Regulatory Capital (continued)

a. Composition of Regulatory Capital (CC1) (continued)

		(a)	(b)
		Amount (HK\$'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	838,365	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	838,132	
26b	Regulatory reserve for general banking risks	-	
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	233	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	Total regulatory deductions to CET1 capital	3,364,708	
29	CET1 capital	126,780,371	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	27,756,725	
31	of which: classified as equity under applicable accounting standards	27,756,725	
32	of which: classified as liabilities under applicable accounting standards	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
36	AT1 capital before regulatory deductions	27,756,725	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	

4 Composition of Regulatory Capital (continued)

a. Composition of Regulatory Capital (CC1) (continued)

		(a)	(b)
		Amount (HK\$'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	27,756,725	
45	Tier 1 capital (T1 = CET1 + AT1)	154,537,096	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	7,036,267	f
51	Tier 2 capital before regulatory deductions	7,036,267	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	377,160	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	377,160	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within BCR §48(1)(g)	-	
57	Total regulatory adjustments to Tier 2 capital	377,160	
58	Tier 2 capital (T2)	7,413,427	
59	Total regulatory capital (TC = T1 + T2)	161,950,523	

4 Composition of Regulatory Capital (continued)

a. Composition of Regulatory Capital (CC1) (continued)

		(a)	(b)
		Amount (HK\$'000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
60	Total RWA	589,547,928	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	21.50%	
62	Tier 1 capital ratio	26.21%	
63	Total capital ratio	27.47%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.87%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.37%	
67	of which: higher loss absorbency requirement	1.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	17.00%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	5,855,922	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	832,829	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	7,036,267	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	7,036,267	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	Not applicable	Not applicable
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	Not applicable	Not applicable

4 Composition of Regulatory Capital (continued)

a. Composition of Regulatory Capital (CC1) (continued)

Notes to the template

	Description	Hong Kong basis (HK\$'000)	Basel III basis (HK\$'000)
9	Other intangible assets (net of associated deferred tax liabilities)	12,616	12,616
	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	Deferred tax assets (net of associated deferred tax liabilities)	1,539,821	-
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

4 Composition of Regulatory Capital (continued)

a. Composition of Regulatory Capital (CC1) (continued)

Notes to the template

	Description	Hong Kong basis (HK\$'000)	Basel III basis (HK\$'000)
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
	<u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
Remark: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

4 Composition of Regulatory Capital (continued)

a. Composition of Regulatory Capital (CC1) (continued)

A list of these unconsolidated subsidiaries is shown below:

	Principal activities	Total assets HK\$'000	Total equity HK\$'000
ICBC (Asia) Bullion Company Limited	Provision of bullion business	7,008	6,996
ICBC Asset Management (Global) Company Limited*	Provision of asset management services	630,356	607,292
ICBC (Asia) Securities Limited	Provision of securities brokerage services	2,374,009	1,585,806
ICBC (Asia) Trustee Company Limited	Provision of trustee services	320,304	312,343
ICBC (Asia) Financial Services Company Limited	Provision of trustee and company services	-	-
Greater China Fund	Trust fund	6,135,251	6,063,181

* Included consolidated subsidiaries in the name of 工銀亞投股權投資管理（深圳）有限公司, 亞投銀欣（廈門）投資管理有限公司, 蘇州銀晟投資管理有限公司.

As at 30 June 2025, there are no subsidiaries which are included within both the accounting scope of consolidation and the regulatory scope of consolidation but the method of consolidation differs. There are also no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation.

4 Composition of Regulatory Capital (continued)

b. Reconciliation between Accounting and Regulatory Balance Sheets (CC2)

	(HK\$'000)		
	(a)	(b)	(c)
	Balance sheet as in published financial statements 30/06/2025	Under regulatory scope of consolidation 30/06/2025	Reference
Assets			
Cash and balances with banks and other financial institutions	38,205,102	38,102,623	
Placements with banks and other financial institutions	202,932,387	202,932,386	
Derivative financial instruments	9,876,023	9,876,023	
Advances and other accounts	467,715,426	467,718,834	
of which: collective impairment allowances reflected in regulated capital	-	(7,036,267)	f
Financial investments:	303,803,146	297,843,063	
- held for trading	13,454,597	13,454,597	
- measured at fair value through profit or loss other than held for trading	5,959,082	-	
- measured at fair value through other comprehensive income	193,504,091	193,503,090	
- measured at amortised cost	90,885,376	90,885,376	
Investment in associates	173,848	126,638	
Investment in subsidiaries	-	5,870,082	
Goodwill and other intangible assets	1,014,224	992,770	
of which: goodwill	-	980,154	a
of which: other intangible assets	-	12,616	b
Investment properties	198,600	198,600	
of which: cumulative revaluation gain on investment properties	-	(13,094)	
Property, plant and equipment	1,464,764	1,458,886	
Current income tax assets	-	-	
Deferred income tax assets	1,539,821	1,539,821	c
Other assets	12,075,253	12,534,932	
Total assets	1,038,998,594	1,039,194,658	

4 Composition of Regulatory Capital (continued)

b. Reconciliation between Accounting and Regulatory Balance Sheets (CC2) (continued)

	(HK\$'000)		
	(a)	(b)	(c)
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	30/06/2025	30/06/2025	
Liabilities			
Deposits from banks and other financial institutions	147,624,497	147,624,497	
Trading liabilities	56,081	53,424	
Derivative financial instruments	6,994,479	6,994,479	
of which: debit valuation adjustments in respect of derivative contracts	-	7,265	g
Deposits from customers	687,681,751	690,163,331	
- designated at fair value through profit or loss	-	13,907,539	
- at amortised cost	-	676,255,792	
Certificates of deposit issued at amortised cost	1,713,293	1,713,293	
Debt securities in issue	15,417,382	15,417,382	
- designated at fair value through profit or loss	-	-	
- at amortised cost	-	15,417,382	
Current income tax liabilities	1,166,872	1,093,236	
Deferred income tax liabilities	1,108	-	
Subordinated debts measured at amortised cost	-	-	
of which: subordinate debts not eligible for inclusion in regulatory capital	-	-	
of which: subordinate debt eligible for inclusion in regulatory capital	-	-	
Other liabilities	17,586,000	18,102,981	
Total liabilities	878,241,463	881,162,623	
Shareholders' equity			
Share capital	44,187,631	44,187,631	d
Retained earnings	84,940,011	82,220,861	e
of which: regulatory reserve for general banking risks	-	-	
Other reserves	3,960,724	3,954,778	
of which: bank premises revaluation reserve	-	753,625	
of which: investment revaluation reserve	-	255,116	

4 Composition of Regulatory Capital (continued)

b. Reconciliation between Accounting and Regulatory Balance Sheets (CC2) (continued)

	(HK\$'000)		
	(a)	(b)	(c)
	Balance sheet as in published financial statements 30/06/2025	Under regulatory scope of consolidation 30/06/2025	Reference
of which: cash flow hedge reserve	-	(20,013)	
of which: exchange reserve	-	(1,127,932)	
of which: general reserve	-	4,093,982	
Additional equity instruments	27,668,765	27,668,765	
Total shareholders' equity	160,757,131	158,032,035	
Total shareholders' equity and liabilities	1,038,998,594	1,039,194,658	

4 Composition of Regulatory Capital (continued)

c. Main Features of Regulatory Capital Instruments (CCA) and Non-capital LAC Debt Instruments (CCA(A))

The following is a summary of the Group's CET1 capital instrument, AT1 capital instrument and non-capital LAC debt instruments. The full terms and conditions of the Group's capital instruments and non-capital LAC debt instruments can be found in the "Terms and conditions of the capital instruments issued" and "Terms and conditions of the non-capital LAC debt instruments issued" of Regulatory Disclosures - Banking (Disclosure) Rules section of our website, www.icbcasia.com.

The regulatory capital and/or LAC instruments included in the Bank's consolidated capital base as of 30 June 2025 are as follows:

Both regulatory capital and LAC requirement

- Common Equity Tier 1 Capital (Ordinary share capital)
- USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 March 2028) - issued on 21 March 2018 (restated on 21 Mar 2023)
- USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities with perpetual maturity (callable on 21 July 2026) – issued on 21 July 2021

Only LAC (but not regulatory capital) requirement

- USD Loss-absorbing Notes due 2027 (callable on 20 December 2026) – issued on 20 December 2024

The main features of the regulatory capital instruments and non-capital LAC debt instruments are set out in the following sections.

4 Composition of Regulatory Capital (continued)

c. Main Features of Regulatory Capital Instruments (CCA) and Non-capital LAC Debt Instruments (CCA(A)) (continued)

(i) Both regulatory capital and LAC requirement

		(a)
		Quantitative / qualitative information
1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Companies Ordinance
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
4	Transitional Basel III rules	N/A
5	Basel III rules	Common Equity Tier 1
6	Eligible at solo* / group / solo and group (for regulatory capital purposes)	Solo and Group
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$44,188 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$44,188 million
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Since incorporation
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption price	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend / coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Depositors, bank's creditors, holders' of certificates of deposit, issued debt securities in issue and subordinated debts in issue.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

4 Composition of Regulatory Capital (continued)

c. Main Features of Regulatory Capital Instruments (CCA) and Non-capital LAC Debt Instruments (CCA(A)) (continued)

(i) Both regulatory capital and LAC requirement (continued)

* Include solo-consolidated.

4 Composition of Regulatory Capital (continued)

c. Main Features of Regulatory Capital Instruments (CCA) and Non-capital LAC Debt Instruments (CCA(A)) (continued)

(i) Both regulatory capital and LAC requirement (continued)

		(b)
		Quantitative / qualitative information
1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	The Capital Securities are governed by and shall be construed in accordance with the laws of Hong Kong.
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
4	Transitional Basel III rules	N/A
5	Basel III rules	Additional Tier 1
6	Eligible at solo* / group / solo and group (for regulatory capital purposes)	Solo and Group
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$19,907 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$19,907 million
9	Par value of instrument	US\$2.536 billion
10	Accounting classification	Equity instruments
11	Original date of issuance	21 March 2018
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption price	Revised First call date: 21 March 2028 Included tax, regulatory event and loss absorption disqualification event calls Redemption in whole at 100%
16	Subsequent call dates, if applicable	Any distribution payment date after the revised first call date
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	Year 1-5: 4.90% per annum payable semi-annually in arrear; Year 5-10: 5.80% per annum payable semi-annually in arrear; Year 10 onwards: resettable on year 10 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed spread of 2.2192%
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible [1]	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A

4 Composition of Regulatory Capital (continued)

c. Main Features of Regulatory Capital Instruments (CCA) and Non-capital LAC Debt Instruments (CCA(A)) (continued)

(i) Both Regulatory Capital and LAC Requirement (continued)

		(b)
		Quantitative / qualitative information
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature [2]	Yes
31	If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	May be written down partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Issuer's depositors and all other unsubordinated creditors, creditors in respect of non-preferred loss absorbing instruments, creditors in respect of tier 2 capital instruments, and creditors in respect of all other subordinated indebtedness of the Issuer whose claims rank or are expressed to rank by operation of law or contract senior to the Capital Securities
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

[1] The instrument is contractually subject to the powers under the Financial Institutions (Resolution) Ordinance (Cap. 628) (FIRO). The holders of the instrument have acknowledged and agreed to being bound by any write off, cancellation, conversion or modification of the instrument, or to having the form of the instrument changed, in the exercise of any such powers under FIRO.

[2] The instrument is contractually subject to the powers under the Financial Institutions (Resolution) Ordinance (Cap. 628) (FIRO). The holders of the instrument have acknowledged and agreed to being bound by any write off, cancellation, conversion or modification of the instrument, or to having the form of the instrument changed, in the exercise of any such powers under FIRO.

* Include solo-consolidated.

4 Composition of Regulatory Capital (continued)

c. Main Features of Regulatory Capital Instruments (CCA) and Non-capital LAC Debt Instruments (CCA(A)) (continued)

(i) Both Regulatory Capital and LAC Requirement (continued)

		(c)
		Quantitative / qualitative information
1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	The Capital Securities are governed by and shall be construed in accordance with the laws of Hong Kong.
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
	Regulatory treatment	
4	Transitional Basel III rules	N/A
5	Basel III rules	Additional Tier 1
6	Eligible at solo* / group / solo and group (for regulatory capital purposes)	Solo and Group
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 capital instruments
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$7,850 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$7,850 million
9	Par value of instrument	US\$ 1 billion
10	Accounting classification	Equity instruments
11	Original date of issuance	21 July 2021
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption price	First call date: 21 July 2026. Included tax and regulatory event calls. Redemption in whole at 100%
16	Subsequent call dates, if applicable	Any distribution payment date after the first call date
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	Year 1-5: 3.3% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible [1]	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature [2]	Yes
31	If write-down, write-down trigger(s)	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	May be written down partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual

4 Composition of Regulatory Capital (continued)

c. Main Features of Regulatory Capital Instruments (CCA) and Non-capital LAC Debt Instruments (CCA(A)) (continued)

(i) Both Regulatory Capital and LAC Requirement (continued)

		(c)
		Quantitative / qualitative information
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Depositors, Issuer's creditors, holders of non-preferred loss absorbing instruments and tier 2 capital instruments and creditors of all other subordinated indebtedness of the Issuer whose claims rank or are expressed to rank by operation of law or contract senior to the Capital Securities
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

[1] The instrument is contractually subject to the powers under the Financial Institutions (Resolution) Ordinance (Cap. 628) (FIRO). The holders of the instrument have acknowledged and agreed to being bound by any write off, cancellation, conversion or modification of the instrument, or to having the form of the instrument changed, in the exercise of any such powers under FIRO.

[2] The instrument is contractually subject to the powers under the Financial Institutions (Resolution) Ordinance (Cap. 628) (FIRO). The holders of the instrument have acknowledged and agreed to being bound by any write off, cancellation, conversion or modification of the instrument, or to having the form of the instrument changed, in the exercise of any such powers under FIRO.

* Include solo-consolidated.

4 Composition of Regulatory Capital (continued)

c. Main Features of Regulatory Capital Instruments (CCA) and Non-capital LAC Debt Instruments (CCA(A)) (continued)

(ii) Only LAC (but not Regulatory Capital) Requirement

		(d)
		Quantitative / qualitative information
1	Issuer	Industrial and Commercial Bank of China (Asia) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	The Notes are governed by and shall be construed in accordance with the laws of Hong Kong.
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	N/A
Regulatory treatment		
4	Transitional Basel III rules	N/A
5	Basel III rules	Ineligible
6	Eligible at solo* / group / solo and group (for regulatory capital purposes)	Ineligible
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$9,812 million
9	Par value of instrument	US\$1,250 million
10	Accounting classification	Liability – amortised costs
11	Original date of issuance	20 December 2024
12	Perpetual or dated	Dated
13	Original maturity date	20 December 2027
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption price	First call date: 20 December 2026 Included tax and loss absorption disqualification event calls Redemption in whole at 100%
16	Subsequent call dates, if applicable	Any interest payment date after the first call date
Coupons / dividends		
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	4.838% per annum payable semi-annually in arrear
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible [1]	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature [2]	Yes

4 Composition of Regulatory Capital (continued)

c. Main Features of Regulatory Capital Instruments (CCA) and Non-capital LAC Debt Instruments (CCA(A)) (continued)

(ii) Only LAC (but not Regulatory Capital) Requirement (continued)

		(d)
		Quantitative / qualitative information
31	If write-down, write-down trigger(s)	<p>Upon the occurrence of a Loss Absorption Event</p> <p>"Loss Absorption Event" means the occurrence of:</p> <p>(i) the relevant Hong Kong Resolution Authority notifying the Issuer in writing that the Relevant Hong Kong Resolution Authority is satisfied that the Issuer has ceased, or is likely to cease, to be viable and there is no reasonable prospect that private sector action (outside of resolution) would result in it again becoming viable within a reasonable period (in both cases, without taking into account the write-down or conversion into ordinary shares of any LAC debt instruments); and</p> <p>(ii) for Notes issued directly to a group company of the Issuer established or incorporated in a non-Hong Kong jurisdiction, as specified in the applicable Final Terms, the relevant Hong Kong Resolution Authority notifying the Issuer in writing that:</p> <p>(A) the relevant Hong Kong Resolution Authority has notified the Home Authority of the relevant Hong Kong Resolution Authority's intention to notify the Issuer under paragraph (i) above; and</p> <p>(B) the Home Authority (x) has consented to the write-down or conversion of the relevant Notes issued by the Issuer or (y) has not, within 24 hours after receiving notice under subparagraph (ii)(A) above, objected to the write-down or conversion of the relevant Notes issued by the Issuer.</p>
32	If write-down, full or partial	May be written down partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinated to depositors and all other unsubordinated creditors of the Issuer.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

[1] The instrument is contractually subject to the powers under the Financial Institutions (Resolution) Ordinance (Cap. 628) (FIRO). The holders of the instrument have acknowledged and agreed to being bound by any write off, cancellation, conversion or modification of the instrument, or to having the form of the instrument changed, in the exercise of any such powers under FIRO.

[2] The instrument is contractually subject to the powers under the Financial Institutions (Resolution) Ordinance (Cap. 628) (FIRO). The holders of the instrument have acknowledged and agreed to being bound by any write off, cancellation, conversion or modification of the instrument, or to having the form of the instrument changed, in the exercise of any such powers under FIRO.

* Include solo-consolidated.

4 Composition of Regulatory Capital (continued)

d. LAC Composition of Material Subsidiary (at LAC Consolidation Group Level)
(TLAC1 (A))

		(a)
		Amount (HK\$'000)
	Regulatory capital elements of internal loss-absorbing capacity and adjustments	
1	Common Equity Tier 1 ("CET1") capital	126,780,371
2	Additional Tier 1 ("AT1") capital before LAC adjustments	27,756,725
3	AT1 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
4	Other adjustments	-
5	AT1 capital eligible under the LAC Rules	27,756,725
6	Tier 2 ("T2") capital before LAC adjustments	7,413,427
7	Amortized portion of T2 capital instruments that are internal LAC debt instruments issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
8	T2 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
9	Other adjustments	-
10	T2 capital eligible under the LAC Rules	7,413,427
11	Internal loss-absorbing capacity arising from regulatory capital	161,950,523
	Non-regulatory capital elements of internal loss-absorbing capacity	
12	Internal non-capital LAC debt instruments issued directly or indirectly to, and held indirectly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	9,812,438
13	External non-capital LAC debt instruments issued directly by the resolution entity and that do not meet subordination requirements but meet all other LAC eligibility requirements	Not applicable
14	Of which: amount eligible as external loss-absorbing capacity after application of the caps	Not applicable
15	External non-capital LAC debt instruments issued by funding vehicles prior to 1 January 2022	Not applicable
16	Eligible ex ante commitments to recapitalise a resolution entity in resolution	Not applicable
17	Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments	9,812,438
	Non-regulatory capital elements of internal loss-absorbing capacity: adjustments	
18	Internal loss-absorbing capacity before deductions	171,762,961
19	Deductions of exposures between the material subsidiary's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for internal loss-absorbing capacity	-
20	Deduction of holdings of its own non-capital LAC liabilities	-
21	Other adjustments to internal loss-absorbing capacity	-
22	Internal loss-absorbing capacity after deductions	171,762,961
	Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes	
23	Risk-weighted amount under the LAC Rules	589,547,928
24	Exposure measure under the LAC Rules	1,151,008,261

4 Composition of Regulatory Capital (continued)

d. LAC Composition of Material Subsidiary (at LAC Consolidation Group Level) (TLAC1

(A)) (continued)

		(a)
		Amount (HK\$'000)
	Internal LAC ratios and buffers	
25	Internal LAC risk-weighted ratio	29.13%
26	Internal LAC leverage ratio	14.92%
27	CET1 capital (as a percentage of RWA under the Banking (Capital) Rules ("BCR")) available after meeting the LAC consolidation group's minimum capital and LAC requirements	14.13%
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA under the BCR)	3.87%
29	Of which: capital conservation buffer requirement	2.50%
30	Of which: institution-specific countercyclical capital buffer requirement	0.37%
31	Of which: higher loss absorbency requirement	1.00%

4 Composition of Regulatory Capital (continued)

e. Material Subsidiary – Creditor Ranking at Legal Entity Level (TLAC2)

		Creditor ranking HK\$ million			Total HK\$ million
		1 (most junior)	2	3 (most senior)	
1	Is a resolution entity or a non-HK resolution entity the creditor/investor?	Yes	Yes	Yes	
2	Description of creditor ranking	CET1 capital instruments (Note 1)	AT1 capital instruments	Non-capital LAC debt instruments	
3	Total capital and liabilities net of credit risk mitigation	44,188	27,757	9,812	81,757
4	Subset of row 3 that are excluded liabilities	-	-	-	-
5	Total capital and liabilities less excluded liabilities	44,188	27,757	9,812	81,757
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	44,188	27,757	9,812	81,757
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	-
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	9,812	9,812
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	-	-
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-
11	Subset of row 6 that is perpetual securities	44,188	27,757	-	71,945

Note 1: Issued and fully paid ordinary shares.

5. Macroprudential Supervisory Measures

Geographical Distribution of Credit Exposures used in Countercyclical Capital Buffer (CCyB1)

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio (HK\$'000)	AI-specific CCyB ratio	CCyB amount (HK\$'000)
1	Hong Kong, China	0.50%	294,732,884		
2	China	0.00%	135,239,053		
3	Argentina	0.00%	5		
4	Australia (includes Christmas Islands, Cocos Islands, Norfolk Islands, Heard and McDonald Islands, Territory of Ashmore and Cartier Islands and Territory of Coral Sea Islands)	1.00%	1,067,689		
5	Austria	0.00%	8		
6	Bangladesh	0.00%	4		
7	Belgium	1.00%	27		
8	Brazil	0.00%	5		
9	British Virgin Islands	0.00%	2,050,601		
10	Burundi	0.00%	1		
11	Cambodia (formerly Kampuchea)	0.00%	1,874,861		
12	Canada	0.00%	21,496		
13	Cayman Islands	0.00%	1,926,333		
14	Finland (includes Aland Islands)	0.00%	1		
15	France (includes French Guiana, Guadeloupe, Martinique, Mayotte, Monaco, Réunion, Saint Barthélemy, Saint Martin (French part) and Saint Pierre and Miquelon)	1.00%	453,904		
16	Germany (includes the European Central Bank)	0.75%	6,818,632		
17	Guinea	0.00%	141,038		
18	Hungary	0.00%	5		
19	India	2.00%	6		
20	Indonesia	0.00%	48,060		
21	Iran	0.00%	2		
22	Ireland	1.50%	2,125,485		
23	Japan	0.00%	8		
24	Latvia	0.00%	12		
25	Luxembourg	0.50%	8,228,896		
26	Macao, China	0.00%	60,713		

5. Macprudential Supervisory Measures (continued)
Geographical Distribution of Credit Exposures used in Countercyclical Capital Buffer
(CCyB1) (continued)

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio (HK\$'000)	AI-specific CCyB ratio	CCyB amount (HK\$'000)
27	Malaysia (includes Labuan International Financial Offshore Centre)	0.50%	1,130,726		
28	Nepal	0.00%	4		
29	Netherlands	2.00%	793,211		
30	New Zealand (includes Cook Islands, Minor Islands, Niue, Ross Dependency and Tokelau)	0.00%	67		
31	Peru	0.00%	518,532		
32	Philippines	0.00%	191		
33	Portugal (includes the Azores and Madeira)	0.00%	5		
34	Russia	0.00%	5		
35	Saudi Arabia	0.00%	152,482		
36	Singapore	0.00%	1,171,860		
37	South Korea	1.00%	165,038		
38	Spain (includes Balearic Islands, Canary Islands and Ceuta and Melilla)	0.00%	71		
39	St. Christopher / St. Kitts - Nevis	0.00%	552		
40	Switzerland (includes Bank for International Settlements)	0.00%	2,116,161		
41	Taiwan, China	0.00%	52,395		
42	Thailand	0.00%	8,415		
43	United Kingdom (includes British Indian Ocean Territory (comprises Chagos Archipelago), Pitcairn, Saint Helena, Ascension & Tristan da Cunha, South Georgia & South Sandwich Islands, excludes Guernsey, Isle of Man and Jersey)	2.00%	4,109,544		
44	United States (includes American Samoa, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, United States Minor Outlying Islands, US Virgin Islands and Wake Islands)	0.00%	1,562,839		
45	Uruguay	0.00%	12		
46	Vietnam	0.00%	5		
	Sum		466,571,844		
	Total		466,571,844	0.367%	1,712,751

6. Leverage Ratio

a. Summary Comparison of Accounting Asset against Leverage Ratio Exposure Measure (LR1)

		(a)
	Item	Value under the LR framework (HK\$'000)
1	Total consolidated assets as per published financial statements	1,038,998,594
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	5,822,872
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves	Not applicable
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative contracts	10,815,744
9	Adjustment for SFTs (i.e. repos and similar secured lending)	28,996,572
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	72,614,287
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(10,736,104)
12	Other adjustments	4,496,296
13	Leverage ratio exposure measure	1,151,008,261

6. Leverage Ratio (continued)

b. Leverage Ratio (LR2)

		(a)	(b)
		(HK\$'000)	
		30/06/2025	31/03/2025
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	953,775,785	928,146,019
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	-	-
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(1,446,080)	(806,830)
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	-	-
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(10,235,973)	(9,543,888)
6	Less: Asset amounts deducted in determining Tier 1 capital	(1,817,389)	(1,814,948)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	940,276,343	915,980,353
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	5,618,041	5,669,172
9	Add-on amounts for PFE associated with all derivative contracts	14,786,120	15,866,229
10	Less: Exempted CCP leg of client-cleared trade exposures	-	-
11	Adjusted effective notional amount of written credit-related derivative contracts	-	-
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	-	-
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)	20,404,161	21,535,401
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	89,217,029	87,369,176
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	(6,792,374)	-
16	CCR exposure for SFT assets	35,788,946	14,148,654
17	Agent transaction exposures	-	-
18	Total exposures arising from SFTs (sum of rows 14 to 17)	118,213,601	101,517,830
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	307,897,008	277,660,911
20	Less: Adjustments for conversion to credit equivalent amounts	(235,282,721)	(206,801,426)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(500,131)	(391,527)
22	Off-balance sheet items (sum of rows 19 to 21)	72,114,156	70,467,958
Capital and total exposures			
23	Tier 1 capital	154,537,096	152,319,241
24	Total exposures (sum of rows 7, 13, 18 and 22)	1,151,008,261	1,109,501,542

6. Leverage Ratio (continued)
- b. Leverage Ratio (LR2) (continued)

		(a)	(b)
		(HK\$'000)	
		30/06/2025	31/03/2025
Leverage ratio			
25 & 25a	Leverage ratio	13.43%	13.73%
26	Minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	Not applicable	Not applicable
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	98,146,385	70,070,654
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	82,424,655	87,369,176
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	1,166,729,992	1,092,203,020
31 & 31a	Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	13.25%	13.95%

- 6. Leverage Ratio (continued)
- b. Leverage Ratio (LR2) (continued)

Item 3:

Due to changes in the clearing settlement account balance, deductions of receivables assets for cash variation margin provided under derivative contracts increased by HKD 639 million, or an increase of 79.23% compared to last quarter.

Item 28:

Due to an increase in repo-style transactions, the mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables increased by HKD 28,076 million, an increase of 40.07% compared to last quarter.

7. Liquidity

a. Liquidity Coverage Ratio – for Category 1 Institution (LIQ1)

Number of data points used in calculating the average value of the LCR and related components set out in this template: (71)		(HK\$'000)	
		(a)	(b)
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		238,994,174
B. Cash outflows			
2	Retail deposits and small business funding, of which:	244,600,540	23,356,454
3	<i>Stable retail deposits and stable small business funding</i>	15,804,079	476,808
4	<i>Less stable retail deposits and less stable small business funding</i>	228,796,461	22,879,646
4a	<i>Retail term deposits and small business term funding</i>	-	-
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	352,794,354	180,452,800
6	<i>Operational deposits</i>	232,563	57,981
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	352,482,974	180,316,002
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	78,817	78,817
9	Secured funding transactions (including securities swap transactions)		-
10	Additional requirements, of which:	84,020,529	14,168,588
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	7,333,168	6,138,933
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	76,687,361	8,029,655
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	9,132,426	9,132,426
15	Other contingent funding obligations (whether contractual or non-contractual)	455,422,297	3,127,445
16	Total Cash Outflows		230,237,713
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	62,202,210	13,284,450
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	80,325,066	61,417,780
19	Other cash inflows	56,659,243	10,206,581
20	Total Cash Inflows	199,186,519	84,908,811
D. Liquidity Coverage Ratio			
		Adjusted value	
21	Total HQLA		238,994,174

7. Liquidity (continued)

a. Liquidity Coverage Ratio – for Category 1 Institution (LIQ1) (continued)

Number of data points used in calculating the average value of the LCR and related components set out in this template: (71)		(HK\$'000)	
		(a)	(b)
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)
22	Total Net Cash Outflows		145,328,902
23	LCR (%)		164.84%

Liquidity Coverage Ratio

The Liquidity Coverage Ratio ("LCR") throughout the second quarter of 2025 meets the regulatory requirement and maintains at a safe level.

The average LCR as of the second quarter of 2025 decreased by 23.83% compared to that as of the first quarter of 2025. Such decrease was mainly due to the increase of total net cash outflows by HKD 35.3 billion resulting from the maturing impact from various kinds of asset and liability, which was partially net off by the increase of HQLA by HKD 32.5 billion.

(i) Main drivers of LCR results

The change in the Bank's LCR is mainly due to the changes in HQLA position, as well as the maturing impacts from various kinds of asset and liability which impacts the net cash outflows.

(ii) Composition of High Quality Liquid Assets ("HQLA")

The Bank holds a portfolio of unencumbered HQLA which can be readily liquidated to meet cash flow obligations under stress scenarios, as defined in the LCR rules. These liquid assets consist primarily of Level 1 HQLA, such as the Hong Kong Exchange Fund Bills and Notes as well as other government debt securities, supplemented by Level 2A and 2B HQLA, such as bonds issued by highly rated corporate issuers.

7. Liquidity (continued)

a. Liquidity Coverage Ratio – for Category 1 Institution (LIQ1) (continued)

(iii) Concentration of funding sources

The Bank maintains a diversified funding base composed mainly by retail and corporate customer deposits, supplemented by wholesale funding including but not limited to issuance of certificates of deposit and term debts. Short-term interbank money market borrowing is also used from time to time to meet temporary funding needs. The Bank continues to expand and diversify its deposit base, and to increase the proportion of stable deposits in its overall funding pool.

(iv) Derivative exposures

The Bank closely monitors all its exchange traded and over-the-counter derivative exposures arising from customer transactions and their corresponding hedging activities. Such derivative contracts comprise mainly of foreign exchange forwards, interest rate and cross currency swaps. Collateral may be required to be posted to counterparties depending on the marked-to-market of the derivative contracts.

(v) Currency mismatch

The fundings of the Bank are mainly customer deposits and capital denominated in HKD. To meet customer loan demand, the Bank swaps surplus HKD funding into USD and other foreign currencies. This represents the major currency mismatch of the Bank.

On the other hand, the Bank covers its HKD mismatch by holding HQLA denominated in USD when necessary. This is in line with the LCR alternative liquidity approach option elected by the HKMA.

(vi) Centralization of liquidity management

The Bank has a wholly owned subsidiary in Mainland China, Chinese Mercantile Bank ("CMB"), which has set up its own liquidity risk management policy and managed liquidity risk in accordance with its local regulatory requirements. CMB calculates its own LCR, which would then be consolidated with the Bank's LCR to reflect the liquidity position on a Group basis.

7. Liquidity (continued)

a. Liquidity Coverage Ratio – for Category 1 Institution (LIQ1) (continued)

(vii) Approach to liquidity risk management

The Bank has established a comprehensive liquidity risk management framework in accordance with the HKMA requirements and Basel Committee on Banking Supervision guidance. The Board is ultimately responsible for liquidity risk management, with the support from the Risk Management Committee of Board of Directors, senior management committees including the Senior Executive Risk Management Committee and the Asset and Liability Committee. Policies and procedures are in place, with properly approved limits and indicators in order to identify, measure and monitor liquidity risk. Stress tests are conducted regularly, and the Bank has readied the Contingency Funding Plan with detailed procedures in dealing with a potential liquidity crisis.

7. Liquidity (continued)

b. Net Stable Funding Ratio – for Category 1 Institution (LIQ2)

		30/06/2025				
		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	165,315,509	-	-	-	165,315,509
2	Regulatory capital	165,315,509	-	-	-	165,315,509
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	241,398,030	149,730	1,083	218,251,281
5	Stable deposits		16,994,555	149,730	1,083	16,288,153
6	Less stable deposits		224,403,475	-	-	201,963,128
7	Wholesale funding:	-	549,183,459	31,371,502	16,080,508	229,893,143
8	Operational deposits		215,596	-	-	107,798
9	Other wholesale funding	-	548,967,863	31,371,502	16,080,508	229,785,345
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	10,383,526	9,625,709	-	15,316,647	15,316,647
12	Net derivative liabilities	-				
13	All other funding and liabilities not included in the above categories	10,383,526	9,625,709	-	15,316,647	15,316,647
14	Total ASF					628,776,580
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes	265,689,096				22,764,251
16	Deposits held at other financial institutions for operational purposes	-	856,385	-	-	428,193
17	Performing loans and securities:	1,484,156	365,056,208	92,748,031	315,891,240	414,681,069
18	Performing loans to financial institutions secured by Level 1 HQLA	-	35,061,658	-	-	3,506,166
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	178,247,743	15,695,050	43,471,024	78,055,710

7. Liquidity (continued)

b. Net Stable Funding Ratio – for Category 1 Institution (LIQ2) (continued)

		30/06/2025				
		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	1,484,156	104,916,983	61,611,821	158,893,005	219,172,465
21	With a risk-weight of less than or equal to 35% under the STC approach	-	102,155	1,265,574	2,062,617	2,024,566
22	Performing residential mortgages, of which:	-	1,739,768	1,689,099	88,926,383	63,614,966
23	With a risk-weight of less than or equal to 35% under the STC approach	-	1,401,102	1,363,157	68,434,464	45,864,531
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	45,090,056	13,752,061	24,600,828	50,331,762
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	36,432,456	29,668,571	578,403	245	35,204,001
27	Physical traded commodities, including gold	-				-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	141,667				120,417
29	Net derivative assets	5,489,751				5,489,751
30	Total derivative liabilities before deduction of variation margin posted	6,671,532				333,577
31	All other assets not included in the above categories	24,129,506	29,668,571	578,403	245	29,260,256
32	Off-balance sheet items				306,192,822	3,294,042
33	Total RSF					476,371,556
34	Net Stable Funding Ratio (%)					131.99%

7. Liquidity (continued)

b. Net Stable Funding Ratio – for Category 1 Institution (LIQ2) (continued)

		31/03/2025				
		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding ("ASF") item						
1	Capital:	162,328,488	-	-	-	162,328,488
2	Regulatory capital	162,328,488	-	-	-	162,328,488
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	239,461,805	163,026	452	216,426,767
5	Stable deposits		15,116,323	163,026	452	14,515,833
6	Less stable deposits		224,345,482	-	-	201,910,934
7	Wholesale funding:	-	533,596,770	30,196,817	15,676,810	227,195,893
8	Operational deposits		242,823	-	-	121,412
9	Other wholesale funding	-	533,353,947	30,196,817	15,676,810	227,074,481
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	10,202,705	10,282,342	-	15,298,534	15,298,533
12	Net derivative liabilities	-				
13	All other funding and liabilities not included in the above categories	10,202,705	10,282,342	-	15,298,534	15,298,533
14	Total ASF					621,249,681
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes	270,221,203				24,185,896
16	Deposits held at other financial institutions for operational purposes	-	349,442	-	-	174,721
17	Performing loans and securities:	2,858,446	305,074,132	133,305,878	323,387,730	416,330,453
18	Performing loans to financial institutions secured by Level 1 HQLA	-	50,069,934	-	-	5,006,993
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	151,890,779	31,071,720	47,625,763	85,945,240

7. Liquidity (continued)

b. Net Stable Funding Ratio – for Category 1 Institution (LIQ2) (continued)

		31/03/2025				
		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	2,858,446	73,908,011	79,263,276	161,405,279	214,952,666
21	With a risk-weight of less than or equal to 35% under the STC approach	-	2,177,762	162,239	6,285,720	5,255,719
22	Performing residential mortgages, of which:	-	1,571,329	1,533,824	86,880,977	62,535,631
23	With a risk-weight of less than or equal to 35% under the STC approach	-	1,237,849	1,213,734	64,328,881	43,039,564
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	27,634,079	21,437,058	27,475,711	47,889,923
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	36,294,121	20,837,031	354,346	63	34,179,293
27	Physical traded commodities, including gold	-				-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	141,646				120,399
29	Net derivative assets	5,611,064				5,611,064
30	Total derivative liabilities before deduction of variation margin posted	6,627,267				331,363
31	All other assets not included in the above categories	23,914,144	20,837,031	354,346	63	28,116,467
32	Off-balance sheet items				276,505,673	3,700,969
33	Total RSF					478,571,332
34	Net Stable Funding Ratio (%)					129.81%

7. Liquidity (continued)

b. Net Stable Funding Ratio – for Category 1 Institution (LIQ2) (continued)

The above disclosures are made pursuant to the section 16FL and 103AB of Banking (Disclosure) Rules. The items disclosed are measured according to the methodology and instructions set out in the Stable Funding Position Return (MA(BS)26) and the requirements set out in Banking (Liquidity) Rules.

Net Stable Funding Ratio ("NSFR") is defined as the amount of available stable funding ("ASF") relative to the amount of required stable funding ("RSF"). The ratio is calculated after applying the respective ASF or RSF factors required under the Stable Funding Position Return (MA(BS)26). It requires banks to maintain a stable funding profile in relation to the composition of banks' assets and off-balance sheet activities.

The Net Stable Funding Ratio throughout the second quarter of 2025 meets the regulatory requirement and maintains at a safe level.

(i) Main drivers of NSFR results

The Bank's NSFR is mainly driven by the composition and size of various kinds of asset and liability. For the liability side, the major funding source is customer deposit. It is relatively stable which brings support to the NSFR. For the asset side, the major product is customer loan. In overall, the NSFR is maintained smoothly and the liquidity situation is kept at a safe level.

(ii) Centralization of liquidity management

The Bank has a wholly owned subsidiary in Mainland China, Chinese Mercantile Bank ("CMB"), which has set up its own liquidity risk management policy and managed liquidity risk in accordance with its local regulatory requirements. CMB calculates its own NSFR, which would then be consolidated with the Bank's NSFR to reflect the liquidity position on a Group basis.

8. Credit Risk for Non-Securitization Exposures

a. Credit Quality of Exposures (CR1)

		(HK\$'000)						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory of specific provisions	Allocated in regulatory of collective provisions		
1	Loans	5,429,703	709,693,700	10,121,473	3,572,338	6,549,135		705,001,930
2	Debt securities	8,187	281,827,064	65,502	-	65,502		281,769,749
3	Off-balance sheet exposures		307,897,007	500,130	-	500,130		307,396,877
4	Total	5,437,890	1,299,417,771	10,687,105	3,572,338	7,114,767		1,294,168,556

Definition of default

A credit exposure is defined as defaulted if borrower is displaying a definable weakness which is likely to jeopardize repayment, including but not limiting to:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

8. Credit Risk for Non-Securitization Exposures (continued)

b. Changes in Defaulted Loans and Debt Securities (CR2)

		(HK\$'000)
		(a)
		Amount
1	Defaulted loans and debt securities at the end of the previous reporting period	6,268,315
2	Loans and debt securities that have defaulted since the last reporting period	329,353
3	Returned to non-defaulted status	(3,260)
4	Amounts written off	(1,127,793)
5	Other changes	(28,725)
6	Defaulted loans and debt securities at the end of the current reporting period	5,437,890

Loans and debt securities that have defaulted since the last reporting period amounted to HKD 329 million. Since sufficient provision has been made based on assessments of the aforesaid defaulted loans, risk is considered controllable. During the period, loans written off amounted to HKD 1.1 billion. These loans were written off during the reporting period after exhaustion of all recovery efforts in accordance with relevant policies and procedures.

Additionally, item of "Other Changes" is mainly attributed by proceeds of full or partial settlement of the defaulted loans and exchange rate difference, etc.

8. Credit Risk for Non-Securitization Exposures (continued)

c. Overview of Recognized Credit Risk Mitigation (CR3)

		(HK\$'000)				
		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	699,404,556	5,597,374	1,214,403	4,382,971	-
2	Debt securities	245,141,775	36,627,974	-	36,627,974	-
3	Total	944,546,331	42,225,348	1,214,403	41,010,945	-
4	Of which defaulted	5,415,760	22,130	3,259	18,870	-

The Group adopts the standardized (credit risk) approach ("STC") for all the non-securitization credit risk RWA, and the simple approach in treatment of recognized collateral for the purpose of calculating RWA. Meanwhile, the recognized collateral and the recognized guarantees were used as risk mitigation measures to manage the credit risk exposure, without involving any recognized credit derivative contract.

In the first half of 2025, the "Exposures to be secured" under "Exposures secured by recognized collateral" of loans decreased by HKD 1.56 billion or 56.28%, while "Exposures secured by recognized guarantees" also decreased by HKD 5.36 billion or 54.99%, mainly due to the decline in risk exposure for corporate terms loans and syndicated loans secured by recognized collateral and guarantees.

Additionally, due to a significant decline in the risk exposure of overdue loans exceeding 90 days, the "Exposures secured by recognized collateral" decreased by HKD 1.51 billion, a decrease of 99.78%, leading to a decrease of HKD 1.82 billion or 98.8% in "Exposures to be secured".

8. Credit Risk for Non-Securitization Exposures (continued)

d. Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation – for STC Approach (CR4)

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	121,202,438	-	157,830,412	-	232,801	0.00
2	Public sector entity exposures	24,620,404	-	28,999,322	-	3,804,416	0.13
3	Multilateral development bank exposures	3,932,958	-	3,932,958	-	-	-
3a	Unspecified multilateral body exposures	-	-	-	-	-	-
4	Bank exposures	212,647,020	2,766,398	212,647,020	2,236,093	65,639,280	0.31
4a	Non-bank financial institution exposures	3,650,143	30,000	3,650,143	1,500	2,738,732	0.75
5	Eligible covered bond exposures	-	-	-	-	-	-
6	General corporate exposures	344,933,846	113,934,653	307,305,279	24,923,229	304,323,905	0.92
6a	Of which: securities firms and financial institutions	95,323,298	10,819,912	58,695,324	1,309,246	59,477,539	0.99
6b	Specialized lending	2,490,595	-	2,490,595	-	2,564,737	1.03
7	Equity exposures	-	-	-	-	-	-
7a	Significant capital investments in commercial entities	-	-	-	-	-	-
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	5,658,019	-	5,658,019	-	8,487,028	1.50
7c	Subordinated debts issued by banks, non-bank financial institutions and corporates	-	-	-	-	-	-
8	Retail exposures	25,943,831	17,035,895	25,835,776	1,703,329	22,127,163	0.80
8a	[Reserved for Class X in the Division A, Part IIIb of the to be revised CAR return]	-	-	-	-	-	-

8. Credit Risk for Non-Securitization Exposures (continued)

d. Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation – for STC Approach (CR4) (continued)

9	Real estate exposures	157,650,659	173,479,954	153,166,347	30,883,217	117,779,238	0.64
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	87,134,647	13,623	82,757,250	1,362	25,843,025	0.31
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	53,539	-	53,539	-	32,384	0.60
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	2,369,032	-	2,369,032	-	2,282,546	0.96
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	579,246	-	579,246	-	405,472	0.70
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	33,985,901	172,216,166	33,915,139	30,381,788	57,406,014	0.89
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	3,022,493	-	2,986,340	-	4,479,510	1.50
9g	Of which: land acquisition, development and construction exposures	21,538,420	1,250,166	21,538,420	500,066	24,909,394	1.13
10	Defaulted exposures	800,657	230,454	800,657	23,045	1,221,680	1.48
11	Other exposures	37,497,265	-	37,497,265	-	6,171,698	0.16
11a	Cash and gold	2,205,963	-	3,414,764	12,604,220	87,902	0.01
11b	Items in the process of clearing or settlement	283	-	283	-	57	0.20
12	Total	940,743,486	307,477,354	940,738,245	72,374,633	532,613,900	8.92

8. Credit Risk for Non-Securitization Exposures (continued)

d. Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation – for STC Approach (CR4) (continued)

In the first half of 2025, due to an increase of trade-related contingencies secured by sovereigns, the on-balance sheet amount of "Exposures post-CCF and post-CRM" to sovereign exposures increased by HKD 23.1 billion or a 17.17% rise. Due to the implementation of the new Basel III rules, the 'Risk-weighted amount' under 'Sovereign exposure' decreased by approximately HKD 14.74 million, a 5.96% decline, and its 'RWA density' fell by 19.74%.

Of which in PSE (public sector entity) exposures, because of an increase in debt securities exposures of domestic PSEs, the on-balance sheet amount of "Exposures pre-CCF and pre-CRM" to domestic PSEs exposures increased by HKD 4.36 billion or 21.5%. However, the off-balance sheet amount of "Exposures pre-CCF and pre-CRM" to domestic PSEs exposures decreased by HKD 2.1 billion or 100% drop, due to the zero balance of unconditional and revocable commitments to PSEs as of June 30, 2025. As a result, the RWA under 'Public sector entity exposures' decreased by HKD 1.14 billion, a 23.08% decline, and its 'RWA density' fell by 5.88%.

The on-balance sheet amount of "Exposures pre-CCF and pre-CRM" and "Exposures post-CCF and post-CRM" to multilateral development bank exposures both are increased by HKD 0.38 billion or 10.75%, mainly due to increase of bonds investment to multilateral development bank.

Due to an increase in the balance of commitments to banks with an original term of more than one year, the 'off-balance sheet amount' under 'Bank exposures' that 'Exposures pre-CCF and pre-CRM' and 'Exposures post-CCF and post-CRM' increased by approximately HKD 1.36 billion and HKD 1.38 billion, respectively, representing increases of 96.38% and 160%.

Due to inconsistent classification rules under Basel II and Basel III for risk exposure to securities firms, data at the end of 2024 cannot be compared with data as of mid-2025.

Due to the increase of cash collateral for the on-balance sheet exposures, the on-balance sheet amount under 'Cash Item' that 'Exposures pre-CCF and pre-CRM' and 'Exposures post-CCF and post-CRM' increased by HKD 1.59 billion and HKD 2.19 billion, respectively, representing increases of 256.5% and 179.38%. Due to the increase of cash collateral for the off-balance sheet exposures, the off-balance sheet amount of "Exposures post-CCF and post-CRM" to cash items increased by HKD 7.49 billion or 146.32%. However, its RWA decreased by HKD 24.67 million or 21.92% as well as its RWA density fell by 72.56% because of increasing of cash collateral exposure in 0% risk weight.

8. Credit Risk for Non-Securitization Exposures (continued)

d. Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation – for STC Approach (CR4) (continued)

Because of decrease in non-performing loans exposure, the on-balance sheet amount under "defaulted exposure" that 'Exposures pre-CCF and pre-CRM' and 'Exposures post-CCF and post-CRM' both decreased by HKD 1.93 billion or 70.70%.

8. Credit Risk for Non-Securitization Exposures (continued)

e. Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach (CR5)

	(HK\$'000)	0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign exposures	156,666,405	1,164,007	-	-	-	-	157,830,412

	(HK\$'000)	0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
2	Public sector entity exposures	11,158,296	17,053,658	787,368	-	-	-	28,999,322

	(HK\$'000)	0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3	Multilateral development bank exposures	3,932,958	-	-	-	-	-	-	3,932,958

	(HK\$'000)	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3a	Unspecified multilateral body exposures	-	-	-	-	-	-	-

	(HK\$'000)	20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4	Bank exposures	65,598,852	120,547,912	8,521,816	14,936,537	-	4,877,709	400,288	-	214,883,114

	(HK\$'000)	20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4a	Non-bank financial institution exposures	-	-	-	-	3,651,643	-	-	-	3,651,643

8. Credit Risk for Non-Securitization Exposures (continued)

e. Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach (CR5) (continued)

	(HK\$'000)	10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Eligible covered bond exposures	-	-	-	-	-	-	-	-	-

	(HK\$'000)	20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	385,918	-	33,892,909	-	40,230,153	11,195,828	243,922,506	1,535,700	1,065,493	332,228,507
6a	Of which: securities firms and financial institutions	-	-	287,488	-	3,818,892	-	55,898,189	-	-	60,004,569

	(HK\$'000)	20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6b	Specialized lending	-	-	-	-	2,243,454	247,141	-	-	2,490,595

	(HK\$'000)	100%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures	-	-	-	-	-

	(HK\$'000)	250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
7a	Significant capital investments in commercial entities	-	-	-	-	-

8. Credit Risk for Non-Securitization Exposures (continued)

e. Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach (CR5) (continued)

	(HK\$'000)	150%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	5,658,019	850,732	-	-	6,508,751

	(HK\$'000)	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
7c	Subordinated debts issued by banks, non-bank financial institutions and corporates	-	-	-

	(HK\$'000)	45%	75%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
8	Retail exposures	1,594,844	18,140,820	7,800,017	3,423	27,539,104

	(HK\$'000)	0%	Other	Total credit exposure amount (post-CCF and post-CRM)
8a	[Reserved for Class X in the Division A, Part IIIb of the to be revised CAR return]	-	-	-

8. Credit Risk for Non-Securitization Exposures (continued)

e. Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach (CR5) (continued)

	(HK\$'000)	0 %	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9	Real estate exposures	-	21,010,112	15,522,544	29,001,625	3,343	5,101,121	17,238	7,341,960	221,922	-	5,364,436	7,106,617	1,987,164	-	13,522,933	4,558	-	6,452,145	71,391,843	184,049,561
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	21,010,112	15,522,544	28,997,686	-	5,101,121	-	7,341,960	-	-	4,785,190	-	-	-	-	-	-	-	-	82,758,613
9b	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9c	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9d	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Credit Risk for Non-Securitization Exposures (continued)

e. Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach (CR5) (continued)

	(HK\$'000)	0 %	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	3,939	3,343	-	17,238	-	5,706	-	-	18,754	-	-	-	4,558	-	-	8,737,932	8,791,470
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	216,216	-	-	-	-	-	2,152,816	-	-	-	-	2,369,032
9g	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9h	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Credit Risk for Non-Securitization Exposures (continued)

e. Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach (CR5) (continued)

	(HK\$'000)	0 %	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9i	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	579,246	-	-	-	-	-	-	-	-	579,246
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	7,087,863	1,987,164	-	-	-	-	-	55,221,898	64,296,925
9l	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Credit Risk for Non-Securitization Exposures (continued)

e. Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach (CR5) (continued)

	(HK\$'000)	0 %	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9m	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9n	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,986,340	-	2,986,340
9p	Of which: land acquisition, development and construction exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,370,117	-	-	3,465,805	7,202,564	22,038,486

8. Credit Risk for Non-Securitization Exposures (continued)

e. Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach (CR5) (continued)

	(HK\$'000)	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures	-	16,129	803,160	4,413	823,702

	(HK\$'000)	100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	5,890,047	-	31,607,218	37,497,265

	(HK\$'000)	0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	15,579,474	-	439,510	16,018,984

	(HK\$'000)	0%	20%	100%	625%	938%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11b	Items in the process of clearing or settlement	-	283	-	-	-	-	-	283

8. Credit Risk for Non-Securitization Exposures (continued)

e. Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach (CR5) (continued)

In the first half of 2025, the sovereign exposures with 0% risk weight increased by HKD 23.2 billion or 17.38%, mainly due to the increase in debt securities exposures with 0% risk weight to sovereign exposures.

Of which in PSE exposures, because of the increase in debt securities exposures, the PSEs exposures with 0% risk weight increased by HKD 10.42 billion or 1,419.77%. However, the PSEs exposures with 20% risk weight decreased by HKD 7.68 billion or 31.04%. Thus, the total PSEs risk exposures of this category increased by HKD 3.53 billion or 13.88%.

Because of the increase in debt securities exposures, the multilateral development bank exposure with 0% risk weight increased by HKD 381 million or 10.75%, resulting in total credit risk exposure of multilateral development bank uplifted by HKD 381 million or 10.75%.

Due to the risk exposure to banks, changes in Basel II and Basel III standards caused the bank risk weights to shift from 20% and 50% to being determined based on external credit quality ratings combined with internal assessments, resulting in risk weights ranging from 20% to 150%. Therefore, it is no longer possible to compare based on risk weights, and the 'total credit risk exposure' decreased by approximately HKD 47.94 billion, a fall of 18.24%.

Due to the risk weights for regulatory retail under the new Basel III standards, some risk weights increased from 75% to 100%, resulting in an increase of approximately HKD 1.88 billion in its 'total credit risk exposure', a rise of 7.31%.

Due to the changes of cash collateral, exposures to cash items with 0% risk weight increased by HKD 9.8 billion or 169.71%, and its total exposures to cash items increased by HKD 9.68 billion or 152.7%.

Due to non-performing loans exposure decreased, the total risk exposure of defaulted exposures decreased by HKD 1.9 billion or 69.81%.

9. Counterparty Credit Risk

a. Analysis of Counterparty Default Risk Exposures (other than those to CCPs) by Approaches (CCR1)

		(HK\$'000)					
		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	3,871,063	8,507,059		1.4	17,329,372	6,357,748
1a	CEM (for derivative contracts)				1.4		
2	IMM (CCR) approach						
3	Simple Approach (for SFTs)					89,217,029	11,389,094
4	Comprehensive Approach (for SFTs)						
5	VaR (for SFTs)						
6	Total						17,746,842

The Group uses SA-CCR approach and Simple approach to calculate counterparty default risk exposure for derivative contracts and SFTs respectively. Compared with 31 December 2024, total RWA of counterparty default risk exposures increased by HKD 6 billion, which was mainly driven by the default risk exposure increase from the SFTs.

9. Counterparty Credit Risk (continued)

b. Counterparty Default Risk Exposures (other than those to CCPs) by Asset Classes and by Risk Weights – for STC Approach (CCR3)

		(HK\$'000)											
		(a)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	(i)
	<div>Risk Weight</div> <div>Exposure class</div>	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
1	Sovereign exposures	12,864,346	-	4,159,960	-	-	-	-	-	-	-	-	17,024,306
2	Public sector entity exposures	-	-	149,405	-	-	-	-	-	-	-	-	149,405
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-	-	-	-	-
5	Bank exposures	5,904,554	-	41,187,441	30,352,708	20,033	764,425	-	-	120,970	46,647	-	78,396,778
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	200,083	-	-	-	-	-	200,083
7	General corporate exposures	-	-	-	-	-	414,586	-	3,942	1,986,416	-	-	2,404,944
8	Retail exposures	-	-	-	-	-	-	47,546	-	340,732	5,918	20,048	414,244
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	7,510,134	-	446,460	-	-	-	-	-	-	-	45	7,956,639
11	Total	26,279,034	-	45,943,266	30,352,708	20,033	1,379,094	47,546	3,942	2,448,118	52,565	20,093	106,546,399

9. Counterparty Credit Risk (continued)

b. Counterparty Default Risk Exposures (other than those to CCPs) by Asset Classes and by Risk Weights – for STC Approach (CCR3) (continued)

Compared with 31 December 2024, the overall default risk exposure increased by HKD 30 billion, mainly contributed by changes in volume of the respective transactions. The 0% risk weight exposure showed a decrease of HKD 19 billion, and the 20% risk weight exposure showed a notable increase of HKD 29 billion, mainly from bank exposures. The additional 30% risk weight exposure was HKD 30 billion. The remaining risk weight exposures were relatively modest, aggregating to a total of HKD 4 billion.

9. Counterparty Credit Risk (continued)

c. Composition of Collateral for Counterparty Default Risk Exposures (including those for Contracts or Transactions Cleared Through CCPs) (CCR5)

	(HK\$'000)					
	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	755,496	34,866,105
Cash - other currencies	-	2,243,058	-	1,716,837	19,163,271	31,762,133
Domestic sovereign debt	-	-	-	-	721,127	-
Other sovereign debt	-	4,933	-	-	32,993,279	-
Domestic PSE debt	-	-	-	-	-	2,883,636
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	112,435	-
Bank bonds/debts	-	-	-	-	-	19,107,455
Equity securities	-	-	-	-	597,700	-
Other collateral	-	-	-	-	-	-
Total	-	2,247,991	-	1,716,837	54,343,308	88,619,329

Compared with 31 December 2024, the net fair value of recognized collateral from derivatives contracts have decreased by HKD 0.4 billion and SFTs have decreased by HKD 34 billion, which was mainly driven by the increase in volume of SFT transactions in the first half of 2025.

9. Counterparty Credit Risk (continued)

d. Credit-Related Derivatives Contracts (CCR6)

	(HK\$'000)	
	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

9. Counterparty Credit Risk (continued)

e. Exposures to CCPs (CCR8)

		(HK\$'000)	
		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or client to qualifying CCPs (total)		97,721
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	1,875,460	37,509
3	(i) OTC derivative transactions	1,875,460	37,509
4	(ii) Exchange-traded derivative contracts		
5	(iii) Securities financing transactions		
6	(iv) Netting sets subject to valid cross-product netting agreements		
7	Segregated initial margin		
8	Unsegregated initial margin	2,871,185	57,424
9	Funded default fund contributions	139,312	2,788
10	Unfunded default fund contributions		
11	Exposures of the AI as clearing member or client to non-qualifying CCPs (total)		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions		
14	(ii) Exchange-traded derivative contracts		
15	(iii) Securities financing transactions		
16	(iv) Netting sets subject to valid cross-product netting agreements		
17	Segregated initial margin		
18	Unsegregated initial margin		
19	Funded default fund contributions		
20	Unfunded default fund contributions		

Compared with 31 December 2024, the qualifying CCPs RWA amount increased by HKD 18 million, which was mainly driven by the increase in unsegregated initial margin.

10. Securitization Exposures

a. Securitization Exposures in Banking Book (SEC1)

		(HK\$'000)								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which:	-	-	-	-	-	-	-	-	-
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	-	-	-
4	other retail exposures	-	-	-	-	-	-	-	-	-
5	re-securitization exposures	-	-	-	-	-	-	-	-	-
6	Wholesale (total) – of which:	-	-	-	-	-	-	-	-	-
7	loans to corporates	-	-	-	-	-	-	-	-	-
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other wholesale	-	-	-	-	-	-	-	-	-
11	re-securitization exposures	-	-	-	-	-	-	-	-	-

10. Securitization Exposures (continued)

b. Securitization Exposures in Trading Book (SEC2)

		(HK\$'000)								
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which:	-	-	-	-	-	-	-	-	-
2	residential mortgage	-	-	-	-	-	-	-	-	-
3	credit card	-	-	-	-	-	-	-	-	-
4	other retail exposures	-	-	-	-	-	-	-	-	-
5	re-securitization exposures	-	-	-	-	-	-	-	-	-
6	Wholesale (total) – of which:	-	-	-	-	-	-	-	-	-
7	loans to corporates	-	-	-	-	-	-	-	-	-
8	commercial mortgage	-	-	-	-	-	-	-	-	-
9	lease and receivables	-	-	-	-	-	-	-	-	-
10	other wholesale	-	-	-	-	-	-	-	-	-
11	re-securitization exposures	-	-	-	-	-	-	-	-	-

10. Securitization Exposures (continued)

c. Securitization Exposures in Banking Book and Associated Capital Requirements – where AI acts as Originator (SEC3)

		(HK\$'000)																
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA
1	Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Traditional securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		(HK\$'000)																
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

10. Securitization Exposures (continued)

d. Securitization Exposures in Banking Book and Associated Capital Requirements – where AI acts as Investor (SEC4)

		(HK\$'000)																
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA
1	Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Traditional securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		(HK\$'000)																
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERB A (incl. IAA)	SEC-SA	SEC-FBA
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

11. Market risk

Market Risk under STM Approach (MR1)

		(a)
		(HK\$'000)
Item	The ultimate capital charge, of which	Market risk capital charges under STM approach
1	General interest rate risk	52,126
2	Equity risk	-
3	Commodity risk	527
4	Foreign exchange risk	606,490
5	Credit spread risk (non-securitization)	72,881
6	Credit spread risk (securitization: non-correlation trading portfolio ("CTP"))	-
7	Credit spread risk (securitization: CTP)	-
8	Standardized default risk charge ("SA-DRC") (non-securitization)	79,031
9	SA-DRC (securitization: non-CTP)	-
10	SA-DRC (securitization: CTP)	-
11	Residual risk add-on	249
12	Total	811,304

In accordance with the requirements of the HKMA and Banking (Capital) Rules ("the Rules"), our bank conducted the implementation of the Basel III standards since the beginning of 2025. The market risk capital requirement is calculated under the STM Approach for three components which are:

- (1) The Sensitivity-Based Method (SBM) charge is to capture Delta, Vega, and Curvature risk sensitivities within a prescribed set of risk classes;
- (2) The Standardised default risk charge ("SA-DRC") is to capture jump-to-default ("JTD") risk for equity and credit instruments.
- (3) The residual risk add-on ("RRAO") is to capture any other risks beyond the main risk factors already captured in the sensitivities-based method and the default risk charge.

Due to this significant measurement methodology change, the market risk RWA figures for the first half of 2025 are not directly comparable to the data as of end-2024.

12. Asset encumbrance

Asset encumbrance (ENC)

	(HK\$'000)		
	(a)	(b)	(c)
	Encumbered assets	Unencumbered assets	Total
Assets			
Cash and balances with banks and other financial institutions	-	38,102,623	38,102,623
Placements with banks and other financial institutions	-	202,932,386	202,932,386
Derivative financial instruments	-	9,876,023	9,876,023
Advances and other accounts	-	467,718,834	467,718,834
Financial investments	22,163,337	275,679,726	297,843,063
Investment in associates	-	126,638	126,638
Investment in subsidiaries	-	5,870,082	5,870,082
Goodwill and other intangible assets	-	992,770	992,770
Investment properties	-	198,600	198,600
Property, plant and equipment	-	1,458,886	1,458,886
Current income tax assets	-	-	-
Deferred income tax assets	-	1,539,821	1,539,821
Other assets	-	12,534,932	12,534,932
Total assets	22,163,337	1,017,031,321	1,039,194,658

13. International Claims

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognised risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

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

	Banks	Official sector	Non-bank private sector		Total
	HK\$ million	HK\$ million	Non-bank financial institutions HK\$ million	Non-financial private sector HK\$ million	HK\$ million
30 June 2025					
Developed countries	48,487	20,813	6,918	51,635	127,853
Offshore centers	55,320	75,716	24,260	327,486	482,782
Developing Europe	31	-	-	-	31
Developing Latin America and Caribbean	256	-	-	-	256
Developing Africa and Middle East	1763	-	-	-	1,763
Developing Asia-Pacific, of which	202,201	32,752	34,786	125,688	395,427
—Mainland China	198,272	32,635	34,621	122,623	388,151
—Others	3,929	117	165	3,065	7,276
International organizations	-	3,933	-	-	3,933
	308,058	133,214	65,964	504,809	1,012,045

13. International Claims (continued)

	Banks	Official sector	Non-bank private sector Non-bank financial institutions	Non-financial private sector	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
31 December 2024					
Developed countries	66,446	18,349	6,228	46,054	137,077
Offshore centers	30,338	53,221	15,847	322,974	422,380
Developing Europe	33	-	-	-	33
Developing Latin America and Caribbean	93	-	-	-	93
Developing Africa and Middle East	757	-	-	-	757
Developing Asia-Pacific, of which	187,905	34,531	29,849	122,690	374,975
—Mainland China	184,128	34,522	29,839	119,196	367,685
—Others	3,777	9	10	3,494	7,290
International organizations	-	3,937	-	-	3,937
	285,572	110,038	51,924	491,718	939,252

14. Loan and Advances to Customers Analysed by Industry Sectors

	30 June 2025	30 June 2025	31 December 2024	31 December 2024
	Gross loans and advances HK\$'000	% of secured loans and advances	Gross loans and advances HK\$'000	% of secured loans and advances
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	50,309,882	31.01%	53,509,336	36.92%
- Property investment	29,926,818	63.88%	30,444,394	59.62%
- Financial concerns	28,456,769	0.00%	19,671,974	4.76%
- Stockbrokers	2,388,243	0.00%	1,048,946	0.00%
- Wholesale and retail trade	5,500,952	31.90%	4,188,764	45.65%
- Civil engineering works	4,221,386	6.13%	4,125,594	10.93%
- Manufacturing	3,043,196	16.65%	2,310,712	40.20%
- Transport and transport equipment	15,909,105	31.10%	18,603,226	37.08%
- Electricity and gas	21,906,124	0.00%	17,436,319	0.00%
- Information technology	13,289,853	0.51%	7,883,538	0.72%
- Hotels, boarding houses and catering	2,682,492	52.90%	3,856,803	69.95%
- Recreational activities	175,000	0.00%	175,000	0.00%
- Others	39,543,400	8.41%	30,681,305	16.00%
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	222,818	98.48%	226,885	99.27%
- Loans for the purchase of other residential properties	84,335,660	98.58%	78,076,415	98.67%
- Credit card advances	386,942	0.00%	438,458	0.00%
- Others	21,720,707	94.91%	22,342,293	94.45%
Trade finance	4,007,878	9.65%	9,736,459	7.30%
Loans for use outside Hong Kong	133,896,385	18.12%	134,449,527	20.87%
	461,923,610	38.02%	439,205,948	39.14%

14. Loan and Advances to Customers Analysed by Industry Sectors (continued)

Individually impaired loans, overdue loans and advances over three months, impairment allowances and impaired loans and advances written off in respect of industry sectors that constitute 10% or more of the total advances to customers are as follows:

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Loans for use outside Hong Kong		
Individually impaired loans	2,416,782	2,818,397
Overdue loans and advances over three months	2,297,742	2,817,370
Lifetime ECL credit-impaired	1,629,443	2,099,839
Lifetime ECL not credit-impaired	1,858,596	1,460,510
12-month ECL	1,781,497	1,928,855
New impairment allowances (credited)/ charged to income statement	143,647	(124,561)
Impaired loans and advances written off during the period/year	363,314	369,845
Loans for use in Hong Kong		
Industrial, commercial and financial		
Property development		
Individually impaired loans	1,008,000	1,008,000
Overdue loans and advances over three months	1,008,000	1,008,000
Lifetime ECL credit-impaired	605,893	654,229
Lifetime ECL not credit-impaired	137,494	37,708
12-month ECL	129,461	99,921
New impairment allowances charged to income statement	80,990	(401,375)
Impaired loans and advances written off during the period/year	-	-
Loans for use in Hong Kong		
Individuals		
Loans for the purchase of other residential properties		
Individually impaired loans	23,338	12,041
Overdue loans and advances over three months	23,153	11,857
Lifetime ECL credit-impaired	4,283	1,362
Lifetime ECL not credit-impaired	10,969	10,538
12-month ECL	199,224	193,219
New impairment allowances charged to income statement	9,357	110,266
Impaired loans and advances written off during the period/year	-	-

15. Loans and Advances to Customers Analysed by Geographical Location

The Group's gross advances to customers by country or geographical area after taking into account any risk transfers are as follows:

	Gross advances to customers HK\$'000	Overdue advances for over three months HK\$'000	Impaired loans and advances HK\$'000	Lifetime ECL credit impaired HK\$'000	Non-credit impaired ECL HK\$'000
30 June 2025					
Hong Kong	324,278,800	2,723,679	3,387,972	2,229,106	3,348,682
Mainland China	118,398,966	1,922,427	2,040,556	1,336,321	2,706,129
Macau	117,805	-	-	-	302
Asia Pacific Region (excluding Hong Kong, Mainland China and Macau)	4,415,097	1,175	1,175	1,175	158,925
Others	14,712,942	58	-	5,736	173,751
Total	461,923,610	4,647,339	5,429,703	3,572,338	6,387,789
	Gross advances to customers HK\$'000	Overdue advances for over three months HK\$'000	Impaired loans and advances HK\$'000	Lifetime ECL credit impaired HK\$'000	Non-credit impaired ECL HK\$'000
31 December 2024					
Hong Kong	302,961,221	2,750,759	3,410,850	2,057,735	2,642,632
Mainland China	118,641,739	2,845,243	2,845,418	2,189,599	2,655,844
Macau	88,699	-	-	-	248
Asia Pacific Region (excluding Hong Kong, Mainland China and Macau)	4,447,368	1,175	1,175	1,175	206,839
Others	13,066,921	58	-	8,702	380,203
Total	439,205,948	5,597,235	6,257,443	4,257,211	5,885,766

Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

16. Mainland Activities

The analysis of non-bank Mainland China exposures is based on the categories of non-bank counterparties and the types of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to Part 3 of the "Return of Mainland China exposures - MA(BS) 20", which includes the Mainland China exposures extended by the Bank and its overseas subsidiary and branch.

30 June 2025	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total exposures HK\$'000
Type of counterparties			
(a) Central government, central government owned entities and their subsidiaries and JVs	155,065,656	14,716,009	169,781,665
(b) Local government, local government owned entities and their subsidiaries and JVs	59,624,238	2,453,787	62,078,025
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	73,856,689	38,309,340	112,166,029
(c)(i) Of which, PRC nationals residing in Mainland China or entities beneficially owned by Mainland interest	68,798,590	38,309,340	107,107,930
(d) Other entities of central government not reported in item (a) above	11,492,087	2,353,988	13,846,075
(e) Other entities of local government not reported in item (b) above	213,649	-	213,649
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	989,065	3,000	992,065
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,408,394	375,100	3,783,494
	304,649,778	58,211,224	362,861,002

16. Mainland Activities (continued)

31 December 2024	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total exposures HK\$'000
Type of counterparties			
(a) Central government, central government owned entities and their subsidiaries and JVs	148,189,136	11,912,203	160,101,339
(b) Local government, local government owned entities and their subsidiaries and JVs	55,283,189	3,311,879	58,595,068
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	68,854,898	42,512,240	111,367,138
(c)(i) Of which, PRC nationals residing in Mainland China or entities beneficially owned by Mainland interest	63,596,095	42,512,240	106,108,335
(d) Other entities of central government not reported in item (a) above	10,664,943	2,091,568	12,756,511
(e) Other entities of local government not reported in item (b) above	564,474	-	564,474
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,194,816	107,625	1,302,441
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,786,811	268,311	3,055,122
	287,538,267	60,203,826	347,742,093

17. Currency Concentrations

The table below summarises the net foreign currency positions of the Group and the Bank. The net positions in foreign currency is disclosed when the currency constitutes 10% or more of the total net position of all foreign currencies. A sensitivity analysis calculates the effect of a reasonably possible movement in a currency rate against the Hong Kong dollar, with all other variables in the income statement and equity held constant.

	US\$	RMB	Other foreign currencies	Total
30 June 2025	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-structural position				
Spot assets	289,316,204	271,138,548	61,588,754	622,043,506
Spot liabilities	(338,073,687)	(199,880,788)	(48,983,991)	(586,938,466)
Forward purchases	407,302,894	192,198,697	70,605,547	670,107,138
Forward sales	(389,332,782)	(257,493,868)	(82,871,998)	(729,698,648)
Net option position	1,179,016	(877,465)	(15,579)	285,972
Net (short)/long position	(29,608,355)	5,085,124	322,733	(24,200,498)
Net structural position	215,380	18,034,439	-	18,249,819

	US\$	RMB	Other foreign currencies	Total
31 December 2024	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-structural position				
Spot assets	298,103,440	249,779,106	45,875,859	593,758,405
Spot liabilities	(319,444,975)	(190,034,151)	(45,968,464)	(555,447,590)
Forward purchases	512,652,537	356,386,846	56,723,113	925,762,496
Forward sales	(506,987,689)	(410,564,775)	(56,238,338)	(973,790,802)
Net option position	(8,194,033)	(943,588)	(181,917)	(9,319,538)
Net (short)/long position	(23,870,720)	4,623,438	210,253	(19,037,029)
Net structural position	213,015	14,489,475	-	14,702,490

Foreign currency exposures include those arising from trading position. The net option position is calculated on the basis of the delta-weighted position of option contracts. The net structural position of the Group is the structural positions of the Bank's capital investment in Mainland subsidiary, Chinese Mercantile Bank.

18. Off-balance Sheet Exposures

Note 35.1 of the 2025 Interim financial disclosure statements of the Group lists out a summary of the contractual amounts of each significant contingent liability and commitments.

As at 30 June 2025, the total credit risk weighted amount of contingent liabilities and commitments is HKD 51,151 million (31 December 2024: HKD 40,037 million).

19. Analysis of Fees and Commission Income

For details, please refer to Note 7 of the 2025 Interim financial disclosure statements of the Group.

20. Overdue Advances to Customers and Banks and Other Assets

For details, please refer to Notes 20.2 and 20.3 of the 2025 Interim financial disclosure statements of the Group.

21. Rescheduled Exposures

For details, please refer to Note 20.4 of the 2025 Interim financial disclosure statements of the Group.

22. Repossessed Assets

For details, please refer to Note 20.5 of the 2025 Interim financial disclosure statements of the Group.