



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

2025 4TH QUARTER

(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 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)
		31/12/2025	30/09/2025	30/06/2025	31/03/2025	31/12/2024
	<b>Regulatory capital (amount)</b>					
1 & 1a	Common Equity Tier 1 (CET1)	130,210,763	128,432,224	126,780,371	124,812,511	122,380,449
2 & 2a	Tier 1	157,734,112	155,943,551	154,537,096	152,319,241	149,832,371
3 & 3a	Total capital	165,204,362	163,367,941	161,950,523	159,157,389	157,043,276
	<b>RWA (amount) (Note 1)</b>					
4	Total RWA	594,181,908	594,481,610	589,547,928	599,814,465	628,460,204
4a	Total RWA (pre-floor)	594,181,908	594,481,610	589,547,928	599,814,465	N/A
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)(Note 2)</b>					
5 & 5a	CET1 ratio (%)	21.91%	21.60%	21.50%	20.81%	19.47%
5b	CET1 ratio (%) (pre-floor ratio)	21.91%	21.60%	21.50%	20.81%	N/A
6 & 6a	Tier 1 ratio (%)	26.55%	26.23%	26.21%	25.39%	23.84%
6b	Tier 1 ratio (%) (pre-floor ratio)	26.55%	26.23%	26.21%	25.39%	N/A
7 & 7a	Total capital ratio (%)	27.80%	27.48%	27.47%	26.53%	24.99%
7b	Total capital ratio (%) (pre-floor ratio)	27.80%	27.48%	27.47%	26.53%	N/A
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.37%	0.37%	0.37%	0.35%	0.36%
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%	3.87%	3.87%	3.85%	3.86%
12	CET1 available after meeting the AI's minimum capital requirements (%)	17.41%	17.10%	17.00%	16.31%	14.97%
	<b>Basel III leverage ratio(Note 3)</b>					
13	Total leverage ratio (LR) exposure measure	1,115,916,815	1,109,525,823	1,151,008,261	1,109,501,542	1,031,650,437
13a	LR exposure measure based on mean values of gross assets of SFTs	-	-	-	-	N/A
14, 14a & 14b	LR (%)	14.13%	14.05%	13.43%	13.73%	14.52%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	-	-	-	-	N/A

a. Key Prudential Ratios (KM1) (continued)

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		31/12/2025	30/09/2025	30/06/2025	31/03/2025	31/12/2024
<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>						
Applicable to category 1 institutions only:						
15	Total high quality liquid assets (HQLA)	185,563,376	212,562,114	238,994,174	206,508,501	169,413,293
16	Total net cash outflows	116,642,709	134,584,052	145,328,902	109,988,243	92,398,521
17	LCR (%)	160.29%	158.28%	164.84%	188.67%	186.67%
Applicable to category 2 institutions only:						
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>						
Applicable to category 1 institutions only:						
18	Total available stable funding	593,624,622	600,387,916	628,776,580	621,249,681	586,319,469
19	Total required stable funding	478,099,026	475,134,468	476,371,556	478,571,332	454,325,492
20	NSFR (%)	124.16%	126.36%	131.99%	129.81%	129.05%
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.

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

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		31/12/2025	30/09/2025	30/06/2025	31/03/2025	31/12/2024
Of the material entity at LAC consolidation group level						
1	Internal loss-absorbing capacity available	174,934,300	173,093,629	171,762,961	168,881,452	166,747,964
2	Risk-weighted amount under the LAC Rules	594,181,908	594,481,610	589,547,928	599,814,465	628,460,204
3	Internal LAC risk-weighted ratio	29.44%	29.12%	29.13%	28.16%	26.53%
4	Exposure measure under the LAC Rules	1,115,916,815	1,109,525,823	1,151,008,261	1,109,501,542	1,031,650,437
5	Internal LAC leverage ratio	15.68%	15.60%	14.92%	15.22%	16.16%
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.

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

		(HK\$ Million)				
		(a)	(b)	(c)	(d)	(e)
		31/12/2025	30/09/2025	30/06/2025	31/03/2025	31/12/2024
Of the non-HK resolution entity at resolution group level (Note 1)						
1	External loss-absorbing capacity available	6,763,493	6,584,800	6,538,550	6,217,475	5,339,836
2	Total risk-weighted amount under the relevant non-HK LAC regime	31,502,136	30,591,800	29,422,894	28,475,063	27,259,188
3	External loss-absorbing capacity as a percentage of risk-weighted amount	21.47%	21.52%	22.22%	21.83%	19.59%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	62,666,718	60,390,813	59,874,288	57,559,077	54,033,971
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	10.79%	10.90%	10.92%	10.80%	9.88%
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

#### a. Overview of Risk Management (OVA)

Our business activities and operations involve identifying, assessing, accepting, measuring, monitoring and reporting various types of risks. We strike an appropriate balance between the amount and types of risks the Group is willing and able to accept in pursuit of its strategic objectives and business plan, and the level of return we target to achieve. The Group has a sound risk management framework in place to ensure the risk profile is prudent and consistent with the risk appetite which is commensurate with the complexity and nature of its business and operations and covers all types of inherent risks faced by the Group. Our risk appetite consists of quantitative and qualitative description of the types and level of risks that the Group is willing to take when achieving the strategic and business goals. The risk appetite framework is reviewed at least annually having regard to the Group's forward-looking analysis of risk profile, its capital and financial plan and strategic development.

The effective risk governance is supported by adequate oversight of risk management by the Board of Directors (the "Board") and senior management and well-defined three lines of defence underpinned by strong risk culture. The Risk Management Committee of the Board of Directors ("BRMC") is delegated by the Board to oversee and review the effectiveness of the risk management system of the Group and approve the risk appetite statement and other key risk management policies. Reporting to the BRMC, the Risk Management and Internal Control Committee ("RMICC") implements the risk management framework approved by the BRMC and formulates policies, procedures and limits to manage the risks arising from the Group's business activities and day-to-day operations.

The risk management and compliance functions, forming the second line of defence, are independent from business units. The risk management function carries out day-to-day risk management across all risk types. It establishes relevant policies and procedures to monitor, assess and report the risk profile. The compliance function oversees the Group's due compliance with the applicable regulatory and compliance requirements. The internal audit function, which is the third line of defence, should, among other things, perform independent periodic checking on the compliance and effectiveness of risk management processes and related internal controls.

Recognising the importance of sound risk culture, the Group has formulated and maintained various risk management policies and procedures and code of conduct applicable to all staff at all levels to help foster an effective on-going promotion of strong risk culture within the Group. The firm-wide risk management policy sets out the key elements and requirements in

#### a. Overview of Risk Management (OVA) (continued)

relation to sound risk culture which emphasise the importance of tone from top, the accountability of all staff for identifying, assessing and managing risks, the compliance to law and regulations, the integration of risk appetite into business planning and decisions, and encouragement to open communication and challenge.

To promote the expected behaviours and strengthen our risk culture, a dedicated risk culture column is established in the intranet at which updated information and messages relevant to risk culture are posted from time to time. In addition, risk-related factors are included in our employee performance assessment to reinforce sound risk culture to all staff.

Business lines and risk functions communicate and share risk issues in day-to-day operations. RMICC and BRMC meetings are held at least quarterly where discussion and decision related to risk management are made in response to the changing business environment and stringent regulatory requirements. Procedures related to handling, reporting and rectifying the breach of risk limits are set out in different types of risk's individual policy and procedure.

The Group adopts different methods or models to accurately and timely measure and assess each type of inherent risk. Depending on the nature of risk and the business activities or products involved, different risk measures are calculated to monitor the risk positions in terms of exposure size, risk level, concentration and asset quality, etc. both in normal times and in times of stress. A range of key risk measures or indicators are applied to the Bank and its major operating subsidiaries where applicable to ensure comprehensive review and monitoring on various risk types. The measurement methodologies, major assumptions, limitations, data source and procedures of risk measurement are properly documented and well presented to the senior management and the BRMC for assessment. The risk measurement system is subject to periodic review to ensure that the design, definitions and implementation can fit the purpose. Enhancement on risk measurements and methodologies are made where necessary to uphold the effectiveness of risk management.

Our risk information system supports regulatory reporting and internal management and reporting of various types of inherent risk. It provides our Board and senior management with accurate and timely risk information reports covering all risk exposures from both on- and off-balance sheet businesses. The risk information reports also provide the risk positions, limit utilization and concentration level to specific areas on a regular and need basis. Each report owner is responsible for risk measurement, analysis and assessment of risk, while ensuring the accuracy and quality of the data or information reported.

#### a. Overview of Risk Management (OVA) (continued)

The following major risk information reporting is presented to the Board and/ or senior management on a regular basis:

- The risk appetite report is submitted quarterly to the RMICC and BRMC. It comprises an overview of the updated status of each risk appetite indicators covering return, capital and risk, including the eight inherent risks as defined under Supervisory Policy Manual IC-1 Risk Management Framework issued by HKMA, which are credit, market, interest rate, liquidity, operational, reputation, legal and strategic risks.
- Individual risk management report is presented to the RMICC and BRMC quarterly. Each report comprises the risk exposure or conditions quantitatively or qualitatively, limit utilization and key issues that require discussion and/ or decision by RMICC or BRMC.
- The latest status of our liquidity and funding is presented to the Asset and Liability Committee ("ALCO").
- Bank-wide stress test is performed quarterly and reported to the RMICC and BRMC.

Stress testing is a crucial tool for the Group in risk management. It helps inform the Board and senior management the financial resources in terms of capital, liquidity and profitability that the Group may need in order to withstand the adverse conditions. We conduct bank-wide stress test regularly across all major business portfolios taking into account the impact of different risk factors significant and relevant to the risk profile. The stress testing scenarios are forward-looking and comprised of different level of severity which allow us to assess its vulnerability to changes in economic and financial conditions. The impact or change on the Group's profit, capital adequacy level and/ or liquidity positions due to the assumed movement and interaction of risk factors under the stress scenarios are compared with the predetermined triggers to help decide whether any remedial actions should be taken. The stress testing results, which help reveal the potential risks and vulnerability of the Group, are also used for risk management and internal capital adequacy assessment process. The stress test policy and methodologies are subject to periodic review to ensure its appropriateness and robustness.

The Group has a comprehensive range of quantitative tools and metrics in place to monitor its risk exposures and risk level. Risk mitigation is one of the key aspects of prudent risk management. Depending on the nature of different products and business, a range of risk mitigating techniques such as seeking collateral, netting arrangement, hedging and insurance is covered in the relevant policies and procedures to mitigate the risks and reduce the

a. Overview of Risk Management (OVA) (continued)

potential loss. To ensure the effectiveness of mitigating techniques, there are structured processes and requirements regarding the recognition of collateral or mitigating tools, the timely and reliable valuation and legal enforceability of the tools. There are also specific limits or analysis in regular risk management reports to monitor the potential concentration of collateral.

Other than mitigating tools for particular customers, products or business lines, other mitigating strategies which can more broadly impact the risk exposure or restore the Group's liquidity and capital level are set out in the Recovery Plan and Contingency Funding Plan. The aforesaid documents are subject to periodic review and approval by the Board or the BRMC to ensure the strategies remain appropriate and effective.

b. Overview of Risk-Weighted Amount (“RWA”) (OV1)

		(HK\$'000)		
		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31/12/2025	30/09/2025	31/12/2025
1	Credit risk for non-securitization exposures	540,335,596	536,434,973	43,226,848
2	Of which STC approach	540,335,596	536,434,973	43,226,848
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	13,113,332	14,268,544	1,049,067
7	Of which SA-CCR approach	6,346,170	5,998,472	507,694
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	N/A	N/A	N/A
9	Of which others	6,767,162	8,270,072	541,373
10	CVA risk	3,003,263	2,796,075	240,261
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	12,606,166	11,403,270	1,008,493
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	-	-	-

b. Overview of Risk-Weighted Amount ("RWA") (OV1) (continued)

		(HK\$'000)		
		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31/12/2025	30/09/2025	31/12/2025
20	Market risk	9,052,825	13,878,900	724,226
21	Of which STM approach	9,052,825	13,878,900	724,226
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	14,329,925	14,253,325	1,146,394
24a	Sovereign concentration risk	N/A	N/A	N/A
25	Amounts below the thresholds for deduction (subject to 250% RW)	2,193,276	1,907,495	175,462
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	452,475	460,972	36,198
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	452,475	460,972	36,198
29	Total	594,181,908	594,481,610	47,534,553

b. Overview of Risk-Weighted Amount ("RWA") (OV1) (continued)

The Group is in compliance with the Banking (Capital) (Amendment) Rules 2023 to calculate RWA since January 1<sup>st</sup>, 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.

In the fourth quarter of 2025, the Group's total Risk-Weighted Assets (RWA) amounted to approximately HKD 594.182 billion, representing a decrease of approximately HKD 300 million compared with the end of the third quarter, or a decline of about 0.05%.

The credit risk-weighted amount for non-securitization exposures was approximately HKD 540.336 billion, increase by approximately HKD 3.901 billion from the previous quarter, equivalent to a increase of 0.73%.

In addition, due to a reduction in the volume of securities financing transactions (SFTs), the risk-weighted amount related to counterparty credit risk and the "other" of default fund contributions decreased by approximately HKD 1.503 billion, representing a decline of about 18.17%.

According to the STM approach for market risk, the Group's market risk weighted asset decreased by approximately HKD 4.826 billion as compared with the end of the previous quarter, representing a decline of about 34.77%, primarily due to the reduction in foreign exchange exposure.

#### 4. Linkages between Financial Statements and Regulatory Exposures

##### a. Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories (LI1)

	(HK\$'000)						(g)
	(a)	(b)	(c)	(d)	(e)	(f)	
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
subject to credit risk framework			subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework		
<b>Assets</b>							
Cash and balances with banks and other financial institutions	25,872,035	25,779,772	25,779,772	-	-	-	-
Placements with banks and other financial institutions	158,779,760	158,779,760	158,779,760	-	-	-	-
Derivative financial instruments	11,279,150	11,279,150	-	11,279,150	-	7,032,742	-
Advances and other accounts	454,130,314	454,149,801	454,149,801	-	-	-	-
Reverse repurchase agreements	35,916,951	35,916,951	35,916,951	35,916,951	-	-	-
Financial investments	291,005,322	284,867,999	270,936,765	14,039,967	-	13,931,234	-
Investments in associates	179,489	127,140	127,140	-	-	-	-
Investment in subsidiaries	-	5,870,082	5,870,082	-	-	-	-
Goodwill and other intangible assets	1,012,713	991,259	-	-	-	-	991,259
Investment properties	194,300	194,300	194,300	-	-	-	-
Property, plant and equipment	1,728,116	1,706,326	1,706,326	-	-	-	-
Current income tax assets	545	-	-	-	-	-	-

a. Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories (LI1) (continued)

	(HK\$'000)						(g)
	(a)	(b)	(c)	(d)	(e)	(f)	
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
subject to credit risk framework			subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework		
Deferred income tax assets	1,728,456	1,728,456	-	-	-	-	1,728,456
Other assets	10,688,213	11,180,953	7,674,448	3,446,811	-	59,694	-
<b>Total assets</b>	<b>992,515,364</b>	<b>992,571,949</b>	<b>961,135,345</b>	<b>64,682,879</b>	-	<b>21,023,670</b>	<b>2,719,715</b>
<b>Liabilities</b>							
Deposits from banks and other financial institutions	123,580,276	123,580,276	-	-	-	-	123,580,276
Trading liabilities	574,735	573,313	-	-	-	573,313	-
Derivative financial instruments	7,273,961	7,273,961	-	3,834,348	-	6,837,829	-
Deposits from customers	662,732,683	665,185,452	-	-	-	-	665,185,452
Certificates of deposit issued	1,690,545	1,690,545	-	-	-	-	1,690,545
Debt securities in issue	15,361,692	15,361,692	-	-	-	-	15,361,692
Current income tax liabilities	959,390	899,548	-	-	-	-	899,548
Deferred income tax liabilities	1,576	-	-	-	-	-	-
Subordinated debts measured at amortised cost	-	-	-	-	-	-	-
Other liabilities	15,428,109	16,018,120	-	-	-	-	16,018,120
<b>Total liabilities</b>	<b>827,602,967</b>	<b>830,582,907</b>	-	<b>3,834,348</b>	-	<b>7,411,142</b>	<b>822,735,633</b>

b. Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements (LI2)

		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
			credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation (as per template LI1)</b>	<b>989,852,234</b>	<b>961,135,345</b>	-	<b>64,682,879</b>	<b>21,023,670</b>
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	7,847,274	-	-	3,834,348	7,411,142
3	Total net amount under regulatory scope of consolidation	982,004,960	961,135,345	-	60,848,531	13,612,528
4	Off-balance sheet amounts	411,110,875	86,433,024	-	7,327,565	-
5	<i>Differences in valuations</i>	(7,389,953)	-	-	(7,389,953)	-
6	<i>Differences due to different netting rules (other than those already included in row 2)</i>	-	-	-	-	-
7	<i>Differences due to consideration of provisions</i>	-	-	-	-	-
8	<i>Differences due to prudential filters</i>	-	-	-	-	-
<b>9</b>	<b>Exposure amounts considered for regulatory purposes</b>	<b>1,385,725,882</b>	<b>1,047,568,369</b>	-	<b>60,786,143</b>	<b>13,612,528</b>

c. Explanations of Differences between Accounting and Regulatory Exposure Amounts (LIA)

The differences between column (a) and column (b) of L11 are due to difference in consolidation basis for accounting purposes and consolidation basis for regulatory purpose of the Bank and its subsidiaries and interests in associates.

The main driver for the difference between accounting values and amounts considered for regulatory purpose is the application of credit conversion factors ("CCFs") on off-balance sheet amounts.

Marking-to-market Methodology

The Group applies mark-to-market valuations to liquefiable financial instruments via day-end market data update through market data service providers.

Mark-to-model Methodology

The Group applies internal valuation procedures and model when the market is inactive, the range of reasonable fair values estimates is significant, or the probabilities of the various estimates cannot be reasonably assessed. The Group's models are calibrated and tested for validity using prices from any observable current market transactions in the same financial instrument or based on any available observable market data to make sure all the models are aligned with market acceptable methodologies for pricing financial instruments.

Independent price verification process is subject to a control framework, as well as policy and procedures designed to ensure that the prices valued internally are validated by an independent party. The verification process is carried out on a monthly basis, and any price difference deviating from the acceptable thresholds is followed by investigation and root cause analysis. Valuation Committee whose voting members are mandated from non-risk taking units oversees the independent price verification process and results, in order to perform the check and balance against risk taking unit in price valuation results.

The Group has established policies and procedures for considering valuation adjustments or reserves in circumstances of Market Uncertainty and Credit/Debit Valuation Adjustment ("CVA/DVA").

c. Explanations of Differences between Accounting and Regulatory Exposure Amounts (LIA) (continued)

Market Uncertainty

By setting up a set of macroeconomic factor thresholds, Valuation Committee monthly reviews whether the market uncertainty circumstance has happened, resulting consideration of valuation adjustment from the top-down perspective. Meanwhile, Valuation Committee also makes use of independent price verification process, that the Group's internal valuation result of instruments are compared with independent party's valuation, to review if there is any potential indication of market uncertainty from bottom up perspective. The Group has established a defined procedure for proceeding valuation adjustment or reserve amount after consideration of market uncertainty situation, if and when it is identified.

Credit/Debit Valuation Adjustment

According to the Group's Policy, the valuation result is subject to the CVA/DVA adjustment process that the adjustment method is based on the external credit rating assigned to counterparty and respective market implied probability of default.

In a nutshell, the Group has adequately adopted relevant systems and controls to ensure that the valuation estimates are prudent and reliable for the purposes of implementing the guidance on prudent valuation.

d. Prudential Valuation Adjustments (PV1)

		(HK\$'000)							
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	-	-	-	-	-	-	-	-
2	<i>Mid-market value</i>	-	-	-	-	-	-	-	-
3	<i>Close-out costs</i>	-	-	-	-	-	-	-	-
4	<i>Concentration</i>	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risks	-	-	-	-	-	-	-	-
8	Investing and funding costs						-	-	-
9	Unearned credit spreads						-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other adjustments	-	-	-	-	-	-	-	-
<b>12</b>	<b>Total adjustments</b>	-	-	-	-	-	-	-	-

5. 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
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	44,187,631	d
2	Retained earnings	84,320,337	e
3	Disclosed reserves	5,330,831	
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	<b>CET1 capital before regulatory deductions</b>	<b>133,838,799</b>	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	980,154	a
9	Other intangible assets (net of associated deferred tax liabilities)	11,105	b
10	Deferred tax assets (net of associated deferred tax liabilities)	1,728,456	c
11	Cash flow hedge reserve	67,824	
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	17,557	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

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	822,940	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	822,681	
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	259	
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	<b>Total regulatory deductions to CET1 capital</b>	<b>3,628,036</b>	
29	<b>CET1 capital</b>	<b>130,210,763</b>	
	<b>AT1 capital: instruments</b>		
30	Qualifying AT1 capital instruments plus any related share premium	27,523,349	
31	of which: classified as equity under applicable accounting standards	27,523,349	
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	<b>AT1 capital before regulatory deductions</b>	<b>27,523,349</b>	
	<b>AT1 capital: regulatory deductions</b>		
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	-	

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
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	<b>Total regulatory deductions to AT1 capital</b>	-	
44	<b>AT1 capital</b>	<b>27,523,349</b>	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>157,734,112</b>	
<b>Tier 2 capital: instruments and provisions</b>			
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	7,100,044	f
51	<b>Tier 2 capital before regulatory deductions</b>	<b>7,100,044</b>	
<b>Tier 2 capital: regulatory deductions</b>			
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	370,206	
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	370,206	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within BCR §48(1)(g)	-	

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
57	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>370,206</b>	
58	<b>Tier 2 capital (T2)</b>	<b>7,470,250</b>	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	<b>165,204,362</b>	
60	<b>Total RWA</b>	<b>594,181,908</b>	
<b>Capital ratios (as a percentage of RWA)</b>			
61	<b>CET1 capital ratio</b>	<b>21.91%</b>	
62	<b>Tier 1 capital ratio</b>	<b>26.55%</b>	
63	<b>Total capital ratio</b>	<b>27.80%</b>	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	<b>3.87%</b>	
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	<b>CET1 (as a percentage of RWA) available after meeting minimum capital requirements</b>	<b>17.41%</b>	
<b>National minima (if different from Basel 3 minimum)</b>			
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
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
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	5,905,291	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	833,331	
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

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

		(a)	(b)
		<b>Amount</b> (HK\$'000)	<b>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation</b>
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
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)	7,100,044	
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	7,100,044	
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

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

Notes to the template

	<b>Description</b>	<b>Hong Kong basis</b>	<b>Basel III basis</b>
9	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	11,105	11,105
	<p><u>Explanation</u></p> <p>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.</p>		
10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	1,728,456	-
	<p><u>Explanation</u></p> <p>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.</p>		
18	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u></p> <p>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.</p>		

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

Notes to the Template (continued)

19	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>		
<p><u>Explanation</u></p> <p>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.</p>			
39	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>		
<p><u>Explanation</u></p> <p>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.</p>			
54	<b>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)</b>		
<p><u>Explanation</u></p> <p>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.</p>			
<p>Remarks:</p> <p>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.</p>			

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

A list of these unconsolidated subsidiaries and a unit trust is shown below:

	Principal activities	Total assets HK\$'000	Total equity HK\$'000
ICBC (Asia) Bullion Company Limited	Provision of bullion business	<b>8,535</b>	<b>8,527</b>
ICBC Asset Management (Global) Company Limited*	Provision of asset management services	<b>620,665</b>	<b>584,386</b>
ICBC (Asia) Securities Limited	Provision of securities brokerage services	<b>2,421,917</b>	<b>1,661,783</b>
ICBC (Asia) Trustee Company Limited	Provision of trustee services	<b>361,714</b>	<b>353,378</b>
ICBC (Asia) Financial Services Company Limited	Provision of trustee and company services	-	-
Greater China Fund	Trust fund	<b>6,210,818</b>	<b>6,165,804</b>

\* Included consolidated subsidiaries in the names 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 31 December 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.

b. Reconciliation of Regulatory Capital to Balance Sheet (CC2)

	(HK\$'000)		Reference
	(a)	(b)	
	Balance sheet as in published financial statements 31/12/2025	Under regulatory scope of consolidation 31/12/2025	
<b>Assets</b>			
Cash and balances with banks and other financial institutions	25,872,035	25,779,772	
Placements with banks and other financial institutions	194,696,711	194,696,711	
Derivative financial instruments	11,279,150	11,279,150	
Advances and other accounts	454,130,314	454,149,801	
of which: collective impairment allowances reflected in regulated capital	-	(7,100,044)	f
Financial investments:	291,005,322	284,867,999	
- held for trading	13,931,234	13,931,234	
- measured at fair value through profit or loss other than held for trading	6,134,483	-	
- measured at fair value through other comprehensive income	193,289,166	193,286,326	
- measured at amortised cost	77,650,439	77,650,439	
Investment in associates	179,489	127,140	
Investment in subsidiaries	-	5,870,082	
Goodwill and other intangible assets	1,012,713	991,259	
of which: goodwill	-	980,154	a
of which: other intangible assets	-	11,105	b
Investment properties	194,300	194,300	
of which: cumulative revaluation gain on investment properties	-	(17,394)	
Property, plant and equipment	1,728,116	1,706,326	
Current income tax assets	545	-	
Deferred income tax assets	1,728,456	1,728,456	c
Other assets	10,688,213	11,180,953	
<b>Total assets</b>	<b>992,515,364</b>	<b>992,571,949</b>	
<b>Liabilities</b>			
Deposits from banks and other financial institutions	123,580,276	123,580,276	
Trading liabilities	574,735	573,313	
Derivative financial instruments	7,273,961	7,273,961	
of which: debit valuation adjustments in respect of derivative contracts	-	17,557	g

b. Reconciliation of Regulatory Capital to Balance Sheet (CC2) (continued)

	(HK\$'000)		(c)  <b>Reference</b>
	(a)	(b)	
	<b>Balance sheet as in published financial statements</b> 31/12/2025	<b>Under regulatory scope of consolidation</b> 31/12/2025	
Deposits from customers	662,732,683	665,185,452	
- designated at fair value through profit or loss	-	19,481,185	
- at amortised cost	-	645,704,267	
Certificates of deposit issued at amortised cost	1,690,545	1,690,545	
Debt securities in issue	15,361,692	15,361,692	
- designated at fair value through profit or loss	-	-	
- at amortised cost	-	15,361,692	
Current income tax liabilities	959,390	899,548	
Deferred income tax liabilities	1,576	-	
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	15,428,109	16,018,120	
<b>Total liabilities</b>	<b>827,602,967</b>	<b>830,582,907</b>	
<b>Shareholder's equity</b>			
Share capital	44,187,631	44,187,631	d
Retained earnings	87,234,058	84,320,337	e
of which: regulatory reserve for general banking risks	-	-	
Other reserves	5,821,943	5,812,309	
of which: bank premises revaluation reserve	-	742,474	
of which: investment revaluation reserve	-	1,649,424	
of which: cash flow hedge reserve	-	99,378	
of which: exchange reserve	-	(825,146)	
of which: general reserve	-	4,146,179	
Additional equity instruments	27,668,765	27,668,765	
<b>Total shareholders' equity</b>	<b>164,912,397</b>	<b>161,989,042</b>	
<b>Total shareholders' equity and liabilities</b>	<b>992,515,364</b>	<b>992,571,949</b>	

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](http://www.icbcasia.com).

The regulatory capital and/or LAC instruments included in the Bank's consolidated capital base as of 31 December 2025 are as follows:

Both regulatory capital and LAC requirement

- Common Equity Tier 1 Capital (Ordinary share capital)
- USD Non-Cumulative Subordinated AT1 Capital Securities with perpetual maturity (callable on 21 March 2028) – issued on 21 March 2018 (restated on 21 March 2023)
- USD Non-Cumulative Subordinated AT1 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.

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
	<i>Regulatory treatment</i>	
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
	<i>Coupons / dividends</i>	
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

\* Include solo-consolidated.

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
<i>Regulatory treatment</i>		
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\$19,740 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$19,740 million
9	Par value of instrument	USD 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
<i>Coupons / dividends</i>		
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
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature [2]	Yes

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
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.

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
	<i>Regulatory treatment</i>	
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 (for LAC purposes)
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\$7,784 million
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$7,784 million
9	Par value of instrument	USD 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
	<i>Coupons / dividends</i>	
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

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.

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 (for LAC purposes)
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\$9,730 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

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.

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

		(a)
		Amount (HK\$'000)
<b>Regulatory capital elements of internal loss-absorbing capacity and adjustments</b>		
1	Common Equity Tier 1 ("CET1") capital	130,210,763
2	Additional Tier 1 ("AT1") capital before LAC adjustments	27,523,349
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	27,523,349
6	Tier 2 ("T2") capital before LAC adjustments	7,470,250
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	7,470,250
11	<b>Internal loss-absorbing capacity arising from regulatory capital</b>	<b>165,204,362</b>
<b>Non-regulatory capital elements of internal loss-absorbing capacity</b>		
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	9,729,938
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	-
14	Of which: amount eligible as external loss-absorbing capacity after application of the caps	-
15	External non-capital LAC debt instruments issued by funding vehicles prior to 1 January 2022	-
16	Eligible ex ante commitments to recapitalise a resolution entity in resolution	-
17	<b>Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments</b>	<b>9,729,938</b>
<b>Non-regulatory capital elements of internal loss-absorbing capacity: adjustments</b>		
18	<b>Internal loss-absorbing capacity before deductions</b>	<b>174,934,300</b>
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	<b>Internal loss-absorbing capacity after deductions</b>	<b>174,934,300</b>

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

		(a)
		<b>Amount</b> (HK\$'000)
<b>Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes</b>		
23	Risk-weighted amount under the LAC Rules	594,181,908
24	Exposure measure under the LAC Rules	1,115,916,815
<b>Internal LAC ratios and buffers</b>		
25	<b>Internal LAC risk-weighted ratio</b>	<b>29.44%</b>
26	<b>Internal LAC leverage ratio</b>	<b>15.68%</b>
27	<b>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</b>	<b>14.44%</b>
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%

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	27,523	9,730	81,441
4	Subset of row 3 that are excluded liabilities	-	-	-	-
5	Total capital and liabilities less excluded liabilities	44,188	27,523	9,730	81,441
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	44,188	27,523	9,730	81,441
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	9,730	9,730
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	-	-
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	27,523	-	71,711

Note 1: Issued and fully paid ordinary shares.

## 6. 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	AI-specific CCyB ratio	CCyB amount
1	Hong Kong, China	0.50%	306,363,186		
2	China	0.00%	126,537,961		
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%	1,567,397		
5	Austria	0.00%	5		
6	Bangladesh	0.00%	4		
7	Belgium	1.00%	27		
8	Brazil	0.00%	160,569		
9	British Virgin Islands	0.00%	2,389,079		
10	Burundi	0.00%	1		
11	Cambodia (formerly Kampuchea)	0.00%	812,125		
12	Canada	0.00%	21,847		
13	Cayman Islands	0.00%	2,002,018		
14	Finland (includes Aland Islands)	0.00%	1		
15	France (includes French Guiana, French Southern Territories, Guadeloupe, Martinique, Mayotte, Monaco, Reunion and St. Pierre and Miquelon)	1.00%	608,414		
16	Germany (includes the European Central Bank)	0.75%	6,272,096		
17	Guinea	0.00%	84,012		
18	Hungary	0.00%	5		
19	India	0.00%	2		
20	Indonesia	0.00%	212,025		
21	Iran	0.00%	2		
22	Ireland	1.50%	2,762,237		
23	Japan	0.00%	27,416		
24	Kazakhstan	0.00%	103,728		
25	Latvia	0.00%	18		
26	Luxembourg	0.50%	10,528,207		
27	Macau, China	0.00%	124,692		
28	Malaysia (includes Labuan International Financial Offshore Centre)	0.00%	1,053,858		

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	AI-specific CCyB ratio	CCyB amount
29	Nepal	0.00%	1		
30	Netherlands	2.00%	403,112		
31	New Zealand (includes Cook Islands, Minor Islands, Niue, Ross Dependency and Tokelau)	0.00%	28		
32	Peru	0.00%	647,048		
33	Philippines	0.00%	189		
34	Portugal (includes the Azores and Madeira)	0.00%	5		
35	Qatar	0.00%	314,316		
36	Russia	0.00%	5		
37	Saudi Arabia	0.00%	764,487		
38	Singapore	0.00%	961,882		
39	South Korea	1.00%	243,022		
40	Spain (includes Balearic Islands, Canary Islands and Ceuta and Melilla)	0.50%	29		
41	St. Christopher / St. Kitts - Nevis	0.00%	207		
42	Switzerland (includes Bank for International Settlements)	0.00%	1,472,061		
43	Taiwan, China	0.00%	51,533		
44	Thailand	0.00%	88,749		
45	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%	2,685,929		
46	United States (includes American Samoa, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, US Virgin Islands and Wake Islands)	0.00%	1,556,764		
47	Uruguay	0.00%	5		
48	Vietnam	0.00%	5		
	Sum		470,820,314		
	Total		470,820,314	0.374%	1,758,901

## 7. Leverage Ratio

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

		(a)
	<b>Items</b>	<b>Value under the LR framework</b> (HK\$'000)
1	Total consolidated assets as per published financial statements	992,515,364
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	5,817,733
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	11,531,529
9	Adjustment for SFTs (i.e. repos and similar secured lending)	22,666,162
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	86,433,024
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(11,855,155)
12	Other adjustments	8,808,158
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>1,115,916,815</b>

b. Leverage Ratio (LR2)

		(a)	(b)
		(HK\$'000)	
		31/12/2025	30/09/2025
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	946,781,968	940,446,625
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	(160,505)	(319,469)
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	(11,427,519)	(10,169,136)
6	Less: Asset amounts deducted in determining Tier 1 capital	(1,881,764)	(1,788,782)
7	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)</b>	<b>933,312,180</b>	<b>928,169,238</b>
<b>Exposures arising from derivative contracts</b>			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	7,613,316	6,798,826
9	Add-on amounts for PFE associated with all derivative contracts	14,985,102	14,071,203
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	<b>Total exposures arising from derivative contracts (sum of rows 8 to 12)</b>	<b>22,598,418</b>	<b>20,870,029</b>
<b>Exposures arising from SFTs</b>			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	51,334,667	61,397,935
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	(4,344,502)	(3,715,704)
16	CCR exposure for SFT assets	27,010,664	27,182,057
17	Agent transaction exposures	-	-
18	<b>Total exposures arising from SFTs (sum of rows 14 to 17)</b>	<b>74,000,829</b>	<b>84,864,288</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	403,783,308	335,781,206
20	Less: Adjustments for conversion to credit equivalent amounts	(317,350,284)	(259,706,519)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(427,636)	(452,419)
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>86,005,388</b>	<b>75,622,268</b>
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>157,734,112</b>	<b>155,943,551</b>
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>1,115,916,815</b>	<b>1,109,525,823</b>

b. Leverage Ratio (LR2) (continued)

		(a)	(b)
		(HK\$'000)	
		31/12/2025	30/09/2025
<b>Leverage ratio</b>			
25 & 25a	<b>Leverage ratio</b>	<b>14.13%</b>	<b>14.05%</b>
26	<b>Minimum leverage ratio requirement</b>	<b>3.00%</b>	<b>3.00%</b>
27	<b>Applicable leverage buffers</b>	<b>Not applicable</b>	<b>Not applicable</b>
<b>Disclosure of mean values</b>			
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	49,275,745	70,910,976
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	46,990,165	57,682,231
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)	1,118,202,395	1,122,754,568
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)	14.11%	13.89%

**Item 3:**

Due to changes in the clearing settlement account balance, deductions of receivables assets for cash variation margin provided under derivative contracts decreased by HKD 159 million, or a decrease of 49.76% compared to last quarter.

**Item 19 and Item 20:**

Due to changes in commitments amount, off-balance sheet exposure at gross notional amount increased by HKD 68,002 million, or an increase of 20.25% compared to the last quarter. Adjustments for conversion to credit equivalent amounts also increased by HKD 57,644 million, or an increase of 22.20% compared to last quarter.

**Item 28:**

Due to a decrease 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 decreased by HKD 21,635 million, or a decrease of 30.51% and compared to last quarter.

## 8. Liquidity

### a. Liquidity Risk Management (LIQA)

Liquidity risk is the risk that the Group cannot meet its financial obligations as and when they fall due. A sound liquidity risk management framework is therefore essential to ensure there is adequate cash flow to meet all financial obligations, including matured borrowings, deposits withdrawal either on demand or at contractual maturity, etc. under both normal and contingency circumstances in a cost-effective manner. The Group must comply with the statutory Liquidity Coverage Ratio (“LCR”), Net Stable Funding Ratio (“NSFR”) and other regulatory liquidity-related ratios. To ensure this, the Group maintains a stable and diversified funding base of retail and corporate customer deposits and a strong portfolio of highly liquid assets.

The Board of Directors (the “Board”) has the ultimate responsibility for the oversight of liquidity risk management. For better management of the overall risks faced by the Bank, the Board has established the Risk Management Committee of Board of Directors (“BRMC”) to oversee the Bank’s risk management framework and risk positions and approve risk policies (including liquidity risk management policy). The Board RMC delegates Risk Management and Internal Control Committee (the “RMICC”) to monitor and assess the Bank’s overall risk positions. For liquidity risk, the RMICC appoints ALCO to manage.

The ALCO, to manage liquidity risk, includes but not limited to:

- identify, assess, monitor and control the liquidity risk
- formulate, review and update the liquidity risk management policy
- strengthen the Bank’s liquidity and monitor the liquidity risk indicators, cash flow and intraday liquidity
- review the liquidity stress testing on a regular basis
- build up contingency funding plan on liquidity, including but is not limited to solicit customer deposits, issue CDs, sell bonds, etc.

To manage liquidity risk, the Group has established liquidity risk management policies that are reviewed and approved by the ALCO, RMICC and BRMC. Liquidity is managed and forecasted on a daily basis to enable the ALCO and relevant departments to act proactively in view of changing market conditions and to implement contingency plans on a timely basis. Also, liquidity risk management reports are prepared and reported to the ALCO on a monthly basis and to the RMICC and the Board RMC on a quarterly basis for effective liquidity risk management oversight.

a. Liquidity Risk Management (LIQA) (continued)

Stress tests, with various crisis scenarios covering bank-specific, general market and a combination of both, are regularly conducted for both internal and regulatory purposes in order to assess the adequacy of the Group's liquidity to meet any contingent funding needs under severe conditions. The ALCO examines and discusses the stress test results to consider the need for preventive and mitigating actions. These actions include but not limited to limit the Bank's exposures, build up more liquidity cushion, and/or adjust the structural maturity profile of the Bank's assets and liabilities. Stress tests are conducted for all currencies in aggregate as HKD equivalent and separately for positions in significant currencies (e.g. HKD, USD, CNY).

The Group maintains a diversified portfolio of liquidity cushion that is largely made up of the most liquid and readily marketable assets ("tier 1 assets"), such as cash, EF debt securities and other high quality government debt securities or similar instruments, that can be easily or immediately monetized with little or no loss or discount at all times. The Bank also widens the composition of the liquidity cushion by holding other liquid and marketable assets ("tier 2 assets") which can be used to cater for the longer end of the stress period without resulting in excessive losses or discounts. The Bank calculates the required liquidity cushion, which is compared to the liquidity cushion held by the Bank to ensure that the latter is sufficient in all circumstances.

To ensure an effective liquidity risk management, frontline business units should:

- report the customer fund in/out flow in time and monitor the trend of deposits withdrawal;
- attract relatively stable deposits at reasonable rate (e.g. longer tenor, larger depositor base, etc.);
- fulfil the deposit growth targets set by senior management;
- simultaneously comply with the deposit growth target when developing assets business which consumes liquidity;
- implement liquidity management plans as agreed in ALCO or Chief Executive Officer ("CEO") when the liquidity is relatively tight;
- price lending properly, taking into account the Bank's liquidity cost and availability; and
- slow down or cease committing to new loans, and / or defer or regulate loan drawdown, and / or work together on loan sale during times of liquidity stress.

a. Liquidity Risk Management (LIQA) (continued)

The Group continues to seek to diversify its funding channels to control excessive concentration on funding sources. Funding support from the Parent Bank, Industrial and Commercial Bank of China Limited ("ICBC"), has also proven to be efficient in strengthening the Group's liquidity capability.

The matching and controlled mismatching of assets and liabilities are fundamental to the liquidity management of the Group. It is unusual for bank's assets and liabilities to be completely matched in tenors, as transactions often entail uncertain terms and are frequently of different types. While an unmatched position potentially enhances profitability, it increases the liquidity risk (as well as the interest rate risk) of an entity.

A substantial portion of our assets is funded by customer deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. The Group places great emphasis on the stability of these deposits, which are sustained through the Group's retail banking activities and by maintaining depositor confidence in the Group's capital strength. Although many customer accounts are contractually due for repayment on demand or at short notice, in practice inflows and outflows are broadly matched, keeping short-term deposit balances stable.

The contingency funding plan ("CFP") is reviewed by the ALCO and the RMICC, and approved by the Board RMC at least annually with the objective of ensuring that the Group has practical and operational plans in place to enable it to cope with a liquidity crisis. The CFP is a practical tool for managing liquidity during a crisis event. It sets out the options available to the Group for garnering liquidity and funding, and an agreed course of action in the event of an unexpected crisis. The CFP includes detailed action steps as well as roles and responsibilities of relevant parties. As a practical set of guidelines for the crisis management team and its support team to evaluate the liquidity crisis situation and execute action steps during any crisis, the CFP also consists of a sound balance sheet maturity analysis, and spells out all potential funding sources giving due consideration to their reliability, priority and the lead time during a crisis.

a. Liquidity Risk Management (LIQA) (continued)

The Group assess the structure of the on and off balance sheet with cash flow projection and future liquidity position by monitoring 1) cumulative net maturity mismatch (normal condition) and 2) cash flow stress testing (stress condition). By projecting the future cash flow maturity position from on and off balance sheet items, corresponding cumulative maturity gap can be generated and monitored. The bank needs to ensure the cumulative net cash flow position is positive within certain period under both normal and stress condition. (i.e. the negative cumulative maturity gap can be recovered by options such as disposal of securities). On 31 December 2025 cumulative net maturity mismatch (normal condition) exposure is positive HKD 76.4 billion within 1 month; cash flow stress testing (stress condition) exposure is positive HKD 69.0 billion within 1 month.

There are corresponding concentration limits for risk diversification of the bank. For example for repo product, there are repo notional limits by counterparties.

The Group monitors the liquidity exposure of the regulatory required liquidity ratios LCR, HKD L1 LCR and NSFR under local, combined and consolidated level on daily basis.

On 31 December 2025, the exposure results are as below:

- LCR on local basis is 138%, LCR on combined basis is 138% and LCR on consolidated basis is 133%.
- HKD L1 LCR on local basis is 88%, HKD L1 LCR on combined basis is 88% and HKD L1 LCR on consolidated basis is 87%.
- NSFR on local basis is 123%, NSFR on combined basis is 123% and NSFR on consolidated basis is 124%.

a. Liquidity Risk Management (LIQA) (continued)

On- and off-balance sheet items, broken down into maturity buckets and the resultant liquidity gaps as below:

	Repayable on demand	Up to one month	1-3 months	3-12 months	1-5 years	Over 5 years	Undated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>31 December 2025</b>								
<b>Assets</b>								
Cash and balances with banks and other financial institutions	22,085,286	-	-	-	-	-	3,786,749	25,872,035
Placements with banks and other financial institutions	-	83,912,530	12,847,097	73,854,098	24,082,986	-	-	194,696,711
Financial investments	-	8,025,082	33,413,626	85,081,872	86,286,467	72,104,702	6,093,573	291,005,322
Derivative financial instruments	54,848	3,125,295	2,697,333	1,834,444	2,743,891	823,339	-	11,279,150
Advances and other accounts	2,885,017	18,462,442	45,883,540	125,395,172	130,760,193	130,743,950	-	454,130,314
Investments in associates	-	-	-	-	-	-	179,489	179,489
Goodwill and other intangible assets	-	-	-	-	-	-	1,012,713	1,012,713
Investment properties	-	-	-	-	-	-	194,300	194,300
Property, plant and equipment	-	-	-	-	-	-	1,728,116	1,728,116
Other assets, including current and deferred income tax assets	11,748	2,809,097	1,224,369	4,200,185	1,044,737	-	3,127,078	12,417,214
<b>Total assets</b>	<b>25,036,899</b>	<b>116,334,446</b>	<b>96,065,965</b>	<b>290,365,771</b>	<b>244,918,274</b>	<b>203,671,991</b>	<b>16,122,018</b>	<b>992,515,364</b>
<b>Total off-balance claims</b>	<b>-</b>	<b>46,703,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,423,395</b>	<b>126,127,095</b>
<b>Total</b>	<b>25,036,899</b>	<b>163,038,146</b>	<b>96,065,965</b>	<b>290,365,771</b>	<b>244,918,274</b>	<b>203,671,991</b>	<b>95,545,413</b>	<b>1,118,642,459</b>
<b>Liabilities</b>								
Deposits from banks and other financial institutions	40,448,864	33,507,234	21,812,973	27,811,205	-	-	-	123,580,276
Trading liabilities	1,423	573,312	-	-	-	-	-	574,735
Derivative financial instruments	-	940,530	1,162,457	2,011,794	2,485,667	673,513	-	7,273,961
Deposits from customers	226,530,899	158,570,580	183,539,270	77,281,981	16,809,953	-	-	662,732,683
Certificates of deposit issued	-	-	1,690,545	-	-	-	-	1,690,545
Debt securities in issue	-	-	-	2,293,090	13,068,602	-	-	15,361,692
Other liabilities, including current and deferred income tax liabilities	4,751,818	4,144,665	1,355,858	5,156,757	923,883	56,094	-	16,389,075
<b>Total liabilities</b>	<b>271,733,004</b>	<b>197,736,321</b>	<b>209,561,103</b>	<b>114,554,827</b>	<b>33,288,105</b>	<b>729,607</b>	<b>-</b>	<b>827,602,967</b>
<b>Total off-balance obligations</b>	<b>-</b>	<b>126,941,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,941,428</b>
<b>Total</b>	<b>271,733,004</b>	<b>324,677,749</b>	<b>209,561,103</b>	<b>114,554,827</b>	<b>33,288,105</b>	<b>729,607</b>	<b>-</b>	<b>954,544,395</b>
<b>Net liquidity gap</b>	<b>(246,696,105)</b>	<b>(161,639,603)</b>	<b>(113,495,138)</b>	<b>175,810,944</b>	<b>211,630,169</b>	<b>202,942,384</b>	<b>95,545,413</b>	<b>164,098,064</b>

b. 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: (74)		(HK\$'000)	
		(a)	(b)
Basis of disclosure: consolidated		<b>Unweighted value</b> (average)	<b>Weighted value</b> (average)
<b>A. HQLA</b>			
1	Total HQLA		185,563,376
<b>B. Cash outflows</b>			
2	Retail deposits and small business funding, of which:	222,264,644	21,042,472
3	<i>Stable retail deposits and stable small business funding</i>	16,948,581	510,866
4	<i>Less stable retail deposits and less stable small business funding</i>	205,316,063	20,531,606
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:	347,751,884	177,906,764
6	<i>Operational deposits</i>	73,612	18,051
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	347,602,175	177,812,616
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	76,097	76,097
9	Secured funding transactions (including securities swap transactions)		69,451
10	Additional requirements, of which:	93,806,853	14,661,150
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	7,061,737	5,663,895
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>	86,745,116	8,997,255
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	9,358,772	9,358,772
15	Other contingent funding obligations (whether contractual or non-contractual)	485,517,208	3,395,144
16	<b>Total Cash Outflows</b>		<b>226,433,753</b>
<b>C. Cash Inflows</b>			
17	Secured lending transactions (including securities swap transactions)	33,377,870	21,082,450
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	105,856,126	76,781,206
19	Other cash inflows	69,054,610	11,927,388
20	<b>Total Cash Inflows</b>	<b>208,288,606</b>	<b>109,791,044</b>
<b>D. Liquidity Coverage Ratio</b>		<b>Adjusted value</b>	
21	<b>Total HQLA</b>		<b>185,563,376</b>
22	<b>Total Net Cash Outflows</b>		<b>116,642,709</b>
23	<b>LCR (%)</b>		<b>160.29%</b>

b. Liquidity Coverage Ratio – For Category 1 Institution (LIQ1) (continued)

Liquidity Coverage Ratio

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

The average LCR as of the fourth quarter of 2025 increased by 2.01% compared to that as of the third quarter of 2025. Such increase was mainly due to the decrease of total net cash outflows by HKD 17.9 billion resulting from the maturing impact from various kinds of asset and liability, which was partially net off by the decrease of HQLA by HKD 27.0 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.

(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.

## b. Liquidity Coverage Ratio – For Category 1 Institution (LIQ1) (continued)

### (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.

### (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 Risk Management and Internal Control 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.

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

		31/12/2025				
		(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		
<b>A. Available stable funding ("ASF") item</b>						
1	Capital:	168,832,398	-	-	-	168,832,398
2	<i>Regulatory capital</i>	168,832,398	-	-	-	168,832,398
2a	<i>Minority interests not covered by row 2</i>	-	-	-	-	-
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits and small business funding:	-	224,356,986	141,607	432	202,907,458
5	<i>Stable deposits</i>	-	17,024,237	141,607	432	16,307,984
6	<i>Less stable deposits</i>	-	207,332,749	-	-	186,599,474
7	Wholesale funding:	-	527,721,867	23,490,076	13,749,638	207,432,537
8	<i>Operational deposits</i>	-	27,791	-	-	13,896
9	<i>Other wholesale funding</i>	-	527,694,076	23,490,076	13,749,638	207,418,641
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	12,665,798	2,787,443	2,248,520	13,327,970	14,452,229
12	<i>Net derivative liabilities</i>	-	-	-	-	-
13	<i>All other funding and liabilities not included in the above categories</i>	12,665,798	2,787,443	2,248,520	13,327,970	14,452,229
14	<b>Total ASF</b>					<b>593,624,622</b>
<b>B. Required stable funding ("RSF") item</b>						
15	Total HQLA for NSFR purposes				222,249,857	23,017,762
16	Deposits held at other financial institutions for operational purposes	-	879,827	-	-	439,914
17	Performing loans and securities:	2,748,448	302,481,057	138,819,641	313,069,336	424,462,145
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	-	10,797,696	167,330	-	1,163,435
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	-	146,047,432	64,613,330	36,961,703	91,175,483

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

		31/12/2025				
		(HK\$'000)				
		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		<b>Unweighted value by residual maturity</b>				<b>Weighted amount</b>
20	<i>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:</i>	2,748,448	101,739,046	61,372,441	154,982,333	216,753,368
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	1,148,791	(21,634)	(5,632,302)	(3,097,418)
22	<i>Performing residential mortgages, of which:</i>	-	1,681,312	1,625,938	89,499,910	61,860,191
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	1,517,227	1,469,543	79,341,789	53,065,548
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	42,215,571	11,040,602	31,625,390	53,509,668
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	26,080,568	22,358,833	1,224,139	44	25,654,079
27	<i>Physical traded commodities, including gold</i>	-				-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	344,734				293,024
29	<i>Net derivative assets</i>	4,651,183				4,651,183
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	5,654,890				282,745
31	<i>All other assets not included in the above categories</i>	15,429,761	22,358,833	1,224,139	44	20,427,127
32	Off-balance sheet items				403,750,957	4,525,126
33	<b>Total RSF</b>					<b>478,099,026</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>124.16%</b>

c. Net Stable Funding Ratio – For Category 1 Institution (LIQ2) (continued)

		30/09/2025				
		(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		
<b>A. Available stable funding ("ASF") item</b>						
1	Capital:	166,617,986	-	-	-	166,617,986
2	<i>Regulatory capital</i>	166,617,986	-	-	-	166,617,986
2a	<i>Minority interests not covered by row 2</i>	-	-	-	-	-
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits and small business funding:	-	222,864,244	193,523	391	201,624,519
5	<i>Stable deposits</i>	-	17,249,198	193,523	391	16,570,977
6	<i>Less stable deposits</i>	-	205,615,046	-	-	185,053,542
7	Wholesale funding:	-	528,565,930	25,171,007	14,739,107	217,880,902
8	<i>Operational deposits</i>	-	104,855	-	-	52,428
9	<i>Other wholesale funding</i>	-	528,461,075	25,171,007	14,739,107	217,828,474
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	14,343,290	10,225,591	2,188,820	13,170,100	14,264,509
12	<i>Net derivative liabilities</i>	-	-	-	-	-
13	<i>All other funding and liabilities not included in the above categories</i>	14,343,290	10,225,591	2,188,820	13,170,100	14,264,509
14	<b>Total ASF</b>	-	-	-	-	<b>600,387,916</b>
<b>B. Required stable funding ("RSF") item</b>						
15	Total HQLA for NSFR purposes	233,315,212				22,624,027
16	Deposits held at other financial institutions for operational purposes	-	471,416	-	-	235,708
17	Performing loans and securities:	2,386,067	322,974,414	105,399,225	311,617,729	412,544,287
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	-	18,342,291	73,405	-	1,870,931
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	-	149,869,926	40,814,608	36,293,300	79,181,093

c. Net Stable Funding Ratio – For Category 1 Institution (LIQ2) (continued)

		30/09/2025				
		(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	<i>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:</i>	2,386,067	111,101,933	53,106,216	158,620,964	220,484,636
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	(59,413)	1,115,689	(7,622,930)	(4,426,766)
22	<i>Performing residential mortgages, of which:</i>	-	1,654,173	1,553,776	89,150,833	61,659,234
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	1,487,421	1,400,133	78,614,740	52,543,358
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	42,006,091	9,851,220	27,552,632	49,348,393
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	34,686,644	28,535,150	865,937	9	35,922,432
27	<i>Physical traded commodities, including gold</i>	-	-	-	-	-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	336,186	-	-	-	285,758
29	<i>Net derivative assets</i>	6,427,759	-	-	-	6,427,759
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	4,920,673	-	-	-	246,034
31	<i>All other assets not included in the above categories</i>	23,002,026	28,535,150	865,937	9	28,962,881
32	Off-balance sheet items	-	-	-	335,658,554	3,808,014
33	<b>Total RSF</b>	-	-	-	-	<b>475,134,468</b>
34	<b>Net Stable Funding Ratio (%)</b>	-	-	-	-	<b>126.36%</b>

### c. 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 fourth 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.

## 9. Credit Risk for Non-securitization Exposures

### a. General Information about Credit Risk (CRA)

The Bank reviews credit risk appetite on an annual basis to provide direction of loan growth during the year. New or change of business direction will be taken into consideration during the review of credit risk appetite. The Bank's credit risk appetite will be reviewed by the Bank's Risk Management and Internal Control Committee ("RMICC") and approved by the Bank's Board Risk Management Committee ("BRMC").

The Bank's credit risk management policy includes credit risk appetite, customer selection criteria, customer acceptance criteria, and post-approval monitoring. As a subsidiary of ICBC in HK, the Bank adopts parent Bank's credit risk management policy for loans used in the PRC. For lending other than in the PRC (e.g. Hong Kong and Asia Pacific), the Bank's credit risk management policy will be referred to local regulatory requirement, macroeconomic environment and market practice. For the purpose to minimize concentration risk, the Bank also sets up credit risk limits in respect of large exposure, industry level, country and product etc.

BRMC has ultimate responsibility for overseeing credit risk management of the Bank. In practice, BRMC approves the bank-wide risk appetite statement (including credit risk) and credit risk appetite providing the guidance / direction of loan growth of the Bank. RMICC, chaired by CEO, assists BRMC to review and assesses credit risk of the Bank.

Credit Committee ("CC") deliberates sizable credit application prior to approval by final approver of the Bank. The Bank's credit approval authority was delegated by our parent Bank and the Bank's Board further delegates to CEO, Chief Risk Officer ("CRO"), Heads and approvers in Credit Approval Departments ("CAD").

Credit Risk Management Committee ("CRMC") deliberates credit policy of the Bank and reviews reports relating to the asset quality, credit concentration risk, account strategy of early warning and/or non-performing accounts.

Business Units act as first line of defence for customer relationship management and post-approval monitoring, credit risk management and control function other than credit approval is handled by Credit and Investment Management Department ("CMD"), Loan Administration Department ("LAD") and Risk Management Department ("RMD") with direct reporting line to CRO. Reporting to CEO of the Bank, CRO is independent of Business Unit and in charge of overall risk management (including credit risk) of the Bank.

a. General Information About Credit Risk (CRA) (continued)

The Bank has adopted a “Three Lines of Defences” risk management structure. Business Units play the first line of defence and primary responsible party of the credit risk. Credit Risk Management function and Compliance and Legal Department (“CLD”) are independent of Business Units and play the second line of defence. Internal Audit Department (“IAD”) plays the third line of defence and is responsible to providing assurance on the effectiveness of the Bank’s risk management framework.

Reports in relation to asset quality of the Bank will be prepared by CMD and reported to CRMC, RMICC and BRMC on a regular basis (e.g. monthly or quarterly). The scope and main content of the report including but not limited to the (1) size of the Bank’s loan portfolio and corresponding loan classification and internal credit rating ; (2) asset quality of key business segments; (3) overdue and non-performing loan status at the reporting period and (4) large exposure customer’s impact on the Bank’s capital. On top of routine reports, ad hoc reports such as portfolio review will also be reported to CRMC, RMICC and BRMC if necessary and in an appropriate manner.

b. 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	5,742,940	676,267,783	11,420,057	3,866,135	7,553,922	-	670,590,666
2	Debt securities	56,556	267,504,777	24,860	-	24,860	-	267,536,473
3	Off-balance sheet exposures		403,783,310	427,636	-	427,636	-	403,355,674
4	<b>Total</b>	<b>5,799,496</b>	<b>1,347,555,870</b>	<b>11,872,553</b>	<b>3,866,135</b>	<b>8,006,418</b>	<b>-</b>	<b>1,341,482,813</b>

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.

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

		(HK\$'000)
		(a)
		Amount
1	<b>Defaulted loans and debt securities at the end of the previous reporting period</b>	<b>5,437,890</b>
2	Loans and debt securities that have defaulted since the last reporting period	503,410
3	Returned to non-defaulted status	(8,247)
4	Amounts written off	(242,766)
5	Other changes	109,210
6	<b>Defaulted loans and debt securities at the end of the current reporting period</b>	<b>5,799,497</b>

Loans and debt securities that have defaulted since the last reporting period amounted to HKD 0.50 billion. 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 0.24 billion. These loans and debt securities were written off during the reporting year 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.

d. Additional Disclosure Related to Credit Quality of Exposures (CRB)

The Group adopts a forward-looking expected credit loss ("ECL") model for measuring and recognizing impairment loss to meet the requirement of HKFRS9. Impairment allowance was measured for 12-month or lifetime expected credit losses using 3-stage approach as follows:

Stage	Description	Impairment Loss	HKMA's 5-Grade Asset	
1	Performing	12-month ECL	Pass	General (i.e. do not meet the Bank's criteria of "Significant Increase of Credit Risk")
			Special Mention	
2	Performing but with credit risk increased significantly at reporting date since its initial recognition	Lifetime ECL	Pass	Meet the Bank's criteria of "Significant Increase of Credit Risk"
			Special Mention	
3	Non-Performing	Lifetime ECL	Substandard	
			Doubtful	
			Loss	

- 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
- Lifetime ECL are the expected losses that result from all possible default events over the expected life of financial instrument.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure of default ("EAD")

For the portfolios without PD, references of portfolio average PD estimates under the same portfolios, the long-run average default rate of the portfolios or PD estimates extracted from external sources are used. The PD term structure estimation is referenced to forecast of economic index relevant to the portfolio.

LGD is the magnitude of the likely loss if there is a default. For the portfolios with insufficient historical loss and recovery data, reference of external data source are used for derivating the LGD estimates.

d. Additional Disclosure Related to Credit Quality of Exposures (CRB) (continued)

For the portfolio with individual assessment of credit risk mitigation measures, collateral values are projected for different economic scenario as to reflect LGD estimates under different economic scenarios.

Advances with a specific repayment date are classified as overdue when the principal or interest is past due and remains unpaid. Advances repayable by regular instalments are classified as overdue when an instalment payment is past due and remains unpaid. Advances repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instruction or when the advances have remained continuously exceeded the approved limit that was advised to the borrower. Credit-impaired loans represent advances which are individually assessed to be impaired.

The Bank follows the HKMA's definition of a rescheduled exposure.

Breakdown of exposures by geographical areas

	(HK\$'000)
Hong Kong	921,981,627
Mainland China	245,631,403
United States	63,712,043
Others	122,030,293
<b>Total</b>	<b>1,353,355,366</b>

d. Additional Disclosure Related to Credit Quality of Exposures (CRB) (continued)

Breakdown of exposures by industry

	(HK\$'000)
Manufacturing	7,761,534
Building & construction	98,732,478
Electricity	18,776,082
Oil and Gas	8,737,757
Recreational activities	18,691
Information Technology	17,879,299
Wholesale trade (Wholesalers)	26,071,184
Retail trade (Retailers, including retail chains and stores)	2,346,371
Transport and transport equipment	24,534,283
Hotels and boarding houses (Accommodation)	1,829,146
Catering (Food and beverage services activities)	2,154,553
Financial concerns	662,359,280
Stockbrokers	4,868,759
Non-stockbroking companies	-
Loans to professional & private individuals	129,130,805
Mining and quarrying	7,841,217
Trade financing (Importers and exporters)	6,911,090
All others	333,402,837
<b>Total</b>	<b>1,353,355,366</b>

Breakdown of exposures by residual maturity

	(HK\$'000)
Within one year	848,085,063
One to five years	254,953,971
Over five years	250,269,261
Undated	47,071
<b>Total</b>	<b>1,353,355,366</b>

d. Additional Disclosure Related to Credit Quality of Exposures (CRB) (continued)

Breakdown of impaired exposures, related allowances and write-offs by geographical areas

	(HK\$'000)		
	Impaired exposure	Related allowances	Write-offs during the year
Hong Kong	3,563,952	2,422,260	51,378
Mainland China	2,177,814	1,434,509	1,305,478
Others	1,175	9366	2,831
<b>Total</b>	<b>5,742,941</b>	<b>3,866,135</b>	<b>1,359,687</b>

Aging analysis of accounting past due exposures

	(HK\$'000)
Past due for over 3 months to 6 months	400,100
Past due for over 6 months to 12 months	743,706
Past due for over 12 months	4,403,887
<b>Total</b>	<b>5,547,693</b>

Breakdown of restructured exposures, between impaired and not impaired exposures

	(HK\$'000)
Impaired exposures	619,220
Not impaired exposures	-
<b>Total</b>	<b>619,220</b>

d. Additional Disclosure Related to Credit Quality of Exposures (CRB) (continued)

Breakdown of impaired exposures, related allowances and write-offs by industry

	(HK\$'000)		
	Impaired exposure	Related allowances	Write-offs during the year
Manufacturing	5,561	5,555	-
Building & construction	2,633,513	2,148,179	357,814
Electricity	-	-	-
Oil and Gas	-	-	-
Recreational activities	-	-	-
Information Technology	9,809	5,858	-
Wholesale trade (Wholesalers)	-	-	-
Retail trade (Retailers, including retail chains and stores)	-	-	-
Transport and transport equipment	37,617	33,412	13,888
Hotels and boarding houses (Accommodation)	530,502	231,905	-
Catering (Food and beverage services activities)	-	-	-
Financial concerns	1,689,837	998,687	370,514
Stockbrokers	-	-	-
Non-stockbroking companies	-	-	-
Loans to professional & private individuals	477,697	273,831	41,390
Mining and quarrying	-	-	-
Trade financing (Importers and exporters)	27,964	3,686	-
All others	330,441	165,022	576,081
<b>Total</b>	<b>5,742,941</b>	<b>3,866,135</b>	<b>1,359,687</b>

e. Qualitative Disclosures Related to Credit Risk Mitigation (CRC)

The valuation and management of collateral have been documented in the Bank's Credit Manual covering acceptance criteria, loan-to-value ratio, valuation and insurance and subject to regular review. The collateral of non-impaired exposure and impaired exposure are revalued on an annual basis and a 2-month basis as a minimum respectively. For asset based lending such as share margin financing, its collateral will be valued on a daily basis. There are procedures setting out role and responsibilities of each department when enforcing or liquidation of collateral is required.

Properties, standby letter of credit issued by recognized bank, deposit and listed shares formed majority of our Bank's collateral. The Bank also set out risk limit in relation to particular collateral type in our secured exposure.

f. 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	666,030,451	4,560,215	367,018	4,193,197	-
2	Debt securities	225,263,405	42,273,068	-	42,273,068	-
<b>3</b>	<b>Total</b>	<b>891,293,856</b>	<b>46,833,283</b>	<b>367,018</b>	<b>46,466,265</b>	-
4	Of which defaulted	5,780,301	19,195	3,439	15,756	-

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.

Regarding Loans: In the second half of 2025, due to a decline in the balance of cash collateral, "Exposures secured by recognized collateral" decreased by approximately HKD 847 million, representing a reduction of 69.78%. Additionally, "Exposures secured by recognized guarantees" decreased concurrently by approximately HKD 190 million, a decline of 4.33%. As a result, the "Exposures to be secured" decreased by approximately HKD 1.037 billion overall, equivalent to a reduction of 18.53%.

In respect of Debt securities : In the second half of 2025, "Exposures secured by recognized guarantees" increased by approximately HKD 5.645 billion. Consequently, the "Exposures to be secured" for debt securities rose by the same amount (approximately HKD 5.645 billion), reflecting an increase of 15.41%.

Overall, in the second half of 2025, total "Exposures to be secured" increased by approximately HKD 4.608 billion, representing a growth of 10.91%.

g. Qualitative Disclosures on Use of ECAI Ratings under STC Approach (CRD)

The ECAIs recognised by the Group include Moody's, Standard & Poor's and Fitch.

The exposure classes are listed as below:

- Sovereign
- Public sector entity ("PSE")
- Bank
- Securities firm
- Corporate
- Collective investment scheme

The Group performs the ECAI issuer ratings mapping to its exposures in banking book in accordance with Part 4 of the Banking (Capital) Rules.

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

	(HK\$'000)	(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	93,202,128	302,964	135,475,196	30,296	1,002,667	0.01
2	Public sector entity exposures	28,595,635	8,505,230	32,786,613	2,718,023	4,751,893	0.13
3	Multilateral development bank exposures	6,004,027	-	6,004,027	-	-	-
3a	Unspecified multilateral body exposures	-	-	-	-	-	-
4	Bank exposures	237,621,067	46,814,685	237,621,067	5,839,224	71,777,789	0.29
4a	Non-bank financial institution exposures	2,378,218	3,964,436	2,378,218	832,790	2,156,057	0.67
5	Eligible covered bond exposures	-	-	-	-	-	-
6	General corporate exposures	336,096,962	322,383,623	293,669,389	57,934,198	314,685,820	0.90
6a	Of which: securities firms and financial institutions	102,609,696	48,520,165	60,336,628	6,912,326	65,296,455	0.97
6b	Specialized lending	2,147,314	301,022	2,147,314	120,409	2,189,418	0.97
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	5,697,402	-	5,697,402	-	8,546,103	1.50
7c	Subordinated debts issued by banks, non-bank financial institutions and corporates	-	-	-	-	-	-
8	Retail exposures	27,527,995	18,817,659	27,402,770	1,881,594	23,542,493	0.80
8a	[Reserved for Class X in the Division A, Part IIIb of the to be revised CAR return]	-	-	-	-	-	-

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

	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
9	Real estate exposures	152,616,846	2,068,508	148,338,941	557,170	103,756,017	0.70
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	87,565,835	6,030	83,384,449	604	24,827,398	0.30
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	2,706,052	-	2,706,052	-	2,691,206	0.99
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	1,660,804	-	1,660,804	-	1,508,061	0.91
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	33,286,757	1,578,224	33,190,239	366,220	50,334,687	1.50
9g	Of which: land acquisition, development and construction exposures	18,977,999	484,254	18,977,999	190,348	22,135,389	1.15
10	Defaulted exposures	898,624	233,935	898,624	23,393	1,346,279	1.46
11	Other exposures	31,234,895	-	31,234,895	-	6,524,243	0.21
11a	Cash and gold	623,224	-	982,668	16,284,679	56,826	0.00
11b	Items in the process of clearing or settlement	118	-	118	-	24	0.20
12	Total	924,644,455	403,392,062	924,637,242	86,221,776	540,335,629	8.81

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

In the second half of 2025: Due to an increase in the exposures of sovereign debt securities assigned a 20% risk weight, the Risk-Weighted Assets (RWA) of Sovereign exposures increased by HKD 770 million, representing a rise of 330.70%. As a result, the RWA density increased by 401.66%.

For Public sector entity exposures, Due to an increase in the exposures of securities and undrawn commitments of local public sector entities, Consequently, the Risk-Weighted Assets (RWA) rose by HKD 947 million, an increase of 24.90%, while the RWA density increased by 2.02%.

Regarding "Cash and Gold", on-balance sheet "Exposures post-CCF and post-CRM" decreased by HKD 2.432 billion, while off-balance sheet "Exposures post-CCF and post-CRM" increased by HKD 3.68 billion. As a result of the changes in risk exposure amounts, the overall Risk-Weighted Assets (RWA) decreased by HKD 31 million, representing a decline of 35.35%. The RWA density decreased by 40.03%.

i. Credit Risk Exposures by Exposure Classes and by Risk Weights – For STC Approach (CR5)

	(HK\$'m)	0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign exposures	130,492	5,013	-	-	-	-	135,505

	(HK\$'m)	0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
2	Public sector entity exposures	12,845	21,926	734	-	-	-	35,505

	(HK\$'m)	0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3	Multilateral development bank exposures	6,004	-	-	-	-	-	-	6,004

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

	(HK\$'m)	20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4	Bank exposures	74,659	137,605	14,338	14,059	-	2,799	1	-	243,461

i. Credit Risk Exposures by Exposure Classes and by Risk Weights – For STC Approach (CR5) (continued)

	(HK\$'m)	20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4a	Non-bank financial institution exposures	-	560	-	-	2,651	-	-	-	3,211

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

	(HK\$'m)	20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	977	-	51,431	-	39,152	10,108	248,410	1,526	-	351,604
6a	Of which: securities firms and financial institutions	590	-	1,162	-	5,202	-	60,295	-	-	67,249

	(HK\$'m)	20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6b	Specialized lending	-	-	-	-	2,127	141	-	-	2,268

	(HK\$'m)	100%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures	-	16	-	-	16

i. Credit Risk Exposures by Exposure Classes and by Risk Weights – For STC Approach (CR5) (continued)

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

	(HK\$'m)	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	5,697	861	-	-	6,558

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

	(HK\$'m)	45%	75%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
8	Retail exposures	1,588	19,480	8,202	14	29,284

	(HK\$'m)		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]		-	-	-

i. Credit Risk Exposures by Exposure Classes and by Risk Weights – For STC Approach (CR5) (continued)

		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)	
	(HK\$'m)																					
9	Real estate exposures	-	23,324	17,705	26,527	-	6,872	-	6,202	-	-	3,454	1	1,017	29	8,790	-	1,978	37,501	15,496	148,896	
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	23,324	17,705	26,527	-	6,872	-	6,202	-	-	2,755	-	-	-	-	-	-	-	-	-	83,385
9b	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9c	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9d	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

i. Credit Risk Exposures by Exposure Classes and by Risk Weights – For STC Approach (CR5) (continued)

	(HK\$'m)	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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9g	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9h	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

i. Credit Risk Exposures by Exposure Classes and by Risk Weights – For STC Approach (CR5) (continued)

		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)	
	(HK\$'m)																					
9i	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	699	-	-	29	-	-	-	1,978	-	-	2,706
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	1	1,017	-	643	-	-	-	-	-	1,661
9l	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

i. Credit Risk Exposures by Exposure Classes and by Risk Weights – For STC Approach (CR5) (continued)

		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)	
	(HK\$'m)																					
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,556	-	33,556
9p	Of which: land acquisition, development and construction exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,147	-	-	-	3,945	7,076	19,168

i. Credit Risk Exposures by Exposure Classes and by Risk Weights – For STC Approach (CR5) (continued)

	(HK\$'m)	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures	-	67	852	3	922

	(HK\$'m)	100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	6,294	-	24,941	31,235

	(HK\$'m)	0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	16,983	-	284	17,267

	(HK\$'m)	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	-	0.12	-	-	-	-	-	0.12

i. Credit Risk Exposures By Exposure Classes and By Risk Weights – For STC Approach (CR5) (continued)

In the second half of 2025, the Risk-Weighted Assets (RWA) for Sovereign exposures increased by HKD 770 million, representing a rise of 330.70%, primarily due to an increase of HKD 3,849 million in the Exposure of sovereign weighted at 20% risk.

Influenced by increases in the balances of Public sector entity debts, securities, and undrawn commitments - specifically, the Risk Weight(RW) at 0% and 20% risk for public sector entities rose by approximately HKD 1.687 billion and HKD 4.872 billion respectively - the credit Risk-Weighted Assets (RWA) to public sector entities therefore increased by approximately HKD 947 million, or about 24.90%.

Within bank risk exposures, the balances weighted at 20%, 30%, and 40% increased by approximately HKD 9.060 billion, HKD 17.057 billion, and HKD 5.816 billion respectively, while the balances weighted at 50%, 100%, and 150% decreased by HKD 878 million, HK\$2.079 billion, and HKD 399 million respectively. The net effect was an increase in bank credit Risk-Weighted Assets (RWA) of approximately HKD 6.139 billion, or about 9.35%.

For corporate risk exposures, the Risk Weight (RW) at 50% and 100% increased by approximately HKD 17.538 billion and HKD 4.487 billion respectively, while the Risk Weight(RW) at 75%, 85%, and "others" decreased by approximately HKD 1.078 billion, HKD 1.088 billion, and HKD 1.065 billion respectively. As a result, the credit Risk-Weighted Assets (RWA) to corporates increased by approximately HKD 10.362 billion due to these balance changes, representing a rise of about 3.40%.

Due to changes in cash collateral coverage and business growth, the "cash and gold" under the "others" risk weight category decreased by HKD 156 million, leading to a net reduction in cash and gold credit Risk-Weighted Assets (RWA) of approximately HKD 31 million, or a decline of 35.35%.

Risk-Weighted Assets (RWA) under other categories experienced slightly fluctuations.

## 10. Counterparty Credit Risk

### a. Qualitative Disclosures Related to Counterparty Credit Risk (Including Those Arising from Clearing through CCPs) (CCRA)

The objective of the Group's counterparty credit risk management is to adequately control counterparty credit risk exposure in ways consistent with the strategic goals and risk appetite of the Group. To effectively manage the risk involved during the normal course of business, policies and procedures are in place for identifying, measuring, monitoring and controlling counterparty credit risk. This risk management framework is reviewed periodically to ensure its effectiveness and robustness.

The Group has adopted the standardized (counterparty credit risk) ("SA-CCR") approach to calculate the default risk exposures of the derivatives in both the banking and trading book for regulatory capital calculation purposes.

Credit limits are established to control the pre-settlement risk and settlement risk of the counterparties including CCPs, which are subject to periodic review and approval through the credit assessment process. The pre-settlement risk exposure covers both the current exposure and potential future exposure. The credit exposure is subject to regular review and oversight by Credit Committee.

Counterparty credit risk is part of the credit risk management framework in the Group that is governed by a set of credit policies and procedures. In particular, a credit policy relating to guarantees and other forms of credit risk mitigation has been set up and subject to periodic review in which general guidelines, acceptance criteria, documentation requirements are well delineated to govern the credit risk control and mitigation. Meanwhile, assessment concerning counterparty credit risk is carried out by an independent credit approval department in the Group that follows the specific counterparty credit risk policy as well as other corresponding credit policies if and where relevant.

The wrong-way risks, including both general and specific ones, are one of the essential areas in the credit risk management of counterparty credit risk subject to the policy control by the specific counterparty credit risk policy set up in Group. According to the said policy, the wrong-way risks management, including risk identification, assessment, reporting as well as risk mitigation measures is not only implemented in the credit assessment and approval process, but also performed in the post approval monitoring by means of stress testing on a regular basis in which

a. Qualitative Disclosures Related to Counterparty Credit Risk (including those arising from clearing through CCPs) (CCRA) (continued)

extreme but plausible scenarios are adopted to identify any potential risk issue in counterparty credit risk exposure.

As of 31 December 2025, according to the existing International Swap and Derivatives Association ("ISDA") agreement and Credit Support Annexes ("CSA") signed with the counterparties, the impact on the Group's collateral obligation under derivatives contracts is minimal in the event of a downgrade of the Group's credit rating.

b. 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 ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	4,769,680	7,327,565		1.4	16,936,143	6,346,170
1a	CEM (for derivative contracts)				1.4		
2	IMM (CCR) approach						
3	Simple Approach (for SFTs)					51,334,667	6,522,293
4	Comprehensive Approach (for SFTs)						
5	VaR (for SFTs)						
6	<b>Total</b>						12,868,463

The Group uses SA-CCR approach and Simple approach to calculate counterparty default risk exposure for derivative contracts and SFTs respectively. Compared with 30 June 2025, total RWA of counterparty default risk exposures decreased by HKD 4.88 billion, which was mainly driven by the default risk exposure decrease from securities financing transactions (SFTs).

c. Counterparty Default Risk Exposures (Other Than Those to CCPs) by Exposure Classes and by Risk Weights – for STC Approach (CCR3)

		(HK\$'000)											Total default risk exposure after CRM
		(a)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	
Exposure class	Risk Weight	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	
	1	Sovereign exposures	13,365,977	-	1,107,112	-	-	-	-	-	-	-	-
2	Public sector entity exposures	-	-	249,205	-	-	-	-	-	-	-	-	249,205
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-	-	-	-	-
5	Bank exposures	3,676,118	-	27,481,722	11,945,455	-	307,428	-	-	7,635	18,245	-	43,436,603
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	150,348	-	-	-	-	-	150,348
7	General corporate exposures	-	-	-	-	-	269,501	-	4,560	1,507,621	-	-	1,781,682
8	Retail exposures	-	-	-	-	-	-	47,053	-	1,538,172	2,505	26,507	1,614,237
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	6,565,534	-	-	-	-	-	-	-	-	-	113	6,565,647
11	<b>Total</b>	<b>23,607,629</b>	<b>-</b>	<b>28,838,039</b>	<b>11,945,455</b>	<b>-</b>	<b>727,277</b>	<b>47,053</b>	<b>4,560</b>	<b>3,053,428</b>	<b>20,750</b>	<b>26,620</b>	<b>68,270,811</b>

c. Counterparty Default Risk Exposures (Other Than Those to CCPs) by Exposure Classes and by Risk Weights – for STC Approach (CCR3) (continued)

Compared with 30 June 2025, the overall default risk exposure decreased by HKD 38.28 billion, mainly contributed by a change in volume of the respective transactions. The 20% and 30% risk weight exposures showed a decrease of HKD 17.11 billion and HKD 18.41 billion respectively as the most significant movement, mainly driven by a decrease in bank exposures. The rest of risk weight exposure showed a relatively modest movement. Specifically, the 0% risk weight exposure decreased by HKD 2.67 billion, while the 50% risk weight exposure declined by HKD 651.82 million. Conversely, the 100% risk weight exposure increased by HKD 605.31 million.

d. 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	-	-	-	-	369,225	6,502,960
Cash - other currencies	-	2,949,807	-	447,255	11,985,302	29,349,762
Domestic sovereign debt	-	-	-	-	491,245	20,670
Other sovereign debt	-	10,937	-	-	10,256,275	1,139,839
Domestic PSE debt	-	-	-	-	-	2,707,095
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	273,747	-
Bank bonds/debts	-	-	-	-	-	10,529,520
Equity securities	-	-	-	-	1,084,821	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>2,960,744</b>	-	<b>447,255</b>	<b>24,460,615</b>	<b>50,249,846</b>

Compared with 30 June 2025, the net fair value of recognized collateral from derivatives contracts have increased by 1.98 billion and SFTs have increased by 8.49 billion.

e. Credit-related Derivatives Contracts (CCR6)

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

f. Exposures to CCPs (CCR8)

		(HK\$'000)	
		(a)	(b)
		Exposure after CRM	RWA
<b>1</b>	<b>Exposures of the AI as clearing member or client to qualifying CCPs (total)</b>	-	244,873
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	3,470,508	69,410
3	(i) OTC derivative transactions	3,470,508	69,410
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	3,104,412	62,088
9	Funded default fund contributions	342,399	113,375
10	Unfunded default fund contributions	-	-
<b>11</b>	<b>Exposures of the AI as clearing member or client to non-qualifying CCPs (total)</b>	-	-
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 30 June 2025, the qualifying CCPs (total) RWA amount increased by HKD 147.15 million, which was mainly driven by the increase in the funded default fund contributions.

## 11. Credit Valuation Adjustment Risk

### a. Qualitative Disclosures Related to CVA Risk (CVAA)

At the end of 2025, the Bank adopted the simplified basic CVA calculation method, did not use CVA hedge, and did not set the RWA for CVA risk at 100% of its RWA for counterparty credit risk exposures.

### b. CVA Risk under Reduced Basic CVA Approach (CVA1)

		(a)	(b)
		Components	CVA risk capital charge under the Reduced basic CVA approach
1	Aggregation of systematic components of CVA risk	451,251,357	
2	Aggregation of idiosyncratic components of CVA risk	95,347,913	
3	<b>Total</b>		<b>240,261,036</b>

12. Securitization Exposures

a. Qualitative Disclosures Related to Securitization Exposure (SECA)

There were no securitization exposures and resecuritization exposures in both banking book and trading book as at 31 December 2025.

b. 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	-	-	-	-	-	-	-	-	-

c. 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	-	-	-	-	-	-	-	-	-

d. 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	<b>Total exposures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

e. 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	<b>Total exposures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## 13. Market Risk

### a. Qualitative Disclosures Related to Market Risk (MRA)

As a premier provider of financial services in HK market, the Group undertakes trading activities to serve our clients' needs to arbitrage and provide liquidity to the market as well as managing market risks within risk appetite. The Group takes on the exposure to market risk that arises from foreign exchange, interest rate, precious metals and associated derivatives instruments. Most off-balance sheet derivative positions arise from the execution of customer-related orders and transactions taken for hedging purpose. Structured derivatives, are currently only allowed to be traded for the support of customer business on a back-to-back basis. The Group established policies and procedures to identify, measure, monitor and control market risk. When derivatives are held for banking book risk management purposes, they are designated in hedge relationships where the required criteria for documentation and hedge effectiveness are met.

The Board Risk Management Committee ("Board RMC") as delegated by Board takes ultimate responsibility of market risk management. The Board RMC approves market risk appetite, market risk management policy and stress test policy as the framework governing policies to the Group's market risk management and market risk appetite respectively. Risk Management and Internal Control Committee ("RMICC") periodically reviews the Group's market risk management result and performance in quarterly meeting or from time to time whenever deemed necessary. Market risk management committee ("MRC") is responsible for the Group's trading book decision-making and oversees the implementation of market risk management control in daily business, and approves market risk manual to govern risk control implementation in details. MRC reports to RMICC, RMICC reports to the Board RMC as well as CEO Committee for the adequacy and efficiency of market risk management system, procedures and performance of the Group.

The daily primary control, management and assumption of market risk are principally undertaken in front office within the approved market risk limits and guidelines. Monitoring of the utilization of these approved limits is performed on a regular basis by market risk team, an independent unit ultimately reported to Chief Risk Officer ("CRO") of the Group. Market risk team also produces regular market risk reporting to the MRC / RMICC / Board RMC / Head Office Risk Management Department for their review and oversight. The Group's Internal Audit Department also helps to ensure compliance with the approved policies and procedures.

a. Qualitative Disclosures Related to Market Risk (MRA) (continued)

The Group's market risk analysis and management systems include Kondor, Fenics, FMBM and GMRM, of which the first two are vendor systems widely used in banking industry while the last two are our in-house systems developed by head office. Most of our trading businesses are vanilla FX and interest rate products, which are booked in Kondor. Risk sensitivities such as FX NOP and IR DV01 are generated from Kondor system and used for market risk measurement and reporting. For FX option business, Greeks sensitivities (Delta, Gamma, Vega) are used for market risk measurement and reporting, which are generated from Fenics system. Meanwhile, bond products IR DV01 and CS01 are measured through head office systems. On top of risk factor sensitivities, the Group has implemented Value-at-Risk (VaR) as overall diversified measurement of market risk in trading book. Our in-house system GMRM is used for VaR measurement and reporting. VaR and risk factor sensitivities are measured and reported on daily basis to provide an overall understanding of all the risks associate with market risk activities of our Group. Market risk limits, which are approved by Board RMC or its delegated Risk Committee ( currently MRC is the delegated Risk Committee ) and as owned by RMD-MKR for control and monitoring in daily implementation, should be reviewed and updated on a regular basis (at least on an annual basis). Approved market risk limits must, among others, be consistent with the Group's market risk appetite as approved by Board RMC and with the Group's capital adequacy and allocation. The proposed/reviewed limits should be subsequently approved by Board RMC or MRC for becoming effective. The reporting and measurement systems are updated and assessed at least on annual basis.

b. Market Risk under STM Approach (MR1)

Item	The ultimate capital charge, of which	Market risk capital charges under STM(HK\$'000)
1	General interest rate risk	78,043
2	Equity risk	-
3	Commodity risk	1,808
4	Foreign exchange risk	368,508
5	Credit spread risk (non-securitization)	118,160
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)	157,537
9	SA-DRC (securitization: non-CTP)	-
10	SA-DRC (securitization: CTP)	-
11	Residual risk add-on	170
12	<b>Total market risk capital charge under the STM Approach</b>	<b>724,226</b>

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.

Compared with that on 30 June 2025, the total RWA of Market risk decreased by 10.73% to HKD 724.2 million, the reason is mainly due to an decrease of 39.24% in Foreign exchange exposure RWA to HKD 368.5 million. And the Foreign exchange exposure RWA accounts for 50.88% of total RWA.

## 14. Interest Rate Risk

### a. Interest Rate Risk in Banking Book – Risk Management Objectives and Policies (IRRBBA)

Interest rate risk in the banking book (“IRRBB”) refers to the current or prospective risk, to the Group’s capital and earnings, arising from adverse movements in interest rate that affect the Group’s banking book exposures.

The Group has established governance framework to manage and mitigate risks arising from its IRRBB exposures. The Board has the ultimate responsibility for the oversight of IRRBB management and sets IRRBB risk appetite for the Group. The Board delegates the overall management authority in overseeing the Group’s IRRBB to the Asset and Liability Management Committee (“ALCO”). The interest rate risk exposures are managed within risk limits approved and monitored by the ALCO. The risk exposures are measured on a daily basis and the results are reported to the ALCO monthly and the Board Risk Management Committee (BRMC) quarterly. Independent review of the Group’s internal risk controls over IRRBB management process is conducted through internal or external audit.

The Group manage the IRRBB exposures using economic value (EVE) as well as earnings (NII) based measures. EVE and NII sensitivity are monitored against limits and triggers, both at Group and at significant legal entity levels. In addition to the standard scenarios introduced by HKMA, internal scenarios under stressed market conditions as well as specific economic assumptions are conducted to assess the vulnerability to loss on EVE and NII and the results are considered for limits review and capital adequacy assessment.

The Group mainly manage IRRBB exposure using interest rate swaps and the hedging activities are entered either against individual transactions or portfolio basis. The effectiveness of the hedging activities is assessed regularly in accordance with Hong Kong Financial Reporting Standard (“HKFRS”).

The Group applied the following key assumptions in calculating the impact on EVE and NII as required by HKMA IR-1:

1. For the calculation of EVE, the Group includes commercial margins and other spread components in the cash flows and discount rates.

a. Interest Rate Risk in Banking Book – Risk Management Objectives and Policies (IRRBBA) (continued)

2. The average repricing maturity of non-maturity deposits (“NMD”), which included customer current and saving deposits, is estimated by monthly runoff rate and repricing speed in response to change in market interest rate as well as the current interest rate offered by Group. The portfolio of NMD is clustered by dimensions such as currency, product and geographical location. For reporting period, The Group’s average and longest repricing maturity of NMDs are 0.35 years and 4.5 years respectively.
3. For retail fixed rate loan, the prepayment rates are derived from statistical model, in which macroeconomic factors are selected and used to predict the prepayment rate. For Term deposit, the early withdrawal rates are based on historical observations. Except there is significant penalty that the customers might not early uplift or breaking the deposits contract due to interest rate change.
4. The Group measures the impact of both EVE and NII against the standard scenarios defined by HKMA. For each scenario, the adverse currency impact is aggregated for significant currencies in which no netting is adopted among currencies. The significant currencies are defined by HKMA with the general rule which account for 5% or more of the Group’s total on-balance sheet interest rate sensitive position in all currencies.
5. For the measurement of NII, the Group assesses the impact on earning over the 12 months with the assumption of no change in balance sheet size and structure with the maturing or repricing cash flows are replaced by new cash flows with identical features in respect of the amount, repricing period and spread components.

b. Quantitative Information on Interest Rate Risk in Banking Book (IRRBB1)

The interest rate risk sensitivity figures presented in the table below represent the effect of six interest rate scenarios defined by HKMA's Supervisory Policy Manual IR-1 on the change in EVE as well as the effect of the two parallel shock scenarios on the net interest income (NII) in the banking book as at 31 December 2025 and 31 December 2024.

In HK\$ Million	Adverse Impact on EVE		Adverse Impact on NII <sup>1</sup> Over the next 12 months	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Parallel up <sup>2</sup>	8,041	7,489	1,743	1,123
Parallel down <sup>2</sup>	984	-	1,374	1,764
Steeper <sup>3</sup>	1,669	1,916		
Flattener <sup>4</sup>	1,698	955		
Short rate up <sup>5</sup>	3,662	2,543		
Short rate down <sup>6</sup>	827	-		
<b>Maximum<sup>7</sup></b>	8,041	7,489	1,743	1,764
<b>Period</b>	31/12/2025		31/12/2024	
<b>Tier 1 capital</b>	157,734		149,832	

Note 1 Disclosure of the impact on earnings is only required for the two parallel scenarios.

Note 2 Interest rate shock across all tenors move by  $\pm 200$ bps for HK & US dollar and  $\pm 250$ bps for on/off shore Renminbi.

Note 3 Short-term rates decrease and long-term rates increase.

Note 4 Short-term rates increase and long-term rates decrease.

Note 5 Short-term rates increase more than long-term rates.

Note 6 Short-term rates decrease more than long-term rates.

Note 7 "Maximum" indicates the most adverse interest rate scenario as shown in the table.

b. Quantitative Information on Interest Rate Risk in Banking Book (IRRBB1)  
(continued)

As of 31 December 2025, the most adverse of the six interest rate scenarios with regard to  $\Delta$ EVE was the "Parallel up" scenario, resulting in a change of the economic value of equity of negative HKD 8,041 million, representing a reduction of 5.10% of tier 1 capital, which is well below the regulatory outlier test of 15% of tier 1 capital. The  $\Delta$ EVE increased by HK\$552million by comparing December 2025 with December 2024. The changes were mainly driven by changes in balance sheet composition between HK\$ and Renminbi portfolios.

As of 31 December 2025, the most adverse of the two parallel interest rate scenarios with regard to  $\Delta$ NII over the next 12 months was the "Parallel up" scenario, resulting in a potential change of the net interest income of negative HKD 1,743 million, representing a reduction of 1.11% of tier 1 capital. The most adverse scenario has changed from parallel down to parallel up and  $\Delta$ NII loss decreased by HK\$21 million, comparing December 2025 with December 2024. The changes were mainly driven by changes in balance sheet composition.

## 15. Remuneration

### a. Remuneration Policy (REMA)

#### **DISCLOSURE ON REMUNERATION FOR YEAR 2025**

##### **INTRODUCTION**

In accordance with the latest "Guideline on a Sound Remuneration System" (the "Guideline") issued by the Hong Kong Monetary Authority, Industrial and Commercial Bank of China (Asia) Limited (the "Bank") has prepared its arrangement for bonus distribution in the assessment period from January to December according to its remuneration policy.

The remuneration policy is applicable to the Bank's employees in Hong Kong and covers all categories of employees including senior management, proprietary traders and dealers, marketing and sales, loan officers, risk management, financial control and compliance personnel.

In general, risk factors which have been considered in the performance rating of staff affect the bonus for him/her. Also, the current and future risk of the Bank will be considered by the Remuneration Committee in the determination of the overall bonus to be allocated.

##### **GENERAL PRINCIPLES**

Remuneration should facilitate the delivery of long term financial stability for the business and promote sound risk management principles. Risk control functions have played an important role in the remuneration related procedures and decisions of the Bank. The preparation of the remuneration policy is initiated by Human Resources Department after consultation with the risk controls units including risk management, legal and compliance and etc. prior to submission to the Remuneration Committee delegated by the Board of Directors for approval. The Remuneration Committee reviews the remuneration policy at least annually and may at its discretion seek information and recommendations from external consultants as appropriate. In 2025, the Remuneration Committee did not seek advice from external consultant on remuneration matters. The aim of the remuneration policy and the arrangement is to enable the Bank to maintain a fair, equitable and market-competitive remunerative structure for its employees based on the Bank's performance and industry practice, and is designed to encourage employee behaviour that supports the institution's risk tolerance, risk management, business strategies and long-term financial soundness of the Bank. The total bonus is funded based on the Bank's overall performance, after factoring in the financial, non-financial and other long-term strategic measures, as well as risk-adjusted elements. Legacy losses realized (ex post) in the performance year should

a. Remuneration Policy (REMA) (continued)

be taken into consideration to determine the bonus pool created and the deferral payout. The remuneration of staff in risk control functions are determined in accordance with their performance objectives and are independent of the performance of the business units which they oversee. The performance factors in carrying out their core job responsibilities under their respective job functions are assessed in the performance appraisals, and appropriate remuneration will be recommended based on the appraisal result.

When deciding the remuneration measures, the Bank considers market risk, credit risk, liquidity risk, operational risk and financial risk and also takes into account certain key risk factors such as its asset quality, liquidity position, business, climate consideration and economic conditions, respective staff performance, the overall business results as well as long-term financial position. Reports on these risk factors are used for identification of current and future risks. The Remuneration Committee sets the target bonus pool against profit mechanism of the Bank in the first half of each year. The Bank reviews its business and risk management performance and reduces the bonus pool if the Bank's business objectives are not achieved, or if there is deficiency/failure in risk and compliance performance, or when it is necessary to protect the financial soundness of the Bank. There is no change of these mechanism and measures over the past years and it continues to apply in 2025.

#### **REMUNERATION COMMITTEE**

A Remuneration Committee has been set up with specific terms of reference and delegated with the authority and duties which include, amongst others, making recommendations to the board of directors (the "Board") on the Bank's policy and structure for remuneration of all directors, senior management (who are responsible for overseeing the Bank's business strategy or activities or those of the Bank's material business duties) and key personnel (whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposure on behalf of the Bank) of the Bank, determining the specific remuneration packages of all executive directors, senior management and key personnel, and reviewing and approving performance-based remuneration of directors, senior management and key personnel of the Bank by reference to corporate goals and objectives as determined by the Board from time to time. Factors such as business performance of the Bank and emoluments paid by comparable banks will be considered. No director will be involved in deciding his/her own remuneration. The Remuneration Committee will also review the remuneration policy of other employees.

Chairman of Remuneration Committee is appointed by the Board of Directors. Currently, members of the Remuneration Committee are Mr. Wong Yue Chim, Richard (independent non-executive director), Mr. Tsui Yiu Wa, Alec (independent non-executive director) and Mr. Hong Guilu

a. Remuneration Policy (REMA) (continued)

(non-executive director). Mr. Yuen Kam Ho, George ceased to be the chairman of the Remuneration Committee and Mr. Wong Yue Chim, Richard is appointed as the chairman of the Remuneration Committee, all with effect from 2 July 2025.

The Remuneration Committee has held 2 meetings and 1 written resolutions in the year of 2025. During 2025, the remuneration policy has been reviewed and approved by the Remuneration Committee with revision on employee categorization and deferral requirement.

### **REMUNERATION STRUCTURE**

The remuneration package is a combination of fixed and variable remuneration in line with the seniority, role, responsibilities and activities of an employee within the Group. The variable remuneration is awarded in the form of cash.

Fixed remuneration includes annual salary, allowance and pension contribution while variable remuneration refers to discretionary bonus and other variable income. Variable remuneration takes into account the overall performance of the Bank and individual business units, while individual performance is measured against the established key performance indicators, adherence to risk management policies, corporate culture and compliance with legal and regulatory requirements. For top level business lines, performance criteria and metrics taken into consideration include key financial indicators such as earnings, loan and deposit growth, impaired loans ratio and etc.

The Bank maintains a performance evaluation scheme to ensure individual staff performance would be adequately and effectively evaluated. The award of variable remuneration depends on the fulfilment of budgeted income and business objectives, peer group performance comparison, corporate culture and risk control factors. These criteria include both financial and non-financial factors. The financial metrics link the variable remuneration to the profits, revenue and other performance measures of the Bank as a whole, and the contribution of business units and individual employee as well. The non-financial metrics capture the performance on qualitative aspects such as the compliance with risk management policies, adherence to legal, regulatory and ethical standards, customer satisfaction and etc. The performance objectives of staff and annual performance appraisal exercise take into account these factors. Variable remuneration is directly related to performance, and poor performance (including both financial and non-financial) will result in a reduction or elimination of variable remuneration.

a. Remuneration Policy (REMA) (continued)

**CHIEF EXECUTIVE, SENIOR MANAGEMENT AND KEY PERSONNEL COMPENSATION**

The Remuneration Committee annually reviews the remuneration packages of the Chief Executive, members of the senior management and key personnel. The aggregate payout of the Chief Executive, senior management and key personnel for 2025 is shown in the section “Remuneration for the Chief Executive Officer, Senior Management and Key Personnel” in accordance with the disclosure requirement of 3.2.1 of the Guideline. In the year of 2025, the senior management (21 Persons) of the Bank includes: Chairman & Executive Director, Vice Chairman & Executive Director & Chief Executive Officer, Executive Director & Deputy Chief Executive, Deputy Chief Executive, Deputy Chief Executive & Chief Risk Officer, Assistant Chief Executive & Cybersecurity Officer, Assistant Chief Executive, Managing Executive Officer & Head of Global Markets Department, Managing Executive Officer & Head of Financial Crime Compliance Department, Head of Finance and Accounting Department, Chief Audit Officer & Head of Internal Audit Department, Head and Co-Head of Compliance and Legal Department, Co-Head of Financial Crime Compliance Department, Head of Chief Executive Office, Head of Channel Management Department and Chief Culture Officer. Key Personnel (10 Persons) includes Co-Head of Global Markets Department, Head and Co-Head of Asset & Liability Management Department, Head of Asia-Pacific Business Department, Head and Co-Head of Greater Bay Area Corporate Banking Department, Head of Corporate Banking Department, Head of Institutions Department and Head of Retail Banking & Wealth Management Department.

**DEFERMENT OF VARIABLE REMUNERATION**

The award of variable remuneration to all employees in the Bank, including the Chief Executive, members of the senior management, and key personnel is subject to deferral mechanism. The key deferral principles are:

- deferral applies when the amount of performance-based variable remuneration is considered "significant" according to the remuneration policy of the Bank;
- deferral amount needs to be "meaningful" according to the remuneration policy of the Bank;
- the period of deferred performance-based variable remuneration is no less than 3 years and aligned the nature and risks of business, activities undertaken by the employee and the time frame during which the risks from the activities are likely to be realised.

a. Remuneration Policy (REMA) (continued)

In addition, the deferral remuneration is subject to forfeiture/claw-back in circumstances where it is later established that any performance measurement for a particular year has been manifestly misstated, or it is later established that the relevant employee has committed fraud or other malfeasance, or a violation of any regulatory requirements or the Bank's policy or procedures, or there has been a significant financial performance deterioration of the Bank, i.e. financial loss, or significant variation in the economic capital or in the qualitative valuation of risk.

The rationale and justification for any forfeiture/claw-back imposed must be recorded and retained for 7 years.

**POLICY REVIEW**

The remuneration policy shall be reviewed at intervals to be determined by the Remuneration Committee. The policy shall at minimum be reviewed annually from the effective date.

b. Remuneration Awarded during Financial Year (REM1)

Pursuant to CG-5 Guideline on a Sound Remuneration System issued by the Hong Kong Monetary Authority, details of the remuneration for the Chief Executive, Senior Management and Key Personnel of the Group for the year are as follows:

Remuneration amount (HK\$ in thousands)		2025 <sup>Note 1</sup>		2024	
		Senior Management <sup>Note 2</sup>	Key Personnel <sup>Note 3</sup>	Senior Management	Key Personnel
Fixed remuneration	Number of employees	21	10	19	17
	Fixed remuneration				
	Cash-based	27,761	11,444	27,594	22,729
	Of which: deferred	-	-	-	-
Variable remuneration	Number of employees	20	8	18	14
	Variable remuneration				
	Cash-based	15,548	4,832	14,504	7,935
	Of which: deferred	4,544	226	4,003	670
<b>Total Remuneration</b> <sup>Note 4</sup>		43,309	16,276	42,098	30,664

<sup>Note 1</sup> The value of remuneration for 2025 is calculated based on the fixed and variable remuneration granted in 2025 financial year (i.e. performance year), while the 2025 final bonus amount to be granted in 2026 are not included as those will be determined in the second half of 2026.

<sup>Note 2</sup> (1) Two existing Senior Managements are newly appointed in 2025 and their remunerations are disclosed according to the period they assume such senior management role within the year.

(2) One Key personnel is appointed and later ceased as Senior Management in 2025. Her remuneration is disclosed according to the period she assumes such senior management role within the year.

(3) Two existing Senior Managements ceased to be appointed in 2025 and their remunerations are disclosed according to the period they assume such senior management role within the year.

(4) The disclosure amount refers to the remuneration earned for period of being a Chief Executive or Senior Management during the year.

<sup>Note 3</sup> (1) Eight existing Key Personnels are newly appointed in 2025 and their remuneration are disclosed according to the period they assume such key personnel roles within the year.

(2) Including fourteen cessation due to change of employee categorization, sixteen existing Key Personnels ceased to be appointed in 2025, and their remunerations are disclosed according to the period they assume such key personnel role within the year.

(3) The disclosure amount refers to the remuneration earned for period of being a Key Personnel during the year.

<sup>Note 4</sup> The number of employees disclosed in the above table is the total number of staff who had held the position any time during the year.

Fixed remuneration included employee's annual salary, allowance and pension contributions. Variable remuneration comprised of cash bonus payment only.

c. Special Payments (REM2)

No guaranteed bonus, sign-on bonus and severance payments were awarded or made to the Chief Executive, Senior Management and Key Personnel in 2024 and 2025.

d. Deferred Remuneration (REM3)

Deferred and retained remuneration (HK\$ in thousands)	Year 2025				
	Total amount of outstanding deferred remuneration <sup>Note 1</sup>	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year <sup>Note 2</sup>
Senior Management					
Cash	8,617	8,617	-	-	2,718
Key Personnel					
Cash	352	352	-	-	76
<b>Total</b>	<b>8,969</b>	<b>8,969</b>	<b>-</b>	<b>-</b>	<b>2,794</b>

Remark: Actual deferral is calculated based on the full amount of variable remuneration granted.

<sup>Note1</sup> Outstanding and unvested at the year-end in related to cash-based variable remunerations awarded both for performance year 2025 and for prior performance years, which included the total amount of amendment during the year due to ex post explicit or implicit adjustments, if any.

<sup>Note2</sup> Vested and paid out during the year in related to cash-based variable remunerations awarded both for the year 2025 (if any) and for prior performance years.

d. Deferred Remuneration (REM3) (continued)

Deferred and retained remuneration (HK\$ in thousands)	Year 2024				
	Total amount of outstanding deferred remuneration <sup>Note 3</sup>	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year <sup>Note 4</sup>
Senior Management					
Cash	6,368	6,368	-	-	1,932
Key Personnel					
Cash	1,222	1,222	-	-	526
<b>Total</b>	<b>7,590</b>	<b>7,590</b>	<b>-</b>	<b>-</b>	<b>2,458</b>

Remark: Actual deferral is calculated based on the full amount of variable remuneration granted.

<sup>Note3</sup> Outstanding and unvested at the year-end in related to cash-based variable remunerations awarded both for performance year 2024 and for prior performance years, which included the total amount of amendment during the year due to ex post explicit or implicit adjustments, if any.

<sup>Note4</sup> Vested and paid out during the year in related to cash-based variable remunerations awarded both for the year 2024 (if any) and for prior performance years.

Deferred remuneration comprised cash bonus depend on pre-defined vesting, service and/or performance conditions. If certain conditions are not fulfilled during the vested period, all or part of the unvested portion of the deferred remuneration should be foregone.

An amount of deferred variable remuneration for HK\$0 has been forfeited during the year of 2025. (2024: HK\$0).

## 16. Operational Risk

### a. General Information on Operational Risk Framework (ORA)

#### **Operational Risk Management Framework and Policies**

The Bank strictly adheres to regulatory requirements for operational risk management in establishing its operational risk management framework and policies. The Board of Directors holds ultimate responsibility for operational risk management. The Senior Management and the Operational Risk Committee are responsible for the implementation of the operational risk management framework, including the operational risk appetite and limits. Relevant departments fulfill their responsibilities in implementing the three lines of defense according to their management functions. A comprehensive risk data and information-sharing mechanism is established both within and between the three lines of defense. All business and support departments fulfilling the first line of defense functions are directly responsible for managing operational risks within their respective areas. Departments collectively fulfilling the second line of defense functions include Compliance and Legal Department, Risk Management Department, Human Resources Department, Financial Crime Compliance Department, General Administration Department, and Finance and Accounting Department. These departments respectively play the leading role in operational risk management and specific risk category management, guide and supervise the operational risk management of the first line of defense, continuously enhancing the consistency and effectiveness of operational risk management. The Internal Audit Department, forming the third line of defense, supervises and evaluates the effectiveness of the first and second lines of defense.

Following regulatory requirements for operational risk management, the Bank has established a comprehensive operational risk management process that includes risk identification, assessment, monitoring, control or mitigation, measurement, and reporting, and operational risk management policies and procedures have been set up, covering self-assessment of operational risks and controls, key operational risk indicators, operational risk event management, as well as operational risk capital measurement. The Bank has developed an operational risk management system, with operational risk management policy playing the leading role, the management rules of specific risk management tools as the main part, and detailed operational manuals as the supplement.

The Bank's Board of Directors is responsible for approving the basic regulations on internal control and ensuring the establishment and implementation of a robust and effective internal control system. Under the Board, the Board Risk Management Committee is responsible for overseeing risk management and internal controls. The Senior Management of the Bank is responsible for formulating systematic policies, procedures, and methodologies and adopting risk control measures. Under the Senior Management, a Risk Management and Internal Control Committee has been established to undertake internal control related duties. The Bank has Compliance and Legal Department responsible for taking lead to organize, promote, and coordinate internal controls across the Bank.

## a. General Information on Operational Risk Framework (ORA) (continued)

### **Operational Risk Measurement and Reporting**

The Bank's Operational Risk Capital Calculation System uses the Standardised Approach, supporting flexible configuration of Business Indicator mapping and automated capital measurement via embedded formulas. The Bank's operational risk event system facilitates end-to-end process for identification, collection, aggregation, treatment and storage of operational risk loss data, adhering to documented policies, procedures and controls to ensure high-quality data for capital calculation. This includes processes of approval, data verification, event classification aligned with regulatory categories, and regular independent reviews. The system can automatically count the operational risk loss data included in the measurement scope and use it to calculate the internal loss multiplier.

In accordance with regulatory requirements and the Bank's management policy, the responsibility for operational risk management ultimately rests with the Board. The scope of operational risk management matters reported to the Board or its delegated committee primarily includes: the operational risk management framework and the overall operational risk management policy; the operational risk appetite and tolerance statement; operational risk management reports.

The Senior Management is responsible for implementing the operational risk management framework. The scope of operational risk management matters reported to the Senior Management, its Risk Management and Internal Control Committee and the Operational Risk Committee mainly includes: operational risk management policies, procedures, and specific operational guidelines; operational risk appetite and limit implementation status; overall status of the Bank's operational risk management; operational risk management reports.

### **Operational Risk Mitigation**

The Bank advocates its risk culture of "Prudence, Compliance, Check and balance, Open and effective communication", and communicates to all staff the operational risk appetite, operational risk management policy, as well as the roles, responsibilities, and authorities of relevant departments and individuals. The Bank follows risk appetite management requirements, continuously monitoring the operational risk appetite and limit indicators. The Bank uses operational risk and control self-assessment, key operational risk indicator monitoring, operational risk event management, loss data collection and other management tools to identify and assess inherent risks and effectiveness of control measures based on the operational risk appetite, determine the residual operational risk and its level, formulate and improve control measures, and adopt mitigation measures such as insurance and business outsourcing to reduce operational risk exposure. The Bank regularly enhances operational risk management tools and continuously strengthens operational risk control.

b. Historical Losses (OR1)

		(HK\$'000)										
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		31/12/2025	31/12/2024	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016	Average
<b>Using HKD200,000 threshold</b>												
1	Total amount of operational losses net of recoveries (no exclusions)	1,274	0	283	634	21,032	2,095	6,325	3,115	295	519	3,557
2	Total number of operational risk losses	4	0	2	1	2	2	6	1	1	1	2
3	Total amount of excluded operational risk losses	0	0	0	0	0	0	0	0	0	0	0
4	Total number of exclusions	0	0	0	0	0	0	0	0	0	0	0
5	Total amount of operational losses net of recoveries and net of excluded losses	1,274	0	283	634	21,032	2,095	6,325	3,115	295	519	3,557

b. Historical Losses (OR1) (continued)

		(HK\$'000)										
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		31/12/2025	31/12/2024	31/12/2023	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016	Average
<b>Using HKD1 million threshold</b>												
6	Total amount of operational losses net of recoveries (no exclusions)	0	0	0	0	20,700	1,511	5,219	3,115	0	0	3,055
7	Total number of operational risk losses	0	0	0	0	1	1	3	1	0	0	1
8	Total amount of excluded operational risk losses	0	0	0	0	0	0	0	0	0	0	0
9	Total number of exclusions	0	0	0	0	0	0	0	0	0	0	0
10	Total amount of operational losses net of recoveries and net of excluded losses	0	0	0	0	20,700	1,511	5,219	3,115	0	0	3,055

b. Historical Losses (OR1) (continued)

<b>Details of operational risk capital charge calculation</b>		
11	Are losses used to calculate the ILM (yes/no)?	yes
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	N/A
13	Loss event threshold: HKD200,000 or HKD 1 million for the operational risk capital charge calculation if applicable	HKD200,000

This is the initial disclosure of operational risk losses in accordance with this template. No other material information requiring specific disclosure was identified during the reporting period.

c. Business Indicator and Business Indicator Components Breakdown (OR2)

		(HK\$'000)		
		(a)	(b)	(c)
	BI and its subcomponents	31/12/2025	31/12/2024	31/12/2023
1	Interest, leases and dividend component	10,596,394		
1a	Interest and leases income	36,074,840	41,311,944	40,688,562
1b	Interest and leases expenses	25,392,320	30,692,796	30,244,422
1c	Interest earning assets	965,735,313	907,893,442	880,903,997
1d	Dividend income	12,041	7,797	23,537
2	Services component	2,661,238		
2a	Fee and commission income	2,482,549	2,235,134	2,078,727
2b	Fee and commission expenses	1,298,955	1,060,116	786,959
2c	Other operating income	342,774	426,108	418,421
2d	Other operating expenses	250,894	263,995	247,220
3	Financial component	2,150,483		
3a	Net P&L on trading book	1,232,793	1,419,154	1,317,577
3b	Net P&L on banking book	(200,262)	(941,157)	(1,340,505)
4	BI	15,408,115		
5	Business indicator component (BIC)	2,011,217		

		(HK\$'000)
		(a)
6a	BI gross of excluded divested businesses and activities	15,408,115
6b	Reduction in BI due to excluded divested businesses and activities	0

This is the initial disclosure of business indicator (BI) and BI components breakdown in accordance with this template. No divested business or activities were excluded from the calculation of BI.

d. Minimum Operational Risk Capital Requirement (OR3)

		(HK\$'000)
		(a)
1	Business indicator component (BIC)	2,011,217
2	Internal loss multiplier (ILM)	0.57
3	Minimum operational risk capital requirement	1,146,394
4	Total RWA for operational risk	14,329,925

17. Asset Encumbrance

Asset Encumbrance (ENC)

	(HK\$'000)		
	(a)	(b)	(c)
	<b>Encumbered assets</b>	<b>Unencumbered assets</b>	<b>Total</b>
<b>Assets</b>			
Cash and balances with banks and other financial institutions	-	25,779,772	25,779,772
Placements with banks and other financial institutions	-	194,696,711	194,696,711
Derivative financial instruments	-	11,279,150	11,279,150
Advances and other accounts	-	454,149,801	454,149,801
Financial investments	14,832,291	270,035,708	284,867,999
Investment in associates	-	127,140	127,140
Investment in subsidiaries	-	5,870,082	5,870,082
Goodwill and other intangible assets	-	991,259	991,259
Investment properties	-	194,300	194,300
Property, plant and equipment	-	1,706,326	1,706,326
Current income tax assets	-	-	-
Deferred income tax assets	-	1,728,456	1,728,456
Other assets	-	11,180,953	11,180,953
<b>Total assets</b>	<b>14,832,291</b>	<b>977,739,658</b>	<b>992,571,949</b>

## 18. 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 oversea 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 Group's international claims by location and by type of counterparty is as follows:

	<b>Banks</b>	<b>Official sector</b>	<b>Non-bank private sector</b>		<b>Total</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>	<b>Non-bank financial institutions</b>	<b>Non-financial private sector</b>	<b>HK\$ million</b>
			<b>HK\$ million</b>	<b>HK\$ million</b>	
<b>31 December 2025</b>					
Developed countries	<b>39,193</b>	<b>16,499</b>	<b>10,405</b>	<b>53,366</b>	<b>119,463</b>
Offshore centers	<b>49,623</b>	<b>49,200</b>	<b>26,980</b>	<b>320,998</b>	<b>446,801</b>
Developing Europe	<b>123</b>	-	-	-	<b>123</b>
Developing Latin America and Caribbean	<b>70</b>	-	-	<b>112</b>	<b>182</b>
Developing Africa and Middle East	<b>4,291</b>	-	-	<b>842</b>	<b>5,133</b>
Developing Asia-Pacific, of which	<b>193,241</b>	<b>35,880</b>	<b>31,385</b>	<b>120,210</b>	<b>380,716</b>
—Mainland China	<b>187,041</b>	<b>35,622</b>	<b>31,200</b>	<b>117,191</b>	<b>371,054</b>
—Others	<b>6,200</b>	<b>258</b>	<b>185</b>	<b>3,019</b>	<b>9,662</b>
International organizations	-	<b>6,004</b>	-	-	<b>6,004</b>
	<b>286,541</b>	<b>107,583</b>	<b>68,770</b>	<b>495,528</b>	<b>958,422</b>

## 18. International Claims (continued)

	Banks HK\$ million	Official sector HK\$ million	Non-bank private sector Non-bank financial institutions HK\$ million	Non-financial private sector HK\$ million	Total 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

## 19. Loan and Advances to Customers Analysed by Industry Sectors

	<b>31 Dec 2025</b>	<b>31 Dec 2025</b>	31 Dec 2024	31 Dec 2024
	<b>Gross</b>	<b>% of secured</b>	Gross	% of secured
	<b>advances</b>	<b>advances</b>	advances	advances
	<b>HK\$'000</b>		HK\$'000	
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	<b>32,870,397</b>	<b>14.20%</b>	53,509,336	33.78%
- Property investment	<b>28,629,476</b>	<b>34.14%</b>	30,444,394	62.48%
- Financial concerns	<b>22,439,232</b>	<b>0.00%</b>	19,671,974	0.00%
- Stockbrokers	<b>1,545,893</b>	<b>0.00%</b>	1,048,946	0.00%
- Wholesale and retail trade	<b>5,072,907</b>	<b>14.80%</b>	4,188,764	40.71%
- Civil engineering works	<b>831,786</b>	<b>20.07%</b>	4,125,594	5.63%
- Manufacturing	<b>3,871,468</b>	<b>10.16%</b>	2,310,712	24.07%
- Transport and transport equipment	<b>17,976,653</b>	<b>21.24%</b>	18,603,226	25.72%
- Electricity and gas	<b>18,735,231</b>	<b>0.00%</b>	17,436,319	0.00%
- Information technology	<b>16,962,745</b>	<b>0.32%</b>	7,883,538	0.79%
- Hotels, boarding houses and catering	<b>1,909,445</b>	<b>36.77%</b>	3,856,803	19.07%
- Recreational activities	<b>203,000</b>	<b>0.00%</b>	175,000	0.00%
- Others	<b>39,749,216</b>	<b>5.62%</b>	30,681,305	15.81%
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	<b>225,069</b>	<b>98.08%</b>	226,885	98.57%
- Loans for the purchase of other residential properties	<b>85,161,681</b>	<b>98.74%</b>	78,076,415	98.63%
- Credit card advances	<b>422,194</b>	<b>0.00%</b>	438,458	0.00%
- Others	<b>22,834,558</b>	<b>95.32%</b>	22,342,293	94.97%
Trade finance	<b>6,142,004</b>	<b>4.41%</b>	9,736,459	5.74%
Loans for use outside Hong Kong	<b>141,078,177</b>	<b>14.36%</b>	134,449,527	18.62%
	<b><u>446,661,132</u></b>	<b><u>33.39%</u></b>	<b><u>439,205,948</u></b>	<b><u>39.63%</u></b>

19. 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:

	<b>31 Dec 2025</b>	31 Dec 2024
	<b>HK\$'000</b>	HK\$'000
Loans for use outside Hong Kong		
Individually impaired loans	<b>2,558,979</b>	2,818,397
Overdue loans and advances over three months	<b>2,558,428</b>	2,817,370
Lifetime ECL credit-impaired	<b>1,730,903</b>	2,099,839
Lifetime ECL not credit-impaired	<b>3,323,368</b>	1,460,510
12-month ECL	<b>1,273,540</b>	1,928,855
New impairment allowances charged to income statement	<b>1,414,688</b>	(124,561)
Impaired loans and advances written off during the year	<b>576,081</b>	369,845
Loans for use in Hong Kong		
Individuals		
Loans for the purchase of other residential properties		
Individually impaired loans	<b>67,842</b>	12,041
Overdue loans and advances over three months	<b>10,658</b>	11,857
Lifetime ECL credit-impaired	<b>1,613</b>	1,362
Lifetime ECL not credit-impaired	<b>8,490</b>	10,538
12-month ECL	<b>54,740</b>	193,219
New impairment allowances charged/ (credited) to income statement	<b>(140,276)</b>	110,266
Impaired loans and advances written off during the year	-	-

## 20. 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:

	<b>Gross advances to customers</b>	<b>Overdue advances for over three months</b>	<b>Impaired loans and advances</b>	<b>Lifetime ECL credit impaired</b>	<b>Non-credit impaired ECL</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>31 December 2025</b>					
<b>Hong Kong</b>	<b>317,541,766</b>	<b>3,361,060</b>	<b>3,559,711</b>	<b>2,422,260</b>	<b>4,045,816</b>
<b>Mainland China</b>	<b>109,778,150</b>	<b>2,182,054</b>	<b>2,182,054</b>	<b>1,434,509</b>	<b>2,938,590</b>
<b>Macau</b>	<b>169,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206</b>
<b>Asia Pacific Region (excluding Hong Kong, Mainland China and Macau)</b>	<b>4,384,746</b>	<b>1,175</b>	<b>1,175</b>	<b>1,175</b>	<b>269,427</b>
<b>Others</b>	<b>14,787,119</b>	<b>3,404</b>	<b>-</b>	<b>8,191</b>	<b>152,601</b>
<b>Total</b>	<b>446,661,132</b>	<b>5,547,693</b>	<b>5,742,940</b>	<b>3,866,135</b>	<b>7,406,640</b>
	<b>Gross advances to customers</b>	<b>Overdue advances for over three months</b>	<b>Impaired loans and advances</b>	<b>Lifetime ECL credit impaired</b>	<b>Non-credit impaired ECL</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>31 December 2024</b>					
<b>Hong Kong</b>	<b>302,961,221</b>	<b>2,750,759</b>	<b>3,410,850</b>	<b>2,057,735</b>	<b>2,642,632</b>
<b>Mainland China</b>	<b>118,641,739</b>	<b>2,845,243</b>	<b>2,845,418</b>	<b>2,189,599</b>	<b>2,655,844</b>
<b>Macau</b>	<b>88,699</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>248</b>
<b>Asia Pacific Region (excluding Hong Kong, Mainland China and Macau)</b>	<b>4,447,368</b>	<b>1,175</b>	<b>1,175</b>	<b>1,175</b>	<b>206,839</b>
<b>Others</b>	<b>13,066,921</b>	<b>58</b>	<b>-</b>	<b>8,702</b>	<b>380,203</b>
<b>Total</b>	<b>439,205,948</b>	<b>5,597,235</b>	<b>6,257,443</b>	<b>4,257,211</b>	<b>5,885,766</b>

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.

## 21. 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.

<b>31 December 2025</b>	<b>On-balance sheet exposure HK\$'000</b>	<b>Off-balance sheet exposure HK\$'000</b>	<b>Total exposures HK\$'000</b>
Type of counterparties			
(a) Central government, central government owned entities and their subsidiaries and JVs	<b>151,908,465</b>	<b>22,298,679</b>	<b>174,207,144</b>
(b) Local government, local government owned entities and their subsidiaries and JVs	<b>56,286,603</b>	<b>3,595,356</b>	<b>59,881,959</b>
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	<b>76,462,980</b>	<b>39,955,672</b>	<b>116,418,652</b>
(c)(i) Of which, PRC nationals residing in Mainland China or entities beneficially owned by Mainland interest	<b>70,458,397</b>	<b>39,788,522</b>	<b>110,246,919</b>
(d) Other entities of central government not reported in item (a) above	<b>4,892,547</b>	<b>1,602,305</b>	<b>6,494,852</b>
(e) Other entities of local government not reported in item (b) above	-	-	-
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	<b>882,530</b>	<b>3,000</b>	<b>885,530</b>
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<b>3,016,283</b>	<b>854,182</b>	<b>3,870,465</b>
	<b>293,449,408</b>	<b>68,309,194</b>	<b>361,758,602</b>

## 21. 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

## 22. 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.

	USD	RMB	Other foreign currencies	Total
<b>31 December 2025</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Non-structural position				
Spot assets	303,818,609	248,308,885	72,166,353	624,293,847
Spot liabilities	(327,089,799)	(214,293,763)	(41,962,518)	(583,346,080)
Forward purchases	386,377,153	215,241,071	38,289,941	639,908,165
Forward sales	(391,145,641)	(246,115,653)	(68,597,592)	(705,858,886)
Net option position	(1,318,371)	497,127	121,871	(699,373)
Net (short)/long position	(29,358,049)	3,637,667	18,055	(25,702,327)
Net structural position	213,569	18,550,563	-	18,764,132

	USD	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 overseas subsidiary Chinese Mercantile Bank.

### 23. Off-balance Sheet Exposures

Note 41.1 of the 2025 consolidated financial statements of the Group lists out a summary of the contractual amounts of each significant contingent liability and commitments.

For the year ended 31 December 2025, the total credit risk weighted amount of contingent liabilities and commitments is HKD 55,798 million (2024: HKD 40,037 million).

### 24. Analysis of Fees and Commission Income

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

### 25. Overdue Advances to Customers and Banks and Other Overdue Assets

For details, please refer to Notes 23.2 and 23.3 of the 2025 consolidated financial statements of the Group.

### 26. Rescheduled Exposures

For details, please refer to Note 23.4 of the 2025 consolidated financial statements of the Group.

### 27. Repossessed Assets

For details, please refer to Note 23.5 of the 2025 consolidated financial statements of the Group.