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

Banking Disclosure Statement
For the period ended
31 December 2025

(Unaudited)

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

Introduction

Purpose

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

These banking disclosures are governed by the Group's disclosure policy, which has been approved by the Board. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the banking disclosure statement is not required to be externally audited, the document has been subject to independent review in accordance with the Group's policies on disclosure and its financial reporting and governance processes.

Basis of preparation

Except where indicated otherwise, the financial information contained in this Banking Disclosure Statement has been prepared on the basis of the regulatory scope of consolidation specified by the HKMA to the Bank. The basis of consolidation for regulatory purposes is different from that for accounting purposes.

The banking disclosure statement

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

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

Table OVA: Overview of risk management

The Group has established a risk governance and management framework in line with the requirements set out by the HKMA and other regulators. This framework is built around a structure that enables the Board and Senior Management to discharge their risk management-related responsibilities with appropriate delegation and checks and balances. These responsibilities include defining risk appetite in accordance with the Group's business strategies and objectives, formulating risk policies that govern the execution of those strategies, and establishing procedures and limits for the approval, control, monitoring, and remedy of risks.

The Risk Committee stands at the highest level of the Group's risk governance structure below the Board. The Risk Committee provides direct oversight over the formulation of the Group's risk appetite, and sets the levels of risk that the Group is willing to undertake with regard to its financial capacity, strategic direction, prevailing market conditions, and regulatory requirements.

The Group faces a variety of risks that could affect its reputation, operations, and financial conditions. Under the Enterprise Risk Management ("ERM") framework, the principal risks include credit risk, interest rate risk, market risk, liquidity risk, operational risk, reputation risk, strategic risk, legal risk, compliance risk and technology risk.

The Group reviews the risk profile through regular assessments of both qualitative and quantitative risk factors to determine its tolerance of prevailing risk levels against the applicable risk appetites annually approved by the Board.

The Risk Committee also ensures that the Group's risk appetite is reflected in the policies and procedures that Senior Management adopts to execute their business functions. Through the Group's management committees, including the Crisis Management Committee, Risk Management Committee, Credit Committee, Asset and Liability Management Committee, and Operational Risk Management Committee – and with overall co-ordination by the Risk Management Division – the Risk Committee regularly reviews the Group's risk management framework and ensures that all important risk-related tasks are performed according to established policies and with appropriate resources.

The Group has adopted the "Three Lines of Defence" risk management structure to ensure that roles and responsibilities in regard to risk management within the Group are clearly defined.

The first line of defence comprises the Risk Owners, who are heads of business units or supporting units of the Bank Group, together with staff under their management. They are primarily responsible for the day-to-day risk management of their units, including establishing and executing specific risk control mechanisms and detailed procedures.

The second line of defence consists of the Risk Controllers who are designated staff responsible for setting out a risk management governance framework, monitoring risks independently and supporting the management committees in their oversight of risk management for the Bank Group.

The third line of defence is the Internal Audit Division, which is responsible for providing assurance as to the effectiveness of the Group's risk management framework including risk governance arrangements.

The Group is committed to fostering strong risk culture embedded with risk ownership, accountability and awareness of all staff. Such environment for risk management is cultivated by both "top-down" and "bottom-up" channels.

"Top-down" channel is reflected in the Board's approval of the Risk Appetite Statement to define the risk tolerance for the Group, so that risk policies and limits can be designed specifically and accordingly. These policies and limits are accessible by all staff on internal electronic platform.

Table OVA: Overview of risk management (continued)

“Bottom-up” channel is reinforced by staff’s awareness of adherence to risk policies and limits, avoidance of excessive risk-taking, and regular information reporting on different risk areas to the Management Committees, the Risk Committee and the Board.

To provide the Board and Senior Management with a clear view of the Group’s exposures to different risk types, information on both quantifiable and non-quantifiable risks is reported to the Management Committees, the Risk Committee and the Board at pre-determined schedule for review and discussion. The Group’s enterprise risk management framework helps define the scope of risk information, such that those of asset quality, liquidity, profitability, portfolio mix, capital adequacy etc. on Group level and functional unit level are relevant. The information is analysed with regard to factors such as the Group’s risk profile, risk management strategies and market statistics.

The Group maintains risk management systems to measure and monitor exposures, identify areas of high risk, and ensure that the magnitude of risk is within the tolerance level. In particular, the credit, market and operational risk management systems are also used for assessing the capital adequacy. Their features are as follows:

(a) Credit risk measurement system

The Group has established policies, procedures, and rating systems to identify, measure, monitor, control, and report on credit risk. In this connection, guidelines for management of credit risk have been laid down in the Group’s Credit Risk Management Manual. These guidelines stipulate delegated lending authorities, credit underwriting criteria, a credit monitoring process, an internal rating structure, credit recovery procedures and a provisioning policy. They are reviewed and enhanced on an ongoing basis to cater for market changes, statutory requirements, and best practices in risk management processes.

The Group’s credit risk management for the major types of credit risk is depicted as follows:

(i) Corporate and bank credit risk

The Group has laid down policies and procedures to evaluate the potential credit risk of a particular counterparty or transaction and to approve the transaction. For corporate and bank customers, the Group has different internal rating systems that are applied to each counterparty. For exposure classified as Specialised Lending in particular, supervisory slotting criteria are used. To monitor concentration risk, the Group has preset limits for exposures to individual industries and for borrowers and groups of borrowers. The Group also has a review process to ensure that the level of review and approval is proper and will depend on the size of the facility and rating of the credit.

The Group undertakes on-going credit analysis and monitoring at several levels. The policies are designed to promote early detection of counterparty, industry or product exposures that require special monitoring. The overall portfolio risk as well as individual impaired loans and potential impaired loans are monitored on a regular basis.

(ii) Retail credit risk

The Group's retail credit policy and approval process are designed for the fact that there are high volumes of relatively homogeneous and small value transactions in each retail loan category. The design of internal rating system and formulation of credit policies are primarily based on the demographic factors and the loss experience of the loan portfolios. The Group monitors its own and industry experience to determine and periodically revise product terms and desired customer profiles.

(iii) Credit for treasury transactions

The credit risk of the Group's treasury transactions is managed in the same way as the Group manages its corporate and bank lending risk. The Group applies an internal rating system to its counterparties and sets individual counterparty limits.

(iv) Credit–related commitment

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans.

Table OVA: Overview of risk management (continued)

(b) Market risk measurement system

The Group has formulated market risk management policy to identify, measure, monitor, control, and report on the market risk, where appropriate, to allocate adequate capital to cover those risks. The market risk management policy and core control limits are approved by the Board and are monitored and regularly reviewed to align with market changes, statutory requirements, and best practices in risk management processes.

For measuring and monitoring of market risk, market risk analysis is conducted on different dimensions, such as by risk factors, by regions, by currencies in the form of potential loss and impact to capital adequacy. Risk limits and management action triggers are set with reference to the nature, volume of transaction and risk appetite of the Bank. Multiple systems are employed to facilitate the calculation, measurement and analysis of market risk.

Hedging and risk mitigation are performed corresponding to the market risk exposures. Various strategies, including the use of traditional market instruments, such as interest rate swaps, or dynamic hedging are adopted by the Bank according to the complexity of the corresponding portfolio.

The effectiveness of the hedging results would be independently monitored by various risk management functions.

(c) Operational risk measurement system

Under the existing risk management framework, operational risk is monitored on a Bank Group basis. All operational risk incidents are captured in a centralised database. MIS reports with analysis of operational losses by event types, comparatives figures of current and prior period, etc. are presented to Operational Risk Management Committee on a regular basis. Amongst others, frequency and severity of operational risk incidents are key measurement to assess the operational risk profile of the Bank Group.

A centralised operational risk management function, Operational & Technology Risk Management Department under the Risk Management Division, is responsible for coordinating the establishment / development of standard tools to identify, assess, monitor and report the operational risk inherent in the material products, activities, processes and systems of the Bank Group. A documented set of process / procedures for control and mitigation of operational risk is in place to keep pace with the growth / changes in business activities (e.g. new products / markets, business expansion) and infrastructure of the Bank Group. For identified operational risk, appropriate measures will be taken to determine if the Bank Group should accept the risk, control / mitigate the risk, transfer the risk (such as taking out of insurance policies) or avoid the risk (by withdrawing completely from the business activity).

Stress testing is an integral part of the Group's risk management. The Group regularly performs stress-tests on the principal risks, where appropriate, covering the Group's major portfolios such as lending and investments. Various stress testing methodologies and techniques including sensitivity tests, scenario analyses and reverse stress testing are adopted to assess the potential impact of stressed business conditions (including hypothetical situations such as a significant economic downturn in major markets) on the Group's financial positions, in particular, capital adequacy, profitability, and liquidity. Whenever necessary, a prompt management response will be developed and executed to mitigate potential impacts.

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Template KM1 - Key prudential ratios

(HK$ million)		31 Dec 2025	30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	89,632	88,550	87,295	86,995	85,828
2 & 2a	Tier 1[1]	89,632	93,571	92,316	92,016	90,849
3 & 3a	Total capital	101,971	106,514	105,228	109,466	108,372
	RWA (amount)					
4	Total RWA	362,185	366,371	367,954	360,278	486,099
4a	Total RWA (pre-floor)	362,185	366,371	367,954	360,278	N/A
	Risk-based regulatory capital ratios (as a percentage of RWA)[2]					
5 & 5a	CET1 ratio (%)	24.75%	24.17%	23.72%	24.15%	17.66%
5b	CET1 ratio (%) (pre-floor ratio)	24.75%	24.17%	23.72%	24.15%	N/A
6 & 6a	Tier 1 ratio (%)	24.75%	25.54%	25.09%	25.54%	18.69%
6b	Tier 1 ratio (%) (pre-floor ratio)	24.75%	25.54%	25.09%	25.54%	N/A
7 & 7a	Total capital ratio (%)	28.15%	29.07%	28.60%	30.38%	22.29%
7b	Total capital ratio (%) (pre-floor ratio)	28.15%	29.07%	28.60%	30.38%	N/A
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.320%	0.318%	0.325%	0.313%	0.305%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	2.820%	2.818%	2.825%	2.813%	2.805%
12	CET1 available after meeting the AI's minimum capital requirements (%)	18.75%	19.54%	19.09%	19.54%	12.69%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	948,592	931,458	920,460	892,886	928,662
13a	LR exposure measure based on mean values of gross assets of SFTs	954,185	927,871	918,244	900,541	N/A
14, 14a & 14b	LR (%)	9.45%	10.05%	10.03%	10.31%	9.78%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	9.39%	10.08%	10.05%	10.22%	N/A
	Liquidity Coverage Ratio (LCR)					
15	Total high quality liquid assets (HQLA)[3]	112,555	105,124	101,479	100,782	102,108
16	Total net cash outflows	61,968	62,045	57,708	53,710	50,696
17	LCR (%)	182.75%	169.66%	176.45%	190.32%	204.62%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	628,821	612,573	610,404	598,792	594,979
19	Total required stable funding	499,062	498,214	489,716	474,630	471,563
20	NSFR (%)	126.00%	122.95%	124.64%	126.16%	126.17%

[1] Compared to 30 September 2025, the decrease in the Tier 1 capital on 31 December 2025 was mainly due to the redemption of a US$650 million Additional Tier 1 capital instrument in October 2025.
[2] Compared to 2024, the increase in capital ratios in 2025 was mainly due to the decrease in RWA resulting from the implementation of the Basel III final reform effective on 1 January 2025. The pre-floor ratio is a new requirement under the Basel III final reform.
[3] The movement of total high quality liquid assets (HQLA) between the periods was mainly contributed by the fluctuation in the average holding of central bank reserve and exchange funds bills and notes in level 1 HQLA.

Template OV1: Overview of RWA

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 31 December 2025 and 30 September 2025 respectively:

		(a)	(b)	(c)
		RWA		Minimum capital requirements[1]
(HK$ million)		December 2025	September 2025	December 2025
1	**Credit risk for non-securitization exposures**	**309,761**	**314,773**	**24,781**
2	Of which STC approach	34,791	39,679	2,783
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	216,454	214,587	17,316
4	Of which supervisory slotting criteria approach	12,795	16,526	1,024
5	Of which advanced IRB approach	0	0	0
5a	Of which retail IRB approach	26,835	26,568	2,147
5b	Of which specific risk-weight approach	18,886	17,413	1,511
6	**Counterparty credit risk and default fund contributions**	**3,595**	**3,256**	**287**
7	Of which SA-CCR approach	3,092	3,104	247
7a	Of which CEM	0	0	0
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	503	152	40
10	CVA risk	1,189	1,255	95
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	1,788	1,682	143
13	CIS exposures – mandate-based approach	281	344	23
14	CIS exposures – fall-back approach	8	78	1
14a	CIS exposures – combination of approaches	0	0	0
15	Settlement risk	0	0	0
16	**Securitization exposures in banking book**	**0**	0	**0**
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0
20	**Market risk**	**8,520**	**9,428**	**682**
21	Of which STM approach	8,520	9,428	682
22	Of which IMA	0	0	0
22a	Of which SSTM approach	0	0	0
23	Capital charge for moving exposures between trading book and banking book	0	0	0
24	Operational risk	26,808	25,999	2,145
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	12,833	12,514	1,026
26	Output floor level applied	50%	50%	
27	Floor adjustment (before application of transitional cap)	0	0	
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	**Deduction to RWA**	**2,598**	**2,958**	**208**
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	0	0
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	2,598	2,958	208
29	**Total**	**362,185**	**366,371**	**28,975**

1. Minimum capital requirement represents the amount of capital required to be held for that risk based on its RWAs multiplied by 8%.

Template PV1: Prudent valuation adjustments

The following table shows a detailed breakdown of the constituent elements of valuation adjustment that have not been taken into account in the calculation of the amount of the Group's retained earnings or other disclosed reserves as at 31 December 2025:

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	(HK$ million)	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	*Mid-market value*	-	-	-	-	-	-	-	-
3	*Close-out costs*	-	-	-	-	-	-	-	-
4	*Concentration*	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
12	**Total adjustments**	-	-	-	-	-	-	-	-

Valuation adjustments are made for assets measured at fair value either through marked to market or marked to model, including non-derivative and derivative instruments. The Group has taken the following elements of valuation adjustment into consideration and makes adjustments, if any, in accordance with the Group's valuation process:

- Mid-market value – covering bid-offer adjustment on equity derivatives, interest rate swap and credit derivatives
- Close-out costs – covering bid-offer adjustment on futures contracts and foreign exchange contracts
- Concentration – covering liquidity valuation adjustment on equities, bonds and credit derivatives
- Model risk – covering valuation adjustment on structured products

Currently, the elements other than those mentioned above are not considered in the valuation process in the view that the risk and financial impact involved are considered to be insignificant when compared to the market valuation adjustments mentioned above.

Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The following table shows the differences between the carrying values as reported in the Group's financial statements following the scope of accounting consolidation and the carrying values under the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items at 31 December 2025:				
(HK$ million)	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with banks	53,994	53,952	53,952	-	-	-	-
Placements with and advances to banks (Note 1)	31,647	31,456	31,456	5,288	-	-	-
Trade bills	3,444	3,444	3,444	-	-	-	-
Trading assets	582	582	-	-	-	582	-
Derivative assets (Note 2)	3,111	3,111	-	3,111	-	3,067	-
Loans and advances to customers	543,235	543,011	543,011	-	-	-	-
Investment securities (Note 1)	208,419	208,359	208,359	127	-	-	-
Investments in subsidiaries	-	1,974	1,974	-	-	-	-
Investments in associates and joint ventures	9,137	5,196	5,196	-	-	-	-
Fixed assets							
- Investment properties	5,832	6,030	6,030	-	-	-	-
- Other properties and equipment	5,718	5,625	5,625	-	-	-	-
- Right-of-use assets	670	670	670	-	-	-	-
Goodwill and intangible assets	3,052	2,687	-	-	-	-	2,687
Deferred tax assets	2,005	2,005	-	-	-	-	2,005

Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items at 31 December 2025:				
(HK$ million)	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Other assets							
- Assets held for sale	15	15	15	-	-	-	-
- Others	50,132	49,473	49,311	162	-	-	-
Total Assets	**920,993**	**917,590**	**909,043**	**8,688**	**-**	**3,649**	**4,692**
Liabilities							
Deposits and balances of banks (Note 1)	9,307	9,307	-	125	-	-	9,182
Deposits from customers	706,579	706,579	-	-	-	-	706,579
Trading liabilities	-	-	-	-	-	-	-
Derivatives liabilities (Note 2)	2,854	2,854	-	2,854	-	2,796	-
Certificates of deposit issued	23,034	23,034	-	-	-	-	23,034
Current taxation	2,282	2,270	-	-	-	-	2,270
Debt securities issued	-	-	-	-	-	-	-
Deferred tax liabilities	818	801	-	-	-	-	801
Other liabilities							
- Liabilities held for sale	-	-	-	-	-	-	-
- Others	50,425	51,079	-	-	-	-	51,079
Loan capital - at amortised cost	20,063	20,063	-	-	-	-	20,063
Total Liabilities	**815,362**	**815,987**	**-**	**2,979**	**-**	**2,796**	**813,008**

Note 1: As the SFTs create both on-balance and off-balance exposures which are subject to both credit risk and counterparty credit risk frameworks, the amount shown in column (b) does not equal to the sum of the amounts shown in columns (c) and (d).

Note 2: As the assets / liabilities arising from derivative contracts under the trading book are marked to market and subject to the risk that the counterparty may default its contractual obligations, the assets / liabilities are subject to both the market risk capital charge and the counterparty credit risk capital charge. Therefore, the amount shown in column (b) does not equal to the sum of the amounts shown in columns (d) and (f).

Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The following table shows the main sources of differences between the carrying values in financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation:

At 31 December 2025:

		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
	(HK$ million)		credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)**	912,898	909,043	-	8,688	3,649
2	- Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)	2,979	-	-	2,979	2,796
3	Total net amount under regulatory scope of consolidation	909,919	909,043	-	5,709	853
4	Off-balance sheet amounts	389,540	57,777	-	-	-
5	Differences due to consideration of provisions		5,601	-	-	-
6	Differences due to credit risk mitigation		(4,327)	-	-	-
7	Differences due to potential exposures for counterparty credit risk		-	-	1,967	-
8	**Exposure amounts considered for regulatory purposes**	976,623	968,094	-	7,676	853

Template LIA: Explanations of differences between accounting and regulatory exposure amounts

The following table describes the sources of differences from financial statements amounts to regulatory exposure amounts, as displayed in templates LI1 and LI2:

(a) Differences between the amounts in columns (a) and (b) in template LI1	The basis of consolidation for regulatory purposes is different from the basis of consolidation for accounting purposes. Subsidiaries included in consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with Section 3C of the Capital Rules. Subsidiaries not included in consolidation for regulatory purposes are non-financial companies and the securities and insurance companies that are authorised and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorized institutions under the Capital Rules and the Banking Ordinance.
(b) The main drivers for the differences between accounting values and amounts considered for regulatory purposes shown in template LI2	The differences are mainly attributable to the following factors: - The carrying values reported in the financial statements are after deduction of impairment allowances while the exposure amounts for regulatory purposes are before deducting impairment allowances (except for exposures under Standardised Approach of credit risk from which impairment allowances at Stage 3 made against the exposures are deducted); - The exposure amounts for regulatory purposes are after the adjustment for the capital effect of recognized credit risk mitigation on the principal amounts; - Counterparty credit risk exposures for regulatory purposes consist of both the current exposures and the potential exposures which are derived by applying the credit conversion factor (CCF) to the notional principal of the transactions or contracts.
(c) Systems and controls applied to assets valuation	In order to ensure that the valuation estimates are prudent and reliable, the Group has implemented the following valuation processes and methodologies: <u>Independent Price Verification</u> As part of the control process, market prices or model inputs used in the valuation process are either determined or validated by an independent function. Fair values of financial instruments are determined with reference to external quoted market prices or observable model inputs and validated against secondary sources when appropriate. For fair values that are determined through valuation models, the control process may include validation of the logics, inputs, and outputs by an independent function, and evaluation of any adjustments required on top of the valuation models. Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group measures fair values using the following hierarchy of methods: Level 1 – Quoted market price in an active market for an identical instrument. Level 2 – Valuation techniques based on observable input. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Template LIA: Explanations of differences between accounting and regulatory exposure amounts (continued)

	Valuation adjustments Valuation adjustment will be applied on instruments that are subject to fair value measurement with residual market risk, where significant valuation uncertainty and financial impact may arise. The Bank considers that the following valuation adjustments are relevant. (i) Bid offer adjustment: For the fixed income, credit derivatives and interest rate derivatives portfolio, two types of instruments, namely interest rate futures and credit default swap, would be adjusted to the prudent side of the bid offer close-out price. Regarding other types of instruments such as interest rate swap and cross currency swap which have no specific hedging purpose, the adjustment would be derived from the duration. For the equities and equity derivatives portfolio, bid offer adjustment would be applied to volatility dependent derivatives instruments based on the outstanding Vega position. Adjustments are made per underlying equity, based on the bid offer spread of implied volatility observed from the listed derivatives market. Bid offer adjustment is not performed for cash equity instruments in the dynamic hedging portfolio that are being marked at the exchange closing price given the generally insignificant net Delta position per underlying equity. Adjustment is not required for other cash equity instruments held, as they are already being marked at the market bid price. For the currency option portfolio, bid offer adjustment is not being performed due to the insignificant outstanding position. Delta and Vega position will be periodically reviewed to determine whether adjustment is required. In general, bid offer adjustment would not be required if the position is marked to the more prudent side of the bid offer rate or price, such as foreign exchange spot, forward, currency futures and cash equities. (ii) Liquidity valuation adjustment: Liquidity valuation adjustment would be applied to level 2 and level 3 financial instruments only. For the fixed income, credit derivatives and interest rate derivatives portfolio, liquidity valuation adjustment is being performed for less liquid position based on the product specific nature. Adjustment for interest rate swap and cross currency swap would be derived from the duration if the interest rate yield curve has wide bid-ask spread. Adjustment for debt securities would be derived from bid-offer spread if significant position of an illiquid instrument is held by the Bank. For credit default swap and credit linked note, adjustment would be derived from bid offer spread of its reference obligation if the counterparty or its reference obligation does not have an investment grade credit rating as instruments linked with a non-investment grade counterparty or reference obligation usually are not liquid in the market. For convertible asset swap, adjustment would not be required as the instrument is expected to be held until maturity and not expected to be sold in the secondary market. For interest rate futures, the adjustment is determined by the price difference between the day high and day low if significant position is held relative to open interest of the futures. For the equity derivatives portfolio, liquidity valuation adjustment is not being performed for level 2 and 3 equity derivatives instruments considering that the outstanding positions largely originate from dynamic hedging of callable bull / bear contracts and warrants issued and the Bank is the market maker for such products. For other customer derivatives products such as equity linked deposit, since customers are normally not allowed or expected to early terminate the contracts, thus the associated hedging positions would be held to expiration by the Bank at the same time. Moreover, the Bank has established progressively stringent individual position limits according to the underlying equity's average turnover and market capitalization. As a result, any residual positions would be insignificant relative to market liquidity and would not cause any material adverse impact to the overall valuation.

Template LIA: Explanations of differences between accounting and regulatory exposure amounts (continued)

	For the foreign exchange portfolio, liquidity valuation adjustment of spot and forward is not being performed due to the highly liquid market and insignificant positions on minor currencies. Liquidity valuation adjustment for currency futures would be applied if significant position is held relative to open interest of the futures, and would be determined by the price difference between the day high and day low. For the currency option portfolio, liquidity valuation adjustment is not being performed due to insignificant position. Delta and Vega position will be periodically reviewed to determine whether adjustment is required. (iii) Model risk adjustment: Model risk adjustment would be considered for structured products that are priced by simulation technique. The adjustment would be based on the alternate model if there is a significant variance between the original valuation and the price derived from alternate model. (iv) Credit valuation adjustment: Credit value adjustment would be considered for both positive exposure and negative exposure on derivatives. The adjustment for positive exposure on derivatives (i.e. credit valuation adjustment) would be based on the positive fair value of derivatives and the counterparties' probability of default and loss given default and the adjustment for negative exposure on derivatives (i.e. debit valuation adjustment) would be based on the negative fair value of derivatives and the Bank's credit spread.
(d) Insurance subsidiaries	The Bank does not have insurance subsidiary as of 31 December 2025.

Template CC1: Composition of regulatory capital

At 31 December 2025		Amount (HK$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	42,195	(10) + (14)
2	Retained earnings	36,556	(11)
3	Disclosed reserves	22,852	(15) + (16) + (17)
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	**CET1 capital before regulatory deductions**	101,603	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	1,460	(4)
9	Other intangible assets (net of associated deferred tax liabilities)	1,227	(5)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,997	(6)
11	Cash flow hedge reserve	183	(18)
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	(7) + (8)
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
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

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Template CC1: Composition of regulatory capital (continued)

At 31 December 2025

		Amount (HK$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
26	National specific regulatory adjustments applied to CET1 capital	7,104	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	4,724	(2) + (3)
26b	Regulatory reserve for general banking risks	2,380	(12)
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	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	**Total regulatory deductions to CET1 capital**	11,971	
29	**CET1 capital**	89,632	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	-	(19)
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
36	**AT1 capital before regulatory deductions**	-	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	**Total regulatory deductions to AT1 capital**	-	
44	**AT1 capital**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	89,632	

Template CC1: Composition of regulatory capital (continued)

At 31 December 2025

		Amount (HK$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	8,921	(9)
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	1,292	(13) - (1)
51	**Tier 2 capital before regulatory deductions**	10,213	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as “section 2 institution” under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(2,126)	
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	(2,126)	[(2) + (3)] X 45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within BCR §48(1)(g)	-	
57	**Total regulatory adjustments to Tier 2 capital**	(2,126)	
58	**Tier 2 capital (T2)**	12,339	
59	**Total regulatory capital (TC = T1 + T2)**	101,971	
60	**Total RWA**	362,185	

Template CC1: Composition of regulatory capital (continued)

At 31 December 2025		Amount (HK$ million)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio**	24.75%	
62	**Tier 1 capital ratio**	24.75%	
63	**Total capital ratio**	28.15%	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	2.820%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.320%	
67	of which: higher loss absorbency requirement	Not applicable	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	18.75%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	1,961	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	5,133	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	602	
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	611	
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)	690	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	1,676	

Template CC1: Composition of regulatory capital (continued)

Notes to the template

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

	Description	Hong Kong basis (HK$ Million)	Basel III basis (HK$ Million)
9	**Other intangible assets (net of associated deferred tax liabilities)**	1,227	1,227
	Explanation As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	**Deferred tax assets (net of associated deferred tax liabilities)**	1,997	12
	Explanation As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
18	**Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	Explanation 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.		

<u>Template CC1: Composition of regulatory capital</u> (continued)

<u>Notes to the Template</u> (continued)

	Description	Hong Kong basis (HK$ Million)	Basel III basis (HK$ Million)
19	**Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	<u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
39	**Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
54	**Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)**	-	-
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and noncapital 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.		
Remarks: 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.			

Abbreviations:
CET1: Common Equity Tier 1
AT1: Additional Tier 1

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Template CC2: Reconciliation of regulatory capital to balance sheet

Balance Sheet Reconciliation	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
	31/12/2025	31/12/2025	
	HK$ Mn	HK$ Mn	
Assets			
Cash and balances with banks	53,994	53,952	
Placements with and advances to banks	31,647	31,456	
Trade bills	3,444	3,444	
Trading assets	582	582	
Derivative assets	3,111	3,111	
Loans and advances to customers	543,235	543,011	
of which: collective impairment allowances reflected in regulatory capital		(752)	(1)
Excess of total EL amount over total eligible provisions under the IRB Approach		-	
Investment securities	208,419	208,359	
Investments in subsidiaries	-	1,974	
Investments in associates/joint ventures	9,137	5,196	
Fixed assets			
- Investment properties	5,832	6,030	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		2,355	(2)
- Other property and equipment	5,718	5,625	
of which: Cumulative fair value gains arising from the revaluation of land and buildings		2,369	(3)
ROU assets	670	670	
Goodwill and intangible assets	3,052	2,687	
of which: goodwill		1,460	(4)
other intangible assets		1,227	(5)
Deferred tax assets	2,005	2,005	
of which: deferred tax assets		1,997	(6)
Other assets			
- Assets held for sale	15	15	
- Others	50,132	49,473	
Total Assets	**920,993**	**917,590**	
Liabilities			
Deposits and balances of banks	9,307	9,307	
Deposits from customers	706,579	706,579	
Trading liabilities	-	-	
Derivative liabilities	2,854	2,854	
Certificates of deposit issued			
- Designated at fair value through profit or loss	-	-	
of which: gains and losses due to changes in own credit risk on fair valued liabilities		-	(7)
- At amortised cost	23,034	23,034	
Current taxation	2,282	2,270	
Debt securities issued			
- Designated at fair value through profit or loss	-	-	
of which: gains and losses due to changes in own credit risk on fair valued liabilities	-	-	(8)
- At amortised cost	-	-	
Deferred tax liabilities	818	801	
Other liabilities			
- Liabilities held for sale	-	-	
- Others	50,425	51,079	
Loan capital - at amortised cost	20,063	20,063	
of which: portion eligible for Tier 2 capital instruments		8,921	(9)
Total Liabilities	**815,362**	**815,987**	
Equity			
Share capital	42,195	42,195	
of which: paid-in share capital		42,195	(10)
Reserves	63,140	59,408	
of which: retained earnings		36,556	(11)
of which: regulatory reserve earmarked		2,380	(12)
regulatory reserve for general banking risks		540	(13)
share premium		-	(14)
accumulated other comprehensive income		5,269	(15)
exchange revaluation reserve		(910)	(16)
other reserves		18,493	(17)
of which: cash flow hedge reserve		183	(18)
Additional equity instruments	-	-	(19)
Non-controlling interests	296	-	
of which: portion not eligible for inclusion in regulatory capital	-	-	
Total Equity	**105,631**	**101,603**	
Total Equity and Liabilities	**920,993**	**917,590**	

Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

The following table presents the geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures as at 31 December 2025:

		a	c	d	e
	Geographical breakdown by Jurisdiction (J)	**Applicable JCCyB ratio in effect**	**RWA used in computation of CCyB ratio**	**AI-specific CCyB ratio**	**CCyB amount**
		(%)	**(HK$ million)**	**(%)**	**(HK$ million)**
1	Hong Kong, China	0.500%	112,947		
2	Australia	1.000%	9,508		
3	Belgium	1.000%	159		
4	Chile	0.500%	33		
5	France	1.000%	802		
6	Germany	0.750%	919		
7	Hungary	1.000%	79		
8	Ireland	1.500%	2,182		
9	Luxembourg	0.500%	2,047		
10	Netherlands	2.000%	1,833		
11	Spain	0.500%	722		
12	South Korea	1.000%	492		
13	Sweden	2.000%	647		
14	United Kingdom	2.000%	8,939		
	Sum of above		141,309		
	Total (including those exposures in jurisdictions with zero JCCyB ratio)		299,373	0.320%	1,159

The geographical locations of exposures to private sector obligors are determined on an ultimate risk basis according to the residency or registered offices of the obligors in general. To the extent that credit risk has been mitigated by means of a guarantee or credit derivative contract recognized for capital adequacy ratio calculation purposes, the exposure will be allocated to the location of the credit protection provider under the recognized guarantee or the recognized credit derivative contract. If the location of the obligor cannot be determined without disproportionate effort, the credit exposure should be allocated to the jurisdiction where it is booked.

Template LR1: Summary comparison of accounting assets against leverage ratio exposure measure

At 31 Dec 2025

	Item	Value under Leverage Ratio framework (HK$ million)
1	Total consolidated assets as per published financial statements	920,993
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,403)
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	N/A
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
6	Adjustment 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	5,463
9	Adjustment for SFTs (i.e. repos and similar secured lending)	2
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	37,594
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(86)
12	Other adjustments	(11,971)
13	**Leverage ratio exposure measure**	948,592

Template LR2: Leverage ratio ("LR")

		(HK$ million)	
		At 31 Dec 2025	**At 30 Sep 2025**
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	915,898	890,444
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	-	-
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	-	-
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(6,834)	(6,362)
6	Less: Asset amounts deducted in determining Tier 1 capital	(11,971)	(12,665)
7	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	897,093	871,417
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	2,663	2,292
9	Add-on amounts for PFE associated with all derivative contracts	5,911	6,704
10	Less: Exempted CCP leg of client-cleared trade exposures	-	-
11	Adjusted effective notional amount of written credit-related derivative contracts	-	-
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	-	-
13	**Total exposures arising from derivative contracts**	8,574	8,996
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	5,415	12,635
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	2	445
17	Agent transaction exposures	-	-
18	**Total exposures arising from SFTs**	5,417	13,080
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	151,311	152,849
20	Less: Adjustments for conversion to credit equivalent amounts	(113,717)	(114,780)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(86)	(104)
22	**Off-balance sheet items**	37,508	37,965
Capital and total exposures			
23	**Tier 1 capital**	89,632	93,571
24	**Total exposures**	948,592	931,458
Leverage ratio			
25 & 25a	**Leverage ratio**	**9.45%**	**10.05%**
26	**Minimum leverage ratio requirement**	**3.00%**	**3.00%**
27	**Applicable leverage buffers**	**N/A**	**N/A**

Template LR2: Leverage ratio (“LR”) (continued)

		(HK$ million)	
		At 31 Dec 2025	At 30 Sep 2025
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts associated cash payables and cash receivables	11,008	9,048
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	5,415	12,635
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)	954,185	927,871
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)	9.39%	10.08%

Table LIQA: Liquidity risk management

Liquidity risk is the risk that the Group may not be able to meet its obligations as they come due because of an inability to obtain adequate funding (funding liquidity risk); or that the Group cannot easily liquidate assets quickly without significantly lowering market prices because of inadequate market depth or market disruptions (market liquidity risk).

The purpose of liquidity risk management is to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion. This includes the Group's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to make new loans and investments as opportunities arise and last but not least, to comply with all the statutory requirements for liquidity risk management, including Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR").

The Group reviews the risk profile through regular assessments of both qualitative and quantitative risk factors to determine its tolerance of prevailing risk levels against applicable risk appetites statement for liquidity risk annually approved by the Board. The Asset and Liability Management Committee is delegated by the Board to oversee the Group's liquidity risk management. The Asset and Liability Management Committee is composed of balanced representation of senior staff from various business units, Treasury, Risk Management and Finance to jointly formulate adequate funding strategies. The Asset and Liability Management Committee sets the strategy, policy, and limits for managing liquidity risk and the means for ensuring that such strategy and policy are implemented. Regular meetings are held to review the compliance status of the monitoring matrix established and the need for any change in strategy and policy. Liquidity is managed daily by the Capital Markets & Liquidity Management Department under the Treasury Markets Division of the Group within the set limits. Market & Liquidity Risk Management Department under the Risk Management Division of the Group is responsible for monitoring the activities relating to liquidity risk. The Internal Audit Division performs periodic reviews to ensure that the liquidity risk management functions are carried out effectively.

The implementation of LCR and NSFR imposes a more stringent regulatory regime for liquidity risk management on the Group. To ensure compliance with the enhanced regulatory requirement, internal targets for LCR and NSFR have been set above regulatory required levels, making reference to the Group's liquidity risk appetite. In addition, material changes in the LCR and NSFR will be reviewed regularly by the Asset and Liability Management Committee together with proposed mitigation actions to cope with adverse changes arising from, but not limited to, composition of the deposit base and remaining tenor to maturity, lending activities with respect to different maturity tenors, and the Group's asset and liability mix strategy. In planning the asset and liability mix strategy, the Group assesses the impact of asset growth and funding structure on the LCR and NSFR with support from relevant business units for the Asset and Liability Management Committee's review and decision.

In 2025, the Group is required to calculate LCR and NSFR in accordance with the regulatory requirements, and to maintain these ratios not less than 100% for both LCR and NSFR on a consolidated basis. As at 31 December 2025, the ratios are reported as follows:

	As at 31 December 2025
Liquidity Coverage Ratio	162.85%
Net Stable Funding Ratio	126.00%

As part of Group efforts to manage the LCR and NSFR effectively, emphasis is placed on strengthening the deposit base by retaining loyal customers and maintaining customer relationships. The Group balances funding among retail, small business, and wholesale funding to avoid concentration in any one source. The Group also diversifies its tenors of funding over various time horizons to avoid significant maturity mismatch in any time bucket. Professional markets are accessed through the issuance of certificates of deposit, medium-term notes, subordinated debt, money market placement and other borrowings for the purposes of providing additional funding, maintaining a presence in local money markets, and optimising asset and liability maturities.

Table LIQA: Liquidity risk management (continued)

The table below shows the Group's concentration of sources of funding as at 31 December, 2025. There was no single customer with outstanding deposit balance exceeding 1% of total liabilities on the Group level.

	As a percentage of Total Available Stable Funding (exclude Capital)
Deposits from Retail Customers	47.5%
Deposits from Small Business Customers	5.4%
Deposits from Corporate Customers	33.6%
Funding provided by Financial Institutions	7.2%
Debt securities or prescribed instruments issued	4.5%
Other liabilities excludes capital instruments and certain non-funding sources	1.8%
Total	**100%**

The Group manages liquidity risk of the branches in Macau, Taiwan and overseas and significant subsidiary in a holistic approach. The liquidity risk management policies of the Group are abided by all of the branches in Macau, Taiwan and overseas and significant subsidiary, while supplementing their respective local practices and statutory requirements. Reporting to the Group Chief Risk Officer, the Risk Management Unit of each of the branches in Macau, Taiwan and overseas and significant subsidiary reports and escalates liquidity risk related matter to the liquidity risk management team at Head Office. The respective local Asset and Liability Management Committee or respective local authorities are also established for overseeing liquidity risk in accordance with the local regulatory requirements and limits approved.

In addition to observing the statutory LCR and NSFR, the Group has established different liquidity metrics – including but not limited to the loan-to-deposit ratio, cumulative maturity mismatch ratio, funding concentration ratio, intra-group exposure threshold, and cross currency funding ratio – to measure and analyse the Group's liquidity risks. As at 31 December 2025, the loan-to-deposit ratio of the Group was 75.3%. The Group maintains sufficient high quality liquid assets ("HQLAs") as a liquidity cushion that can be accessed in times of stress. The HQLAs for fulfilling the LCR consist of cash, exchange fund bills and notes, high quality government debt securities and other equivalent liquid marketable assets.

The composition of the Group's HQLAs is shown as below table. The majority of HQLAs are denominated in Hong Kong dollars. Contingent funding sources are maintained to provide strategic liquidity to meet unexpected and material cash outflows. As of 31 December 2025, the Group's holdings of level 2 assets by industry (except Sovereign, Central Banks and Public Sector Entities) were less than 10% of the total HQLAs amount.

	As a percentage of total HQLA (unweighted)
- Level 1	
Cash and Withdrawable Central Bank Reserves	18.2%
Exchange fund bills and notes	9.0%
Marketable debt securities:-	
Issued by Sovereigns or Governments	24.8%
Issued by Central Banks	4.0%
Issued by Multilateral Development Banks	0.0%
- Level 2A	
Marketable debt securities:-	
Issued by Sovereigns or Governments	1.5%
Issued by Corporates	2.1%
Others	2.7%
- Level 2B	
Marketable debt securities:-	
Issued by Corporates	37.7%
Others	0.0%
Total	**100%**

Table LIQA: Liquidity risk management (continued)

Internally, intra-group funding transactions are carried out at arm's length and treated in a manner in line with other third party transactions, with regular monitoring and appropriate control. Head Office is a net funding provider to branches in Macau, Taiwan and overseas and subsidiary. As at 31 December 2025, funding needs arising from respective branches in Macau, Taiwan and overseas and subsidiary are shown as follows:

(HK$ million)	As at 31 December 2025
The Bank of East Asia (China) Limited	2,515
Branches in Macau, Taiwan and overseas	
- Los Angeles	7,206
- Macau	3,325
- New York	5,879
- Singapore	8,816
- Taipei	4,022
- London	9,043

As a majority of the Group's liquidity risk arises from the maturity mismatch gap between the Group's asset and liability portfolios. The Group manages liquidity risk by conducting regular cash flow analysis and projections through the use of the Bank's management information system so as to facilitate the identification of funding needs arising from on and off-balance sheet items over a set of time horizons.

The Group's analysis of on- and off-balance sheet items by remaining maturity and the resultant liquidity gaps as at 31 December 2025 is shown as follows:

(HK$ million)	Repayable on demand	Within 1 month	3 months or less but over 1 month	1 year or less but over 3 months	5 years or less but over 1 year	Over 5 years	Undated or overdue
Currency notes and coins	1,320	-	-	-	-	-	-
Placements with banks and other financial institutions	49,505	26,314	950	1,317	786	-	8,560
Advances to customers, acceptances and bills of exchange held	12,805	61,543	71,932	154,544	145,881	119,578	14,977
Debt securities, prescribed instruments and structured financial instruments held	198,315	3,348	3,311	6,517	438	4	-
Other assets	10,807	26,547	22,774	42,488	30,165	5,522	25,000
Total on-balance sheet assets	**272,752**	**117,752**	**98,967**	**204,866**	**177,270**	**125,104**	**48,537**
Total off-balance sheet claims	-	-	-	-	-	-	701
Deposits and balance of banks and other financial institutions	1,514	3,739	2,472	555	-	-	-
Deposits from customers	275,845	117,128	184,320	124,858	11,218	-	-
Debt securities, prescribed instruments and structured financial instruments issued	2,311	6,642	25,783	25,100	4,536	-	-
Other liabilities and capital	13,844	22,421	21,419	41,946	36,089	4,511	101,359
Total on-balance sheet liabilities	**293,514**	**149,930**	**233,994**	**192,459**	**51,843**	**4,511**	**101,359**
Total off-balance sheet obligations	**15,933**	**18,712**	**3,580**	**6,463**	**6,387**	**842**	**902**
Contractual maturity mismatch	**(36,695)**	**(50,890)**	**(138,607)**	**5,944**	**119,040**	**119,751**	**(53,023)**
Cumulative contractual maturity mismatch	**(36,695)**	**(87,585)**	**(226,192)**	**(220,248)**	**(101,208)**	**18,543**	**(34,480)**

Table LIQA: Liquidity risk management (continued)

The Group also conducts stress testing regularly to analyse liquidity risk. Both on and off-balance sheet items and their impact on cash flow are considered, together with applicable hypothetical and historical assumptions. The assessment and review of market liquidity risk are included in the various control processes, including investment/ trading strategy, market risk monitoring, valuation, and portfolio review.

Three stress scenarios – namely an institution-specific crisis, a general market crisis, and a crisis involving a combination of the two – are adopted with minimum survival period defined according to the HKMA's Supervisory Policy Manual LM-2, "Sound Systems and Controls for Liquidity Risk Management".

With reference to the stress-testing results, the Group identifies potential vulnerabilities within the Group, establishes internal limits, and formulates a contingency funding plan that sets out the Group's strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations.

The contingency funding plan is designed to be pro-active and pre-emptive, and stipulates the following three stages:

1. The Group utilises early warning indicators, which cover both qualitative and quantitative measures, and monitors both internal and external factors. Should there be any early signs of significant impact on the Group's liquidity position, the Asset and Liability Management Committee is informed. The Asset and Liability Management Committee will consider appropriate remedial actions and will consider employing crisis management if the situation warrants.

2. A Crisis Management Committee, which is chaired by the Co-Chief Executives, is formed to handle the crisis. Strategy and procedures for obtaining contingency funding, as well as roles and responsibilities of the parties concerned, are clearly stated.

3. In the final stage, a post-crisis review is carried out to recommend necessary improvements to avoid incidents of a similar nature in the future.

An annual drill test is conducted and the contingency funding plan is subject to regular review in order to accommodate any changes in the business environment. Any significant changes to the contingency funding plan are approved by the Board.

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Template LIQ1: Liquidity Coverage Ratio ("LCR")

	(HK$ million)	Quarter ending on 31 December 2025		Quarter ending on 30 September 2025	
	Number of data points used in calculating the average value of the LCR and related components set out in this template	74		75	
	Basis of disclosure: consolidated	**Unweighted value** (average)	**Weighted value** (average)	**Unweighted value** (average)	**Weighted value** (average)
A.	**High Quality Liquid Assets (HQLA)**				
1	Total HQLA		126,537		121,146
B.	**Cash Outflows**				
2	Retail deposits and small business funding, of which:	388,088	27,776	386,344	27,693
3	*Stable retail deposits and stable small business funding*	56,095	1,718	62,438	1,908
4	*Less stable retail deposits and less stable small business funding*	189,161	18,916	191,785	19,179
4a	*Retail term deposits and small business term funding*	142,832	7,142	132,121	6,606
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the institution, of which:	150,172	76,745	134,168	71,891
6	*Operational deposits*	0	0	0	0
7	*Unsecured wholesale funding (other than small business funding) not covered in row 6*	145,581	72,154	128,276	65,999
8	*Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period*	4,591	4,591	5,892	5,892
9	Secured funding transactions (including securities swap transactions)		247		82
10	Additional requirements, of which:	126,604	17,807	128,255	18,031
11	*Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements*	4,565	4,565	4,717	4,717
12	*Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions*	0	0	0	0
13	*Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)*	122,039	13,242	123,538	13,314
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	11,851	11,851	10,425	10,425
15	Other contingent funding obligations (whether contractual or non-contractual)	205,171	2,708	198,355	2,623
16	**Total Cash Outflows**		137,134		130,745
C.	**Cash Inflows**				
17	Secured lending transactions (including securities swap transactions)	6,422	6,422	7,460	7,459
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	114,843	61,923	110,860	55,026
19	Other cash inflows	7,210	6,821	6,611	6,215
20	**Total Cash Inflows**	128,475	75,166	124,931	68,700
D.	**Liquidity Coverage Ratio**		**Adjusted value**		**Adjusted value**
21	**Total HQLA**		112,555		105,124
22	**Total Net Cash Outflows**		61,968		62,045
23	**LCR (%)**		182.75%		169.66%

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

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

Main drivers of LCR results

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

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

The Group's LCR is well above the regulatory limit of 100% throughout the fourth quarter of 2025. The average LCR increased from 170% for the third quarter of 2025 to 183% for the fourth quarter of 2025 mainly resulted from comparably higher average holding of high quality liquid assets during normal course of business and the overall liquidity position remains healthy.

Composition of HQLA

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

Concentration of Funding Sources

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

Currency mismatch in the LCR

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

Degree of centralization of liquidity management

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

Template LIQ2: Net Stable Funding Ratio (“NSFR”)

		Quarter ended 31 Dec 2025				
(HK$ million)		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	103,188	40	0	8,992	112,180
2	*Regulatory capital*	103,188	40	0	8,992	112,180
2a	*Minority interests not covered by row 2*	0	0	0	0	0
3	*Other capital instruments*	0	0	0	0	0
4	Retail deposits and small business funding:		395,949	11,520	44	370,732
5	*Stable deposits*		78,109	1,214	4	75,360
6	*Less stable deposits*		317,840	10,306	40	295,372
7	Wholesale funding:		283,241	23,924	9,207	138,802
8	*Operational deposits*		0	0	0	0
9	*Other wholesale funding*	0	283,241	23,924	9,207	138,802
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	45,404	25,758	5,303	4,455	7,107
12	*Net derivative liabilities*	0				
13	*All other funding and liabilities not included in the above categories*	45,404	25,758	5,303	4,455	7,107
14	**Total ASF**					628,821
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes	193,261				36,799
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	5,659	236,595	71,082	330,174	396,040
18	*Performing loans to financial institutions secured by Level 1 HQLA*	0	4,223	0	0	422
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	1	76,799	8,434	14,716	30,454
20	*Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:*	5,438	140,053	53,662	153,402	231,872
21	*With a risk-weight of less than or equal to 35% under the STC approach*	0	615	0	0	307
22	*Performing residential mortgages, of which:*	0	3,926	6,620	122,543	93,300
23	*With a risk-weight of less than or equal to 35% under the STC approach*	0	2,875	2,273	80,671	55,010
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	220	11,594	2,366	39,513	39,992
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	44,265	35,636	3,366	4	60,069
27	*Physical traded commodities, including gold*	0				0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	2,644				2,338
29	*Net derivative assets*	1,637				1,637
30	*Total derivative liabilities before adjustments for deduction of variation margin posted*	3,389				169
31	*All other assets not included in the above categories*	36,595	35,636	3,366	4	55,925
32	Off-balance sheet items		351,341			6,154
33	**Total RSF**					499,062
34	**Net Stable Funding Ratio (%)**					126.00%

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Template LIQ2: Net Stable Funding Ratio ("NSFR") (continued)

		Quarter ended 30 Sep 2025				
(HK$ million)		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		**Unweighted value by residual maturity**				**Weighted amount**
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding ("ASF") item						
1	Capital:	107,604	173	0	8,972	116,576
2	*Regulatory capital*	107,604	173	0	8,972	116,576
2a	*Minority interests not covered by row 2*	0	0	0	0	0
3	*Other capital instruments*	0	0	0	0	0
4	Retail deposits and small business funding:		382,892	16,971	52	363,944
5	*Stable deposits*		77,878	2,426	7	76,296
6	*Less stable deposits*		305,014	14,545	45	287,648
7	Wholesale funding:		253,851	30,540	9,906	125,249
8	*Operational deposits*		0	0	0	0
9	*Other wholesale funding*	0	253,851	30,540	9,906	125,249
10	Liabilities with matching interdependent assets	0	0	0	0	0
11	Other liabilities:	51,227	25,835	5,571	4,019	6,804
12	*Net derivative liabilities*	0				
13	*All other funding and liabilities not included in the above categories*	51,227	25,835	5,571	4,019	6,804
14	**Total ASF**					612,573
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes	176,023				35,656
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	5,750	221,033	82,057	327,757	394,009
18	*Performing loans to financial institutions secured by Level 1 HQLA*	0	6,701	0	0	670
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	1	64,658	11,016	15,252	30,460
20	*Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:*	5,401	133,039	60,241	130,853	212,456
21	*With a risk-weight of less than or equal to 35% under the STC approach*	0	708	0	0	354
22	*Performing residential mortgages, of which:*	0	4,121	8,007	140,478	109,437
23	*With a risk-weight of less than or equal to 35% under the STC approach*	0	2,885	2,248	80,168	54,676
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	348	12,514	2,793	41,174	40,986
25	Assets with matching interdependent liabilities	0	0	0	0	0
26	Other assets:	45,444	39,977	3,119	2	62,298
27	*Physical traded commodities, including gold*	0				0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	2,892				2,562
29	*Net derivative assets*	1,502				1,502
30	*Total derivative liabilities before adjustments for deduction of variation margin posted*	3,798				190
31	*All other assets not included in the above categories*	37,252	39,977	3,119	2	58,044
32	Off-balance sheet items		345,322			6,251
33	**Total RSF**					498,214
34	**Net Stable Funding Ratio (%)**					122.95%

Table IRRBBA: Interest rate risk in banking book – risk management objectives and policies

The Group defines interest rate risk in the banking book (“IRRBB”) per requirement of Hong Kong Monitory Authority (“HKMA”) Supervisory Policy Manual IR-1. IRRBB refers to the risk of the Group’s financial condition resulting from adverse movements in interest rates that affect the Group’s banking book interest rate sensitive positions and off-balance sheet items.

The Group has established risk governance management framework to oversee and monitor IRRBB. The framework is built around a structure that enables the Board to discharge the responsibility for on-going IRRBB management to the Risk Committee, the Risk Management Committee (“RMC”) and the Asset and Liability Management Committee (“ALCO”). The ALCO deals with all IRRBB issues of the Group. It is also responsible for conducting a regular review of interest rate trends, outcome analysis in terms of risk profile, stress testing results and deciding the corresponding hedging strategy.

The Group has implemented Enterprise Risk Management framework for identifying and managing potential risks of the Group. Under such framework, three lines of defence are adopted for interest rate risk management. The first line of defence comprises risk owners at business units. They are primarily responsible for the day-to-day interest rate risk management. The second line of defence refers to the risk controller of interest rate risk, who is designated as the Head of Market & Liquidity Risk Management Department (“MLMD”) and the third line of defence refers to the Internal Audit Division.

Risk appetite has been defined in accordance with the Group’s business strategies and objectives to govern the IRRBB activities in order to optimize risk and return. Risk limits and/ or management action triggers (“MAT”) are established for on-going monitoring of impact to economic value of equity (“EVE”) and net interest income (“NII”) resulting from future interest rate change.

For monitoring of IRRBB, risk reports are compiled and monitored on a daily basis. Besides, risk reports are prepared for different level of governance on a regular basis.

Derivatives, such as interest rate swaps and interest rate futures are used to manage IRRBB exposure. Hedging is entered either against individual transactions or on portfolio basis. Hedge accounting treatment under Hong Kong Financial Reporting Standard is actively applied to avoid fluctuation of profit and loss arising from mark-to-market of the hedging derivatives.

The Group also conducts stress-testing to measure the vulnerability to loss in stressed market conditions and consider those results when reviewing policy, limits and capital adequacy. The stress testing includes the six HKMA standardised interest rate shock scenarios and internal scenarios set with historical / hypothetical / forward looking assumptions. Changes in economic value and in earnings are measured and assessed.

The Group applied below key assumptions that required by HKMA IR-1.

1. Non-maturity deposits (“NMD”)

   NMD here refers to current and savings deposits, the deposits types without maturity of the Group. The average repricing maturity of NMDs are determined per historical re-pricing and run off behavior with consideration of relationship between market interest rate and the interest rate offered by the Group. Geographical factors are also considered.

   Average behavioural maturity of NMDs is calculated based on the weighted average of each time buckets using the behavioural weights. The Group’s average and longest behavioural maturity of NMDs are 0.61 year and 5 years respectively.

2. Cash flow of retail fixed rate loans and retail time deposits with optionality

   Prepayment on retail fixed rate loans would cause the loans being paid back on an earlier date than the contractual maturity.

   Retail time deposits subject to early redemption risk are time deposits that can be withdrawn early at the discretion of the customer. Except there is significant penalty that the customers might not early uplift or breaking the deposits contract due to interest rate change.

   According to the characteristic of different products, various statistical methods with reference to macroeconomic factors and historical data are applied to forecast prepayment rates on retail fixed rate loans and early withdrawal rates on retail time deposits to adequately assess the impact on earnings and economic value.

3. Treatment of commercial margins and spread

   In measurement of economic value of equity, the commercial margins and spread components have been included in the cash flows used in the computation and discount rate used.

Table IRRBBA: Interest rate risk in banking book – risk management objectives and policies (continued)

4. Aggregation method

   Significant currencies are defined that account for 5% or more of the Group's total on-balance sheet interest rate sensitive position in all currencies. The total position in non-reported currencies could not exceed 10% of the same. Adverse currency impact would be aggregated for significant currencies. For prudent sake, no netting is adopted among currencies.

5. Constant balance sheet under earnings perspective

   Under earnings perspective approach, the Group assesses the impact on earnings over the next 12 months based on the two standard interest rate shock assuming constant balance sheet, where maturing or repricing cash flows are replaced by new cash flows with identical features with regard to the amount, repricing period and spread components. It measures the impact on the Group's NII when interest rates change in parallel up and down movement.

There were no significant differences in the assumptions applied in internal monitoring and regulatory reporting.

Other than those regulatory provided assumptions, other assumptions are validated and reported to ALCO on annual basis or as required during the year.

Template IRRBB1: Quantitative information on interest rate risk in banking book

This table provides information on the change in economic value of equity ("EVE") and also the change in net interest income ("NII") over next 12 months under each of the prescribed interest rate shock scenario in respect of the Group's interest rate exposures arising from banking book positions for the annual reporting dates at 31 December 2025 and 31 December 2024.

(in HK$ million)		Adverse impact on EVE		Adverse impact on NII	
	Period	**31 December 2025**	**31 December 2024**	**31 December 2025**	**31 December 2024**
1	Parallel up	2,645	2,973	175	193
2	Parallel down	1,186	1,496	2,185	2,300
3	Steepener	2,178	1,553		
4	Flattener	555	360		
5	Short rate up	1,467	1,132		
6	Short rate down	1,302	1,264		
7	**Maximum**	2,645	2,973	2,185	2,300
	Period	**31 December 2025**		**31 December 2024**	
8	**Tier 1 capital**	89,632		90,849	

In order to produce quantitative estimation on IRRBB, the Group has assumed shock scenarios to interest rate yield curves which allow changes in economic value and earnings to be computed with consideration of optionality and behavioural assumptions. These scenarios are applied to IRRBB exposures in each currency for which the Group has material positions.

The prescribed interest rate shock scenarios are provided by the Hong Kong Monetary Authority in their Supervisory Policy Manual IR-1, Interest Rate Risk in the Banking Book and are generally described as follows:

1. Parallel up: A constant parallel shock up across all time buckets
2. Parallel down: A constant parallel shock down across all time buckets
3. Steepener: Short rates down and long rates up
4. Flattener: Short rates up and long rates down
5. Short rate up: Rates up are greatest at shortest time bucket and diminish towards current rates in longer time buckets
6. Short rate down: Rates down are greatest at shortest time bucket and diminish towards current rates in longer time buckets

As of 31st December 2025, the worst scenario on interest income ("NII") remained parallel down scenario and on economic value of equity ("EVE") remained the parallel up scenario. In response to the prevailing changing interest rate environment, the Group has continuously optimized its balance sheet mix by adjusting the tenors of assets and liabilities. The net gap position was the key contributor to the movement of both NII and EVE impacts. The extension of asset repricing tenors mitigated the impact on NII for 2025. While this initially increased EVE impact, the effect was offset by an extension of liability repricing tenors, resulting in a net improvement to the overall EVE impact.

Table REMA: Remuneration policy

Disclosure of Remuneration Policy

In accordance with the latest “Guideline on a Sound Remuneration System” (the “Guideline”) issued by the HKMA in July 2021, the Bank has reviewed and revised its Remuneration Policy for employees of the Group, including its branches in Macau, Taiwan and overseas and subsidiaries. The Remuneration Policy covers all categories of employees, including those described in paragraph 2.1.1 of the Guideline. The Remuneration Committee (“RemCo”), Group Chief Risk Officer and Group Chief Compliance Officer annually review the Bank’s Remuneration Policy, including a reassessment of the principles applied in determining remuneration packages, as well as the structure and amount of compensation ultimately awarded.

The Remuneration Policy was reviewed and endorsed by RemCo in 2025. No major changes were made.

General Principles

The Remuneration Policy of the Group promotes effective risk management, and is designed to encourage employee behaviour that supports the Group’s business objectives, long-term financial soundness, risk tolerance, risk management framework and corporate values.

Remuneration Structure

Employee remuneration packages may consist of a combination of fixed and variable remuneration. The appropriate proportion of fixed and variable remuneration shall vary according to an employee’s seniority, role, responsibilities, and activities within the Group, among other things.

Fixed remuneration refers to an employee’s annual salary (including year-end pay, if any), while variable remuneration (including cash bonus payments and/or share options or other share-linked instruments) is awarded based on the employee’s performance with a view to better aligning incentives with risk and longer-term value creation. Variable remuneration is determined taking into account an employee’s seniority, role and responsibilities, and the actual or potential risks that the employee’s activities may create for the Group and the extent to which they may affect its overall performance. In general, share options or other share-linked instruments will be granted to staff at General Manager grade or above only.

Separate bonus schemes apply to risk control personnel, whose awards are not linked to the performances of the business units that they oversee.

Employees’ Performance Measurements and the Award of Variable Remuneration

The RemCo determines the measures and the corresponding target levels of the Group’s performance with reference to corporate goals and objectives at the beginning of each financial year and when necessary.

The performance of business units will be assessed by a combination of financial and non-financial factors which are determined by senior management with reference to the relevant corporate goals and the functional responsibilities of the business units.

The award of variable remuneration is determined by taking into account a combination of corporate and/or business results as well as the assessment of individual employee’s performance against the pre-set financial/quantitative measures and non-financial /qualitative measures for the year which include adherence to risk management policies, compliance with legal, regulatory and ethical standards, results of internal audit reviews as well as adherence to corporate values.

Table REMA: Remuneration policy (continued)

To ensure that there is balance between financial factors and non-financial factors in the assessment of performance of both business units and individual employees, the overall weighting on financial factors is limited to avoid over-reliance on financial measures and to align with HKMA's expectation on Bank Culture Reform. Performance is therefore judged, not only on what is achieved over the short and long-term, but also on how it is achieved. Performance in relation to non-financial factors, including risk, compliance and adherence to corporate values, forms a significant part of the overall employee performance measurement and promotes proper employee conduct and behaviour, given that poor performance in these areas can be indicative of significant risks to the Group. Adverse performance in non-financial/ qualitative factors will override outstanding financial/quantitative achievements and be reflected by a reduction in, or elimination of, any variable remuneration.

To help ensure a balanced evaluation, a series of compliance and risk management factors are also taken into account. The major types of risks covered are market, credit, interest rate, liquidity and operational risks. Other risks including legal, reputation, technology, strategic and compliance are closely monitored at Bank level by various Management Committees and adjustment will be made to an individual's variable remuneration when appropriate.

To embed a values-led, high-performance culture, the variable remuneration plans are designed to recognise and reward positive behaviours. Meanwhile, the Bank Group carries out regular review to assess instances of non-compliance with risk control procedures and/or regulatory requirements. Instances of non-compliance are escalated for consideration in remuneration decision, including adjustment of variable remuneration within the year, malus of the unvested awards granted in prior year(s) and clawback of vested awards.

In 2025, in accordance with the Accountability Framework Implementation Guidelines of the Bank, regular accountability review meetings were held by Senior Management, Group Chief Risk Officer, Group Chief Compliance Officer, Group Head of People & Sustainability Division, and Group Head of Legal & Secretarial Division to ensure that risk and compliance performance of department were taken into due consideration in the determination of variable remuneration funding and individual performance and reward so as to foster proper risk culture and business conduct. To enhance openness and transparency, if a formal accountability review of a significant incident is required, the Accountability Work Group will determine whether any staff member should be held accountable individually or collectively, or any department should be subject to risk and compliance modification on variable remuneration funding for the incident.

Senior Executive Compensation

The RemCo annually reviews the remuneration packages of the Senior Management (including the Executive Chairman, Co-Chief Executives and Deputy Chief Executives of the Bank), and Key Personnel (including 19 General Managers and the Head of Capital Markets & Liquidity Management Department). In determining the remuneration packages of the Senior Management and Key Personnel, the RemCo takes into account individual performances, performances of respective divisions and departments, and the Group's overall business goals and objectives.

The aggregate payouts for these senior executives for 2025 are shown in Template REM1 in accordance with the disclosure requirement 3.2 of the Guideline.

Deferral Arrangements

The award of variable remuneration to the Senior Management and Key Personnel is subject to deferment in such a manner as determined by the RemCo. In general, the proportion of variable remuneration which is subject to deferment will increase progressively in line with the seniority, scope of responsibilities, and other relevant factors pertinent to the Senior Management and Key Personnel.

For employees other than Senior Management and Key Personnel, the Bank adopts a materiality-based deferral arrangement of variable remuneration, where the total amount of variable remuneration, including cash bonus and any kind of incentive, will be subject to deferment when certain thresholds of total variable remunerations determined by the Board of Directors are met. The portion of variable remuneration to be deferred will increase by reference to the total amount of variable remuneration.

Table REMA: Remuneration policy (continued)

The award of deferred remuneration is subject to a minimum vesting period and pre-defined vesting conditions as determined by the RemCo and communicated to all relevant employees. Deferred remuneration is awarded in such a manner so as to align employees' incentive awards with long-term value creation and the time horizons of risk. The future performance (both financial and non-financial) of the Group, relevant business units, and individual employees, as well as the creation of value for our shareholders, are taken into consideration when determining vesting conditions. Vesting and payment of deferred remuneration will be made gradually over a period of 3 years and no faster than on a pro-rata basis.

In circumstances where it is later established that decisions or actions made by an employee and/or business unit in a particular year had a severe negative impact on the Bank Group's overall profitability, any unvested portions (i.e. cash bonus and/or share option tranches and/or share-linked Instruments that have yet to be vested) of deferred variable remuneration (relating to that particular year) should be forgone, either in part or in whole, as determined by the RemCo.

In circumstances where it is later established that any performance measurement for a particular year was based on data that is later proven to have been manifestly misstated, or it is later established that the relevant employee has committed fraud, malfeasance, or a violation of internal control policies, any unvested portions (i.e. cash bonuses and/or share option tranches and/or share-linked Instruments that have yet to be vested) of deferred variable remuneration (relating to that particular year in question) should be forgone, either in part or in whole, as determined by the RemCo. In certain circumstances, clawback of vested portion of the deferred variable remuneration of that particular year may apply.

Template REM1: Remuneration awarded during financial year

Total value of remuneration in 2025

	2025		2024	
Total value of remuneration awards for the current financial year	Non-deferred (HK$)	Deferred (HK$)	Non-deferred (HK$)	Deferred (HK$)
(i) Senior Management				
Number of employees	6		6	
Fixed remuneration				
• Cash-based	45,331,860	0	39,186,124	0
Variable remuneration				
• Cash-based	23,295,960	8,145,040	18,957,760	6,862,240
• Share Options	0	21,516,740	0	18,221,960
(ii) Key Personnel				
Number of employees	20		18	
Fixed remuneration				
• Cash-based	65,096,200	0	53,942,264	0
Variable remuneration				
• Cash-based	25,834,285	4,848,491	22,935,900	4,255,900
• Share-linked Instruments	0	12,437,700	0	11,298,200
Total Remuneration	**159,558,305**	**46,947,971**	**135,022,048**	**40,638,300**

Remarks:

(i) The value of share options or share-linked instruments is linked to variable remuneration.

(ii) The remuneration of Senior Management and Key Personnel for 2025 included the remuneration of two Key Personnel who retired from / left the Group on 14 April 2025 and 3 July 2025 respectively, and four Key Personnel who were appointed on 1 January 2025. The remuneration of Senior Management and Key Personnel for 2024 included the remuneration of three Key Personnel who retired from/left the Group on 2 May 2024, 15 July 2024 and 1 December 2024 respectively, and one senior management who joined the Group on 5 December 2024 and two Key Personnel were appointed on 1 July 2024 and 1 December 2024 respectively.

Template REM2: Special payments

In 2025, the aggregate amount of HK$4,690,189 sign-on payment was made to one Senior Management and three Key Personnel of the Group (2024: HK$1,264,532 was made to three Key Personnel of the Group), while no guaranteed bonus or severance payment was made to the Group's Senior Management or Key Personnel (2024: nil).

Template REM3: Deferred remuneration

Total outstanding deferred remuneration in 2025

Outstanding deferred remuneration	Vested portion during the year 2025 (HK$)	Unvested portion as at the end of 2025 (HK$)	Performance adjustments to Vested portion during the year 2025 (HK$)	Performance adjustments to Unvested portion as at the end of 2025 (HK$)
(i) Senior Management				
• Cash-based	6,884,758	13,578,098	0	0
• Share Options	17,355,744	36,153,586	0	0
(ii) Key Personnel				
• Cash-based	11,543,010	14,616,351	0	0
• Share Options or Share-linked Instruments	4,480,702	16,268,166	0	0

Remarks:

(i) The values of share options relate to the 2021-2023 variable remuneration are calculated based on the fair value on the respective Grant Dates. The value of share options or share-linked instruments relate to 2024 variable remuneration is linked to variable remuneration.

(ii) The vested cash bonuses and share options relate to the 2021 variable remuneration award granted in 2022 and vested in 2025, the 2022 variable remuneration award granted in 2023 and vested in 2025 and the 2023 variable remuneration award granted in 2024 and vested in 2025. The total number of share options granted in 2022, 2023 and 2024 are 16,118,590 shares, 11,724,923 shares and 13,878,956 shares respectively.

(iii) The unvested cash bonuses and share options relate to the 2022, 2023 and 2024 variable remunerations.

(iv) The outstanding deferred remuneration of Key Personnel in 2025 included the vested and unvested cash bonuses and share options of fifteen Key Personnel who retired from/left the Group on 1 March 2021, 1 October 2021, 1 January 2022, 11 March 2022, 21 July 2022, 1 October 2022, 1 January 2023, 1 July 2023, 1 December 2023, 1 January 2024, 2 May 2024, 15 July 2024, 1 December 2024, 14 April 2025 and 3 July 2025 respectively.

Total outstanding deferred remuneration in 2024

Outstanding deferred remuneration	Vested portion during the year 2024 (HK$)	Unvested portion as at the end of 2024 (HK$)	Performance adjustments to Vested portion during the year 2024 (HK$)	Performance adjustments to Unvested portion as at the end of 2024 (HK$)
(i) Senior Management				
• Cash-based	6,154,439	13,600,616	0	0
• Share Options	16,666,794	35,287,370	0	0
(ii) Key Personnel				
• Cash-based	10,426,376	21,903,461	0	0
• Share Options	6,764,073	9,450,668	0	0

Remarks:

(i) The values of share options are calculated based on the fair value on the respective Grant Dates.

(ii) The vested cash bonuses and share options relate to the 2020 variable remuneration award granted in 2021 and vested in 2024, the 2021 variable remuneration award granted in 2022 and vested in 2024 and the 2022 variable remuneration award granted in 2023 and vested in 2024. The total number of share options granted in 2021, 2022 and 2023 are 4,336,553 shares, 16,118,590 shares and 11,724,923 shares respectively.

(iii) The unvested cash bonuses and share options relate to the 2021, 2022 and 2023 variable remunerations.

(iv) The outstanding deferred remuneration of Key Personnel in 2024 included the vested and unvested cash bonuses and share options of fourteen Key Personnel who retired from / left the Group 1 September 2020, 1 March 2021, 1 October 2021, 1 January 2022, 11 March 2022, 21 July 2022, 1 October 2022, 1 January 2023, 1 July 2023, 1 December 2023, 1 January 2024, 2 May 2024, 15 July 2024 and 1 December 2024 respectively.

Table CRA: General information about credit risk

Overview

Credit risk is the risk of loss arising from a borrower or counterparty failing to meet its obligations. Credit risk exists in the trading book and banking book, as well as from on- and off-balance sheet transactions of the Group. It arises principally from loan product and others such as trade finance and acceptances, interbank transactions, commitments and guarantees, interest rate, foreign exchange and credit derivatives, bond and equity holdings, settlement of transactions, etc.

For the purpose of this document, any reference to exposures related to "credit risk" is referring to the same scope (i.e. non-securitization exposures excluding counterparty credit risk) unless otherwise specified.

The Group has established policies, procedures, risk profile and rating systems to identify, measure, monitor, control, and report on credit risk. In this connection, guidelines for management of credit risk have been laid down in the Group's Credit Risk Management Manual which is in line with the business strategy and risk appetite and above all, the regulatory guidelines and statutory requirements. These guidelines stipulate delegated lending authorities, credit underwriting criteria, credit monitoring processes, an internal rating structure, credit recovery procedures and a provisioning policy. They are reviewed and enhanced on an ongoing basis to cater for market changes, statutory requirements, and best practices in risk management processes.

Also, credit risk control limits are set for different levels. Risk, return, and market situation are considered when setting all limits. Active limit monitoring is undertaken.

The Credit Committee is responsible for managing all credit risk-related issues of the Group, while the Credit Risk Management Department under the Risk Management Division of the Group is responsible for monitoring activities relating to credit risk.

Credit Risk Management

Pursuant to the establishment of the framework of Enterprise Risk Management ("ERM"), a "Three Lines of Defence" risk management model has been adopted by the Group as follows:

- The first line of defence: Risk Owners;
- The second line of defence: Risk Controllers; and
- The third line of defence: Internal Audit Division ("IAD").

Credit risk is one of the major risk types identified by the Group under the ERM framework. The Head of Credit Risk Management Department ("CRMD") under Risk Management Division ("RMD") is the Risk Controller of Credit Risk who is responsible for setting out a credit risk management governance framework, monitoring credit risk independently, and supporting the Credit Committee in managing all credit risk-related issues of the Group. Credit Committee receives a variety of reports on the credit risk exposures including asset quality and loan impairment charges, total exposures and RWAs, as well as updates on specific loan portfolios that are considered to have heightened credit risk. In addition, Board of Directors also review regular reports on the status of credit risk management of the Bank Group.

As a prudent measure for the credit environment, CRMD has reviewed its roles, functions and organization structure, in particular, to ensure that under ERM framework, the first line of defence holds frontline positions in identification, assessment, management and reporting of risk exposures, having regard to the Group's risk appetite, policies, procedures and controls.

Being the third line of defence, IAD is responsible for providing assurance on the effectiveness of the Group's risk management framework including risk governance arrangements, conducting audit reviews on credit risk management process and performing independent review on compliance assessment in relation to credit risk. Meanwhile, the Group's compliance function works closely with CRMD to ensure that all credit underwriting activities are in compliance with the regulatory requirements.

Template CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 31 December 2025:

		(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)
	(HK$ million)	Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	15,545	565,407	6,444	524	203	5,717	574,508
2	Debt securities	334	207,720	307	0	5	302	207,747
3	Off-balance sheet exposures	101	51,865	32	0	1	31	51,934
4	**Total**	**15,980**	**824,992**	**6,783**	**524**	**209**	**6,050**	**834,189**

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:

- past due status has been over 90 days;
- borrower is put under receivership by other financial institutions;
- borrower is petitioned for winding-up or bankruptcy; or
- other significant deficiencies of borrower business are present which threaten the borrower’s cash flow and payment capability.

Definition of specific provisions and collective provisions

The categorisation of Expected Credit Loss (‘ECL’) accounting provisions into the regulatory categories of specific and collective provisions follows the treatment specified in the completion instructions of the HKMA Capital Adequacy Ratio – MA(BS)3 return. According to the completion instructions, the ECL accounting provisions classified into Stage 1 and Stage 2 are treated as collective provisions, while those classified under Stage 3 are treated as specific provisions

Template CR2: Changes in defaulted loans and debt securities

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs for the period from 30 June 2025 to 31 December 2025:

		(a)
	(HK$ million)	Amount
1	**Defaulted loans and debt securities at end of the previous reporting period (30 June 2025)**	**16,046**
2	Loans and debt securities that have defaulted since the last reporting period	3,990
3	Returned to non-defaulted status	(40)
4	Amounts written off	(1,130)
5	Other changes*	(2,987)
6	**Defaulted loans and debt securities at end of the current reporting period (31 December 2025)**	**15,879**

* Other changes include loan repayment, disposal of the impaired loans and exchange rate difference

Table CRB: Additional disclosure related to credit quality of exposures

The Group adopts a forward-looking “expected credit loss” model for measuring and recognising impairment loss to meet the requirement of HKFRS9. Impairment allowance was measured for 12-month or lifetime expected credit losses (“ECL”) using a 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”)
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 peer bank PD estimates of similar portfolios and the long-run average default rate of the portfolios 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, either reference of peer bank LGD estimates of the similar portfolios or external data source are used for derivating the LGD estimates.

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

In addition, according to the completion instructions, the ECL accounting provisions classified into Stage 1 and Stage 2 are treated as collective provisions, while those classified under Stage 3 are treated as specific provisions.

A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The accounting definition of credit-impaired and the regulatory definition of default are generally aligned.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the period-end. Loans repayable by regular instalments are treated as overdue when an instalment payment is overdue and remains unpaid at period-end. Loans 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 demand notice, and/or when the loans have remained continuously outside the approved limit advised to the borrower for more than the overdue period in question. In addition, a loan that is overdue for 90 days or more is considered impaired. There were no loans and advances that are past due for more than 90 days but are not impaired as at 31 December, 2025.

Loan will be regarded as “rescheduled loan” when it has been restructured or renegotiated due to deterioration in the financial position of the borrower or of the inability of the borrower to meet the original repayment schedule, and the revised repayment terms are non-commercial to the Bank.

Table CRB: Additional disclosure related to credit quality of exposures (continued)

(i) Exposure by geographical area

(HK$ million)	Gross Carrying Amounts
Hong Kong	489,907
Chinese Mainland	220,876
Others	130,189
Total	**840,972**

(NB) The geographical area shown in this table represent the location of principal operations of units responsible for advancing the funds.

(ii) Exposure by industry

(HK$ million)	Gross Carrying Amounts
Property investment	64,120
Property development	43,256
Loans for purchase of residential properties	118,253
Financial Concern	69,929
Others	545,414
Total	**840,972**

(iii) Exposures by residual maturity

(HK$ million)	Gross Carrying Amounts
Less than 1 year	331,818
Between 1 and 5 years	287,841
More than 5 years	218,751
Undated or overdue	2,562
Total	**840,972**

Table CRB: Additional disclosure related to credit quality of exposures (continued)

(iv) Loans and advances by geographical area

(HK$ million)	Total Loans & Advances to Customers	Advances Overdue for Over Three Months	Impaired Advances to Customers	Impairment Provision for Stage 3	Write-off
Hong Kong	240,122	4,726	6,456	2,153	1,521
Chinese Mainland	195,489	2,794	7,333	2,242	1,591
Others	113,444	706	1,004	182	351
Total	**549,055**	**8,226**	**14,793**	**4,577**	**3,463**

(NB) The geographical area shown in this table represent the location of principal operations of units responsible for advancing the funds.

(v) Loans and advances by industry

(HK$ million)	Total Loans & Advances to Customers	Impaired Advances to Customers	Impairment Provision for Stage 3	Write-off
Property investment	60,475	3,493	449	447
Property development	40,223	7,917	2,788	1,489
Loans for purchase of residential properties	115,250	574	21	5
Financial concerns	73,262	44	44	119
Others	259,845	2,765	1,275	1,403
Total	**549,055**	**14,793**	**4,577**	**3,463**

(vi) Aging analysis of past due loans and advances

Gross advances overdue for	(HK$ million)
- 6 months or less but over 3 months	2,012
- 1 year or less but over 6 months	1,386
- Over 1 year	4,828
Total	**8,226**

(vii) Rescheduled loans and advances

	(HK$ million)
Impaired	2,362
Not Impaired	62
Total	**2,424**

Table CRC: Qualitative disclosures related to credit risk mitigation

Process of managing and recognising credit risk mitigation

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining recognised collateral, netting agreements for OTC derivatives transactions with valid bilateral netting agreements, and guarantees from the customer or counterparty.

The relevant policies and processes relating to the use of credit risk mitigation are established and approved by Credit Committee, in which guidelines and collateral valuation parameters are subject to regular reviews to ensure their effectiveness over credit risk management.

The Group applies safe custodian of collaterals, concentration limit and loan-to-value ratio controls, regular re-valuation and close monitoring. In particular, the Group monitors the value of the collateral on a sufficiently frequent basis with respect to the nature of the underlying credit, type of collateral and market practice, and at least annually. Marketable securities (i.e. equity share) are marked-to-market on a daily basis whilst valuations on properties are reviewed periodically. A more frequent revaluations of collaterals would be triggered during adverse or volatile markets (e.g. intra-day valuation of stocks).

The most common method of mitigating credit risk is to lend against eligible collateral. The extent of collateral coverage over the Group’s loans and advances to customer depends on the type of customers and the product offered. Types of collateral include residential properties (in the form of mortgages over property), other properties, other registered securities over assets, cash deposits, standby letters of credit and guarantees. The Group has established guidelines and limits to control and monitor the credit risk arising from collateral concentration, and such guidelines and limits are subject to regular review. While on-going monitoring has been in place, the exposures which pledged with properties and shares are within the pre-set limit as at 31 December 2025.

In addition, the Group also accepts guarantees as credit risk mitigants. Internal requirements for considering the acceptance of guarantees for credit risk mitigation are in place. The credit risk concentrations arising from the collaterals and guarantees adopted by the Group are considered to be immaterial.

Template CR3: Overview of recognised credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognised CRM as at 31 December 2025:

		(a)	(b)	(c)	(d)	(e)
	(HK$ million)	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts
1	Loans	326,091	248,417	187,602	60,815	0
2	Debt securities	206,945	802	0	802	0
3	**Total**	**533,036**	**249,219**	**187,602**	**61,617**	**0**
4	Of which defaulted	3,939	6,681	4,416	2,265	0

Table CRD: Qualitative disclosures on use of ECAI ratings under STC approach

The Group adopts the Standardised approach, which mainly features the risk-weighting of credit risk exposures according to credit ratings provided by External Credit Assessment Institutions (“ECAIs”) recognised by the HKMA, in assessing the capital adequacy of credit risk exposures which do not qualify for or are exempted from the use of an IRB approach.

Credit ratings from Moody’s, Standard & Poor’s and Fitch are used in the Group for risk-weighting credit risk exposures under the following exposure classes:

- Sovereign;
- Multilateral development bank;
- Unspecified multilateral body;
- Bank;
- Public sector entity;
- Qualifying non-bank financial institution;
- Corporate (including specialised lending); and
- Eligible covered bond

In accordance with the requirements prescribed in Part 4 of the Banking (Capital) Rules in respect of the application of ECAI ratings, for an exposure falling under any of the exposure classes listed above that consists of a debt obligation issued or undertaken by the obligor which has one or more than one ECAI issue specific rating, the Group would apply the issue specific rating(s) directly in risk-weighting the exposure; while for an exposure falling under one of the exposure classes listed above which does not have an ECAI issue specific rating and the obligor of which has an ECAI issuer rating but does not have a long-term ECAI issue specific rating assigned to a debt obligation issued or undertaken by the obligor, the Group would use the ECAI issuer rating in risk-weighting the exposure under any of the following circumstances:

- The use of the ECAI issuer rating would result in the allocation of a risk weight to the exposure that would be equal to, or higher than, the risk weight allocated to the exposure on the basis that the obligor has neither an ECAI issuer rating nor an ECAI issue specific rating assigned to a debt obligation issued or undertaken by the obligor; the ECAI issuer rating is only applicable to unsecured exposures to the obligor as an issuer that are not subordinated to other exposures to that obligor; and the exposure to the obligor ranks equally with, or is subordinated to, the unsecured exposures referred to above.

- The use of the ECAI issuer rating would result in the allocation of a risk weight to the exposure that would be lower than the risk weight allocated to the exposure on the basis that the obligor has neither an ECAI issuer rating nor an ECAI issue specific rating assigned to a debt obligation issued or undertaken by the obligor; the ECAI issuer rating is only applicable to unsecured exposures to the obligor as an issuer that are not subordinated to other exposures to that obligor; and the exposure to the obligor is not subordinated to other exposures to the obligor as an issuer.

Template CR4: Credit risk exposures and effects of recognised credit risk mitigation – for STC approach

The following table illustrates the effect of any recognised CRM (including recognised collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 31 December 2025:

		(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 (HK$ Mn)	Off-balance sheet amount (HK$ Mn)	On-balance sheet amount (HK$ Mn)	Off-balance sheet amount (HK$ Mn)	RWA (HK$ Mn)	RWA density
1	Sovereign exposures	109,406	0	110,809	28	1,088	0.98%
2	Public sector entity exposures	5,260	2,100	5,589	809	1,278	19.98%
3	Multilateral development bank exposures	5	0	5	0	0	0.00%
3a	Unspecified multilateral body exposures	0	0	0	0	0	0.00%
4	Bank exposures	439	0	606	0	334	55.14%
4a	Qualifying non-bank financial institution exposures	1,728	2,669	1,040	204	645	51.84%
5	Eligible covered bond exposures	0	0	0	0	0	0.00%
6	General corporate exposures	3,604	2,381	2,008	334	2,045	87.29%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	169	6	99	1	22	21.73%
6b	Specialized lending	0	0	0	0	0	0.00%
7	Equity exposures	886	0	886	0	2,216	250.00%
7a	Significant capital investments in commercial entities	2,039	0	2,038	0	5,096	250.00%
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	0	0	0	0	0	0.00%
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	0	0	0	0	0	0.00%
8	Retail exposures	27,573	25,357	22,022	2,241	18,834	77.62%
8a	Exposures arising from IPO financing	0	0	0	0	0	0.00%

Template CR4: Credit risk exposures and effects of recognised credit risk mitigation – for STC approach (continued)

		(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 (HK$ Mn)	Off-balance sheet amount (HK$ Mn)	On-balance sheet amount (HK$ Mn)	Off-balance sheet amount (HK$ Mn)	RWA (HK$ Mn)	RWA density
9	Real estate exposures	6,083	1,071	5,273	223	3,144	57.22%
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	3,374	97	3,368	37	816	23.98%
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	118	7	118	3	45	37.63%
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	301	0	259	0	157	60.59%
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	227	0	227	0	164	72.17%
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	960	820	263	134	332	83.58%
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	1,103	147	1,038	49	1,630	150.00%
9g	Of which: land acquisition, development and construction exposures	0	0	0	0	0	0.00%
10	Defaulted exposures	89	0	89	0	111	124.45%
11	Other exposures	13,673	0	13,673	0	0	0.00%
11a	Cash and gold	0	0	0	0	0	0.00%
11b	Items in the process of clearing or settlement	0	0	0	0	0	0.00%
12	**Total**	**170,785**	**33,578**	**164,038**	**3,839**	**34,791**	**20.72%**

Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach

The following table presents a breakdown of credit risk exposures under STC approach by exposure classes and by risk weights as at 31 December 2025:

(HK$ million)

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign exposures	105,395	5,442	0	0	0	0	110,837

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
2	Public sector entity exposures	5	6,393	0	0	0	0	6,398

		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3	Multilateral development bank exposures	5		0	0	0	0	0	5

		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3a	Unspecified multilateral body exposures	0	0	0	0	0	0	0

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4	Bank exposures	0	479	0	0	0	0	127	0	606

Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

(HK$ million)

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4a	Qualifying non-bank financial institution exposures	0	143	0	896	204	1	0	0	1,244

		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Eligible covered bond exposures	0	0	0	0	0	0	0	0	0

		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	124	0	87		0	1,034	1,097	0	0	2,342
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	98	0	0		0	0	2	0	0	100

		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6b	Specialized lending	0	0	0	0	0	0	0	0	0

		100%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures		886	0	0	886

Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

(HK$ million)

		250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
7a	Significant capital investments in commercial entities	2,038	0	0	0	2,038

		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	0	0	0	0	0

		150%	Other	Total credit exposure amount (post-CCF and post-CRM)
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	0	0	0

		45%	75%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
8	Retail exposures	1,513	18,500	4,148	102	24,263

		0%	Other	Total credit exposure amount (post-CCF and post-CRM)
8a	Exposures arising from IPO financing	0	0	0

BEA東亞銀行

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

Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

(HK$ million)

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9	Real estate exposures	0	2,083	566	681	2	23	46	71	258		237	257	17	13	130	5	6	1,087	14	5,496
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		2,083	566	607		23	7	71	5		29	0				0			14	3,405
9b	Of which: no loan splitting applied		2,083	566	607		23	7	71	5		29	0				0			14	3,405
9c	Of which: loan splitting applied (secured)																				
9d	Of which: loan splitting applied (unsecured)																				
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)				74	2		39		1			0		0		5			0	121

Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

(HK$ million)

		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)
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	0	0		0		0		0	252			6	0		1			0	0	259
9g	Of which: no loan splitting applied	0	0		0		0		0	252			6	0		1			0	0	259
9h	Of which: loan splitting applied (secured)																				
9i	Of which: loan splitting applied (unsecured)																				
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)											208			13			6		0	227
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	0	0		0		0		0				251	17		129			0	0	397
9l	Of which: no loan splitting applied	0	0		0		0		0				251	17		129			0	0	397
9m	Of which: loan splitting applied (secured)																				
9n	Of which: loan splitting applied (unsecured)																				

Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

(HK$ million)

		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)
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)																		1,087	0	1,087
9p	Of which: land acquisition, development and construction exposures															0			0	0	0

Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

(HK$ million)

		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures		45	44	0	89

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	0	0	13,673	13,673

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	0	0	0	0

		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)
11b	Items in the process of clearing or settlement	0	0	0	0

Template CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures:

		(a)	(b)	(c)	(d)
	Risk Weight	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF	Exposure (post-CCF and post-CRM)
1	Less than 40%	132,746	2,152	38.52%	135,004
2	40-70%	3,938	2,720	10.50%	3,132
3	75%	16,873	24,824	10.42%	18,961
4	85%	2,472	1,039	8.97%	1,051
5	90- 100%	10,449	2,689	20.44%	5,436
6	105-130%	68	7	40.00%	70
7	150%	1,314	147	33.34%	1,298
8	250%	2,925	0	0.00%	2,925
9	400%	0	0	0.00%	0
10	1,250%	0	0	0.00%	0
11	**Total exposures**	**170,785**	**33,578**	13.09%	**167,877**

Table CRE: Qualitative disclosures related to internal models for measuring credit risk under IRB approach

The Group mainly adopts the IRB approach and relies on its own internal rating models for assessments of the Group's capital adequacy in relation to credit risk exposures.

Overview of the Group's Application of IRB Approach

The Group has been approved by the Hong Kong Monetary Authority pursuant to the Banking (Capital) Rules to use the respective IRB approaches to calculate its credit risk for non-securitisation exposures falling under the following exposure classes:

Exposure class	Description	IRB approach
Corporate	Specialised lending and exposures to corporates other than specialised lending which have sufficient financial information for PD estimation	Specialised lending: Supervisory slotting criteria approach Other than specialised lending: Foundation IRB approach
Bank	Exposures to banks which have sufficient financial information for PD estimation	Foundation IRB approach
Retail	Qualifying revolving retail exposures, small business retail exposures and other retail exposures to individuals in Hong Kong, and mortgages to individuals and property holding shell companies in Hong Kong and Chinese Mainland	Retail IRB approach
Other	All cash items and other items	Specific risk-weighting approach

The table below indicates the portion of EAD within the Group covered by the Standardised approach and the respective IRB approaches for each of the exposure classes as at 31 December 2025:

Exposure class	Standardised approach	IRB approaches				
		Foundation IRB approach	Supervisory slotting criteria approach	Retail IRB approach	Specific risk-weighting approach	Other
Sovereign	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate	0.61%	95.74%	3.65%	0.00%	0.00%	0.00%
Bank	9.09%	90.91%	0.00%	0.00%	0.00%	0.00%
Retail	15.52%	0.00%	0.00%	84.48%	0.00%	0.00%
Equity	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	28.63%	0.00%	0.00%	0.00%	71.37%	0.00%

Control Mechanisms for Internal Models

Risk Analytics & Governance Department under Risk Management Division is responsible for the initial design and development, ongoing enhancement and monitoring of the Group's credit risk internal rating models. To ensure the discriminatory power, accuracy and stability of the internal rating models meet regulatory and management requirements, review of a rating model will be triggered if the performance of the model deteriorates materially against pre-determined tolerance limit.

Internal rating models are validated at least once a year by Independent Validation Section under Risk Management Division, which is independent from the function in charge of development. Internal Audit Division is responsible for reviewing the validation process and estimation of the risk components of the internal rating models. All credit risk internal rating models are subject to the review and approval by the Credit Committee, which has been delegated by the Board of Directors to deal with all credit risk related issues of the Group.

Table CRE: Qualitative disclosures related to internal models for measuring credit risk under IRB approach (continued)

To ensure that the Credit Committee has sufficient information to execute the review and approval of the internal rating models, reports with the following information should be submitted by Risk Analytics & Governance Department to the Credit Committee regularly:

- discriminatory power, accuracy and stability of the internal rating models;
- risk profile by grade;
- risk rating migration across grades;
- estimation of relevant parameters per grade;
- rating overrides and its reason analysis;
- comparison of realised default rates (LGDs and EADs where applicable) against expectation;
- changes in regulatory capital due to model enhancement;
- major findings during the model review and validation;
- results of credit risk stress-testing; and
- material changes or exceptions from established policies that will materially impact the operations of the internal rating models.

Main Characteristics of Internal Models

The Group has developed internal models for estimation of the probability of default ("PD") of obligors in the bank, corporate and retail exposure classes. In addition, internal models for estimation of the loss given default ("LGD") and exposure at default ("EAD") have also been developed for retail exposures.

Internal Models for non-Retail Portfolios

The scope of application of different PD models is determined according to the nature of counterparties. The Bank PD model is applied to exposures to bank obligors while the Corporate PD model is applied to exposures to obligors that are corporates or qualifying non-bank financial institution.

The Bank PD model relies on financial information as the base rating and expert qualitative assessment as rating adjustment. As internal default data is not available for this low default portfolio, the PDs are estimated with reference to the external credit ratings of the obligors and calibrated to the long-run default rates associated with respective external credit ratings published by ECAIs.

The Corporate PD model relies heavily on the statistical analysis of quantitative financial information and expert qualitative assessment of individual obligors. As there are sufficient internal default data for this portfolio, the PDs are estimated with reference to the historical internal default data and calibrated to the long-run default rates from the Group's internal data.

Under the Foundation IRB approach, the Group applies the supervisory estimates in determining the LGD and EAD for non-retail portfolios.

Internal Models for Retail Portfolio

The retail portfolio has been segmented into various sub-portfolios according to product characteristics with one PD model developed for each of the sub-portfolios. As more sufficient sample is available for retail exposures, the retail PD models are built on a pool basis with reference to the historical internal default data and the PD estimates are calibrated to the long-run default rates from the Group's internal data.

Under the Retail IRB approach, the Group also generates its own LGD and EAD estimates for retail portfolios with the use of internal models.

The retail LGD models are developed according to the historical data collected during the recovery processes. In determining the time lapse between default event and closure of the exposure in LGD estimation, an exposure is considered to be closed when there is no reasonable prospect of further recovery. All LGD models are calibrated to an economic downturn. For secured retail portfolios, downturn LGDs are estimated by adjusting the LGDs with reference to the highest drop in the corresponding macroeconomic index associated with respective collateral types; whilst for unsecured retail portfolios, downturn LGDs are estimated by adjusting the LGDs with reference to the market figures of downturn period.

EAD is calculated as the sum of on-balance sheet amount and credit equivalent amount of off-balance sheet items. For the Hong Kong credit card portfolio, EAD model for the estimation of the credit equivalent amount has been developed taking into consideration the different behaviours of accounts. The credit equivalent amount is calculated as the product of utilisation ratio and credit limit.

For retail portfolios other than Hong Kong Credit Card portfolio, credit equivalent amounts for performing accounts are estimated with a credit conversion factor of 100% and those for non-performing accounts with a credit conversion factor of 0%.

Table CRE: Qualitative disclosures related to internal models for measuring credit risk under IRB approach (continued)

The main characteristics of individual component models are summarised in the table below:

Portfolio	Component	Number of Material Model(s)	Model Description and Methodology	Number of years loss data	Regulatory Floor
Bank	PD	1	Statistical model built on financial information as the base rating and expert qualitative assessment as rating adjustment, and calibrated to the long-run default rates associated with respective external credit ratings published by ECAIs.	5	0.05%
Corporate	PD	2	Statistical models built by combining financial information and expert qualitative assessment, and calibrated to the long-run default rates from the Group's internal data. The 2 models are for borrowers operating in Chinese Mainland and for borrowers operating outside Chinese Mainland, respectively.	10	0.05%
Retail – Hong Kong Credit Card	PD	1	Statistical model built on internal and bureau data, and calibrated to the long-run default rates from the Group's internal data.	5	0.1% for QRRE (revolver); 0.05% for others
	LGD	1	Statistical model built on internal loss and recovery data, with the downturn LGD estimated by adjusting the LGD with reference to the market figures of downturn period.	2	50% for QRRE; 30% for others
	EAD	1	Statistical model built on internal data to derive a credit limit utilisation by segment to estimate the credit equivalent amount.	9	sum of – (a) the EAD of the on-balance sheet exposure; and (b) 50% of the EAD of the off-balance sheet exposure determined in accordance with BCR section 163(2)
Retail – Hong Kong Unsecured Overdraft	PD	1	Statistical model built on internal and bureau data, and calibrated to the long-run default rates from the Group's internal data.	5	0.1% for QRRE (revolver); 0.05% for others
	LGD	1	Statistical model built on internal loss and recovery data, with the downturn LGD estimated by adjusting the LGD with reference to the market figures of downturn period.	2	50% for QRRE; 30% for others
	EAD	1	In estimating the credit equivalent amount and hence the EAD, a credit conversion factor of 100% is applied to performing accounts and a credit conversion factor of 0% to non-performing accounts.	–	sum of – (a) the EAD of the on-balance sheet exposure; and (b) 50% of the EAD of the off-balance sheet exposure determined in accordance with BCR section 163(2)

Table CRE: Qualitative disclosures related to internal models for measuring credit risk under IRB approach (continued)

Portfolio	Component	Number of Material Model(s)	Model Description and Methodology	Number of years loss data	Regulatory Floor
Retail – Hong Kong Revolving Loan	PD	1	Statistical model built on internal and bureau data, and calibrated to the long-run default rates from the Group's internal data.	5	0.1% for QRRE (revolver); 0.05% for others
	LGD	1	Statistical model built on internal loss and recovery data, with the downturn LGD estimated by adjusting the LGD with reference to the market figures of downturn period.	2	50% for QRRE; 30% for others
	EAD	1	In estimating the credit equivalent amount and hence the EAD, a credit conversion factor of 100% is applied to performing accounts and a credit conversion factor of 0% to non-performing accounts.	–	sum of – (a) the EAD of the on-balance sheet exposure; and (b) 50% of the EAD of the off-balance sheet exposure determined in accordance with BCR section 163(2)
Retail – Hong Kong Unsecured Instalment Loan	PD	1	Statistical model built on internal and bureau data, and calibrated to the long-run default rates from the Group's internal data.	5	0.05%
	LGD	1	Statistical model built on internal loss and recovery data, with the downturn LGD estimated by adjusting the LGD with reference to the market figures of downturn period.	2	30%
	EAD	1	In estimating the credit equivalent amount and hence the EAD, a credit conversion factor of 100% is applied to performing accounts and a credit conversion factor of 0% to non-performing accounts.	–	–
Retail – Hong Kong Residential Mortgage	PD	1	Statistical model built on historical default data with consideration of mortgage scheme type, borrower type and delinquency status, and calibrated to the long-run default rates from the Group's internal data.	6.5	0.05%
	LGD	1	Statistical model built on internal loss and recovery data, with the downturn LGD estimated by adjusting the LGD with reference to the historical highest drop in Hong Kong Private Domestic Price Index.	8.5	10%
	EAD	1	In estimating the credit equivalent amount and hence the EAD, a credit conversion factor of 100% is applied to performing accounts and a credit conversion factor of 0% to non-performing accounts.	–	–
Retail – Hong Kong Non-residential Mortgage	PD	1	Statistical model built on historical default data and calibrated to the long-run default rates from the Group's internal data.	6.5	0.05%
	LGD	1	Statistical model built on internal loss and recovery data, with the downturn LGD estimated by adjusting the LGD with reference to the historical highest drop in Hong Kong Private Office Price Index.	8.5	10%
	EAD	1	In estimating the credit equivalent amount and hence the EAD, a credit conversion factor of 100% is applied to performing accounts and a credit conversion factor of 0% to non-performing accounts.	–	–

Table CRE: Qualitative disclosures related to internal models for measuring credit risk under IRB approach (continued)

Portfolio	Component	Number of Material Model(s)	Model Description and Methodology	Number of years loss data	Regulatory Floor
Retail – Hong Kong Other Secured Loan	PD	1	Statistical model built on historical default data with consideration of collateral type and delinquency status, and calibrated to the long-run default rates from the Group's internal data.	6.5	0.05%
	LGD	1	Statistical model built on internal loss and recovery data, with the downturn LGD estimated by adjusting the LGD with reference to the historical highest drop in License Fee of Urban Taxi.	8.5	15%
	EAD	1	In estimating the credit equivalent amount and hence the EAD, a credit conversion factor of 100% is applied to performing accounts and a credit conversion factor of 0% to non-performing accounts.	–	–
Retail – Chinese Mainland Mortgage Loan	PD	1	Statistical model built on historical default data with consideration of delinquency status, and calibrated to the long-run default rates from the Group's internal data.	6.5	0.05%
	LGD	1	Statistical model built on internal loss and recovery data, with the downturn LGD estimated by adjusting the LGD with reference to the historical highest drop in China Property Price Index.	8.5	10%
	EAD	1	In estimating the credit equivalent amount and hence the EAD, a credit conversion factor of 100% is applied to performing accounts and a credit conversion factor of 0% to non-performing accounts.	–	–

Comparison of Actual Default Rate against Estimated Probability of Default

The following tables present a comparison of the actual percentage of default during the last three reporting periods and the corresponding 1-year probability of default estimated as at the end of the previous financial year-ends.

2025

Exposure class	Actual percentage of default for the year ended 31 December, 2025	Estimated 1-year probability of default at 31 December, 2024
Bank	0.00%	0.30%
Corporate	0.94%	1.32%
Retail – QRRE	0.30%	0.56%
Retail – Residential mortgage exposures	0.26%	0.59%
Retail – Small business retail exposures	0.47%	1.50%
Other retail exposures to individuals	1.69%	7.02%

Table CRE: Qualitative disclosures related to internal models for measuring credit risk under IRB approach (continued)

2024

Exposure class	Actual percentage of default for the year ended 31 December, 2024	Estimated 1-year probability of default at 31 December, 2023
Bank	0.00%	0.19%
Corporate	1.18%	1.35%
Retail – QRRE	0.25%	0.52%
Retail – Residential mortgage exposures	0.23%	0.58%
Retail – Small business retail exposures	0.22%	1.51%
Other retail exposures to individuals	1.30%	6.04%

2023

Exposure class	Actual percentage of default for the year ended 31 December, 2023	Estimated 1-year probability of default at 31 December, 2022
Bank	0.00%	0.17%
Corporate	1.02%	2.16%
Retail – QRRE	0.33%	0.51%
Retail – Residential mortgage exposures	0.16%	0.58%
Retail – Small business retail exposures	0.63%	1.66%
Other retail exposures to individuals	1.21%	6.44%

An actual default rate for a particular financial year is “point-in-time” in nature and, as the economy moves above or below cyclical norms, may differ from the corresponding PD estimate which is measured on a “through-the-cycle” basis.

As shown in the above tables, the actual default rates have been lower than the corresponding PD estimates in the last three reporting periods.

Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach

The following tables present the main parameters of internal models used for the calculation of credit risk capital requirements under the foundation and retail IRB approaches respectively at 31 December 2025:

Foundation IRB Approach

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD Scale	Original on-balance sheet gross exposure (HK$ Mn)	Off-balance sheet exposure pre-CCF (HK$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK$ Mn)	RWA density	EL (HK$ Mn)	Provisions (HK$ Mn)
Bank	0.00 to <0.15	46,801	11,855	12.36%	48,935	0.07%	156	45.52%	1.4	10,964	22.41%	15	
	0.15 to <0.25	16,693	3,249	11.39%	17,076	0.18%	72	45.00%	0.3	4,782	28.00%	14	
	0.25 to <0.50	9,591	1,433	15.64%	9,816	0.31%	51	44.97%	0.1	3,847	39.19%	14	
	0.50 to <0.75	2,202	200	40.00%	2,280	0.54%	13	45.00%	0.2	1,090	47.80%	6	
	0.75 to <2.50	3,945	98	20.00%	3,965	1.29%	21	45.00%	0.5	3,301	83.27%	22	
	2.50 to <10.00	335	0	0.00%	335	4.39%	2	45.00%	0.1	430	128.08%	7	
	10.00 to <100.00	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	100.00 (Default)	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	Sub-total	**79,567**	**16,835**	**12.82%**	**82,407**	**0.21%**	**315**	**45.30%**	**0.9**	**24,414**	**29.63%**	**78**	**31**
Corporate – small-and-medium sized corporates	0.00 to <0.15	5,221	1,910	14.83%	4,775	0.09%	51	37.88%	1.4	677	14.18%	2	
	0.15 to <0.25	3,293	2,762	27.32%	3,955	0.18%	57	31.02%	1.4	725	18.34%	2	
	0.25 to <0.50	13,008	1,892	27.62%	13,588	0.32%	116	29.94%	1.2	3,101	22.82%	13	
	0.50 to <0.75	4,006	1,010	18.71%	4,095	0.54%	108	31.54%	1.2	1,231	30.03%	7	
	0.75 to <2.50	15,626	2,953	4.97%	14,702	1.27%	425	23.07%	1.4	5,125	34.86%	42	
	2.50 to <10.00	3,604	3,313	1.36%	3,738	4.26%	212	26.65%	2.0	2,315	61.94%	42	
	10.00 to <100.00	2,461	476	36.57%	2,922	23.79%	37	29.21%	1.3	3,332	114.01%	215	
	100.00 (Default)	1,674	1	3.34%	1,674	99.55%	77	31.88%	0.5	215	12.86%	787	
	Sub-total	**48,893**	**14,317**	**14.78%**	**49,449**	**5.63%**	**1,083**	**28.66%**	**1.3**	**16,721**	**33.81%**	**1,110**	**1,238**

Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

Foundation IRB Approach (continued)

	PD Scale	(a) Original on-balance sheet gross exposure (HK$ Mn)	(b) Off-balance sheet exposure pre-CCF (HK$ Mn)	(c) Average CCF	(d) EAD post-CRM and post-CCF (HK$ Mn)	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity (Year)	(i) RWA (HK$ Mn)	(j) RWA density	(k) EL (HK$ Mn)	(l) Provisions (HK$ Mn)
Corporate – large corporates	0.00 to <0.15	102,070	30,763	15.90%	108,680	0.07%	347	39.64%	3.1	26,346	24.24%	31	
	0.15 to <0.25	32,921	29,956	9.97%	37,182	0.18%	236	38.27%	2.0	11,882	31.96%	26	
	0.25 to <0.50	52,104	52,784	6.60%	58,322	0.31%	363	36.67%	1.4	21,184	36.32%	68	
	0.50 to <0.75	23,270	31,606	6.79%	27,878	0.54%	229	36.75%	1.2	13,033	46.75%	56	
	0.75 to <2.50	19,397	18,207	2.53%	19,941	1.27%	162	29.91%	1.4	11,459	57.46%	74	
	2.50 to <10.00	773	2,780	1.00%	801	6.22%	17	37.58%	0.9	961	119.98%	19	
	10.00 to <100.00	3,052	678	0.00%	3,052	42.36%	18	28.15%	3.7	3,978	130.34%	373	
	100.00 (Default)	2,827	0	0.00%	2,827	100.00%	14	30.83%	1.1	2,888	102.17%	1,090	
	Sub-total	**236,414**	**166,774**	**8.39%**	**258,683**	**1.90%**	**1,386**	**37.48%**	**2.2**	**91,731**	**35.46%**	**1,737**	**2,092**
Corporate – financial institutions treated as corporates	0.00 to <0.15	16,921	14,214	5.27%	16,829	0.09%	53	44.61%	1.2	4,047	24.05%	7	
	0.15 to <0.25	6,697	7,776	9.22%	7,031	0.18%	43	41.97%	1.4	2,719	38.68%	5	
	0.25 to <0.50	10,951	5,865	9.14%	10,379	0.32%	36	44.94%	0.9	5,443	52.44%	15	
	0.50 to <0.75	3,944	3,153	5.08%	3,976	0.54%	21	44.72%	0.8	2,719	68.37%	10	
	0.75 to <2.50	1,894	794	5.05%	1,935	1.28%	16	19.90%	0.7	778	40.22%	4	
	2.50 to <10.00	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	10.00 to <100.00	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	100.00 (Default)	0	0	0.00%	0	0.00%	0	0.00%	0.0	0	0.00%	0	
	Sub-total	**40,407**	**31,802**	**6.93%**	**40,150**	**0.27%**	**169**	**43.05%**	**1.1**	**15,706**	**39.12%**	**41**	**115**

Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

Foundation IRB Approach (continued)

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD Scale	Original on-balance sheet gross exposure (HK$ Mn)	Off-balance sheet exposure pre-CCF (HK$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK$ Mn)	RWA density	EL (HK$ Mn)	Provisions (HK$ Mn)
Corporate – other corporates	0.00 to <0.15	40,001	12,341	14.48%	39,540	0.07%	180	39.15%	3.0	9,478	23.97%	12	
	0.15 to <0.25	23,472	11,774	18.94%	24,891	0.18%	156	34.11%	2.4	7,780	31.26%	15	
	0.25 to <0.50	31,968	13,866	10.04%	31,678	0.32%	238	34.27%	2.1	12,656	39.95%	34	
	0.50 to <0.75	14,995	13,238	14.79%	14,720	0.54%	178	34.61%	1.9	7,494	50.91%	28	
	0.75 to <2.50	23,247	24,075	3.40%	25,056	1.33%	355	29.62%	1.2	13,991	55.84%	96	
	2.50 to <10.00	6,655	14,766	1.42%	6,774	3.78%	154	27.18%	1.0	4,958	73.20%	70	
	10.00 to <100.00	4,790	132	49.38%	4,568	23.07%	19	23.27%	0.9	5,132	112.33%	238	
	100.00 (Default)	5,585	0	0.00%	5,585	100.00%	62	30.81%	0.9	6,392	114.45%	1,986	
	Sub-total	**150,713**	**90,192**	**9.38%**	**152,812**	**4.90%**	**1,342**	**34.01%**	**2.1**	**67,881**	**44.42%**	**2,479**	**3,493**
Total (sum of all portfolios)		**555,994**	**319,920**	**9.04%**	**583,501**	**2.65%**	**4,295**	**37.31%**	**1.8**	**216,453**	**37.10%**	**5,445**	**6,969**

Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

Retail IRB Approach

	PD Scale	(a) Original on-balance sheet gross exposure (HK$ Mn)	(b) Off-balance sheet exposure pre-CCF (HK$ Mn)	(c) Average CCF	(d) EAD post-CRM and post-CCF (HK$ Mn)	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity (Year)	(i) RWA (HK$ Mn)	(j) RWA density	(k) EL (HK$ Mn)	(l) Provisions (HK$ Mn)
Retail – QRRE (transactor)	0.00 to <0.15	48	11,121	87.32%	9,758	0.14%	359,794	91.87%		713	7.31%	13	
	0.15 to <0.25	40	298	76.31%	267	0.25%	9,662	91.87%		31	11.60%	1	
	0.25 to <0.50	1,750	12,837	71.23%	10,893	0.35%	359,822	91.87%		1,695	15.55%	35	
	0.50 to <0.75	4	583	96.86%	569	0.59%	13,885	90.46%		131	23.09%	3	
	0.75 to <2.50	29	361	87.35%	344	1.38%	8,425	88.47%		147	42.77%	4	
	2.50 to <10.00	161	170	98.57%	329	4.49%	16,035	91.68%		336	102.30%	14	
	10.00 to <100.00	0	1	103.25%	2	65.62%	59	91.87%		4	223.84%	1	
	100.00 (Default)	1	0	0.00%	1	100.00%	1	91.87%		3	480.24%	0	
	Sub-total	**2,033**	**25,371**	**79.34%**	**22,163**	**0.35%**	**767,683**	**91.78%**		**3,060**	**13.81%**	**71**	**74**
Retail – QRRE (revolver)	0.00 to <0.15	0	0	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
	0.15 to <0.25	10	26	78.57%	30	0.24%	924	91.54%		3	11.15%	0	
	0.25 to <0.50	583	2,924	70.46%	2,644	0.35%	101,833	91.87%		408	15.44%	9	
	0.50 to <0.75	106	352	94.34%	438	0.56%	6,181	90.29%		97	22.11%	2	
	0.75 to <2.50	224	1,297	82.72%	1,296	1.09%	41,189	91.27%		469	36.14%	13	
	2.50 to <10.00	659	241	130.52%	974	6.12%	40,628	91.26%		1,207	123.97%	54	
	10.00 to <100.00	5	3	108.90%	9	52.53%	326	91.48%		20	227.45%	4	
	100.00 (Default)	42	0	0.00%	42	100.00%	1	91.46%		189	444.57%	24	
	Sub-total	**1,629**	**4,843**	**78.54%**	**5,433**	**2.44%**	**191,082**	**91.49%**		**2,393**	**44.05%**	**106**	**58**

Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

Retail IRB Approach

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	PD Scale	Original on-balance sheet gross exposure (HK$ Mn)	Off-balance sheet exposure pre-CCF (HK$ Mn)	Average CCF	EAD post-CRM and post-CCF (HK$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK$ Mn)	RWA density	EL (HK$ Mn)	Provisions (HK$ Mn)
Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to <0.15	28,391	282	40.00%	28,503	0.11%	5,785	50.21%		3,612	12.67%	15	
	0.15 to <0.25	22,663	972	39.66%	23,048	0.23%	11,209	26.38%		2,739	11.89%	14	
	0.25 to <0.50	69,064	10	21.77%	69,066	0.34%	22,276	20.99%		8,615	12.47%	50	
	0.50 to <0.75	0	0	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
	0.75 to <2.50	3,181	99	39.63%	3,220	0.93%	1,838	10.78%		426	13.22%	4	
	2.50 to <10.00	202	0	0.00%	202	7.02%	304	37.40%		294	145.59%	5	
	10.00 to <100.00	647	0	0.00%	647	22.91%	348	23.20%		779	120.41%	36	
	100.00 (Default)	658	0	0.00%	658	100.00%	355	27.69%		1,969	299.10%	27	
	Sub-total	**124,806**	**1,363**	**39.59%**	**125,344**	**0.93%**	**42,115**	**28.43%**		**18,434**	**14.71%**	**151**	**70**

Template CR6: Credit risk exposures by portfolio and PD ranges – for IRB approach (continued)

Retail IRB Approach (continued)

	PD Scale	(a) Original on-balance sheet gross exposure (HK$ Mn)	(b) Off-balance sheet exposure pre-CCF (HK$ Mn)	(c) Average CCF	(d) EAD post-CRM and post-CCF (HK$ Mn)	(e) Average PD	(f) Number of obligors	(g) Average LGD	(h) Average maturity (Year)	(i) RWA (HK$ Mn)	(j) RWA density	(k) EL (HK$ Mn)	(l) Provisions (HK$ Mn)
Retail – small business retail exposures	0.00 to <0.15	0	0	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
	0.15 to <0.25	5	0	0.00%	5	0.25%	2	30.07%		1	14.01%	0	
	0.25 to <0.50	37	0	0.00%	37	0.34%	24	14.80%		3	8.49%	0	
	0.50 to <0.75	2	7	100.00%	9	0.55%	25	89.94%		6	68.32%	0	
	0.75 to <2.50	490	13	85.52%	501	1.42%	284	19.90%		113	22.60%	2	
	2.50 to <10.00	46	0	100.00%	46	4.47%	22	61.14%		41	89.11%	1	
	10.00 to <100.00	0	0	0.00%	0	65.62%	1	17.03%		0	0.00%	0	
	100.00 (Default)	0	0	0.00%	0	0.00%	0	0.00%		0	0.00%	0	
	Sub-total	**580**	**20**	**91.05%**	**598**	**1.57%**	**358**	**23.95%**		**164**	**27.51%**	**3**	**1**
Retail - Other retail exposures to individuals	0.00 to <0.15	30	26	87.30%	53	0.09%	3	80.11%		9	18.68%	0	
	0.15 to <0.25	0	17	94.03%	16	0.19%	3	89.66%		6	34.93%	0	
	0.25 to <0.50	76	209	73.60%	229	0.35%	1	91.87%		123	53.85%	1	
	0.50 to <0.75	1,117	20	99.98%	1,137	0.52%	337	70.74%		592	52.01%	4	
	0.75 to <2.50	2,067	5	53.31%	2,071	1.66%	6,341	46.98%		1,185	57.23%	17	
	2.50 to <10.00	591	4	137.75%	596	5.58%	2,777	63.78%		570	95.59%	22	
	10.00 to <100.00	191	0	384.89%	192	59.67%	723	48.89%		204	106.35%	54	
	100.00 (Default)	64	0	0.00%	64	100.00%	319	59.89%		95	149.07%	34	
	Sub-total	**4,136**	**281**	**78.81%**	**4,358**	**5.80%**	**10,504**	**58.68%**		**2,784**	**63.89%**	**132**	**145**
Total (sum of all portfolios)		**133,184**	**31,878**	**77.52%**	**157,896**	**1.04%**	**1,011,742**	**40.31%**		**26,835**	**17.00%**	**463**	**348**

Template CR7: Effects on RWA of recognised credit derivative contracts used as recognised credit risk mitigation – for IRB approach

The following table presents the effect of recognised credit derivative contracts on the calculation of credit risk capital requirements under the IRB approach as at 31 December 2025:

		(a)	(b)
(HK$ million)		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialised lending (project finance)	492	492
2	Corporate – Specialised lending (object finance)	388	388
3	Corporate – Specialised lending (commodities finance)	0	0
4	Corporate – Specialised lending (income-producing real estate)	11,915	11,915
5	Corporate – Specialised lending (high-volatility commercial real estate)	0	0
6	Corporate – Small-and-medium sized corporates	16,720	16,720
7	Corporate - Large corporates	91,732	91,732
8	Corporate – Financial institutions treated as corporates	15,706	15,706
9	Corporate – Other corporates	67,882	67,882
10	Sovereign – Sovereigns	0	0
11	Sovereign – Sovereign foreign public sector entities	0	0
12	Sovereign – Multilateral development banks	0	0
13	Bank – Banks (excluding covered bonds)	19,047	19,047
14	Bank Qualifying non-bank financial institutions	5,367	5,367
15	Bank – Public sector entities (excluding sovereign foreign public sector entities)	0	0
16	Bank – Unspecified multilateral bodies	0	0
17	Bank – Covered bonds	0	0
18	Retail – Small business retail exposures	164	164
19	Retail – Residential mortgages to individuals	18,087	18,087
20	Retail – Residential mortgages to property-holding shell companies	347	347
21	Retail – Qualifying revolving retail exposures (QRRE) (transactor)	3,060	3,060
22	Retail – QRRE (revolver)	2,393	2,393
23	Retail – Other retail exposures to individuals	2,784	2,784
24	CIS – (CIS exposures)	2,077	2,077
25	Other – Cash items	851	851
26	Other – Other items	18,035	18,035
27	**Total**	**277,047**	**277,047**

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

The following table presents a flow statement explaining variations in the RWA for credit risk determined under the IRB approach for the period from 30 September 2025 to 31 December 2025:

	(HK$ million)	(a) Amount
1	**RWA as at end of previous reporting period**	**277,198**
2	Asset size	6,322
3	Asset quality	(6,477)
4	Model updates	0
5	Methodology and policy	(1,709)
6	Acquisitions and disposals	0
7	Foreign exchange movements	1,713
8	Other	0
9	**RWA as at end of reporting period**	**277,047**

Methodology and policy updates of HK$1,709 million is due to regulatory treatment of exposure to Mainland Policy Banks.

Template CR9: Back-testing of PD per portfolio – for IRB approach

The following table provides back-testing data as at 31 December 2025 to validate the reliability of PD calculations, including a comparison of the PD used to calculate capital requirements with the effective default rates of obligors under the IRB approach:

(a)	(b)	(c)		(d)	(e)	(f)		(g)	(h)	(i)
Portfolio	PD Range	External Rating Equivalent		Weighted Average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
		Moody's	S&P / Fitch			Beginning of the year	End of the year			
Bank	0.00 to <0.15	Aaa to Baa1	AAA to BBB+	0.06%	0.07%	123	199	0	0	0.00%
	0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	0.17%	0.18%	36	67	0	0	0.00%
	0.25 to <0.50	Baa2 to Ba1	BBB to BB+	0.34%	0.32%	27	86	0	0	0.00%
	0.50 to <0.75	Ba1 to Ba2	BB+ to BB	0.54%	0.54%	10	33	0	0	0.00%
	0.75 to <2.50	Ba2 to B2	BB to B	1.49%	1.32%	22	46	0	0	0.00%
	2.50 to <10.00	B2 to Caa1	B to CCC+	6.96%	6.96%	1	5	0	0	0.00%
	10.00 to <100.00	Caa1 to C	CCC+ to C	-	-	0	0	0	0	-
Corporate – small-and-medium sized corporates	0.00 to <0.15	Aaa to Baa1	AAA to BBB+	0.09%	0.09%	56	70	0	0	0.67%
	0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	0.18%	0.18%	53	67	0	0	0.00%
	0.25 to <0.50	Baa2 to Ba1	BBB to BB+	0.31%	0.32%	107	143	0	0	0.00%
	0.50 to <0.75	Ba1 to Ba2	BB+ to BB	0.54%	0.54%	416	441	2	0	0.10%
	0.75 to <2.50	Ba2 to B2	BB to B	1.26%	1.41%	413	491	7	0	1.06%
	2.50 to <10.00	B2 to Caa1	B to CCC+	4.19%	4.41%	186	261	8	0	2.04%
	10.00 to <100.00	Caa1 to C	CCC+ to C	32.14%	29.98%	27	39	9	0	19.48%
Corporate – large corporates	0.00 to <0.15	Aaa to Baa1	AAA to BBB+	0.08%	0.08%	346	426	0	0	0.84%
	0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	0.18%	0.18%	228	283	0	0	0.89%
	0.25 to <0.50	Baa2 to Ba1	BBB to BB+	0.32%	0.31%	325	421	0	0	0.39%
	0.50 to <0.75	Ba1 to Ba2	BB+ to BB	0.54%	0.54%	183	241	0	0	0.66%
	0.75 to <2.50	Ba2 to B2	BB to B	1.29%	1.38%	162	208	0	0	0.80%
	2.50 to <10.00	B2 to Caa1	B to CCC+	5.37%	4.11%	16	24	0	0	0.00%
	10.00 to <100.00	Caa1 to C	CCC+ to C	26.92%	23.78%	23	24	5	0	23.22%

Template CR9: Back-testing of PD per portfolio – for IRB approach (continued)

(a)	(b)	(c)		(d)	(e)	(f)		(g)	(h)	(i)
Portfolio	PD Range	External Rating Equivalent		Weighted Average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
		Moody's	S&P / Fitch			Beginning of the year	End of the year			
Corporate – financial institutions treated as corporates	0.00 to <0.15	Aaa to Baa1	AAA to BBB+	0.09%	0.09%	28	31	0	0	0.00%
	0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	0.17%	0.18%	16	23	0	0	0.00%
	0.25 to <0.50	Baa2 to Ba1	BBB to BB+	0.29%	0.30%	14	24	0	0	0.00%
	0.50 to <0.75	Ba1 to Ba2	BB+ to BB	0.54%	0.54%	2	7	0	0	0.00%
	0.75 to <2.50	Ba2 to B2	BB to B	1.38%	1.13%	2	5	0	0	0.00%
	2.50 to <10.00	B2 to Caa1	B to CCC+	-	-	0	1	0	0	0.00%
	10.00 to <100.00	Caa1 to C	CCC+ to C	-	-	0	0	0	0	0.00%
Corporate – other corporates	0.00 to <0.15	Aaa to Baa1	AAA to BBB+	0.08%	0.09%	207	275	0	0	0.25%
	0.15 to <0.25	Baa1 to Baa2	BBB+ to BBB	0.18%	0.18%	147	210	0	0	0.37%
	0.25 to <0.50	Baa2 to Ba1	BBB to BB+	0.32%	0.32%	244	364	0	0	0.26%
	0.50 to <0.75	Ba1 to Ba2	BB+ to BB	0.54%	0.54%	150	243	0	0	0.25%
	0.75 to <2.50	Ba2 to B2	BB to B	1.32%	1.45%	273	407	0	0	0.28%
	2.50 to <10.00	B2 to Caa1	B to CCC+	3.79%	3.92%	112	185	3	0	2.11%
	10.00 to <100.00	Caa1 to C	CCC+ to C	24.55%	28.96%	10	13	1	0	14.00%
Retail – QRRE (transactor)	0.00 to <0.15			0.14%	0.14%	317,569	328,517	84	7	0.03%
	0.15 to <0.25			0.25%	0.25%	6,648	6,752	3	1	0.03%
	0.25 to <0.50			0.35%	0.35%	225,893	229,621	289	10	0.15%
	0.50 to <0.75			0.63%	0.67%	44,717	45,767	43	5	0.08%
	0.75 to <2.50			1.42%	1.38%	21,176	21,775	44	6	0.17%
	2.50 to <10.00			4.45%	4.56%	9,187	9,402	215	13	0.99%
	10.00 to <100.00			65.62%	65.62%	50	60	1	0	2.91%

Template CR9: Back-testing of PD per portfolio – for IRB approach (continued)

(a)	(b)	(c)		(d)	(e)	(f)		(g)	(h)	(i)
Portfolio	PD Range	External Rating Equivalent		Weighted Average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
		Moody's	S&P / Fitch			Beginning of the year	End of the year			
Retail – QRRE (revolver)	0.00 to <0.15			-	-	0	0	0	0	--
	0.15 to <0.25			0.23%	0.24%	460	482	4	0	0.29%
	0.25 to <0.50			0.35%	0.35%	58,579	66,839	251	15	0.76%
	0.50 to <0.75			0.56%	0.59%	5,643	8,088	26	1	0.36%
	0.75 to <2.50			1.11%	1.05%	41,214	69,699	146	6	0.85%
	2.50 to <10.00			5.94%	6.18%	18,335	18,573	1,118	2	4.33%
	10.00 to <100.00			38.62%	47.41%	156	156	57	0	28.96%
Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to <0.15			0.11%	0.11%	5,121	6,017	4	0	0.03%
	0.15 to <0.25			0.23%	0.24%	11,878	14,016	20	1	0.10%
	0.25 to <0.50			0.34%	0.34%	23,981	23,988	19	0	0.06%
	0.50 to <0.75			-	-	0	0	0	0	0.01%
	0.75 to <2.50			1.12%	0.93%	1,373	1,977	5	0	0.26%
	2.50 to <10.00			7.02%	7.00%	357	357	3	0	2.11%
	10.00 to <100.00			27.55%	28.15%	356	356	61	0	11.40%
Retail – small business retail exposures	0.00 to <0.15			-	-	0	0	0	0	--
	0.15 to <0.25			0.25%	0.25%	1	2	0	0	0.00%
	0.25 to <0.50			0.34%	0.34%	36	36	0	0	0.00%
	0.50 to <0.75			0.55%	0.55%	28	28	0	0	1.38%
	0.75 to <2.50			1.42%	1.33%	334	335	1	0	0.28%
	2.50 to <10.00			4.17%	3.70%	22	30	1	0	2.09%
	10.00 to <100.00			16.14%	39.44%	2	2	0	0	0.00%

Template CR9: Back-testing of PD per portfolio – for IRB approach (continued)

(a)	(b)	(c)		(d)	(e)	(f)		(g)	(h)	(i)
Portfolio	PD Range	External Rating Equivalent		Weighted Average PD	Arithmetic average PD by obligors	Number of obligors		Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate
		Moody's	S&P / Fitch			Beginning of the year	End of the year			
Retail – Other retail exposures to individuals	0.00 to <0.15			0.14%	0.14%	36	48	0	0	0.00%
	0.15 to <0.25			0.22%	0.25%	210	211	0	0	0.00%
	0.25 to <0.50			0.35%	0.35%	264	266	1	0	0.91%
	0.50 to <0.75			0.52%	0.52%	436	437	5	0	0.45%
	0.75 to <2.50			1.71%	1.92%	7,217	10,500	59	16	0.59%
	2.50 to <10.00			5.28%	6.30%	3,166	3,817	101	1	1.84%
	10.00 to <100.00			52.16%	60.17%	854	1,481	148	91	8.38%

Template CR10: Specialised lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach

I. Specialised Lending under supervisory slotting criteria approach – HVCRE

The following table presents quantitative information in respect of specialised lending – HVCRE under the supervisory slotting criteria approach as at 31 December 2025:

		(a)	(b)	(c)	(d)	(e)	(f)
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount (HK$ Mn)	Off-balance sheet exposure amount (HK$ Mn)	SRW	EAD amount (HK$ Mn)	RWA (HK$ Mn)	Expected loss amount (HK$ Mn)
Strong ^	Less than 2.5 years	0	0	70%	0	0	0
Strong	Equal to or more than 2.5 years	0	0	95%	0	0	0
Good ^	Less than 2.5 years	0	0	95%	0	0	0
Good	Equal to or more than 2.5 years	0	0	120%	0	0	0
Satisfactory		0	0	140%	0	0	0
Weak		0	0	250%	0	0	0
Default		0	0	0%	0	0	0
Total		**0**	**0**		**0**	**0**	**0**

^ Use of preferential risk-weights.

Template CR10: Specialised lending under supervisory slotting criteria approach and equities under simple risk-weight method – for IRB approach (continued)

II. Specialised Lending under supervisory slotting criteria approach – Other than HVCRE

The following table presents quantitative information in respect of specialised lending – other than HVCRE under the supervisory slotting criteria approach as at 31 December 2025:

		(a)	(b)	(c)	(d)(i)	(d)(ii)	(d)(iii)	(d)(iv)	(d)(v)	(e)	(f)
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount (HK$ Mn)	Off-balance sheet exposure amount (HK$ Mn)	SRW	EAD amount (HK$ Mn)					RWA (HK$ Mn)	Expected loss amount (HK$ Mn)
					PF	OF	CF	IPRE	Total		
Strong ^	Less than 2.5 years	8,452	321	50%	90	0	0	8,482	8,572	4,286	0
Strong	Equal to or more than 2.5 years	5,473	137	70%	583	4	0	4,942	5,529	3,870	22
Good ^	Less than 2.5 years	1,250	42	70%	37	11	0	1,218	1,266	886	5
Good	Equal to or more than 2.5 years	686	37	90%	15	419	0	267	701	631	6
Satisfactory		354	0	115%	0	0	0	354	354	407	10
Weak		1,078	20	250%	0	0	0	1,086	1,086	2,715	87
Default		1,483	101	0%	0	0	0	1,584	1,584	0	792
Total		**18,776**	**658**		**725**	**434**	**0**	**17,933**	**19,092**	**12,795**	**922**

^ Use of preferential risk-weights.

Table CCRA: Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs)

Counterparty Credit Risk Management

The Group has adopted the Standardised Approach for Counterparty Credit Risk (SA-CCR) for regulatory capital calculation of its counterparty credit risk ("CCR") arising from derivative contracts booked in the banking book and trading book.

The Group has in place a set of policies and a comprehensive framework to effectively manage such counterparty credit risk.

Under this management framework, the Group establishes credit limit through formal credit approval procedures to control the pre-settlement and settlement credit risk arising from derivative transactions. In this connection, distinct credit limits for counterparty credit exposure for individual counterparties and each group of related counterparties (including CCPs) are determined based on the credit standing of the counterparties, collateral value, contract nature, actual needs, etc.

From a risk management perspective, the Group monitors the risk exposure due to fluctuations in the market by using the current exposure and the potential exposure value of the transactions.

All credit facilities granted to a counterparty, including general credit facilities as well as pre-settlement limit for derivative and FX products will be subject to review on an annual basis, in order to assess the latest information together with credit standing of the counterparties, and decide whether any adjustment of the credit package is required. Similar to the Group's general credit risk management, a number of credit risk mitigating measures, such as collateral, margining and netting arrangements may be adopted. The Group would ensure that the amount and the credit terms, including pricing, collateral and margining arrangements, extended to counterparties are commensurate with their assessment of the credit quality of the counterparties, the risks underlying the transactions, and the adequacy of counterparty information obtained.

Wrong-way risk occurs when counterparty's risk exposures are adversely correlated with its credit quality. It is further classified into specific wrong-way risk and general wrong-way risk. The Group has set out in its internal policies a process for identification of wrong-way risk for individual counterparties.

To monitor and control wrong-way risk, any wrong-way risk will be identified and evaluated at the time of credit application, in which the analysis and mitigation measures are documented in the credit proposal for approver's consideration. The wrong-way risk will be monitored during the tenor of relevant transaction, and cases with wrong-way risk are reported. Besides, regular stress-testing is conducted to assess the potential impact of wrong-way risk on the Group's capital adequacy and profitability.

Credit ratings downgrade

A credit rating downgrade clause in International Swaps and Derivatives Association ("ISDA") Master Agreement or a credit rating downgrade threshold clause in a Credit Support Annexes ("CSA") is designed to trigger an action if the credit rating of the affected party falls below a specified level. These actions may include the requirement to pay or increase collateral, the termination of transactions by the non-affected party or the assignment of transactions by the affected party.

As at 31 December, 2025, the potential value of the additional collateral pertaining to ISDA and CSA downgrade thresholds that the Group would need to post with counterparties in the event of a one-notch downgrade and a two-notch downgrade of the Group's rating was HK$0 and HK$0 respectively.

Template CCR1: Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches

The following table presents a comprehensive breakdown of counterparty default risk exposures (other than those to CCPs), RWAs, and, where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs as at 31 December 2025:

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC) (HK$ Mn)	PFE (HK$ Mn)	Effective EPE (HK$ Mn)	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM (HK$ Mn)	RWA (HK$ Mn)
1	SA-CCR approach (for derivative contracts)	1,366	3,362		1.4	5,175	3,092
1a	CEM (for derivative contracts)	0	0		1.4	0	0
2	IMM (CCR) Approach			0	N/A	0	0
3	Simple Approach (for SFTs)					0	0
4	Comprehensive Approach (for SFTs)					853	467
5	VaR (for SFTs)					0	0
6	**Total**						**3,559**

Template CCR3: Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach

The following table presents a breakdown of default risk exposures as at 31 December 2025, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach, by exposure classes and risk-weights, irrespective of the approach used to determine the amount of default risk exposures:

	(HK$ million)	(a)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	(i)
	Exposure Class / Risk Weight	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
1	Sovereign exposures	4	0	0	0	0	0	0	0	0	0	0	4
2	Public sector entity exposures	0	0	0	0	0	0	0	0	0	0	0	0
3	Multilateral development bank exposures	0	0	0	0	0	0	0	0	0	0	0	0
4	Unspecified multilateral body exposures	0	0	0	0	0	0	0	0	0	0	0	0
5	Bank exposures	0	0	0	8	0	11	0	0	209	322	0	550
6	Qualifying non-bank financial institution exposures	0	0	0	0	0	4	0	0	8	0	0	12
7	General corporate exposures	0	0	0	0	0	0	0	72	0	0	0	72
8	Retail exposures	0	0	0	0	0	0	0	0	508	0	0	508
9	Defaulted exposures	0	0	0	0	0	0	0	0	0	0	0	0
10	Other exposures	0	0	0	0	0	0	0	0	12	0	0	12
11	**Total**	**4**	**0**	**0**	**8**	**0**	**15**	**0**	**72**	**737**	**322**	**0**	**1,158**

Template CCR4: Counterparty credit risk exposures (other than those to CCPs) by portfolio and PD range – for IRB approach

The Bank applies internal rating models for estimating the obligor PD of its entire counterparty credit risk portfolio under the foundation IRB approach, with the bank model applied to bank obligors, and two corporate models applied to corporate obligors operating in Chinese Mainland and those outside Chinese Mainland at the group level.

The following table presents all the relevant parameters used for the calculation of counterparty credit risk capital requirements for exposures subject to the foundation IRB approach (other than those to CCPs) as at 31 December 2025:

Foundation IRB Approach

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
	PD Scale	EAD post-CRM (HK$ Mn)	Average PD	Number of obligors	Average LGD	Average maturity (Year)	RWA (HK$ Mn)	RWA density
Bank	0.00 to <0.15	1,504	0.09%	71	45.00%	2.3	509	33.82%
	0.15 to <0.25	165	0.16%	10	45.00%	2.2	81	49.00%
	0.25 to <0.50	511	0.29%	12	45.00%	1.6	302	59.07%
	0.50 to <0.75	170	0.54%	7	45.00%	1.4	127	74.74%
	0.75 to <2.50	619	1.29%	5	5.88%	1.0	73	11.84%
	2.50 to <10.00	0	0.00%	0	0.00%	0.0	0	0.00%
	10.00 to <100.00	0	0.00%	0	0.00%	0.0	0	0.00%
	100.00 (Default)	0	0.00%	0	0.00%	0.0	0	0.00%
	Sub-total	**2,969**	**0.40%**	**105**	**36.85%**	**1.9**	**1,092**	**36.78%**
Corporate	0.00 to <0.15	211	0.06%	12	44.47%	1.0	36	17.01%
	0.15 to <0.25	103	0.17%	17	40.00%	1.1	26	25.09%
	0.25 to <0.50	608	0.31%	51	40.00%	1.2	224	37.07%
	0.50 to <0.75	262	0.54%	41	39.99%	1.2	133	50.78%
	0.75 to <2.50	520	1.51%	68	40.48%	1.1	417	80.15%
	2.50 to <10.00	90	5.30%	24	40.00%	1.1	107	119.65%
	10.00 to <100.00	108	19.80%	4	40.00%	3.3	234	216.02%
	100.00 (Default)	0	0.00%	0	0.00%	0.0	0	0.00%
	Sub-total	**1,902**	**1.98%**	**217**	**40.63%**	**1.3**	**1,177**	**61.91%**
Total (sum of all portfolios)		**4,871**	**1.02%**	**322**	**38.32%**	**1.6**	**2,269**	**46.59%**

Template CCR5: Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs)

The following table presents a breakdown of all types of collateral posted or recognised collateral received to support or reduce counterparty credit risk exposures as at 31 December 2025 in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP:

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised collateral received	Fair value of posted collateral
(HK$ million)	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	460	2,286	0	0	0	1,000
Cash – other currencies	2,279	3,302	0	963	125	4,284
Domestic sovereign debt	0	0	0	0	0	0
Other sovereign debt	0	0	0	0	0	130
Government agency debt	0	0	0	0	0	0
Corporate bonds	0	0	0	0	4,420	0
Equity securities	0	691	0	0	0	0
Other collateral	0	1	0	0	0	0
Total	**2,739**	**6,280**	**0**	**963**	**4,545**	**5,414**

Template CCR6: Credit-related derivatives contracts

The following table presents the amount of credit-related derivative contracts as at 31 December 2025, broken down into credit protection bought and credit protection sold:

	(a)	(b)
(HK$ million)	Protection bought	Protection sold
Notional amounts		
Credit default swaps	0	0
Total return swaps	0	0
Other credit-related derivative contracts	0	0
Total notional amounts	**0**	**0**
Fair values		
Positive fair value (asset)	0	0
Negative fair value (liability)	0	0

Template CCR8: Exposures to CCPs

The following table provides a comprehensive breakdown of exposures to both qualifying and non-qualifying CCPs and the respective RWAs as at 31 December 2025, covering all types of credit risk exposures (including default risk exposures to the CCPs, credit risk exposures arising from initial margins posted, and default fund contributions made, to the CCPs):

		(a)	(b)
	(HK$ million)	Exposure after CRM	RWA
1	**Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)**		**36**
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	1,484	30
3	(i) OTC derivative transactions	804	16
4	(ii) Exchange-traded derivative contracts	123	2
5	(iii) Securities financing transactions	557	12
6	(iv) Netting sets subject to valid cross-product netting agreements	0	0
7	Segregated initial margin	0	
8	Unsegregated initial margin	0	0
9	Funded default fund contributions	162	6
10	Unfunded default fund contributions	0	0
11	**Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)**		**0**
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	0	0
13	(i) OTC derivative transactions	0	0
14	(ii) Exchange-traded derivative contracts	0	0
15	(iii) Securities financing transactions	0	0
16	(iv) Netting sets subject to valid cross-product netting agreements	0	0
17	Segregated initial margin	0	
18	Unsegregated initial margin	0	0
19	Funded default fund contributions	0	0
20	Unfunded default fund contributions	0	0

Template CVAA: Qualitative disclosures related to CVA risk

The Bank has established systems and model on CVA calculation which fulfils regulatory requirements put forward in HKMA SPM CR-G-13. Products and counterparties generating counterparty credit risk are captured in CVA calculations, and CVA calculation readiness will be assessed on new financial instruments. CVA model is regularly reviewed and validated. As part of financial instruments valuation, CVA is subject to the governance of the Financial Instruments Valuation Group and the Assets and Liabilities Management Committee. The Bank also conducts CVA stress testing and reporting to the senior management regularly to assess potential vulnerabilities to stressed business conditions.

The Bank adopts the Reduced Basic Approach to calculate the CVA capital charge, although it is qualified to set the CVA risk capital charge as 100% of the capital charge for counterparty credit risk.

Template CVA1: CVA risk under reduced basic CVA approach

The following table provides the components used for the calculation of CVA risk capital charge under the reduced basic CVA approach as at 31 December 2025:

		(a)	(b)
(HK$ million)		Components	CVA risk capital charge under the reduced basic CVA approach
1	Aggregation of systematic components of CVA risk	283	
2	Aggregation of idiosyncratic components of CVA risk	43	
3	**Total**		95

The Bank does not hold financial instruments to hedge against CVA risk.

Table MRA: Qualitative disclosures related to market risk

Market risk is the risk of potential losses for the Group arising from adverse movements in market rates and prices such as interest rates, foreign exchange rates, equity prices and commodity prices. The Group's market risk exposure in the trading book originates from the positions which are held either with trading intent or for the purpose of hedging other elements of the trading book. Risk appetite has been defined in accordance with the Group's business strategies and objectives to govern the trading book activities in order to optimize risk and return. Hedging is allowed and monitored per market risk management framework.

The Group has established risk governance and management framework to oversee and manage market risk. This framework is built around a structure that enables the Board to discharge the responsibility for on-going market risk management to the Risk Committee, the Risk Management Committee and the Asset and Liability Management Committee. The Asset and Liability Management Committee deals with all market risk-related issues of the Group. It is also responsible for conducting a regular review of market risk trends and deciding the corresponding strategy.

Besides, the Group has implemented Enterprise Risk Management framework for identifying and managing potential risks of the Group. Under such framework, "Three Lines of Defence" are adopted for market risk management. The first line of defence comprises Risk Owners at business units. They are primarily responsible for the day-to-day market risk management. The second line of defence refers to the Risk Controller of market risk, who is designated as the Head of Market & Liquidity Risk Management Department under the Risk Management Division, and the third line of defence refers to the Internal Audit Division.

The Group Chief Risk Officer coordinates market risk management related matters of the Group, works closely with the Head of Market & Liquidity Risk Management Department on the formulation of market risk management policies. Moreover, on a daily basis, the Group Chief Risk Officer is responsible for overseeing the Group's risk management issues which include, but are not limited to, the risk management infrastructure, strategies, appetites, culture, and resources.

The Group has formulated the market risk management policy to identify, measure, monitor, control, and report on the market risk, where appropriate, to allocate adequate capital to cover those risks. The Board approves the core control limits and has delegated the authority to set detailed control limits to the Asset and Liability Management Committee. The market risk management policy and control limits are regularly reviewed to align with market changes, statutory requirements, and best practices in risk management processes.

In line with Part 8 of the Banking (Capital) Rules ("BCR"), the Group's market risk management policy has specified the definition and scope of trading book and banking book for classifying financial instruments, foreign exchange and commodities. The Group's risk management process also includes monitoring of inventory aging and stale positions.

With the approval of the HKMA, the following instruments that are not held for any trading purpose have been assigned to the banking book, contrary to the general presumptions as set out in the BCR. The total gross fair value involved amounts to HK$ 440.93 million as of 31 December 2025.
(i) Foreign exchange swap entered with external counterparties for funding management with fair value of -HK$ 440.59 million; and
(ii) Convertible securities recovered from distressed loans or debts with fair value of HK$ 0.34 million.

Since the Basel III final reform became effective on 1 January 2025, there has been no reassignment of instruments between books due to extraordinary circumstances.

The Group does not engage in any internal risk transfer activities between the banking book and the trading book as described in Section 281D of the BCR, or set up any dedicated trading desk for those activities.

For measuring and monitoring of market risk, market risk analysis is conducted on different dimensions, such as by risk factors, by regions, by currencies in the form of potential loss and impact to capital adequacy. Risk limits and management action triggers are set at varying levels with reference to the nature, volume of transaction and risk appetite of the Bank. Multiple systems are employed to facilitate the calculation, measurement and analysis of market risk.

For reporting of market risk, risk reporting for trading book positions is compiled and monitored on a daily basis. Besides, risk reports are prepared for different level of governance on a regular basis.

Template MR1: Market risk under Standardised (market risk) approach (STM approach)

The table below provides the components of the market risk capital requirements calculated using the STM approach exposures as at 31 December 2025:

(HK$ million)		(a) Market risk capital charges using STM approach
1	General interest rate risk	39
2	Equity risk	157
3	Commodity risk	-
4	Foreign exchange risk	307
5	Credit spread risk (non-securitization)	91
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)	88
9	SA-DRC (securitization: non-CTP)	-
10	SA-DRC (securitization: CTP)	-
11	Residual risk add-on	-
12	**Total**	**682**

Table ORA: Overview of risk management

The policies, frameworks and guidelines for the management of Operational Risk

Operational Risk is defined as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”. Operational risk events are categorized into seven broad categories of operational loss event-types.

In accordance with the Bank Group’s Enterprise Risk Management Framework (ERM), the Bank has set out the Operational Risk Management Framework (ORMF), including policies, processes, tools, methodologies, and other relevant guidelines.

Operational Risk Management Framework enables the Bank Group to identify, assess, monitor, mitigate and report operational risk and to comply with the various regulatory requirements, and the Bank Group’s internal policies and procedures.

The organizational structure of the Operational Risk Management and control functions

The Operational Risk Management mechanism of the Bank Group is built around a risk oversight framework composed of the Board, Risk Committee (RC), Risk Management Committee (RMC), Operational Risk Management Committee (ORMC), and Head of Operational Risk & Technology Risk Management Department (OTMD).

The Bank Group’s core policies have been approved by the Board for monitoring operational risk. The Board has delegated authorities to the RC, the aforesaid management committees and the Head of OTMD for overseeing the operational risk management of the Bank Group.

The ORMC is responsible for reviewing and monitoring the Bank Group’s risk profile and the policies for the identification, assessment, monitoring, mitigating and reporting of operational risk, as well as evaluating and reviewing exceptions from the existing policies. The RMC further reviews the policies and monitors their implementation. The Head of OTMD and the Risk Owners support the aforesaid management committees in managing the Bank Group’s operational risk.

Group Chief Risk Officer (GCRO) coordinates all risk management related matters of the RMC and organizes all Risk Controllers and Risk Owners to implement the resolutions of the committee. GCRO works closely with all Risk Controllers on the setting of risk management policies and exercises risk oversight of the Bank Group, through a functional working relationship with all Risk Controllers and Risk Owners.

Under ERM, a Three Lines of Defence model is adopted for capturing and monitoring operational risk related management activities on the Bank Group basis.

Risk Owners are the heads of business units or support units of the Bank Group, together with the staff members under their management, in performing the 1st Line of Defence functions. They are primarily responsible for the day-to-day operational risk management of their units.

OTMD plays the role of 2nd Line of Defence. Head of OTMD is the Risk Controller of Operational Risk of the Bank Group and is responsible for setting out the ORMF, monitoring the operational risk management independently and providing support to the ORMC to facilitate its oversight of operational risk management of the Bank Group. Other Operational Risk support functions include specialist departments of legal and compliance, human resources, and finance, etc. which should be responsible for some specific aspects of operational risk and the related issues.

Internal Audit Division functions, acting as the 3rd Line of Defence, is responsible for providing assurance on the effectiveness of the Bank Group’s risk management framework including the risk governance arrangements.

The Operational Risk measurement system

The Bank Group utilizes several quantitative and qualitative measurement tools and methodologies, supported by robust Operational Risk Management System (ORS) for measuring operational risk.

Key quantitative measurement methodologies include Operational Risk Capital Charge, using the Standardized Approach, Operational Risk Appetite Statement, and Key Risk Indicators to track and monitor operational losses caused by regulatory fines, IT and cyber security, AML and regulatory breaches, customer complaint resolution, third party risk, human resources/ employee turnover, employ misconduct etc.

Table ORA: Overview of risk management (continued)

Key qualitative methodologies include Business Impact Assessments (BIA), Risk and Control Self-Assessment (RCSA). RCSA provides a complete and forward-looking profile of the key risks the Bank Group is exposed to. Risk identification and assessment are dynamic and continuous, based on various inputs including internal and external incidents, risk appetite metrics and risk indicators, control assessments, emerging risks and relevant regulations. Risk assessment should be supported with clear rationales in the ORS. Control monitoring and assurance are used to evaluate, review and ongoing monitoring and testing of key controls. They involve the analysis of controls to ensure they are suitably designed for the identified risk and operating effectively.

The Bank has documented the procedures and processes for managing operational loss data. Business units and support units are responsible for recording operational risk incidents and operational losses in the ORS system on a timely basis. Risk Controllers are responsible for review and comment. Update or deletion of operational loss data are logged in the ORS system, which is subject to regular data back-up. A regular operational loss reconciliation process is in place. Operational loss data used for calculating operational risk capital is subject to independent annual review and validation by internal or external auditors.

The scope and main context of the reporting framework on Operational Risk to senior management and to the board of directors

Operational Risk Management issues including significant Operational Risk incidents, Operational losses, regulatory non-compliance, RCSA and Risk Indicator annual refresh results, regular policy review etc. are reported by the Risk Controller to the ORMC on a timely and regular basis. At its discretion and if necessary, ORMC would further report to the RMC and the Board via the RC to ensure compliance with the Bank Group's policies, legal and regulatory requirements.

The risk mitigation and risk transfer used in the management of Operational Risk

There are several risk mitigation or transfer mechanisms used by the Bank Group in the management of operational risk. These include:

1. Mitigation by policies – the Bank Group has established a comprehensive set of Operational Risk Management Policy and related policies, including those related to Operational Resilience, Third Party Risk Management, Business Continuity Management etc.

2. Implemented preventative and detective controls – the Bank Group has put in place a wide range of controls to mitigate Operational Risk.

3. Established Business Continuity Plans and Crisis Management - Overseen by Crisis Management Committee, the ORMC and the Emergency Response Team, the Bank has established business continuity plans to enable response to a disruptive event in a timely and effective manner. The plans are updated on an annual basis subject to an annual drill.

4. Risk transfer by insurance - The Bank Group has purchased specialty insurance and general insurance to transfer operational risks that are unexpected and cannot be fully controlled through internal processes.

5. As a very last resort, the Bank Group maintains a strong capital position to absorb remaining exposure.

Template OR1: Historical losses

The following table shows that aggregate operational risk losses incurred over the past ten consecutive financial years as at 31 December 2025, based on the accounting date of the incurred losses.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	(HK$ Million)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	Average
Using HKD200,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	15	64	80	(51)	99	20	160	(20)	16	48	43
2	Total number of operational risk losses	26	21	22	24	22	23	12	7	7	6	17
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
4	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
5	Total amount of operational losses net of recoveries and net of excluded losses	15	64	80	(51)	99	20	160	(20)	16	48	43
Using HKD1 million threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	10	59	74	(58)	96	14	158	(21)	15	47	39
7	Total number of operational risk losses	7	6	5	7	9	6	5	3	4	2	5
8	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
9	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
10	Total amount of operational losses net of recoveries and net of excluded losses	10	59	74	(58)	96	14	158	(21)	15	47	39
Details of operational risk capital charge calculation												
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										

Template OR2: Business indicator and business indicator components breakdown

The following table shows the BI and its components which are used in the calculation of the operational risk capital requirement over the past 3 consecutive financial years as at 31 December 2025.

		(a)	(b)	(c)
	BI and its subcomponents (HK$ Million)	2025	2024	2023
1	Interest, leases and dividend component	16,120		
1a	Interest and leases income	33,084	39,912	39,808
1b	Interest and leases expenses	17,946	23,611	23,138
1c	Interest earning assets	819,151	799,773	798,933
1d	Dividend income	57	80	115
2	Services component	3,922		
2a	Fee and commission income	3,871	3,469	3,186
2b	Fee and commission expenses	998	915	781
2c	Other operating income	257	220	182
2d	Other operating expenses	793	246	202
3	Financial component	2,383		
3a	Net P&L on trading book	2,916	804	1,508
3b	Net P&L on banking book	(804)	506	(610)
4	BI	22,425		
5	Business indicator component (BIC)	3,064		

Template OR3: Minimum operational risk capital requirement

The following table shows the operational risk regulatory capital requirements as at 31 December 2025.

	(HK$ Million)	(a)
1	Business indicator component (BIC)	3,064
2	Internal loss multiplier (ILM)	0.70
3	Minimum operational risk capital requirement	2,145
4	Total RWA for operational risk	26,808

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

At 31 December 2025

		(a)	(b)	(c)	(d)
		RWA			
(HK$ million)		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for portfolios where standardized approaches are used	Total actual RWA (a + b) (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardized approach (i.e. used in the computation of the output floor)
1	Credit risk for non-securitization exposures	274,970	34,791	309,761	570,313
2	Counterparty credit risk and default fund contributions	2,269	1,326	3,595	4,052
3	CVA risk		1,189	1,189	1,189
4	Securitization exposures in banking book	-	-	-	-
5	Market risk	-	8,520	8,520	8,520
6	Operational risk		26,808	26,808	26,808
7	Residual RWA	2,077	12,833	14,910	14,910
8	**Total**	**279,316**	**85,467**	**364,783**	**625,792**

The major differences between the RWA calculated under the model-based approach and the full standardized approach are mainly from the corporate exposures and retail - residential mortgage exposures under credit risk for non-securitization exposures. The RWA for credit risk calculated under the model-based approach is based on the IRB approach, while the RWA calculated under the full standardized approach is based on supervisory risk weights.

Template CMS2: Comparison of modelled and standardized RWAs for credit risk at exposure class level

At 31 December 2025

(HK$ million)		(a)	(b)	(c)	(d)
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for column (a) if re-calculated using the standardized approach	Total actual RWA (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardized approach (i.e. RWA used in the computation of the output floor)
1	Sovereign exposures	-	-	1,089	1,180
1a	Of which: categorised as public sector entity exposures and multilateral development bank exposures under the STC approach	-	-	-	-
2	Bank exposures	24,428	37,530	26,686	39,822
3	Equity			7,311	7,311
4	Corporate exposures (excluding specialized lending)	204,632	405,226	207,055	407,484
4a	Of which: FIRB is applied	204,632	405,226	207,055	407,484
4b	Of which: AIRB is applied	-	-	-	-
5	Retail exposures	26,841	69,838	48,551	91,547
5a	Of which: qualifying revolving retail	5,453	3,633	16,232	14,412
5b	Of which: other retail exposures to individuals and small business retail exposures	2,955	3,753	12,648	13,444
5c	Of which: residential mortgages	18,433	62,452	19,671	63,691
6	Corporate exposures - Specialized lending	12,796	16,696	12,796	16,696
6a	Of which: income-producing real estate and high-volatility commercial real estate	11,915	15,480	11,915	15,480
7	Other exposures	6,273	6,273	6,273	6,273
8	**Total**	**274,970**	**535,563**	**309,761**	**570,313**

The major differences between the RWA calculated under the model-based approach and the full standardized approach are mainly from the corporate exposures and retail - residential mortgage exposures under credit risk for non-securitization exposures. The RWA for credit risk calculated under the model-based approach is based on the IRB approach, while the RWA calculated under the full standardized approach is based on supervisory risk weights.

Template ENC: Asset encumbrance

The following table provides the carrying amounts of encumbered and unencumbered assets on the balance sheet under regulatory scope of consolidation:

(HK$ million)	31 Dec 2025			30 Jun 2025		
	(a)	(c)	(d)	(a)	(c)	(d)
	Encumbered assets	Unencumbered assets	Total	Encumbered assets	Unencumbered assets	Total
Cash and balances with banks	766	53,186	53,952	669	35,286	35,955
- of which: balances with Central Bank	766	35,113	35,879	669	23,106	23,775
Placements with and advances to banks	-	31,456	31,456	-	30,551	30,551
- of which: placements with Central Bank	-	145	145	-	1,283	1,283
Trade bills	-	3,444	3,444	-	3,550	3,550
Loans and advances to customers	-	543,011	543,011	102	533,998	534,100
Investment securities	3,921	204,438	208,359	5,784	194,389	200,173
- of which: Treasury bills	3,917	24,516	28,433	5,249	22,795	28,044
Certificates of deposit held	-	4,108	4,108	-	699	699
Debt securities	4	173,812	173,816	535	168,972	169,507
Equity securities	-	886	886	-	1,066	1,066
Investment funds	-	1,116	1,116	-	857	857
Other assets	-	77,368	77,368	-	83,031	83,031
Total assets	**4,687**	**912,903**	**917,590**	**6,555**	**880,805**	**887,360**

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

	(HK$ million)	31 Dec 2025	30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024
Of the resolution entity at LAC consolidation group level						
1	External loss-absorbing capacity available	113,039	117,035	115,023	119,164	118,046
2	Risk-weighted amount under the LAC Rules	362,185	366,371	367,954	360,278	486,099
3	External LAC risk-weighted ratio	31.21%	31.94%	31.26%	33.08%	24.28%
4	Exposure measure under the LAC Rules	948,592	931,458	920,460	892,886	928,662
5	External LAC leverage ratio	11.92%	12.56%	12.50%	13.35%	12.71%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?[1]	N/A	N/A	N/A	N/A	N/A
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?[1]	N/A	N/A	N/A	N/A	N/A
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied[1]	N/A	N/A	N/A	N/A	N/A

Footnote:

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

Template TLAC1: LAC composition of resolution entity (at LAC consolidation group level)

At 31 December 2025		(a) Amount (HK$ Million)
	Regulatory capital elements of external loss-absorbing capacity and adjustments	
1	Common Equity Tier 1 (“CET1”) capital	89,632
2	Additional Tier 1 (“AT1”) capital before LAC adjustments	-
3	AT1 capital instruments ineligible as external loss-absorbing capacity as issued by a member of the resolution entity’s LAC consolidation group other than the resolution entity	-
4	Other adjustments	-
5	AT1 capital eligible under the LAC Rules	-
6	Tier 2 (“T2”) capital before LAC adjustments	12,339
7	Amortized portion of T2 capital instruments that are external LAC debt instruments issued by the resolution entity	-
8	T2 capital instruments ineligible as external loss-absorbing capacity as issued by a member of the resolution entity’s LAC consolidation group other than the resolution entity	-
9	Other adjustments	-
10	T2 capital eligible under the LAC Rules	12,339
11	**External loss-absorbing capacity arising from regulatory capital**	101,971
	Non-regulatory capital elements of external loss-absorbing capacity	
12	External non-capital LAC debt instruments issued directly by the resolution entity and that meet subordination requirements set out in the LAC Rules	11,068
17	**External loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments**	-
	Non-regulatory capital elements of external loss-absorbing capacity: adjustments	
18	**External loss-absorbing capacity before deductions**	113,039
19	Deductions of exposures between the resolution entity’s LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for external loss-absorbing capacity	-
20	Deduction of holdings of its own non-capital LAC liabilities	-
21	Other adjustments to external loss-absorbing capacity	-
22	**External loss-absorbing capacity after deductions**	113,039
	Risk-weighted amount and exposure measure under the LAC Rules for external loss-absorbing capacity purposes	
23	Risk-weighted amount under the LAC Rules	362,185
24	Exposure measure under the LAC Rules	948,592

Template TLAC1: LAC composition of resolution entity (at LAC consolidation group level) (continued)

At 31 December 2025		(a) Amount (HK$ Million)
	External LAC ratios and buffers	
25	**External LAC risk-weighted ratio**	31.21%
26	**External LAC leverage ratio**	11.92%
27	**CET1 capital (as a percentage of RWA under the Banking (Capital) Rules ("BCR")) available after meeting the LAC consolidation group's minimum capital and LAC requirements**	18.75%
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)	2.820%
29	Of which: capital conservation buffer requirement	2.500%
30	Of which: institution-specific countercyclical capital buffer requirement	0.320%
31	Of which: higher loss absorbency requirement	N/A

Template TLAC3: Resolution entity – creditor ranking at legal entity level

	(HK$ million)	Creditor ranking				Sum of values in columns 1 to 4
		1 (Most junior)	2	3	4 (most senior)	
1	Description of creditor ranking	Ordinary Shares	AT1 instruments	T2 instruments	Non-preferred loss absorbing notes	
2	Total capital and liabilities net of credit risk mitigation	42,195	-	8,921	11,068	62,184
3	Subset of row 2 that are excluded liabilities	-	-	-	-	-
4	Total capital and liabilities less excluded liabilities	42,195	-	8,921	11,068	62,184
5	Subset of row 4 that are eligible as external loss-absorbing capacity	42,195	-	8,921	11,068	62,184
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	-	-	-	7,779	7,779
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	-	-	-	3,289	3,289
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	-	-	8,921	-	8,921
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-
10	Subset of row 5 that is perpetual securities	42,195	-	-	-	42,195

Template CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments

Section (i) Both regulatory capital and LAC requirements

		(1)	(2)	(3)
		Ordinary Shares	**US$ 500 million Tier 2 due 2032**	**US$ 650 million Tier 2 due 2034**
1	Issuer	BEA	BEA	BEA
2	Unique identifier - ISIN	HK0023000190	XS2423359459	XS2813323685
3	Governing law(s) of the instrument	Hong Kong	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)
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.	N.A.	N.A.
	Regulatory treatment			
4	Transitional Basel III rules	N.A.	N.A.	N.A.
5	Basel III rules	Common Equity Tier 1	Tier 2	Tier 2
6	Eligible at solo / group / solo and group (for regulatory capital purposes)	Solo and group	Solo and group	Solo and group
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type	Ordinary shares	Tier 2 notes	Tier 2 notes
8	Amount recognised in regulatory capital (at 31/12/2025)	HK$42,195 Mn	HK$3,887 Mn	HK$5,034 Mn
8a	Amount recognised in loss-absorbing capacity (at 31/12/2025)	HK$42,195 Mn	HK$3,887 Mn	HK$5,034 Mn
9	Par value of instrument	N.A.	Issue price : US$500 million: 99.846%	Issue price : US$650 million: 99.616%
10	Accounting classification	Equity	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	Since incorporation	22nd April, 2022	27th June 2024
12	Perpetual or dated	N.A.	Dated	Dated
13	Original maturity date	N.A.	22nd April, 2032	27th June, 2034
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption price	N.A.	One-off call date: 22nd April, 2027 Included tax and regulatory call options Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power	One-off call date: 27th June, 2029 Included tax and regulatory call options Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power
16	Subsequent call dates, if applicable	N.A.	N.A.	N.A.
	Coupons / dividends			
17	Fixed or floating dividend/coupon	N.A.	Fixed	Fixed
18	Coupon rate and any related index	N.A.	Up to 22nd April, 2027: 4.875% p.a. Thereafter reset at 5-year U.S. Treasury + 2.30%	Up to 27th June, 2029: 6.75% p.a. Thereafter reset at 5-year U.S. Treasury + 2.55%

Template CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

Section (i) Both regulatory capital and LAC requirements (continued)

		(1)	(2)	(3)
		Ordinary Shares	**US$ 500 million Tier 2 due 2032**	**US$ 650 million Tier 2 due 2034**
19	Existence of a dividend stopper	No	No	No
20	Fully discretionary, partially discretionary or mandatory	N.A.	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Cumulative	Cumulative
23	Convertible or non-convertible*	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N.A.	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	N.A.	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.	N.A.	N.A.
30	Write-down feature*	No	Yes	Yes
31	If write-down, write-down trigger(s)	N.A.	Occurrence of a “Non-Viability Event”, which means the earlier of: (i) the HKMA notifying BEA in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which BEA would become non-viable; and (ii) the HKMA notifying BEA in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which BEA would become non-viable.	Occurrence of a “Non-Viability Event”, which means the earlier of: (i) the HKMA notifying BEA in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which BEA would become non-viable; and (ii) the HKMA notifying BEA in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which BEA would become non-viable.
32	If write-down, full or partial	N.A.	Partial	Partial
33	If write-down, permanent or temporary	N.A.	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.	N.A.
34a	Type of subordination	Contractual	Contractual	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).	N.A.	Immediately subordinated to unsecured senior notes / indebtedness and non-preferred loss absorbing notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness and non-preferred loss absorbing notes / indebtedness
36	Non-compliant transitioned features	N.A.	N.A.	N.A.
37	If yes, specify non-compliant features	N.A.	N.A.	N.A.

Footnote:
* *The terms and conditions of the instrument contain a provision that the holder of the instrument acknowledges and agrees to be bound by the powers under the Financial Institutions (Resolution) Ordinance*

BEA東亞銀行

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

Template CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

Section (ii) Only LAC (but not regulatory capital) requirements

		(4)	(5)	(6)	(7)		(8)
		US$ 250 million LAC due 2028	**US$ 500 million LAC due 2027**	**US$ 500 million LAC due 2027**	**RMB 1,000 million LAC due 2029**		**JPY 5,000 million LAC due 2029**
1	Issuer	BEA	BEA	BEA	BEA		BEA
2	Unique identifier - ISIN	XS2381248835	XS2592797398	XS2775732451	HK0001192589		XS3217580532
3	Governing law(s) of the instrument	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)	England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)		England (Subordination, set-off, non-viability loss absorption and Hong Kong Resolution Authority Power governed by Hong Kong laws)
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.	N.A.	N.A.	N.A.		N.A.
	Regulatory treatment						
4	Transitional Basel III rules	N.A.	N.A.	N.A.	N.A.		N.A.
5	Basel III rules	N.A.	N.A.	N.A.	N.A.		N.A.
6	Eligible at solo / group /solo and group (for regulatory capital purposes)	N.A.	N.A.	N.A.	N.A.		N.A.
6a	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group	Solo and LAC consolidation group	Solo and LAC consolidation group		Solo and LAC consolidation group
7	Instrument type	Non-preferred loss absorbing notes	Non-preferred loss absorbing notes	Non-preferred loss absorbing notes	Non-preferred loss absorbing notes		Non-preferred loss absorbing notes
8	Amount recognised in regulatory capital (at 31/12/2025)	N.A.	N.A.	N.A.	N.A.		N.A.
8a	Amount recognised in loss-absorbing capacity (at 31/12/2025)	HK$1,942 Mn	HK$3,890 Mn	HK$3,889 Mn	HK$1,101 Mn		HK$246 Mn
9	Par value of instrument	Issue price: US$250 million: 99.765%	Issue price: US$500 million: 99.802%	Issue price: US$500 million: 99.592%	Issue price: RMB750 million: 100%	Issue price: RMB250 million: 100%	Issue price: JPY5,000 million: 100%
10	Accounting classification	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost	Liability – amortised cost		Liability – amortised cost
11	Original date of issuance	7th July, 2022	15th March, 2023	13th March, 2024	9th September, 2025	20th November, 2025	13th November, 2025
12	Perpetual or dated	Dated	Dated	Dated	Dated		Dated
13	Original maturity date	7th July, 2028	15th March, 2027	13th March, 2027	9th September, 2029		13th November, 2029
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes		Yes
15	Optional call date, contingent call dates and redemption price	One-off call date: 7th July, 2027 Included tax and regulatory call options Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following the exercise of Hong Kong Resolution Authority Power	One-off call date: 15th March, 2026 Included tax and regulatory call options Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following the exercise of Hong Kong Resolution Authority Power	One-off call date: 13th March, 2026 Included tax and regulatory call options Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following the exercise of Hong Kong Resolution Authority Power	One-off call date: 9th September, 2028 Included tax and regulatory call options Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following the exercise of Hong Kong Resolution Authority Power		One-off call date: 13th November, 2028 Included tax and regulatory call options Redemptions in whole at 100% with accrued interests, final amount subject to adjustment following the exercise of Hong Kong Resolution Authority Power
16	Subsequent call dates, if applicable	N.A.	N.A.	N.A.	N.A.		N.A.
	Coupons / dividends						
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed		Fixed
18	Coupon rate and any related index	Up to 7th July, 2027: 5.125% p.a. Thereafter reset at 1-year U.S. Treasury + 1.90%	Up to 15th March, 2026: 6.75% p.a. Thereafter reset at 1-year U.S. Treasury + 2.10%	Up to 13th March, 2026: 6.625% p.a. Thereafter reset at 1-year U.S. Treasury + 2.30%	Up to 9th September, 2029: 2.95% p.a.		Up to 13th November, 2028: 2.64% p.a. Thereafter reset at 1-year Yen Mid-Swap Rate + 1.60%

Template CCA(A): Main features of regulatory capital instruments and non-capital LAC debt instruments (continued)

Section (ii) Only LAC (but not regulatory capital) requirements (continued)

		(4)	(5)	(6)	(7)	(8)
		US$ 250 million LAC due 2028	**US$ 500 million LAC due 2027**	**US$ 500 million LAC due 2027**	**RMB 1,000 million LAC due 2029**	**JPY 5,000 million LAC due 2029**
19	Existence of a dividend stopper	No	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible*	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N.A.	N.A.	N.A.	N.A.	N.A.
25	If convertible, fully or partially	N.A.	N.A.	N.A.	N.A.	N.A.
26	If convertible, conversion rate	N.A.	N.A.	N.A.	N.A.	N.A.
27	If convertible, mandatory or optional conversion	N.A.	N.A.	N.A.	N.A.	N.A.
28	If convertible, specify instrument type convertible into	N.A.	N.A.	N.A.	N.A.	N.A.
29	If convertible, specify issuer of instrument it converts into	N.A.	N.A.	N.A.	N.A.	N.A.
30	Write-down feature*	No	No	No	No	No
31	If write-down, write-down trigger(s)	N.A.	N.A.	N.A.	N.A.	N.A.
32	If write-down, full or partial	N.A.	N.A.	N.A.	N.A.	N.A.
33	If write-down, permanent or temporary	N.A.	N.A.	N.A.	N.A.	N.A.
34	If temporary write-down, description of write-up mechanism	N.A.	N.A.	N.A.	N.A.	N.A.
34a	Type of subordination	Contractual	Contractual	Contractual	Contractual	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).	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness	Immediately subordinated to unsecured senior notes / indebtedness
36	Non-compliant transitioned features	N.A.	N.A.	N.A.	N.A.	N.A.
37	If yes, specify non-compliant features	N.A.	N.A.	N.A.	N.A.	N.A.

There is no capital instrument meeting only regulatory capital (but not LAC) requirements.

Footnote:
* *The terms and conditions of the instrument contain a provision that the holder of the instrument acknowledges and agrees to be bound by the powers under the Financial Institutions (Resolution) Ordinance*

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 with the use of credit risk mitigants (which include guarantees, collateral and credit derivatives). In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only countries constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

	31/12/2025					
			Non-bank private sector			
(HK$ million)	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total claims
Counterparty country/ jurisdiction						
Developed countries	29,751	27,109	16,424	63,355	-	136,639
- of which: United States	9,774	27,036	5,905	17,490	-	60,205
Offshore centres	4,700	2,336	10,429	63,086	-	80,551
- of which: Hong Kong, China	3,032	2,332	9,247	51,676	-	66,287
Developing Asia and Pacific	36,826	3,791	14,691	74,426	-	129,734
- of which: Mainland China	22,011	3,789	13,456	63,434	-	102,690

	31/12/2024					
			Non-bank private sector			
(HK$ million)	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	Total claims
Counterparty country/ jurisdiction						
Developed countries	23,828	25,992	19,478	50,468	-	119,766
- of which: United States	4,845	25,924	4,578	15,895	-	51,242
Offshore centres	6,232	2,205	13,917	63,712	-	86,066
- of which: Hong Kong, China	5,044	2,201	10,714	53,802	-	71,761
Developing Asia and Pacific	41,012	3,219	9,431	71,890	-	125,552
- of which: Mainland China	28,277	3,216	8,704	63,431	-	103,628

The above figures are computed in accordance with the HKMA’s guidelines on the return of international banking statistics and the Banking (Disclosure) Rules in respect of the reporting period on the consolidated basis.

Mainland Activities

The table below summaries the non-bank Mainland China exposure of the Bank's Hong Kong Office and the Bank's Mainland subsidiary bank categorised by types of counterparties:

	31/12/2025		
	On-balance sheet exposure	Off-balance sheet exposure	Total
Type of counterparties	HK$ Mn	HK$ Mn	HK$ Mn
1. Central government, central government-owned entities and their subsidiaries and joint ventures	31,280	631	31,911
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	32,852	3,966	36,818
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	171,481	18,147	189,628
4. Other entities of central government not reported in item 1 above	5,642	320	5,962
5. Other entities of local governments not reported in item 2 above	3,763	0	3,763
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,717	539	5,256
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	19,807	1,650	21,457
Total	269,542	25,253	294,795
Total assets after provision	850,997		
On-balance sheet exposures as percentage of total assets	31.7%		

Mainland Activities (continued)

Type of counterparties	31/12/2024 On-balance sheet exposure HK$ Mn	Off-balance sheet exposure HK$ Mn	Total HK$ Mn
1. Central government, central government-owned entities and their subsidiaries and joint ventures	22,993	2,691	25,684
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	25,783	1,954	27,737
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	166,109	17,645	183,754
4. Other entities of central government not reported in item 1 above	5,221	312	5,533
5. Other entities of local governments not reported in item 2 above	3,921	-	3,921
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,366	717	5,083
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	24,002	2,345	26,347
Total	252,395	25,664	278,059
Total assets after provision	814,364		
On-balance sheet exposures as percentage of total assets	31.0%		

The above figures are disclosed in accordance with the return relating to Mainland activities the Bank submitted to the HKMA pursuant to section 63 of the Banking Ordinance in respect of the reporting period, which are computed on a consolidated basis as required by the HKMA for its regulatory purposes.

Currency Concentration

The net non-structural position or net structural position in a particular foreign currency is disclosed when the position in that currency constitutes 10% or more of the total net position or total net structural position in all foreign currencies respectively. The net option position is calculated in the basis of the delta-weighted position of all foreign currency option contracts.

	31/12/2025			
	USD HK$ Mn	RMB HK$ Mn	Other foreign currencies HK$ Mn	Total HK$ Mn
Spot assets	265,239	272,484	125,570	663,293
Spot liabilities	(276,053)	(253,455)	(103,714)	(633,222)
Forward purchases	118,825	40,607	23,137	182,569
Forward sales	(99,152)	(64,032)	(44,561)	(207,745)
Net options position	(5,112)	5,305	1	194
Net long/(short) non-structural position	3,747	909	433	5,089

	31/12/2024			
	USD HK$ Mn	RMB HK$ Mn	Other foreign currencies HK$ Mn	Total HK$ Mn
Spot assets	258,013	240,967	104,885	603,865
Spot liabilities	(250,970)	(231,599)	(91,718)	(574,287)
Forward purchases	156,180	101,013	24,787	281,980
Forward sales	(154,153)	(113,349)	(37,653)	(305,155)
Net options position	(4,275)	4,069	(66)	(272)
Net long/(short) non-structural position	4,795	1,101	235	6,131

Currency Concentration (continued)

	31/12/2025				
	USD HK$ Mn	RMB HK$ Mn	MYR HK$ Mn	Other foreign currencies HK$ Mn	Total HK$ Mn
Net structural position	1,040	15,485	2,614	1,012	20,151

	31/12/2024				
	USD HK$ Mn	RMB HK$ Mn	MYR HK$ Mn	Other foreign currencies HK$ Mn	Total HK$ Mn
Net structural position	(4,009)	14,793	2,365	917	14,066

The above figures are disclosed in accordance with the return relating to foreign currency positions the Bank submitted to the HKMA pursuant to section 63 of the Banking Ordinance in respect of the reporting period, which are computed on a consolidated basis as required by the HKMA for its regulatory purposes.

Capital Buffer

Countercyclical Capital Buffer Ratio

	31/12/2025	31/12/2024
	%	%
Countercyclical capital buffer ratio	0.320	0.305

The relevant disclosures pursuant to section 16FG of the Banking (Disclosure) Rules can be found in Template CCyB1 in this Banking Disclosure Statement.

Capital Conservation Buffer Ratio

Under section 3M of the Capital Rules, the capital conservation buffer ratio for calculating the Bank's buffer level is 2.5% from 2019 onwards.

Higher Loss Absorbency Ratio

Not applicable as the HKMA has not designated the Bank as a domestic systematically important authorised institution ("D-SIB") since 1st January 2022.

Glossary

Abbreviations	Descriptions
AI	Authorised Institution
BCR	Banking (Capital) Rules
BSC Approach	Basic Approach
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CEM	Current Exposure Method
CF	Commodities Finance
CIS	Collective Investment Scheme
CRC	Comprehensive Risk Charge
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorised Institution
DTA	Deferred Tax Asset
EAD	Exposure at Default
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
FBA	Fall-back Approach
FSB	Financial Stability Board
FX	Foreign Exchange
G-SIB	Global Systemically Important Authorised Institution
HVCRE	High-Volatility Commercial Real Estate
IAA	Internal Assessment Approach
IMM (CCR) Approach	Internal Models (Counterparty Credit Risk) Approach
IMM Approach	Internal Models Approach
IPRE	Income-Producing Real Estate
IRB Approach	Internal Ratings-Based Approach
LAC	Loss-absorbing Capacity
LAC Rules	Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements –Banking Sector) Rules
LGD	Loss Given Default
OF	Object Finance
OTC	Over-the-counter
PD	Probability Of Default
PF	Project Finance
PFE	Potential Future Exposure

Glossary (continued)

Abbreviations	Descriptions
PSE	Public Sector Entity
QRRE	Qualifying Revolving Retail Exposures
RW	Risk Weight
RWA	Risk-Weighted Amount
SA-CCR Approach	Standardised Approach for measuring Counterparty Credit Risk Exposures
SEC-ERBA	Securitisation External Ratings-Based Approach
SEC-FBA	Securitisation Fall-Back Approach
SEC-IRBA	Securitisation Internal Ratings-Based Approach
SEC-SA	Securitisation Standardised Approach
SFT	Securities Financing Transaction
SRW	Supervisory Risk Weight
STC Approach	Standardized (Credit Risk) Approach
STM Approach	Standardized (Market Risk) Approach
TLAC	Total Loss-absorbing Capacity
VaR	Value-at-Risk