



創興銀行有限公司
Chong Hing Bank Limited
(Incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURES

As at 31 December 2025

(Unaudited)

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Regulatory disclosures (unaudited)

Introduction

The information contained in this document is for Chong Hing Bank Limited ("the Bank") and its subsidiaries ("the Group") to comply with the Banking (Disclosure) Rules ("the BDR") made under section 60A of the Banking Ordinance. It should be read in conjunction with the Group's consolidated financial statements. The banking disclosures are prepared in accordance with the BDR and disclosure templates issued by the Hong Kong Monetary Authority ("the HKMA"). It has been prepared on a consolidated basis for regulatory purposes which is different from the consolidated basis for accounting purposes. Information regarding subsidiaries that are not included in the consolidation for regulatory purpose is set out in the "Basis of Consolidation section" of the Group's consolidated financial statements.

The approaches used in calculating the Group's regulatory capital and risk-weighted assets are in accordance with the Banking (Capital) Rules. The Group uses the standardised (credit risk) approach to calculate its credit risk. For counterparty credit risk, the Group uses the standardised approach (counterparty credit risk) to calculate its credit risk exposures. For market risk, the Group uses the standardised (market risk) approach to calculate its market risk. For CVA risk, the Group uses reduced basic CVA approach to calculate its CVA risk. For operational risk, the Group uses standardised approach to calculate its operational risk.

A disclosure policy has been put in place for the disclosure of material information (including inside information) relating to the businesses, state of affairs, profit or loss and capital adequacy ratio to the stakeholders and the public in compliance with the disclosure obligations required by the Banking Ordinance, the Securities and Futures Ordinance and other applicable laws, rules and regulations. The banking disclosures are governed by the Group's disclosure policy, which have been approved by the Board. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. The banking disclosures are reviewed by independent party in accordance with the Group's disclosure policy.

The Group's Banking Disclosure Statement at 31 December 2025 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision. The disclosures are made in accordance with the latest BDR issued by the HKMA.

According to the BDR, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Prior period disclosures can be found in the Regulatory Disclosures section of our website, www.chbank.com.

Part I : Key prudential ratios, overview of risk management and RWA (unaudited)
KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		As at 31 December 2025	As at 30 September 2025	As at 30 June 2025	As at 31 March 2025	As at 31 December 2024
In HK\$'000						
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	34,438,034	34,253,935	34,588,635	34,716,011	33,967,467
2 & 2a	Tier 1	36,758,726	36,573,315	36,905,316	37,034,712	36,284,148
3 & 3a	Total Capital	44,507,490	44,208,752	44,592,460	44,524,934	43,798,098
	RWA (amount)					
4	Total RWA	207,172,889	198,066,841	200,411,831	191,992,214	214,723,742
4a	Total RWA (pre-floor)	207,172,889	198,066,841	200,411,831	191,992,214	NA
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)	16.62%	17.29%	17.26%	18.08%	15.82%
5b	CET1 ratio (%) (pre-floor ratio)	16.62%	17.29%	17.26%	18.08%	NA
6 & 6a	Tier 1 ratio (%)	17.74%	18.47%	18.41%	19.29%	16.90%
6b	Tier 1 ratio (%) (pre-floor ratio)	17.74%	18.47%	18.41%	19.29%	NA
7 & 7a	Total capital ratio (%)	21.48%	22.32%	22.25%	23.19%	20.40%
7b	Total capital ratio (%) (pre-floor ratio)	21.48%	22.32%	22.25%	23.19%	NA
	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 (%)	0.315%	0.319%	0.315%	0.299%	0.306%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	2.815%	2.819%	2.815%	2.799%	2.806%
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.12%	12.79%	12.76%	13.58%	11.32%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	342,176,271	323,983,837	322,382,306	307,242,597	334,201,640
13a	LR exposure measure based on mean values of gross assets of SFTs	338,928,170	324,438,426	324,816,501	307,331,214	NA
14, 14a & 14b	LR (%)	10.74%	11.29%	11.45%	12.05%	10.86%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	10.85%	11.27%	11.36%	12.05%	NA
	Liquidity Maintenance Ratio (LMR)					
17a	LMR (%)	69.68%	66.77%	68.85%	67.08%	65.58%
	Core Funding Ratio (CFR)					
20a	CFR (%)	206.23%	211.81%	202.88%	198.04%	199.55%

Part I : Key prudential ratios, overview of risk management and RWA (unaudited)

OVA: Overview of risk management

Risk management is an integral part of our business planning process. The Group has established a robust risk governance framework to ensure appropriate oversight of and accountability for effective risk management across all three lines of defence.

Under the risk governance framework, the Board of Directors (“the Board”) has the ultimate responsibility for an effective management of risk. The Board, directly and through delegation to various committees, approves the risk appetite, oversees the establishment of robust enterprise-wide risk management policies and processes, and sets risk limits to guide risk-taking within the Group.

The Risk Appetite Statement (“RAS”) is a key component of risk management framework articulating the level of risk that the Bank is willing to take, which should be commensurate with the Bank’s strategic direction, financial capacity, business complexity and regulatory constraints. Risk appetite must take into account differing views at a strategic, tactical and operational level. The risk appetite and risk control triggers/limits are approved, monitored and reviewed by the Board and various management committees respectively and periodically.

The risk appetite framework is underpinned by the following principles:

- Reflection of all material risks
- Sustainable long term growth
- Risk diversification
- Balance of risk and return

The Group recognises that a sound risk culture is a fundamental requirement of an effective risk management framework. The core values of our corporate culture are (1) Belief, (2) Credibility, (3) Trust and (4) Confidence. Staff are made aware that these principles are expected to form the basis of all day-to-day behaviours and actions. The risk culture is further reinforced by our approach to the performance management, where a separate assessment of adherence to “Corporate Culture and Values” will be conducted to ensure employees and appraising managers clearly understand the required behaviors and attitudes to achieve the defined corporate culture and core values of the Group. The assessment result of the “Corporate Culture and Values” will be a major consideration factor of employee’s salary review and variable remuneration (if applicable).

The Group’s risk management framework consists of its structure, policies, procedures and systems. With respect to risk management, the Group has developed a comprehensive Risk Appetite Statement and Key Risk Indicators as the basis for monitoring, assessing and controlling the Group’s risk profile. In the Risk Modifier Framework of the Corporate Scorecard, major areas including credit risk, liquidity risk, operational risk, information technology risk, compliance risk and risk culture are taken into account as a Corporate Scorecard Risk Modifier.

The assumption of risk is made within a controlled and effective framework, referred to as the ‘three lines of defence’ which delineates clear accountability and responsibility for risk management and control and are independent from each other.

Part I : Key prudential ratios, overview of risk management and RWA (unaudited)

OVA: Overview of risk management

- The first line of defence is performed by the business units where risks are taken;
- The second line of defence is performed by the risk management and compliance functions that are responsible for overseeing the Group's risk-taking activities and ensuring compliance with laws and regulations;
- The third line of defence is performed by the Internal Audit Division which is responsible for providing assurance on the effectiveness of the Group's risk management framework.

The Group's risk management policies are designed to identify and analyze major risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Regular risk management reports prepared by relevant business and functional units are submitted to the Asset and Liability Management Committee ("ALCO"), the Risk Management Committee ("RMC"), the Executive Committee ("EXCO") and the Risk Committee ("RC") , and ultimately to the Board for oversight and monitoring of the respective types of risks on an ongoing basis. The Group also set up the "Climate Risks and ESG Working Group" for the management of climate-related risks and ESG issues. The Group, through various committees, determines the risk reporting requirements that best suit the business.

The Group supplements the analysis of various types of risks with stress-testing. Various stress testing methodologies including sensitivity tests, scenario analyses and reverse stress testing are adopted. The stress-test results are regularly reviewed by the respective committees and reported to the Board.

Model governance is under the oversight of the Model Governance Committee, which reports to the RMC. The Model Governance Committee oversees model development and validation process, and advises RMC on any major model related issues faced by the Group.

The Group may use derivatives to mitigate market risk exposure driven by interest rate and foreign exchange rate fluctuation.

For banking book, the hedge effectiveness process is stipulated in the Treasury Accounting Booking Procedure and the Group's accounting policies which are complied with HKFRS requirements. The hedge effectiveness threshold is monitored at inception and on an ongoing basis.

Part I : Key prudential ratios, overview of risk management and RWA (unaudited)
OV1: Overview of RWA

The following table sets out the RWA by risk types and the corresponding minimum capital requirements (i.e. 8% of RWA), as required by the HKMA.

In HK\$'000		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 31 December 2025	As at 30 September 2025	As at 31 December 2025
1	Credit risk for non-securitization exposures	189,372,819	180,546,018	15,149,826
2	<i>Of which STC approach</i>	189,372,819	180,546,018	15,149,826
2a	<i>Of which BSC approach</i>	-	-	-
3	<i>Of which foundation IRB approach</i>	-	-	-
4	<i>Of which supervisory slotting criteria approach</i>	-	-	-
5	<i>Of which advanced IRB approach</i>	-	-	-
5a	<i>Of which retail IRB approach</i>	-	-	-
5b	<i>Of which specific risk-weight approach</i>	-	-	-
6	Counterparty credit risk and default fund contributions	1,099,157	1,717,184	87,933
7	<i>Of which SA-CCR approach</i>	992,862	885,069	79,429
7a	<i>Of which CEM</i>	-	-	-
8	<i>Of which IMM(CCR) approach</i>	-	-	-
9	<i>Of which others</i>	106,295	832,115	8,504
10	CVA risk	500,413	459,313	40,033
11	Equity positions in banking book under the simple risk-weight method and internal models method	Not applicable	Not applicable	Not applicable
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	169,981	61,987	13,598
13	CIS exposures – mandate-based approach	-	-	-
14	CIS exposures – fall-back approach	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	<i>Of which SEC-IRBA</i>	-	-	-
18	<i>Of which SEC-ERBA (including IAA)</i>	-	-	-
19	<i>Of which SEC-SA</i>	-	-	-
19a	<i>Of which SEC-FBA</i>	-	-	-
20	Market risk	7,143,513	6,525,200	571,481
21	<i>Of which STM approach</i>	7,143,513	6,525,200	571,481
22	<i>Of which IMA</i>	-	-	-
22a	<i>Of which SSTM approach</i>	-	-	-
23	Capital charge for moving exposures between trading book and banking book	Not applicable	Not applicable	Not applicable
24	Operational risk	8,108,500	8,394,938	648,680
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	952,838	536,173	76,227
26	Output floor level applied	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	Not applicable	Not applicable	Not applicable
28a	Deduction to RWA	174,332	173,972	13,947
28b	<i>Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital</i>	-	-	-
28c	<i>Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital</i>	174,332	173,972	13,947
29	Total	207,172,889	198,066,841	16,573,831

Part II: Linkages between financial statements and regulatory exposures (unaudited)
LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	As at 31 December 2025						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values of items:						
In HKD'000	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 and placements with banks	61,109,767	61,106,229	61,106,229	-	-	-	-
Derivative financial instruments	913,803	913,803	-	913,803	-	746,507	-
Investments in securities	90,666,905	90,630,038	89,363,942	-	-	1,266,096	-
Advances and other accounts	171,984,420	171,379,352	170,007,469	1,329,663	-	-	42,220
Tax recoverable	16,626	14,802	14,802	-	-	-	-
Investments in subsidiaries	-	359,135	359,135	-	-	-	-
Amounts due from subsidiaries	-	5,191	5,191	-	-	-	-
Interests in associates	621,842	20,000	20,000	-	-	-	-
Investment properties	221,772	221,772	221,772	-	-	-	-
Property and equipment	957,198	953,856	953,856	-	-	-	-
Deferred tax assets	130,772	130,772	-	-	-	-	130,772
Intangible assets	635,556	595,950	-	-	-	-	595,950
Total assets	327,258,661	326,330,900	322,052,396	2,243,466	-	2,012,603	768,942
Liabilities							
Deposits and balances with banks and other financial institutions	17,988,040	17,988,040	-	-	-	-	17,988,040
Deposits from customers	253,659,642	253,659,642	-	-	-	-	253,659,642
Amounts due to subsidiaries	-	1,235,402	-	-	-	-	1,235,402
Derivative financial instruments	1,125,500	1,125,500	-	1,125,500	-	725,834	-
Other accounts and accruals	4,976,388	4,349,679	-	112,870	-	-	4,236,809
Current tax liabilities	39,353	30,912	-	-	-	-	30,912
Certificates of deposit	3,533,094	3,533,094	-	-	-	-	3,533,094
Loan capital	6,192,773	6,192,773	-	-	-	-	6,192,773
Deferred tax liabilities	42,674	39,298	-	-	-	-	39,298
Total liabilities	287,557,464	288,154,340	-	1,238,370	-	725,834	286,915,970

Difference between the carrying values as reported in published financial statements and carrying values under scope of regulatory consolidation was due to investments in entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation.

The amount of carrying values under scope of regulatory consolidation does not equal to the sum of values in columns (c) to (g) because derivative financial instruments is subject to both counterparty credit risk and market risk.

Part II: Linkages between financial statements and regulatory exposures (unaudited)
LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		As at 31 December 2025				
		(a)	(b)	(c)	(d)	(e)
In HKD'000	Total	Items subject to:				
		credit risk framework	securitization framework	counterparty credit risk framework	market risk framework	
1	Assets carrying value amount under scope of regulatory consolidation	325,561,958	322,052,396	-	2,243,466	2,012,603
2	Liabilities carrying value amount under regulatory scope of consolidation	1,238,370	-	-	1,238,370	725,834
3	Total net amount under regulatory scope of consolidation	324,323,588	322,052,396	-	1,005,096	1,286,769
4	Off-balance sheet amounts	81,580,232	14,869,036	-	-	-
5	Potential future exposures	3,483,804	-	-	3,483,804	-
6	Receivables in respect of cash variation margin provided in derivative contracts	(576,148)	-	-	(576,148)	-
7	Differences due to securities financing transactions	38,427	-	-	38,427	-
8	Differences due to specific regulatory adjustments and other differences	(669,968)	-	-	-	-
9	Exposure amounts considered for regulatory purposes	408,179,935	336,921,432	-	3,951,179	1,286,769

The differences between assets carrying value amount under scope of regulatory consolidation and regulatory exposure amounts was mainly due to the off-balance sheet exposures including contingent liabilities and commitments, potential future exposures for derivatives, securities financing transactions and specific regulatory adjustments.

Part II: Linkages between financial statements and regulatory exposures (unaudited)

LIA :Systems and controls applied to assets valuation

The Group has established and maintains adequate systems and sufficient controls to give regulators the confidence that the valuation practices are prudent and reliable. Our valuation policy stipulates the valuation process and method in determining the fair value of all products and assessment of valuation uncertainty and adjustment if necessary.

The objective of fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date. A forced liquidation or distressed sale at the measurement date is not an orderly transaction.

The fair values of debt instruments classified as financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI"), debt instruments classified as financial assets measured at Fair Value through Profit or Loss ("FVTPL"), and debt instruments classified as financial assets measured at Amortized Cost ("AMORT") are determined based on indicative prices provided by the dealers and brokers. In addition, the Group makes comparison of the indicative prices with the prices obtained from pricing service providers and other service providers to substantiate the indicative prices of the debt instruments. The objective of using a valuation technique is to determine a fair value that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

Derivatives are revalued using consensus quotes provided by pricing services as inputs into valuation techniques to determine fair values. Active markets are judged to exist when this market consensus information is available.

Independent Price Verification

As part of the control process, all market prices and model inputs used in the valuation process are verified independently on a monthly basis. Fair values of financial instruments are determined with reference to external quoted market prices or observable model inputs and validated against multiple pricing sources whenever appropriate. The price sources are independently retrieved from market data providers as followed by the valuation policy.

Fair value is measured within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Valuation adjustments

Prices from active markets are most representative of fair values and are to be used generally without adjustments. The circumstances that give rise to valuation adjustments include:

- Inaccuracies identified by independent price verification (IPV); or
- Less liquid positions arise from the Bank's specific situations i.e. concentrated positions.

Illiquid bonds includes bonds i) with BVAL score less than 6, ii) with no price available, or iii) for which holdings represent a significant proportion of the issuance are considered as illiquid and are revalued using a proxy method. The proxy method uses BVAL benchmark curve of bond issuer credit rating for tenors up to 10 years and adjusted by the spread of the bond currency.

Any value calculated using a model should be adjusted for any factors that market participants would consider in setting a price if those factors are not captured by the model used. Valuation adjustments include:

- Model adjustments if there are any known deficiencies.
- Liquidity risk adjustments if the model does not take into account of the relevant bid-offer spreads, the extent to which the Bank's positions are concentrated and the market makers' average trading volume.
- Credit risk adjustments if the model does not take into account of counterparty or own credit risk.
- Other risk adjustments if the model does not take into account of any risk that market participants would take into consideration in pricing the instrument.

Part II: Linkages between financial statements and regulatory exposures (unaudited)
PV1: Prudent valuation adjustments

		As at 31 December 2025							
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
In HKD'000		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	-	-	-	-	-	-	-	-
2	<i>Mid-market value</i>	-	-	-	-	-	-	-	-
3	<i>Close-out costs</i>	-	-	-	-	-	-	-	-
4	<i>Concentration</i>	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risks	-	-	-	-	-	-	-	-
8	Investing and funding costs	-	-	-	-	-	-	-	-
9	Unearned credit spreads	-	-	-	-	-	-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other adjustments	-	-	-	-	-	-	-	-
12	Total adjustments	-	-	-	-	-	-	-	-

Factors other than Mid-market value are not considered in the valuation process in the view that the impact is considered insignificant.

Part IIA : Composition of regulatory capital (unaudited)
CC1: Composition of regulatory capital
As at 31 December 2025

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
In HK\$'000			
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	21,197,550	(8)
2	Retained earnings	12,233,914	(10)
3	Disclosed reserves	2,424,404	(12)
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	35,855,868	
CET1 capital: regulatory deductions			
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	595,950	(4)
10	Deferred tax assets (net of associated deferred tax liabilities)	116,186	(3) - (6)
11	Cash flow hedge reserve	-	
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	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	35,730	(2) - (7)
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
26	National specific regulatory adjustments applied to CET1 capital	669,968	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	316,968	(11) + (13)
26b	Regulatory reserve for general banking risks	353,000	(14)
26c	Securitization exposures specified in a notice given by the Monetary Authority	-	
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	1,417,834	
29	CET1 capital	34,438,034	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	2,320,692	(9)
31	of which: classified as equity under applicable accounting standards	2,320,692	
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	2,320,692	
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	2,320,692	
45	Tier 1 capital (T1 = CET1 + AT1)	36,758,726	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	6,192,773	
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)	-	

Part IIA : Composition of regulatory capital (unaudited)
CC1: Composition of regulatory capital
As at 31 December 2025

		(a)	(b)
		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
In HK\$'000			
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,413,355	(1) + (14)
51	Tier 2 capital before regulatory deductions	7,606,128	
	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	-142,636	
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	-142,636	- [(11) + (13)] 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	-142,636	
58	Tier 2 capital (T2)	7,748,764	
59	Total regulatory capital (TC = T1 + T2)	44,507,490	
60	Total RWA	207,172,889	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	16.62%	
62	Tier 1 capital ratio	17.74%	
63	Total capital ratio	21.48%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.815%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.315%	
67	of which: higher loss absorbency requirement	0.000%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	12.12%	
	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	499,363	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	381,135	
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)	1,413,355	
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	2,394,612	
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)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	

Part IIA : Composition of regulatory capital (unaudited)
CC1: Composition of regulatory capital
As at 31 December 2025
Notes to the template:
In HK\$'000

Row No.	Description	Hong Kong basis	Basel III basis
9	Other intangible assets (net of associated deferred tax liabilities)	595,950	595,950
	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)	116,186	-
	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.		
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)	-	-
	Explanation 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)	-	-
	Explanation 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.		
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)	-	-
	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
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.			

Part IIA : Composition of regulatory capital (unaudited)
CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
In HK\$'000	As at 31 December 2025	As at 31 December 2025	
Assets			
Cash and balances and placements with banks	61,109,767	61,106,229	
Derivative financial instruments	913,803	913,803	
Investments in securities	90,666,905	90,630,038	
Advances and other accounts	171,984,420	171,379,352	
of which: Impairment allowances eligible for inclusion in Tier 2 capital	-	(1,060,355)	(1)
of which: Defined benefit pension fund net assets	-	42,220	(2)
Tax recoverable	16,626	14,802	
Investments in subsidiaries	-	359,135	
Amounts due from subsidiaries	-	5,191	
Interests in associates	621,842	20,000	
Investment properties	221,772	221,772	
Property and equipment	957,198	953,856	
Deferred tax assets	130,772	130,772	(3)
Intangible assets	635,556	595,950	(4)
of which: Internally developed software	-	581,860	
Total assets	327,258,661	326,330,900	
Liabilities			
Deposits and balances with banks and other financial institutions	17,988,040	17,988,040	
Deposits from customers	253,659,642	253,659,642	
Amounts due to subsidiaries	-	1,235,402	
Derivative financial instruments	1,125,500	1,125,500	
Other accounts and accruals	4,976,388	4,349,679	
Current tax liabilities	39,353	30,912	
Certificates of deposit	3,533,094	3,533,094	
Debt securities issued	0	0	
Loan capital	6,192,773	6,192,773	
of which: Portion eligible for Tier 2 capital subject to phase out arrangement	-	-	(5)
Deferred tax liabilities	42,674	39,298	
of which: Deferred tax net of deferred tax liabilities	-	14,586	(6)
of which: Deferred tax liabilities related to defined benefit pension fund	-	6,490	(7)
Total liabilities	287,557,464	288,154,340	
Equity attributable to owners of the Bank			
Share capital	21,197,550	21,197,550	(8)
Additional equity instruments	2,320,692	2,320,692	(9)
Reserves	16,182,955	14,658,318	
of which: Retained profits	-	12,233,914	(10)
of which: Cumulative fair value gains arising from revaluation of investment properties	-	4,084	(11)
of which: Disclosed reserves	-	2,424,404	(12)
of which: Land and building revaluation reserve	-	312,884	(13)
of which: Regulatory reserve	-	353,000	(14)
Total equity	39,701,197	38,176,560	
Total liabilities and equity	327,258,661	326,330,900	

	Ordinary shares	RMB2,133 million 3.9% Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities (the "Perpetual Capital Securities")	USD224 million 4.9% Tier 2 Subordinated Notes due 2032	RMB1,500 million 4.20% Tier 2 Capital Bonds due 2033	RMB2,500 million 2.93% Tier 2 Capital Bonds due 2034
1 Issuer	Chong Hing Bank Limited	Chong Hing Bank Limited	Chong Hing Bank Limited	Chong Hing Bank Limited	Chong Hing Bank Limited
2 Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	ISIN Code: HK0001193108 Common Code: 318484970 CMU Instrument Number: LCHBFN25004	ISIN: XS2487038650	Product code in the PRC: 232380063	Product code in the PRC: 292480005
3 Governing law(s) of the instrument	Hong Kong law	Hong Kong law	Hong Kong law	PRC law (except that the subordination provisions shall be governed by Hong Kong law)	PRC law (except that the subordination provisions shall be governed by Hong Kong law)
4 Regulatory treatment	NA	NA	NA	NA	NA
5 Transitional Basel III rules ^a	NA	NA	NA	NA	NA
6 Post-transitional Basel III rules ^b	Common Equity Tier 1	Additional Tier 1	Tier 2	Tier 2	Tier 2
7 Eligible at solo ^c /group/group & solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group
8 Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Undated non-Cumulative Subordinated Perpetual Capital Securities	Other Tier 2 instruments	Other Tier 2 instruments	Other Tier 2 instruments
9 Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	(HKD million) 21,197.6	(HKD million) 2,320.7	(HKD million) 1,742.3	(HKD million) 1,668.2	(HKD million) 2,782.3
10 Par value of instrument	NA	RMB2,133 million	The subordinated notes with total face value of USD 224 million issued in registered form in denominations of USD250,000 each and integral multiples of USD1,000 in excess thereof	The subordinated bonds with total face value of RMB1,500 million and the subscription amount and the trading amount of the subordinated bonds shall be in denominations of RMB2,000,000 and integral multiples of RMB100 in excess thereof	The subordinated bonds with total face value of RMB2,500 million and the subscription amount and the trading amount of the subordinated bonds shall be in denominations of RMB2,000,000 and integral multiples of RMB100 in excess thereof
11 Accounting classification	Shareholders' equity	Equity instruments	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
12 Original date of issuance	Various	23 September 2025	27 July 2022	28 September 2023	11 June 2024
13 Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated
14 Original maturity date	No maturity	No maturity	27 July 2032	28 September 2033	11 June 2034
15 Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes	Yes
16 Optional call date, contingent call dates and redemption amount	NA	First call date: 23 September 2030 Included redemption event for taxation and tax deductibility reasons, and redemption event for regulatory reasons in respect of Perpetual Capital Securities Redemption in whole at 100% of the principal amount	The bank may redeem all, but not some only, of the Notes then outstanding on 27 July 2027, at their outstanding principal amount together with interest accrued to (but excluding) the date of redemption, subject to adjustments following the occurrence of a Non-Viability Event and prior written consent of the Hong Kong Monetary Authority. The notes will be redeemable at the option of the Bank in whole but not in part, at a redemption price equal to their principal amount together with interest accrued to (but excluding) the date fixed for redemption, upon the occurrence of a Capital Event (Regulatory Redemption), a Tax Deduction Event (Tax Deduction Redemption) or upon the occurrence of certain changes in taxation in Hong Kong requiring the payment of additional amounts (Tax Redemption), in each case, subject to adjustments following the occurrence of a Non-Viability Event. Tax Redemption, Tax Deduction Redemption and Regulatory Redemption are all subject to prior written consent of the Hong Kong Monetary Authority.	The Bank is entitled to a one-time redemption right of the Bonds at the Bank's option. The Bank may redeem the Bonds then outstanding in part or in whole on 28 September 2028, at their outstanding principal amount together with interest accrued to (but excluding) the date of redemption, subject to adjustments following the occurrence of a Non-Viability Event and prior written consent of the Hong Kong Monetary Authority. The Bonds will be redeemable at the option of the Bank in whole but not in part, at a redemption price equal to their principal amount together with interest accrued to (but excluding) the date fixed for redemption, upon the occurrence of a Regulatory Change Event (Regulatory Redemption), or upon the occurrence of certain changes in taxation in Hong Kong requiring the payment of additional amounts (Tax Redemption), in each case, subject to adjustments following the occurrence of a Non-Viability Event. Tax Redemption and Regulatory Redemption are all subject to prior written consent of the Hong Kong Monetary Authority.	The Bank is entitled to a one-time redemption right of the Bonds at the Bank's option. The Bank may redeem the Bonds then outstanding in part or in whole on 11 June 2029, at their outstanding principal amount together with interest accrued to (but excluding) the date of redemption, subject to adjustments following the occurrence of a Non-Viability Event and prior written consent of the Hong Kong Monetary Authority. The Bonds will be redeemable at the option of the Bank in whole but not in part, at a redemption price equal to their principal amount together with interest accrued to (but excluding) the date fixed for redemption, upon the occurrence of a Regulatory Change Event (Regulatory Redemption), or upon the occurrence of certain changes in taxation in Hong Kong requiring the payment of additional amounts (Tax Redemption), in each case, subject to adjustments following the occurrence of a Non-Viability Event. Tax Redemption and Regulatory Redemption are all subject to prior written consent of the Hong Kong Monetary Authority.
17 Subsequent call dates, if applicable	NA	Any distribution payment date after the first call date	NA	NA	NA
18 Coupons / dividends					
19 Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed	Fixed
20 Coupon rate and any related index	The final dividend is proposed by the board of directors of the Bank and is subject to approval by the shareholders of the Bank in the annual general meeting. The interim dividend is declared by the board of directors of the Bank.	Year 1-5: 3.90% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year PRC Sovereign Bond Rate (determined as set out in the pricing supplement) plus a fixed spread of 2.311%	At a fixed rate of 4.9% per annum until 27 July 2027. At a Reset Interest Rate from 27 July 2027 to (but excluding) 27 July 2032 (the "Maturity Date")	At a fixed rate of 4.2% per annum.	At a fixed rate of 2.93% per annum.
21 Existence of a dividend stopper	No	Yes	No	No	No
22 Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
23 Existence of step up or other incentive to redeem	No	No	No	No	No
24 Noncumulative or cumulative	Noncumulative	Non-cumulative	Cumulative	Cumulative	Cumulative
25 Convertible or non-convertible	Non-convertible	(Note 1): The terms and conditions of the Perpetual Capital Securities contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance (Cap. 628).	Convertible	Convertible (Note 1)	Convertible (Note 1)
26 If convertible, conversion trigger (s)	NA	Non-convertible (Note 1)	Non-convertible (Note 1)	Non-convertible (Note 1)	Non-convertible (Note 1)
27 If convertible, fully or partially	NA	N/A (Note 1)	Full or partial	Full or partial	Full or partial
28 If convertible, conversion rate	NA	N/A (Note 1)	NA	Note 1	Note 1
29 If convertible, mandatory or optional conversion	NA	N/A (Note 1)	Mandatory	Mandatory (Note 1)	Mandatory (Note 1)
30 If convertible, specify instrument type convertible into	NA	N/A (Note 1)	Shares or other securities or other obligations	Shares or other securities or other obligations (Note 1)	Shares or other securities or other obligations (Note 1)
31 If convertible, specify issuer of instrument it converts into	NA	N/A (Note 1)	Chong Hing Bank Limited or another person	Chong Hing Bank Limited or another person (Note 1)	Chong Hing Bank Limited or another person (Note 1)
32 Write-down feature	No	Yes (Note 1)	Yes	Yes	Yes
33 If write-down, write-down trigger(s)	NA	"Non-Viability Event" means the earlier of: (i) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Bank would become non-viable; and (ii) the Monetary Authority notifying the Bank 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 the Bank would become non-viable.	"Non-Viability Event" means the earlier of: (i) the Hong Kong Monetary Authority notifying the Bank in writing that the Hong Kong Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Bank would become non-viable; or (ii) the Hong Kong Monetary Authority notifying the Bank 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 the Bank would become non-viable.	"Non-Viability Event" means the earlier of: (i) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Bank would become non-viable; and (ii) the Monetary Authority notifying the Bank 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 the Bank would become non-viable.	"Non-Viability Event" means the earlier of: (i) the Monetary Authority notifying the Bank in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Bank would become non-viable; and (ii) the Monetary Authority notifying the Bank 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 the Bank would become non-viable.
34 If write-down, full or partial	NA	Full or partial	Full or partial	Full or partial	Full or partial
35 If write-down, permanent or temporary	NA	Permanent	Permanent	Permanent	Permanent
36 If temporary write-down, description of write-up mechanism	NA	NA	NA	NA	NA
37 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinated to additional tier 1 capital securities	Ranking subordinate and junior in right of payment to, and of all claims of (i) all unsubordinated creditors; (ii) any holders of Tier 2 Capital Instruments; and (iii) holders of other subordinated instruments ranking senior to the Perpetual Capital Securities by operation of law or contract.	In the event of a winding-up, the rights of the Noteholders to payment of principal and interest on the Notes, and any other obligations in respect of the Notes, shall rank: (a) Subordinate and junior in right of payment to, and of all claims of, (i) all unsubordinated creditors of the Bank (including depositors), and (ii) all other Non-Preferred Creditors of the Bank whose claims are stated to rank senior to the Notes or rank senior to the Notes by operation of law or contract; (b) Pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (c) Senior in right of payment to and of all claims of, (i) the holders of any other instrument or other obligation issued, entered into, or guaranteed by the Bank that ranks or is expressed to rank junior to the Notes by operation of law or contract but senior to the holders of Junior Obligations, and (ii) the holders of Junior Obligations.	In the event of a Winding-Up of the Issuer, the rights and the claims of the Bondholders to payment of principal and interest on the Bonds shall rank: (i) junior in right of payment to, and of all claims of, all unsubordinated creditors of the Issuer (including its depositors and general creditors) and all other Subordinated Creditors of the Issuer whose claims are expressed to rank senior to the Bonds or rank senior to the Bonds by operation of law or contract; (ii) pari passu in right of payment to, and of all claims of, the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of, the holders of Tier 1 Capital Instruments and the holders of other Junior Obligations, in each case, present and future.	In the event of a Winding-Up of the Issuer, the rights and the claims of the Bondholders to payment of principal and interest on the Bonds shall rank: (i) junior in right of payment to, and of all claims of, all unsubordinated creditors of the Issuer (including its depositors and general creditors) and all other Subordinated Creditors of the Issuer whose claims are expressed to rank senior to the Bonds or rank senior to the Bonds by operation of law or contract; (ii) pari passu in right of payment to, and of all claims of, the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of, the holders of Tier 1 Capital Instruments and the holders of other Junior Obligations, in each case, present and future.
38 Non-compliant transitioned features	NA	NA	NA	NA	NA
39 If yes, specify non-compliant features	NA	NA	NA	NA	NA

Footnote:
^a Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
^b Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
^c Include solo-consolidated

Part IIB : Macroprudential supervisory measures (unaudited)
CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

Geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures with a non-zero applicable JCCyB ratio

In HK\$'000		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
1	Hong Kong SAR	0.500%	103,145,534		
3	United Kingdom	2.000%	392,402		
2	Ireland	1.500%	731,168		
7	Australia	1.000%	748		
	Sum		104,269,852		
	Total		169,744,404	0.315%	652,595

The jurisdiction in which the Group has private sector credit exposure is determined on an "ultimate risk basis". Exposures are allocated to the jurisdiction where the risk ultimately lies, defined as the location where the "ultimate obligor" resides.

Part IIC : Leverage ratio (unaudited)
LR1: Summary comparison of accounting assets against leverage ratio exposure measure

In HK\$'000		(a)
		As at 31 December 2025
	Item	Value under the LR framework
1	Total consolidated assets as per published financial statements	327,258,661
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-927,761
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves	Not applicable
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative contracts	2,421,406
9	Adjustment for SFTs (i.e. repos and similar secured lending)	38,427
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	14,905,239
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	-101,867
12	Other adjustments	-1,417,834
13	Leverage ratio exposure measure	342,176,271

Difference between the total balance sheet assets (net of on-balance sheet derivative exposures and securities financing transaction exposures) as reported in published financial statements and on-balance sheets exposures as stated in LR2 was due to investments in entities that are consolidated for accounting purpose but outside the scope of regulatory consolidation.

Part IIC : Leverage ratio (unaudited)
LR2: Leverage ratio

In HK\$'000		(a)	(b)
		As at 31 December 2025	As at 30 September 2025
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	321,424,673	308,178,613
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	-576,148	-297,147
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	-2,667,578	-2,871,530
6	Less: Asset amounts deducted in determining Tier 1 capital	-1,417,834	-1,424,928
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	316,763,113	303,585,008
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)	427,553	146,404
9	Add-on amounts for PFE associated with all derivative contracts	3,483,804	3,419,616
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	3,911,357	3,566,020
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting	6,660,002	1,074,549
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	38,427	18,677
17	Agent transaction exposures	-	-
18	Total exposures arising from SFTs	6,698,429	1,093,226
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	81,622,843	84,483,709
20	Less: Adjustments for conversion to credit equivalent amounts	-66,717,604	-68,635,639
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	-101,867	-108,487
22	Off-balance sheet items (sum of rows 19 to 21)	14,803,372	15,739,583
Capital and total exposures			
23	Tier 1 capital	36,758,726	36,573,315
24	Total exposures (sum of rows 7, 13, 18 and 22)	342,176,271	323,983,837
Leverage ratio			
25&25a	Leverage ratio	10.74%	11.29%
26	Minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	Not applicable	Not applicable
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	3,411,901	1,529,138
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	6,660,002	1,074,549
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)	338,928,170	324,438,426
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)	10.85%	11.27%

Part IID : Liquidity (unaudited)

LIQA: Liquidity risk management

Governance of liquidity risk management

The Group adopts a robust liquidity risk appetite/tolerance including statutory liquidity ratios and key liquidity metrics to reasonably balance the levels of risk and earnings based on the Bank's own strategies, financial strength and market position, to ensure its ability to provide stable, reliable and sufficient sources of funds under normal or stressed scenarios, so as to satisfy liquidity requirements.

The Group adopts a liquidity risk management model that incorporates both centralised and decentralised elements based on thorough consideration of the organisational structure and major business characteristics of the Group as well as regulatory policies. The Head Office is ultimately responsible for managing the Group's overall liquidity risk, while the branches in Macau and Mainland China manage their own liquidity risk pursuant to the Head Office's policies within authorised scope through submission of monthly management accounts and daily cash flow positions to Head Office.

The management of the Group's liquidity risk is governed by the Liquidity Risk Management Policy which is reviewed by the ALCO and designated committees and approved by the Board at least annually. Key features of liquidity position and management strategies, risk appetite as well as appropriate limits and triggers are set in the Liquidity Risk Management Policy.

The Board has the ultimate responsibility for liquidity risk management. The Executive Committee ("EXCO") is delegated by the Board to oversee liquidity risk management. The ALCO is further delegated by the EXCO to oversee the Group's day-to-day liquidity risk management, responsible for monitoring and controlling of the Group's liquidity position through on-going and periodic review of different liquidity metrics, including but not limited to the statutory Liquidity Maintenance Ratio and Core Funding Ratio, the maturity mismatch of assets and liabilities, loan-to-deposit ratios, normal and stressed cash flow projections and inter-bank/intragroup transactions. The Group uses various management information systems developed in-house to prepare and compile regular management reports to facilitate the liquidity risk management duties.

Treasury and Markets Division is responsible for the Group's intraday and day-to-day management of cash flow and liquidity positions while Finance and Capital Management Division is responsible for the identification, measurement and monitoring of liquidity risk exposures, conducting liquidity cost analysis and stress-testing, handling regulatory reporting in relation to liquidity risk and coordinating the regular forecast of loans and deposits, Liquidity Maintenance Ratio, liquidity and funding statements.

The liquidity risk metrics are closely monitored and regularly reported to the ALCO and other designated committees. Depending on the level of severity, any breach in policies will be reported by these units to the ALCO and/or other designated committees, whilst seeking their advices or instructions on mitigating measures.

With the changing environment, market factors, balance sheet movement and liquidity situation, liquidity risk strategies are discussed in the ALCO meetings and communicated with the business lines, of which the heads are the ALCO members.

Funding strategies

The Group has a strong capital base and stable customer deposits which form its main funding sources. Funding diversification is achieved internally through surveillance on large depositors and externally by maintaining its access to the interbank market, issuance of certificates of deposit, repurchase agreements and swap markets. The Bank takes into account the maturity profile of funding. The funding strategy is formulated by the ALCO and delivered to Treasury and Markets Division and different business lines to execute. All of these are parts of the Group's funding strategy. To manage the funding diversification, a set of concentration indicators and EWIs is in place.

The Group's branches outside Hong Kong are mainly self-funded through acquiring customer deposits and maintaining its access to the local interbank market. Nevertheless, it is the Group's policy that the Head Office is to support their liquidity needs when necessary. The funding to branches outside Hong Kong is subject to pre-set limits so as to encourage them to source their own funding in the local markets.

Liquidity risk mitigation techniques

In order to address and mitigate market liquidity risk, the Group maintains a sufficient portfolio of liquidity cushion which can be sold or used as collateral to provide liquidity even under periods of stress. The Group deploys funds in good credit quality debt securities with deep and liquid markets to ensure short term funding requirements can be covered within prudent limits. The Group periodically obtains liquidity from a proportion of the liquidity cushion through secured borrowing to test the usability of these assets. Liquidity sources and contingency funding plan are maintained to identify early warning indicators of stress conditions, provide strategic liquidity to meet unexpected and material cash outflows and to describe remedial actions to be taken under crisis scenarios.

Part IID : Liquidity (unaudited)

LIQA: Liquidity risk management

Liquidity risk mitigation techniques (continued)

The eligible assets as liquidity cushion are mainly debt securities which are unencumbered, low risk, simple structure and traded in active and sizable market with low volatility. Structured products and concentrated positions are not allowed in order to ensure the ease and certainty of valuation. For the liquidity cushion as a whole, there is an appropriate mix of eligible assets to ensure a high degree of diversification by limiting the exposure to each single credit. The liquidity cushion also contains a significant proportion of government issued debt securities with 0% risk-weight for credit risk to minimise risks.

The size of the liquidity cushion should be sufficient for the Group to meet its intraday payment obligations and to cover the day-to-day liquidity needs under both normal and stress market conditions. The Group is not subject to particular collateral arrangements or requirements in contracts if there is a credit rating downgrade of entities within the Group.

Stress testing

The Group supplements the analysis of various types of risks with stress-testing. Stress-testing is a risk management tool for estimating risk exposures under stress conditions arising from extreme but plausible market or macroeconomic movements. Finance and Capital Management Division performs stress-testing on a monthly basis in accordance with the principles stated in the Supervisory Policy Manual ("SPM") LM-2 and IC-5, and when necessary, may carry out special stress-testing in accordance with regulatory requirements and changes in the external operating environment. The stress-test results are regularly reviewed by the ALCO, the RMC and the EXCO, and approved by the RC.

In performing the stress-testing on liquidity risk, the Group adopts the cash flow analysis which has taken into consideration of various macroscopic and microscopic factors in line with the characteristics and complexity of the Group's businesses. Both on- and off-balance sheet items with applicable hypothetical, historical and behavioural assumptions are considered to address both funding and market liquidity risks. Three stress scenarios, namely the institution-specific crisis, the general market crisis and the combined crisis are adopted with minimum survival periods defined according to SPM LM-2. With reference to the stress-testing results, the Group identifies potential vulnerabilities on its liquidity position under stress market conditions and formulates the contingency funding plan that sets out remedial actions for dealing with liquidity problems (e.g. conducting repo transactions or liquidation of assets held for liquidity risk management purpose).

The Group also performs reverse stress-testing in accordance with SPM IC-5. Reverse stress-testing is an iterative process assisting the Group to identify and assess extreme stress scenarios that can cause business failures (e.g. breaches of regulatory capital ratios, illiquidity and severe negative profitability). It is a process of working backwards from the event causing business failures and involves a mix of qualitative and quantitative analyses. The Group uses results of reverse stress-testing to strengthen resilience to liquidity stress and serve as early-warning triggers for the formulation of management actions and contingency funding plan to mitigate potential stresses and vulnerabilities which the Group might face.

Contingency funding plan

The Group distinguishes between different stages of a liquidity crisis that the Group may face, namely: Funding Stress, Liquidity Drain and Bank Run. The escalation is to reflect the worsening liquidity conditions. This includes the liquidity shortfalls estimated from stress-testing performed.

The Group's Contingency Funding Plan, details the Group's immediate action in order to react to emergency. It covers three major components: (1) Predefined conditions to activate the plan; (2) The Group's strategy and potential funding options to deal with different crisis scenarios; and (3) Practical action plans and procedures with clear responsibilities of management and its supporting teams. The ALCO would take charge during liquidity crisis to ensure business continuity of the Group.

The Contingency Funding Plan is reviewed and updated at least annually to cope with required changes and improvements.

To ensure the Contingency Funding Plan remains practical and effective, drill test is conducted by the Group on an annual basis.

Part IID : Liquidity (unaudited)

LIQA: Liquidity risk management

Liquidity metrics

The Group uses a range of liquidity control tools and metrics for the measurement, analysis, control and monitoring of liquidity risk, taking into account all assets and liabilities, including its on- and off-balance sheet activities, arising from different business lines.

These liquidity control tools and metrics perform the functions of:

- evaluating potential liquidity risks inherent in the Group's balance sheet structure and business activities, including emerging risks that are distant in nature;
- projecting cash flows and assessing funding mismatches under both normal and stress conditions over different time horizons;
- assessing the Group's capability to generate funds as well as its vulnerability to, or concentration on, any major source of funds; and
- identifying and assessing the Group's vulnerability to foreign currency movements.

The Group sets up liquidity risk appetite indicators, risk control indicators and early warning indicators ("EWI"). The liquidity risk appetite indicators include Liquidity Maintenance Ratio, Core Funding Ratio, adjusted loan to deposit ratio and cash flow stress testing minimum survival period. The risk control indicators are closely related to factors or developments that cause and enlarge liquidity risk. They are used to monitor the cash flow, foreign currency liquidity, funding diversification, concentration of liquidity cushion, intragroup and intraday liquidity. The EWIs are useful in identifying emerging risk at an early stage in the Bank's liquidity risk position or potential funding needs. These EWIs, once triggered, will prompt the Group to examine the source, nature and likelihood of an intensifying liquidity problem.

For both risk appetite and risk control indicators, triggers and limits are set up. For EWIs, alert levels are set up. They are all regularly monitored and reported to management.

Risk Appetite Indicators	Limit
Liquidity Maintenance Ratio	32%
Core Funding Ratio	100%
Total Adjusted Loan to Deposit Ratio	85%
Cash flow stress testing minimum survival period	
Institution-specific	6 days
General market	1 calendar month
Combined	1 calendar month

Risk Control Indicators	Limit
Adjusted Loan to Deposit Ratio	
HKD	95%
USD	95%
RMB	95%
Cumulative net maturity mismatch under normal condition	
Next day	(Tier 1 liquidity cushion – intraday repo facilities) x 85%
7 days	(Tier 1 liquidity cushion – intraday repo facilities) x 85%
1 month	(Total liquidity cushion – intraday repo facilities) x 100%

Part IID : Liquidity (unaudited)

LIQA: Liquidity risk management

Concentration limits on collateral pools and sources of funding (both products and counterparties)

Concentration limits on collateral pools

The Group holds a banking book of debt securities, part of which is considered as the liquidity cushion as required under the LM-2. Such a liquidity cushion is made up of highly liquid assets which can be readily and sufficiently repo-ed or sold under normal and stress conditions to meet intraday and day-to-day liquidity needs.

The stock of the liquidity cushion consists of an appropriate mix of eligible Tier 1 and 2 assets with concentration limits referencing to the total liquidity cushion(after haircut) to ensure sufficient diversity in the types of liquid assets held by the Bank.

Liquidity cushion	Limit
Tier1 liquidity cushion	>= 50%
Tier2 liquidity cushion of the same underlying issuer (exclude G10 sovereigns)	<= 8%
Tier2 liquidity cushion to mature within one year	<= 50%
Concentration on nature of issuer	Sovereign: <=100% Corporate: <=50% Bank and NBF: <=30%
Concentration on currency	HKD: <=100% USD: <=100% RMB: <=30% Other currencies (each): <=22%
Concentration on geographical location	HKSAR: <=100% US: <=100% China: <=100% Other G10 regions and Australia (each): <= 22% Other regions (each): <=10%

Concentration limits on sources of funding

The Group recognizes the risks arising from a high concentration on specific types of depositors and that the short term structure of deposits may jeopardize the Group's overall liquidity positions. Similarly, the Group considers the extent of reliance on the wholesale funding markets and the mix of secured and unsecured wholesale funding. To facilitate monitoring, a set of EWI and internal risk control indicators has been in place.

Funding sources	Limit
Medium-term funding ratio	>= 18%
Wholesale funding concentration ratio	<= 25%
Interbank borrowing concentration ratio	<= 14%
Largest depositor ratio	<= 6%
Top 10 depositors ratio	<= 20%

During the reporting period, the Group's average Liquidity Maintenance Ratio and Core Funding Ratio were 68.1% and 204.73% respectively. The branches' and subsidiaries' fundings are supported by Hong Kong head office, the funding needs arising from respective branches and subsidiaries are shown as follows:

In HK\$'000	As at 31 December 2025
China branches	5,158,632
Macau branch	2,128,464
Chong Hing (Nominees) Limited	100
Chong Hing Commodities and Futures Limited	5,000
Chong Hing Finance Limited	25,000
Chong Hing Information Technology Limited	100
Chong Hing Insurance Company Limited	177,369
Chong Hing Securities Limited	10,000
Gallbraith Limited	16,557
Hero Marker Limited	10,720
Top Benefit Enterprise Limited	150,378

Part IID : Liquidity (unaudited)

LIQA: Liquidity risk management

The maturity analysis of financial assets and liabilities shown on the statements of financial position, based on the remaining period at the end of the reporting period to the contractual maturity date is shown below:

	Repayable on demand	Repayable within 1 month	Repayable after 1 month but within 3 months	Repayable after 3 months but within 1 year	Repayable after 1 year but within 5 years	Repayable after 5 years	Undated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2025								
Assets								
Cash and balance placements with banks	13,673,818	33,446,531	11,498,752	2,487,129	-	-	-	61,106,230
Derivative financial instruments	-	264,475	142,085	266,966	214,779	25,498	-	913,803
Investments in securities	-	10,999,143	7,950,791	18,242,981	40,146,387	12,783,015	507,721	90,630,038
Advances and other accounts	5,507,640	18,229,657	19,551,239	50,097,091	48,002,957	25,573,351	4,385,304	171,347,239
Amounts due from subsidiaries	5,191	-	-	-	-	-	-	5,191
Total financial assets	19,186,649	62,939,806	39,142,867	71,094,167	88,364,123	38,381,864	4,893,025	324,002,501
Liabilities								
Deposits and balances with banks and other financial institutions	36,389	8,010,903	8,440,556	1,500,192	-	-	-	17,988,040
Deposits from customers	74,934,908	60,722,180	70,349,697	32,055,616	15,597,241	-	-	253,659,642
Certificates of deposit	-	618,321	1,189,185	1,725,588	-	-	-	3,533,094
Derivative financial instruments	-	324,718	157,796	262,789	210,220	169,977	-	1,125,500
Loan capital	-	-	-	-	-	6,192,773	-	6,192,773
Other accounts and accruals	1,663,584	582,888	755,525	1,345,056	850,602	7,270	194,199	5,399,124
Amounts due to subsidiaries	1,235,210	-	-	-	-	-	-	1,235,210
Total financial liabilities	77,870,091	70,259,010	80,892,759	36,889,241	16,658,063	6,370,020	194,199	289,133,383
Net position - total financial assets and liabilities	(58,683,442)	(7,319,204)	(41,749,892)	34,204,926	71,706,060	32,011,844	4,698,826	34,869,118
Off-balance sheet obligations	15,076,190	435,207	-	60,745	435,422	-	-	16,007,564

Part III : Credit risk for non-securitization exposures (unaudited)

CRA: General information about credit risk

Credit risk is the risk that a borrower or counterparty failing to meet its contractual obligations. Credit risk exists not only in trading book and banking book, but also from on- and off-balance sheet transactions. It includes the risk of Loan or Loan Equivalent, as well as the pre-settlement and settlement risk which arises principally from lending, trade finance and treasury businesses.

The Group has established policies, procedures, credit & risk appetites profile and modeling to identify, measure, assess, monitor, control, and report on credit risk. The development of above guidelines is based on significant level of review of business activities and strategies of the Group and covers identified material risks, both financial and non-financial and in line with the requirement from regulatory guidelines and statutory requirements. These guidelines are reviewed and enhanced regularly in response to market changes, statutory requirements and effectiveness of risk management processes.

The Group has established the following process and mechanism for managing credit risk:

- Risk appetite to commensurate with the Group's strategic direction, financial capacity, business complexity and regulatory requirements. Risk appetite must take into account differing views at a strategic, tactical and operational level;
- Credit appetite indicates the target market segment that business units should focus on;
- Credit authorities structure sets out the level of credit authority required for approval, disbursement, credit control as well as requirement of exceptional approval;
- Credit risk related committees, different aspects of credit risk issues which including but not limited to portfolio management, business strategy, modeling and new product are reported and discussed in various committees including Board of Directors, Risk committee and Executive committee.

The Credit Risk Management Division is responsible for implementing the credit risk strategy approved by the Executive Committee and developing policies and procedure for identifying, measuring, monitoring and controlling credit risk in all the Group's credit activities and at both the individual credit and portfolio levels. All extensions of credit must be made on an arm's-length basis, in particular, to connected parties.

Part III : Credit risk for non-securitization exposures (unaudited)
CR1: Credit quality of 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)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
In HK\$'000								
1	Loans	3,699,420	227,038,013	2,667,957	1,666,380	1,001,577	-	228,069,476
2	Debt securities	-	88,851,471	108,298	-	108,298	-	88,743,173
3	Off-balance sheet exposures	188,964	14,751,612	101,867	42,611	59,256	-	14,838,709
4	Total	3,888,384	330,641,096	2,878,122	1,708,991	1,169,131	-	331,651,358

The Group identifies the exposures as "default" if the exposure

- is classified as Substandard, Doubtful or Loss, or
- is past due for more than 90 days, or
- has been rescheduled, or
- is identified as forbearance.

Loans included balances with banks, loans and advances to customers and balances with central banks.

Off-balance sheet exposures included direct credit substitutes, transaction-related contingencies, trade-related contingencies, forward asset purchases and irrevocable loans commitment.

Part III : Credit risk for non-securitization exposures (unaudited)
CR2: Changes in defaulted loans and debt securities

In HK\$'000		(a)
		Amount
1	Defaulted loans and debt securities at end of the previous reporting period (30 June 2025)	4,449,485
2	Loans and debt securities that have defaulted since the last reporting period	1,265,419
3	Returned to non-defaulted status	(15,278)
4	Amounts written off	(1,974,624)
5	Other changes	(25,582)
6	Defaulted loans and debt securities at end of the current reporting period (31 December 2025)	3,699,420

Part III : Credit risk for non-securitization exposures (unaudited)
CRB: Additional disclosure related to credit quality of exposures

The financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. The financial asset which fulfill any one of the criteria would be classified as impaired:

- (1) Contractual payments are equal to or more than 90 days past due;
- (2) Loans and advances are classified as non-performing loans, e.g. classified as "substandard", "doubtful" or "loss";
- (3) Loans and advances are classified as restructured loan.

Non-performing loans represent advances which are either classified as "substandard", "doubtful" or "loss" under the Group's classification of loan quality.

Impairment allowances under HKFRS 9 Stage 3 are determined by an evaluation of the lifetime ECL at the end of the reporting period on a case-by-case basis. The assessment normally encompasses the fair value of collateral held and the anticipated receipts for that individual account.

The Group adopts the expected credit loss ("ECL") model for determining account provisions for credit losses. The HKFRS 9 ECL approach outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. A financial instrument that have not had a Significant Increase in Credit Risk ("SICR") since initial recognition or that have low credit risk at the reporting date is classified in 'Stage 1' and has its credit risk continuously monitored by the Group. If a SICR since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The ECL of 'Stage 1' and 'Stage 2' exposures are categorized as collective provision. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3' and its ECL is categorized as specific provision.

Restructured assets are loans where concessions have been made to a customer on interest or principal such that the loans are rendered on "non-commercial" terms to the Group.

Part III : Credit risk for non-securitization exposures (unaudited)

CRB : Additional disclosure related to credit quality of exposures

Credit risk exposure by geographical area, industry and residual maturity

	As at 31 December 2025
	In HK\$'000
Geographical area	
Hong Kong SAR	130,924,865
Mainland China	121,460,348
Chinese Taipei	18,778,726
Japan	8,833,447
Australia	8,729,454
Canada	5,565,125
Macau SAR	5,115,666
Singapore	3,484,405
Others	31,637,444
Total	334,529,480
	As at 31 December 2025
	In HK\$'000
Industry	
Bank	97,430,688
Official sector	50,733,514
Non-bank private sector	
Building & construction, property development and investment	35,605,091
Financial concerns	53,258,531
Transport and transport equipment	13,051,488
Individuals	18,728,191
Others	65,721,977
Total	334,529,480
	As at 31 December 2025
	In HK\$'000
Residual Maturity	
1 year or less	159,146,512
2 years or less but over 1 year	37,855,527
Over 2 years	137,527,441
Total	334,529,480

Part III : Credit risk for non-securitization exposures (unaudited)
CRB : Additional disclosure related to credit quality of exposures
Impaired exposures and related allowances and write-offs by geographical area and industry

	As at 31 December 2025 In HK\$'000
Gross impaired loans	3,699,420
Less: Impairment allowances	<u>(1,666,380)</u>
Net impaired loans	<u>2,033,040</u>
	As at 31 December 2025 In HK\$'000
Geographical area	
Hong Kong	2,834,046
Mainland China	857,997
Macau	<u>7,377</u>
	<u>3,699,420</u>
	As at 31 December 2025 In HK\$'000
Industry	
Loans for use in Hong Kong	
Industrial, commercial and financial	
Property development	734,135
Property investment	1,057,096
Wholesale and retail trade	34,164
Transport and transport equipment	361,745
Others (Note 1)	196,675
Individuals	
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	2,179
Loans for the purchase of other residential properties	30,063
Credit card advances	1,230
Others (Note 2)	<u>66,056</u>
	2,483,343
Trade finance	23,477
Loans for use outside Hong Kong	<u>1,192,600</u>
	<u>3,699,420</u>

Note: 1. Major items mainly included loans to businesses in electricity and gas, hotels, catering, margin lending and other business purposes.

2. Major items mainly included loans to professionals and other individuals for various private purposes.

Part III : Credit risk for non-securitization exposures (unaudited)
CRB : Additional disclosure related to credit quality of exposures
Aging analysis of accounting past due exposures

	As at 31 December 2025 Gross amount of advances In HK\$'000
Advances overdue for	
- 6 months or less but over 3 months	1,090,017
- 1 year or less but over 6 months	322,452
- Over 1 year	<u>2,186,880</u>
Advances overdue for over 3 months	<u>3,599,349</u>
Rescheduled advances, net of amounts included in "Advances overdue for over 3 months"	<u>91,569</u>
Impairment allowances under stage 3 made in respect of overdue loans and advances	<u>1,619,659</u>

Part III : Credit risk for non-securitization exposures (unaudited)
CRB : Additional disclosure related to credit quality of exposures
Breakdown of restructured exposures

	As at 31 December 2025 In HK\$'000
Restructured exposures	
Impaired	584,578
Not impaired	-
Total	<u>584,578</u>

Part III : Credit risk for non-securitization exposures (unaudited)

CRC: Qualitative disclosures related to credit risk mitigation

Collateral and guarantee

For credit risk mitigation, obtaining collateral and guarantee is one of the ways to mitigate risk in loan agreement, however, the Group only considers collateral and guarantee as secondary source of repayment at borrower's default, the primary consideration of credit risk assessment is customers' financial strength and repayment capability, this has been re-emphasized in the Group's collateral policy that credit assessment will not only rely on the types and value of collateral obtained from customers. The policy also provides the criteria of accepting a collateral type so that the Group's collateral should be marketable, tradable, enforceable, controllable and manageable. Regular valuation of collateral is required to ensure the value assigned to the collateral at the time of initial valuation remains current. Except specific retail facilities which should be under portfolio review, all collateral should be revalued at least once a year. The frequency of revaluation depends on the extent to which the Group is relying on the collateral for repayment as well as type of collateral or market condition. To avoid concentration risk, except deposit, each individual collateral type is monitored to avoid relying on single collateral issuer or type.

Guarantee from personal or corporate guarantors can also be accepted in order to mitigate risk, however guarantees is not regarded as collateral and the facilities covered by them should be regarded as unsecured, unless the guarantees are issued by the Government related party or the central bank of a country without repayment difficulties, an AI or an overseas incorporated bank which is under adequate supervision, whether to accept such guarantee subject to approvers' judgment and regulatory compliance. The guarantee should be legally enforceable and able to directly claim on guarantor unconditionally and irrevocably.

For customers with exposure in derivatives, they are required to sign market-standard documents in which in the event of a default, its credit exposure is reduced by master-netting arrangements where the Group is allowed to offset what the Group owes to a counterparty against what is due from that counterparty in a jurisdiction where the netting is eligible.

Forced-sales value

The forced-sales value is the estimated value of collateral that to be repossessed in short period of time. It may put the Group in an unfavorable selling position to repossess the collateral with an unfavorable price. It is used for estimating impairment allowance under HKFRS 9.

Part III : Credit risk for non-securitization exposures (unaudited)
CR3: Overview of recognized credit risk mitigation

		As at 31 December 2025				
		(a)	(b)	(c)	(d)	(e)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
In HK\$'000						
1	Loans	223,489,920	4,579,556	3,802,414	777,142	-
2	Debt securities	88,743,173	-	-	-	-
3	Total	312,233,093	4,579,556	3,802,414	777,142	-
4	Of which defaulted	1,854,089	178,951	175,716	3,235	-

Part III : Credit risk for non-securitization exposures (unaudited)

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

The Group uses credit rating from Moody's Investors Service to determine the risk-weight of the following exposure classes for credit risk under STC approach according to application of ECAI ratings of Part 4 of the Banking (Capital) Rules:

- (i) Sovereign exposures
- (ii) Public sector entity exposures
- (iii) Bank exposures
- (iv) Securities firm exposures
- (v) Corporate exposures
- (vi) Collective investment scheme exposures

Where an exposure under exposure classes (i) to (v) does not have an ECAI issue specific rating and the person to whom the Group has the exposure 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 person:

The Group uses the ECAI issuer rating if (i) 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 person has neither an ECAI issuer rating nor an ECAI issue specific rating assigned to a debt obligation issued or undertaken by the person; (ii) the ECAI issuer rating is only applicable to unsecured exposures to the person as an issuer that are not subordinated to other exposures to that person; and (iii) the exposure to the person ranks equally with, or is subordinated to, the unsecured exposures referred to (ii) above; and

The Group uses the ECAI issuer rating if (i) 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 person has neither an ECAI issuer rating nor an ECAI issue specific rating assigned to a debt obligation issued or undertaken by the person; (ii) the ECAI issuer rating is only applicable to unsecured exposures to the person as an issuer that are not subordinated to other exposures to that person; and (iii) the exposure to the person is not subordinated to other exposures to the person as an issuer.

Part III : Credit risk for non-securitization exposures (unaudited)
CR4: Credit risk exposures and effects of recognized credit risk mitigation - for STC approach

		As at 31 December 2025					
		(a)	(b)	(c)	(d)	(e)	(f)
In HK\$'000		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
Exposure classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	43,528,587	-	43,528,587	-	10,083	0.02%
2	Public sector entity exposures	4,808,376	3,749,610	5,582,283	631,515	1,028,360	16.55%
3	Multilateral development bank exposures	-	-	-	-	-	0.00%
3a	Unspecified multilateral body exposures	-	-	-	-	-	0.00%
4	Bank exposures	81,973,182	-	81,973,182	-	19,641,007	23.96%
4a	Qualifying non-bank financial institution exposures	17,815,123	8,159,125	17,815,123	815,912	8,696,680	46.68%
5	Eligible covered bond exposures	-	-	-	-	-	0.00%
6	General corporate exposures	102,453,722	62,777,528	99,327,083	9,465,975	105,731,363	97.19%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	-	-	-	0.00%
6b	Specialized lending	56,888	-	56,888	-	56,888	100.00%
7	Equity exposures	499,363	-	499,363	-	1,248,408	250.00%
7a	Significant capital investments in commercial entities	-	-	-	-	-	0.00%
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	-	-	-	-	-	0.00%
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	-	-	-	-	-	0.00%
8	Retail exposures	2,879,804	2,003,757	2,693,971	203,293	2,538,684	87.62%
8a	Exposures arising from IPO financing	-	-	-	-	-	0.00%
9	Real estate exposures	53,229,810	4,674,656	51,788,083	692,268	44,245,806	84.31%
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	15,558,567	-	14,836,073	-	4,202,527	28.33%
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	328,214	-	328,214	-	127,303	38.79%
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	1,963,148	-	1,962,638	-	1,268,149	64.61%
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	6,391,331	472,572	6,391,331	72,017	4,898,242	75.78%
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	15,147,375	2,348,566	15,097,900	279,896	14,399,544	93.64%
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	8,181,303	1,048,263	8,170,796	138,733	12,464,293	150.00%
9g	Of which: land acquisition, development and construction exposures	5,659,872	805,255	5,001,131	201,622	6,885,742	132.35%
10	Defaulted exposures	2,859,061	215,556	2,859,061	126,249	4,385,719	146.91%
11	Other exposures	9,675,156	-	9,675,156	-	1,545,000	15.97%
11a	Cash and gold	413,235	-	4,393,527	2,933,825	244,821	3.34%
11b	Items in the process of clearing or settlement	567	-	567	-	-	0.00%
12	Total	320,192,874	81,580,232	320,192,874	14,869,037	189,372,819	56.52%

Part III : Credit risk for non-securitization exposures (unaudited)
CR5: Credit risk exposures by exposure classes and by risk weights - for STC approach

As at 31 December 2025

In HK\$'000

	0%	20%	50%	100%	150%	Others	Total credit risk exposures amount (post CCF and post CRM)
1 Sovereign exposures	43,478,174	50,413	-	-	-	-	43,528,587

In HK\$'000

	0%	20%	50%	100%	150%	Others	Total credit risk exposures amount (post CCF and post CRM)
2 Public sector entity exposures	1,071,999	5,141,799	-	-	-	-	6,213,798

In HK\$'000

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

In HK\$'000

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

In HK\$'000

	20%	30%	40%	50%	75%	100%	150%	Others	Total credit risk exposures amount (post CCF and post CRM)
4 Bank exposures	64,863,611	10,473,906	824,926	5,519,966	-	-	290,773	-	81,973,182

In HK\$'000

	20%	30%	40%	50%	75%	100%	150%	Others	Total credit risk exposures amount (post CCF and post CRM)
4a Qualifying non-bank financial institution exposures	858,823	3,174,508	9,325,820	1,225,437	3,267,728	778,719	-	-	18,631,035

In HK\$'000

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

Part III : Credit risk for non-securitization exposures (unaudited)
CR5: Credit risk exposures by exposure classes and by risk weights - for STC approach

As at 31 December 2025

In HK\$'000

	20%	30%	50%	65%	75%	85%	100%	150%	Others	Total credit risk exposures amount (post CCF and post CRM)
6 General corporate exposures	-	-	1,064,100	-	9,496,656	2,014,472	95,924,449	293,381	-	108,793,058
6a Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	-	-	-	-	-	-	-	-

In HK\$'000

	20%	50%	75%	80%	100%	130%	150%	Others	Total credit risk exposures amount (post CCF and post CRM)
6b Specialized lending	-	-	-	-	56,888	-	-	-	56,888

In HK\$'000

	100%	250%	400%	Others	Total credit risk exposures amount (post CCF and post CRM)
7 Equity exposures	-	499,363	-	-	499,363

In HK\$'000

	250%	400%	1250%	Others	Total credit risk exposures amount (post CCF and post CRM)
7a Significant capital investments in commercial entities	-	-	-	-	-

In HK\$'000

	150%	250%	400%	Others	Total credit risk exposures amount (post CCF and post CRM)
7b Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	-	-	-	-	-

In HK\$'000

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

In HK\$'000

	45%	75%	100%	Others	Total credit risk exposures amount (post CCF and post CRM)
8 Retail exposures	144,452	1,116,525	1,636,287	-	2,897,264

In HK\$'000

	0%	Others	Total credit risk exposures amount (post CCF and post CRM)
8a Exposures arising from IPO financing	-	-	-

Part III : Credit risk for non-securitization exposures (unaudited)
 CR5: Credit risk exposures by exposure classes and by risk weights - for STC approach

As at 31 December 2025

In HK\$'000		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Others	Total credit risk exposures amount (post CCF and post CRM)	
9	Real estate exposures	-	6,231,994	2,355,228	4,030,312	2,516	1,108,551	16,178	859,814	1,601,079	-	5,177,051	1,487,218	4,404,538	1,750,634	11,685,080	35,222	59,428	11,675,508	-	52,480,351	
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	6,231,994	2,355,228	3,754,437	-	1,108,551	2,284	859,814	-	-	523,765	-	-	-	-	-	-	-	-	-	14,836,073
9b	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	-	275,875	2,516	-	13,894	-	707	-	-	-	-	-	-	35,222	-	-	-	-	328,214
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	1,600,372	-	-	86,216	218,474	-	57,576	-	-	-	-	-	1,962,638
9g	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	-	-	-	4,653,286	-	-	1,750,634	-	-	59,428	-	-	-	6,463,348
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	1,401,002	4,186,064	-	9,790,730	-	-	-	-	-	15,377,796
9l	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9m	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9n	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,309,529	-	-	8,309,529
9p	Of which: land acquisition, development and construction exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,836,774	-	-	3,365,979	-	-	5,202,753

In HK\$'000		50%	100%	150%	Others	Total credit risk exposures amount (post CCF and post CRM)
10	Defaulted exposures	-	175,735	2,806,207	3,368	2,985,310

In HK\$'000		100%	1250%	Others	Total credit risk exposures amount (post CCF and post CRM)
11	Other exposures	1,545,000	-	8,130,156	9,675,156

In HK\$'000		0%	100%	Others	Total credit risk exposures amount (post CCF and post CRM)
11a	Cash and gold	6,103,246	-	1,224,106	7,327,352

In HK\$'000		0%	20%	Others	Total credit risk exposures amount (post CCF and post CRM)
11b	Items in the process of clearing or settlement	567	-	-	567

Part III : Credit risk for non-securitization exposures (unaudited)
CR5: Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures (STC version)

In HK\$'000		As at 31 December 2025			
		(a)	(b)	(c)	(d)
	Risk Weight	On-balance sheet amount	Off-balance sheet exposure (pre-CCF)	Weighted average CCF *	Exposure (post-CCF and post-CRM) #
1	Less than 40%	149,064,604	4,139,650	16.16%	157,194,725
2	40-70%	27,005,980	3,288,398	10.77%	26,867,373
3	75%	13,783,420	12,380,740	13.18%	15,368,127
4	80%	-	-	0.00%	-
5	85%	6,304,871	4,031,169	14.98%	6,419,011
6	90- 100%	108,349,001	55,391,709	19.79%	113,552,794
7	105-130%	94,650	-	0.00%	94,650
8	150%	15,090,985	2,348,566	27.48%	15,065,868
9	250%	499,363	-	0.00%	499,363
10	400%	-	-	0.00%	-
11	1250%	-	-	0.00%	-
12	Total	320,192,874	81,580,232	18.23%	335,061,911

* Weighting is based on off-balance sheet exposure (pre-CCF).

On-balance sheet and off-balance sheet exposures (post-CCF and post-CRM) are calculated by applying provisioning, credit risk mitigation measures and then CCFs (applicable to off-balance sheet exposures only).

Part IV : Counterparty credit risk (unaudited)

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

Counterparty Credit Risk (CCR) means the risk that the counterparty to a transaction may default before the final settlement of the transaction's cash flows. CCR thus involves a bilateral risk of loss to either counterparty to the transaction. Specifically, CCR contains two components:

- Pre-settlement risk, is the risk of loss in the event that the counterparty defaults on an agreed transaction prior to settlement and the replacement cost of the contract in the market is less favorable than the contract price;
- Settlement risk, is the risk of loss due to the counterparty's failure to perform its obligation after our Group has performed its obligation under a contract on the settlement date.

CCR applies to OTC derivative, securities financing transaction and long settlement transaction.

The Group has established a set of policies to manage CCR. Cap limit and trigger point for Expected Loss for aggregate CCR exposure to all bank and corporate counterparties are set and will be subject to regular review. Monthly aggregate CCR exposure report will be presented to senior management committees for review.

Transactions with associated specific wrong-way risks are strongly discouraged, such transactions should be treated in clean basis and require prior approval from credit management.

CCR measurement is an integral part of the monitoring of the counterparties' limit utilization. Currently, the Group has adopted the Current Exposure Method to measure its CCR exposures for internal reporting and risk monitoring purpose while the SA-CCR approach has been adopted for capital adequacy ratio compliance reporting.

The Group has developed policy relating to margin and other risk mitigation standards concerning CCR, CCR exposure can be reduced by margin standards including posting and return of collateral, the types of collateral that may be used, and the treatment of collateral by the secured party. Besides, the risk mitigation standards promote legal certainty over the terms of transactions, foster effective CCR management and facilitate timely resolution of disputes.

Any adverse credit change of our customers will trigger ad-hoc review on all their credit facilities. Such trigger event could include but not limited to weakening of customer financial position, downgrade by credit agencies, or other idiosyncratic risks to our customer.

Part IV : Counterparty credit risk (unaudited)

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

		As at 31 December 2025					
		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
In HK\$'000							
1	SA-CCR (for derivative contracts)	230,817	1,430,369		1.4	2,325,660	992,862
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					5,961,764	80,494
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	Total						1,073,356

Part IV : Counterparty credit risk (unaudited)
CCR3: Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights - for STC approach

In HK\$'000		As at 31 December 2025											
		(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	8,945	-	-	-	-	-	-	-	-	-	-
2	Public sector entity exposures	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-	-	-	-	-
5	Bank exposures	5,550,349	-	1,169,392	955,094	-	43,404	-	-	-	-	-	7,718,239
6	Qualifying non-bank financial institution exposures	-	-	-	-	37,577	-	-	-	130,572	-	-	168,149
7	General corporate exposures	-	-	-	-	-	-	-	42,976	283,920	-	-	326,896
8	Retail exposures	-	-	-	-	-	-	-	-	65,195	-	-	65,195
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
11	Total	5,559,294	-	1,169,392	955,094	37,577	43,404	-	42,976	479,687	-	-	8,287,424

Part IV : Counterparty credit risk (unaudited)

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

As at 31 December 2025						
	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
In HK\$'000						
Cash - domestic currency	-	18,296	-	-	-	-
Cash - other currencies	-	91,256	-	1,332,440	5,936,260	6,347
Domestic sovereign debt						391,536
Bank bonds	-	-	-	-	-	5,570,228
Total	-	109,552	-	1,332,440	5,936,260	5,968,111

Part IV : Counterparty credit risk (unaudited)
CCR6: Credit-related derivatives contracts

In HK\$'000	As at 31 December 2025	
	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

Part IV : Counterparty credit risk (unaudited)
CCR8: Exposures to CCPs

In HK\$'000		As at 31 December 2025	
		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		25,801
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	1,290,040	25,801
3	(i) OTC derivative transactions	1,290,040	25,801
4	(ii) Exchange-traded derivative contracts	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	-	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Part IVA : Credit valuation adjustment risk (unaudited)
CVAA : Qualitative disclosures related to CVA risk

The Bank measures its CVA risk in accordance with the regulatory requirements stipulated in HKMA SPM MR-2 and adopts the Reduced Basic Approach to calculate the CVA capital charge. All products and counterparties generating counterparty credit risk are captured in CVA calculations.

CVA1: CVA risk under reduced basic CVA approach

		As at 31 December 2025	
		(a)	(a)
In HK\$'000		Components	CVA risk capital charge under the reduced basic CVA approach
1	Aggregation of systematic components of CVA risk	116,864	
2	Aggregation of idiosyncratic components of CVA risk	22,475	
3	Total		40,033

Part VI : Market risk (unaudited)

MRA: Qualitative disclosures related to market risk

Market risk is the risk of losses in assets, liabilities and off-balance sheet positions arising from movements in market rates and prices. Market risk exposures span across the Group's trading portfolios and non-trading portfolios.

Trading portfolios comprise positions arising from daily market-making and warehousing of customer derived positions. Non-trading portfolios comprise positions that primarily arise from the interest rate risk management of our retail and commercial banking assets and liabilities, financial investments designated as Fair Value through Other Comprehensive Income ("FVOCI") and financial assets measured at amortized cost, and exposures evolved with risk management such as hedging. From time to time, the Group may use financial derivatives to mitigate market risks caused by price fluctuation in interest rate and foreign exchange rate affecting the market values of trading and non-trading portfolios.

The Group has assembled talents and formulated policies to identify, measure, monitor, control, and report on the market risks in different portfolios.

Limits are set with reference to the nature and volume of transactions and risk appetite of the Group, and are applicable at granular level to individual trading desks, through increasing levels of aggregation to business lines and legal entities, and ultimately, the Group. Reports on limit utilization are being prepared daily and communicated among risk managers, senior management and the Board regularly.

The market risk management policy and control limits are approved by the Risk Management Committee ("RMC") and are monitored and regularly reviewed to align with market changes, statutory requirements, and best practices in risk management processes.

Robust internal control process is in place to support our market risk management approach. Market Risk Management Department, an independent risk management unit reporting directly to Chief Risk Officer ("CRO"), monitors and analyses the Group's market risk positions according to the approved limit structure. Breaches of the approved limit structure are communicated to the RMC chaired by CRO. The control process is also subject to regular audit review for its effectiveness.

Trading market risk is measured in terms of Value at Risk ("VaR"). VaR is a method that computes the potential daily losses of risk positions as a result of market movement over a specified time horizon and according to a given level of confidence. The Group uses a 99% confidence interval and a one-day time horizon. VaR model allows us to estimate the aggregate portfolio market risk potential daily loss due to a range of market risk factors and instruments. However, there are limitations to the VaR model; for example, past changes in market risk factors may not provide accurate predictions of future market movements, and the risk arising from new adverse market events may be understated.

For interest rate exposures within trading portfolios, specific limits on interest rate sensitivities (also known as DV01) and stop loss monitoring are being enforced on daily basis.

To monitor the Group's vulnerability to unexpected but plausible extreme market risk-related events, the Group also conducts stress tests using scenarios relevant to the current portfolio composition, with measuring how such event would impact the Group financially.

Part VI : Market risk (unaudited)

MR1: Market risk under STM approach

		As at 31 December 2025
		(a)
In HK\$'000		Market risk capital charges under STM approach
1	General interest rate risk	46,208
2	Equity risk	3,109
3	Commodity risk	1
4	Foreign exchange risk	502,833
5	Credit spread risk (non-securitization)	15,604
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)	3,726
9	SA-DRC (securitization: non-CTP)	-
10	SA-DRC (securitization: CTP)	-
11	Residual risk add-on	-
12	Total	571,481

Part VII : Interest rate risk in banking book (unaudited)

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

Interest rate risk in banking book (IRRBB) refers to the risk against the Group's capital and earnings due to adverse movements in interest rates under banking book positions. Banking book positions refer to assets and liabilities such as loans, deposits and financial instruments that evolve with banking businesses and are not for trading. When interest rates change, the future cash flows attached with these non-trading assets and liabilities change.

The Bank's Board of Directors ("the Board") has established the risk governance framework including Risk Appetite Statement and the three lines of defence. The Board has delegated the oversight of IRRBB to the Executive Committee (the "EXCO"). EXCO is responsible for review and approval of the policy of the Bank Group as required under the Supervisory Policy Manual modules IR-1 (Interest Rate Risk in the Banking Book). The Asset and Liability Management Committee (the "ALCO") established by resolutions of the EXCO, is responsible for monitoring and management of IRRBB of the Bank and its subsidiaries. The Group manages IRRBB within the IRRBB limits approved by ALCO and under monitoring of Market Risk Management Department independently, which regularly report to both ALCO and RMC for senior management oversight. As an integral part of the overall internal control system, independent parties, such as internal or external auditors, will perform regular audits on compliance and effectiveness of IRRBB management. Besides, behavioral modeling assumptions and results are reviewed and approved by Model Governance Committee on annual basis.

The Group also manages the positions under interest rate risk in the banking book (IRRBB) through approved financial instruments and in accordance with internal guidelines and relevant risk limits. Hedging for these interest rate positions would be executed through interest rate derivatives whenever deemed necessary and non-hedged positions will contain within the banking businesses where the risks originate.

The Group manages its IRRBB exposures using economic value as well as earnings based measures. The impacts of EVE and NII are monitored against limits and triggers at consolidated Bank Group level.

The economic value is measured from present values of its expected net cash flows of assets, liabilities and off-balance sheet positions held with the Bank, discounted to reflect market rates impact. Thereby the Group measures the change in Economic Value of Equity (Δ EVE) as the maximum decrease of the banking book economic value under the six standard scenarios defined by the HKMA's Supervisory Policy Manual and internal stress test scenarios set with historical and forward looking assumptions.

Earnings-based measures the impact of changes in interest rates on accruing or reported earnings. Reduced earnings or outright losses can threaten the financial stability by undermining its capital adequacy and by reducing market confidence in it.

The Group measures Δ NII as the maximum reduction in NII over a period of 12 months.

There are no difference in the modeling assumptions applied in internal risk monitoring and regulatory reporting.

The calculation of the IRRBB gapping is processed through an automatic system on daily basis. Market Risk Management Department monitors the IRRBB gapping results against the approved risk limits. Cashflows arising from interest rate sensitive assets, liabilities and off-balance sheet positions are slotted; with embedded optional adjustments based on various business models, including prepayment model, early-redemption model and behavioural models for non-maturity deposits (NMDs).

Stress tests are performed regularly to assess the potential losses under extreme market conditions. The Board, Risk Committee and senior management review stress test results on a regular basis.

The Group conducts periodic reviews of their risk management process and outcome analysis for IRRBB to ensure its integrity, accuracy and reasonableness in response to changing market condition.

Part VII : Interest rate risk in banking book (unaudited)

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

The Group may use derivatives for hedging of the change in fair value of recognised assets or liabilities or firm commitments as well as future cash flows attributable to a recognised asset or liability in IRRBB. The hedge effectiveness process is stipulated in the Treasury Accounting Booking Procedure and the Group's accounting policies which are complied with HKFRS requirements. The effectiveness threshold is monitored at inception and on an on-going basis.

In the design of IRRBB, the Group has adopted a number of modeling and parametric assumptions in calculating EVE and NII on daily basis. The key assumptions the Group uses in the measurements include:

- a) determination of behavioral modeling in accordance with the Group's business regions;
- b) estimation of the prepayment rates of customer loans and the early withdrawal rates for time deposits, the Group adopted the model derived at the account level with using logistic regression with clustered standard errors. The fixed-rate retail loan and retail term deposit portfolios were assumed to follow a run-off mode, with no new originations or auto-renewal in the forecast.
- c) estimation of behavioral maturity of HKD non-maturity deposits (NMDs), the Group adopted the run-off approach, which estimates the decay rate of the current and saving deposit respectively.

The Group manages the interest rate risk exposure for its non-maturity deposits ("NMDs") through Co-integration Model for Deposit Volume on core deposit ratio and Decay Rate Approach on behavioral maturity. For the core deposit ratio, the Group followed HKMA guidelines by first estimating stable deposit ratio using CHB's deposit balance data over the past 10 years, and then developing statistical models to estimate the core deposit ratio. In estimating the core deposit ratio, the Group aimed to measure the percentage of stable deposits that would remain with the bank even under significant interest rate changes. In estimating behavioral maturity, the Group followed the run-off approach, which estimates the decay rate of the deposit balance. The behavioral maturity was obtained based on the decay-rate estimates.

Part VII : Interest rate risk in banking book (unaudited)
IRRBB1: Quantitative information on interest rate risk in banking book

The following table provides information on the changes in economic value of equity and net interest income over the next 12 months under each of the prescribed interest rate shock scenarios in respect of the Group's interest rate exposures arising from banking book positions.

In HK\$'000		Δ EVE		Δ NII	
		As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
1	Parallel up	1,716,000	1,082,000	(588,000)	(850,000)
2	Parallel down	755,000	671,000	589,000	852,000
3	Steeper	392,000	345,000		
4	Flattener	411,000	299,000		
5	Short rate up	946,000	624,000		
6	Short rate down	420,000	517,000		
7	Maximum	1,716,000	1,082,000	589,000	852,000
	Period	As at 31 December 2025		As at 31 December 2024	
8	Tier 1 capital	36,758,726		36,284,148	

Currencies in which the Group has significant positions are included in the computation of interest rate shock scenarios. Significant position in a currency means the sum of its on-balance sheet interest rate-sensitive assets or liabilities, whichever is the larger, in that currency together with its off-balance sheet positions in the same currency is more than 5% of its total on-balance sheet interest rate-sensitive assets or liabilities, whichever is the larger, in all currencies.

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. Steeper: 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

Part VIII : Remuneration (unaudited)

REMA: Remuneration policy

Nomination and Remuneration Committee

The Nomination and Remuneration Committee currently consists of five members, including three Independent Non-executive Directors and two Non-executive Directors.

Authority and Responsibility

Under its Terms of Reference, the Nomination and Remuneration Committee is responsible for, among others, reviewing and making recommendations to the Board on the structure, size, composition and diversity of the Board and its Committees; identifying potential candidate suitably qualified to become Directors or take up designated Senior Management or Key Personnel positions of the Bank; reviewing and making recommendations to the Board on the Remuneration Policy of the Group by taking into account the pay and conditions across the Group's individual remuneration packages for Directors, Senior Management and Key Personnel as well as those in positions of significant influence and those having an impact on the Group's risk profile; ensuring that the remuneration frameworks and decisions shall be developed in a manner that is appropriate and in line with the Group's corporate culture, risk appetite, risk culture, long-term interests, performance and control environment; ensuring that no Director, Senior Management, Key Personnel or Risk Control Personnel will be involved in deciding his/her own remuneration; and assisting the Board in carrying out the Bank's Corporate Culture-related duties.

Remuneration Structure

The remuneration system of the Group is composed of fixed remuneration, performance based variable remuneration and benefits in kind (where applicable). Considering the Group's business and scale, the Group will use an appropriate level of variable incentive compensation arrangements. This is consistent with the Group's risk appetite of growing steadily and prudently by encouraging long-term performance rather than short-term risk taking, and also motivates, recognizes and rewards outstanding individual contribution, sound team performance and positive behaviors. The proportion and amount of fixed and variable remuneration shall vary according to an employee's seniority, role, responsibilities and activities within the Group, the market benchmarking and trend, and the need to encourage employee behaviors that support the Group's risk management framework, corporate culture and values, and long-term financial soundness.

Review of Remuneration Policy

The Remuneration Policy of the Group aims to remunerate employees in a manner that supports the achievement of the Group's mission, vision and strategic objectives whilst attracting and retaining scarce skills and rewarding high level of performance. The Nomination and Remuneration Committee has reviewed and endorsed the updated Remuneration Policy in 2025 with regard to the change of the organization structure of the Group. The major revisions include the Senior Management and Key Personnel Positions List.

Performance Management

The Group uses a Balanced Scorecard ("Scorecard") approach to measure and manage performance at the levels of the Group, business/functional units and individual employees. With reference to corporate goals and objectives at the beginning of financial year and when necessary, the Nomination and Remuneration Committee reviews the Key Performance Indicators ("KPIs") and the corresponding target levels of the Group and recommends to the Board for approval. The targets of the Group will be cascaded down under the Scorecard Framework whereby the performance would be assessed from the four key quadrants of "financial", "customer", "internal process" and "people management".

Each key quadrant of the Scorecard is comprised of a set of KPIs to assess the performance according to the specific areas of responsibility of the Group, business/functional units and individual employees; both financial and non-financial performance indicators are required to ensure a balanced evaluation. To ensure independence, financial KPIs should not be applicable to those risk control unit/personnel whose performance should be evaluated by their performance objectives and independent of the performance of the business areas which they oversee.

To put the principle of aligning performance and remuneration with risk into practice, on top of the mentioned KPIs, a "Compliance and Risk Control" dimension is in place in the Scorecard to take into account any risk factors, control, ethics and compliance event, with its severity and impact to be fully reflected on the performance rating of the Group, business/functional units and individual employees.

Part VIII : Remuneration (unaudited)

REMA: Remuneration policy

Performance Management (continued)

In respect of risk management, the Group has developed a complete Risk Appetite Statement and Key Risk Indicators as the basis for monitoring, assessing and controlling the Group's risk profile. In the Risk Modifier Framework of the Corporate Scorecard for 2025, six major areas including credit risk, liquidity risk, operational risk, information technological risk, compliance risk and risk culture are taken into account as a Corporate Scorecard Risk Modifier.

The Compliance and Risk Control assessment at individual employee level covers the employee's compliance, risk control and ethical standard. This includes, but is not limited to, the performance of the assessed employee in controlling various risks (e.g. credit, compliance, operations and reputation, etc.), the risk management ratings, compliance reports or audit reports related to the performance of the assessed employee, verbal or written warnings (e.g. misconduct), etc.

Compliance and Risk Control Modifier can be applied to adjust the annual performance score in response to any relevant performance. Poor performance can result in a deduction of the total performance score, which in turn affects the magnitude and amount of variable remuneration.

Under the current performance management system, apart from evaluating individuals' KPIs in the Scorecard, there is a separate assessment of adherence to "Corporate Culture and Values". The assessment indicators are designed and matched with reference to the Group's core values and core competencies and their related behavioral indicators, so as to ensure employees and appraising managers clearly understand the required behaviors and attitude to achieve the defined corporate culture and core values of the Group.

The final performance rating of the staff (including the Scorecard and "Corporate Culture and Values") will be a major consideration factor of their salary review and variable remuneration (if applicable).

Award of Variable Remuneration

The Group's variable remuneration structure consists of cash-based discretionary bonus and/or other incentives (where applicable).

The size of the overall discretionary variable remuneration pool of the Group is determined according to the compliance/risk adjusted performance of the Group together with the consideration of all necessary factors (including capital position, market and peers' performance, market competitiveness, material or potential risks involved in the business, and the extent to which the risks affect the Group as a whole), as recommended by the Nomination and Remuneration Committee to the Board for approval and is subject to the Board's discretion.

The subsequent allocated quota of discretionary variable remuneration to each business/functional unit is based on the overall performance of the relevant business/functional unit; while the performance assessment of the employees is based on the final compliance/risk-adjusted performance rating in the individual Scorecard and the Corporate Culture and Values rating.

Poor performance (e.g. financial or non-financial factors in the Scorecard or the "Corporate Culture and Values" failed to reach any specified targets) at any level will result in a reduction to or elimination of the allocation of its/his/her remuneration, including salary review and/or variable remuneration. Adverse performance in non-financial factors, where appropriate, should override outstanding financial achievements. The overall performance of a business/functional unit or an individual employee could be thoroughly assessed (taking into account compliance and risk factors), rather than solely relying on its/his/her financial performance. This ultimately helps mitigate the Group's risk exposure and aligns variable awards with its long-term value creation and the time horizons of risk.

To ensure independence, the variable remuneration of risk control personnel is determined in accordance with their performance objectives and commensurate with their key role in the Group. To avoid possible undue influence from business units, risk control personnel are compensated in a manner that is independent of the performance of the business unit which they oversee. Management of business units will not determine the remuneration of risk control personnel.

Part VIII : Remuneration (unaudited)

REMA: Remuneration policy

Deferral Arrangements

The award of variable remuneration to employee is subject to deferral in such a manner as determined by the Nomination and Remuneration Committee. Deferral of the payment of a portion of variable remuneration will allow employees' performance, including the associated risks, to be observed and validated over a period of time before the payment is actually made. Generally, the proportion of variable remuneration made subject to deferral would increase with the employee's seniority and responsibility in the Group and the deferral period is 3 years. The portion of variable remuneration subject to deferral is determined by a pre-defined percentage of their variable remuneration or a pre-defined deferral threshold.

The award of deferred portion is subject to a minimum vesting period and pre-defined vesting conditions as determined by the Nomination and Remuneration Committee and communicated to all relevant employees. Deferred portion is awarded in such a manner so as to align the relevant employees' variable 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/functional units, and individual employees is taken into consideration when approving the vesting arrangement. In circumstances where it is later established that any performance measurement was based on data that is later proven to have been manifestly misstated or based on erroneous assumptions, or it is later established that the relevant employee has committed fraud, malfeasance, or a violation of internal control policies or legal requirements, all or part of the unvested portions of the deferred variable portion should be forgone (i.e. malus), and claw-back of all or part of the variable remuneration may also be applied.

External Remuneration Consultant

The Nomination and Remuneration Committee is authorised by the Board to seek professional advice as it deems appropriate and is responsible for the selection and appointment of consultants to advise it on all aspects of remuneration.

Senior Management and Key Personnel

According to the CG-5 and the Remuneration Policy of the Group, Senior Management refers to Executive Directors, Chief Executive, Deputy Chief Executives, and individual positions who are responsible for oversight of the group-wide strategy or activities or those of the Group's material business lines and report directly to Chief Executive or Deputy Chief Executive; Key Personnel refers to individual positions whose duties or activities involve the assumption of material risk or the taking on of material exposures on behalf of the Group.

Part VIII : Remuneration (unaudited)

REM1: Remuneration awarded during financial year

In HK\$'000		Remuneration amount and quantitative information	As at 31 December 2025	
			(a)	(b)
			Senior management	Key personnel
1		Number of employees	13	11
2		Total fixed remuneration	47,040	23,929
3		Of which: cash-based	47,040	23,929
4	Fixed remuneration	Of which: deferred	-	-
5		Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	-	-
8		Of which: deferred	-	-
9			Number of employees	10
10		Total variable remuneration	5,879	5,517
11		Of which: cash-based	5,879	5,517
12	Variable remuneration	Of which: deferred	2,940	2,207
13		Of which: shares or other share-linked instruments	-	-
14		Of which: deferred	-	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	Total remuneration		52,919	29,446

Part VIII : Remuneration (unaudited)
REM2: Special payments

In HK\$'000		As at 31 December 2025					
		(a)	(b)	(c)	(d)	(e)	(f)
Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
1	Senior management	-	-	2	895	-	-
2	Key personnel	-	-	-	-	-	-

Remark: As the number of Senior Management and Key Personnel involved in the above section is small, in order to avoid that individuals' figure could be deduced from disclosure of a breakdown of the figure, aggregate figures are disclosed.

Part VIII : Remuneration (unaudited)
REM3: Deferred remuneration

In HK\$'000		As at 31 December 2025				
		(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
1	Senior management	8,295	8,295	-	-	3,958
2	Cash	8,295	8,295	-	-	3,958
3	Shares	-	-	-	-	-
4	Cash-linked instruments	-	-	-	-	-
5	Other	-	-	-	-	-
6	Key personnel	3,976	3,976	-	-	1,905
7	Cash	3,976	3,976	-	-	1,905
8	Shares	-	-	-	-	-
9	Cash-linked instruments	-	-	-	-	-
10	Other	-	-	-	-	-
11	Total	12,271	12,271	-	-	5,863

Remark: The above disclosed outstanding and paid deferred cash bonus include 6 former Senior Management and Key Personnel retired or left the Group in 2023, 2024 and 2025.

Part IX : Operational risk (unaudited)

ORA : General information on operational risk framework

Operational risk is the risk of unexpected losses attributable to human error, systems failures, frauds, or inadequate internal controls and procedures. Identification, assessment, mitigation, monitoring and reporting of operational risk are to be done for the Bank, through its operational risk event handling and reporting mechanism.

Executive Directors, division heads, department heads, and internal auditors collaborate to manage operational risk through proper human resources policies, delegation of authorities, segregation of duties, and timely and accurate management information. Senior management and the Audit Committee are accountable to the Board for maintaining a strong and disciplined control environment to provide reasonable assurance that the operational risk is prudently managed. The Operational and IT Risk Management function assists management in driving governance and management of operational risk through the delivery and embedding of effective operational risk management framework and policies, and continuous oversight and assurance of risks,

The Bank has developed its risk appetite statement (RAS) that is approved by the Board. The RAS sets out the trigger and limit for effective control and governance on operational risk (including IT and Cybersecurity Risk) exposures through its risk appetite and

The Bank has established an operational risk management framework in overseeing the operational risk management of the Bank Group. The first line of defence is accountable on a day-to-day basis for identifying and assessing the materiality of operational risks inherent in their respective business units, establishing appropriate controls to mitigate the risks, including business-specific policies/standards, processes, procedures and systems, and assessing the design and effectiveness of these controls through the use of the operational risk management tools (e.g. risk control self-assessment and key risk indicator). The Bank uses standardized approach set out in the current Basel Framework to calculate its operational risk. There is a dedicated mechanism

A comprehensive contingency plan is available to ensure that the Bank's key business functions continue and normal operations are restored effectively and efficiently in the event of business interruption.

Operational resilience is the ability of a bank to deliver critical operations through disruption. It enables the Bank to identify and protect itself from threats and potential failures, respond and adapt to, as well as recover and learn from disruptive events in order to minimise their impact on the delivery of critical operations through disruption. An operational resilience framework has been established and approved by the Board as a milestone of attaining the Bank's operationally resilient.

Part IX: Operational risk (unaudited)
OR1: Historical losses

In HK\$'000		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		Year 2025	Year 2024	Year 2023	Year 2022	Year 2021	Year 2020	Year 2019	Year 2018	Year 2017	Year 2016	Average
Using HKD200,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	(1,379)	290	64	202	4,020	3,000	-	-	-	300	650
2	Total number of operational risk losses	2	-	-	-	-	1	-	-	-	1	0.40
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	(1,379)	290	64	202	4,020	3,000	-	-	-	300	650
Using HKD1 million threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	(2,723)	290	64	202	4,020	3,000	-	-	-	-	485
7	Total number of operational risk losses	-	-	-	-	-	1	-	-	-	-	0.10
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	(2,723)	290	64	202	4,020	3,000	-	-	-	-	485
Details of operational risk capital charge calculation												
11	Are losses used to calculate the ILM (yes/no)?	No										
12	non-compliance with the minimum loss data standards (yes/no)?	10										
13	Loss event threshold: HKD200,000 or HKD 1 million for the operational risk capital charge calculation if applicable	200,000										

Part IX: Operational risk (unaudited)
OR2: Business indicator and business indicator components breakdown

In HK\$'000		As at 31 December 2025		
		(a)	(b)	(c)
	BI and its subcomponents	Year 2025	Year 2024	Year 2023
1	Interest, leases and dividend component	4,454,581		
1a	Interest and leases income	10,179,278	12,696,104	12,581,124
1b	Interest and leases expenses	6,369,565	8,041,668	7,786,489
1c	Interest earning assets	298,097,160	287,476,471	282,255,727
1d	Dividend income	34,289	33,436	37,234
2	Services component	378,318		
2a	Fee and commission income	345,682	356,462	348,650
2b	Fee and commission expenses	128,790	137,288	131,572
2c	Other operating income	-	414	622
2d	Other operating expenses	29,370	41,324	13,464
3	Financial component	572,764		
3a	Net P&L on trading book	147,870	487,684	205,338
3b	Net P&L on banking book	264,712	265,463	347,225
4	BI	5,405,663		
5	Business indicator component (BIC)	5,405,663		

Disclosure on the BI:

6a	BI gross of excluded divested businesses and activities	5,405,663
6b	Reduction in BI due to excluded divested businesses and activities	-

Part IX: Operational risk (unaudited)

OR3: Minimum operational risk capital requirement

In HK\$'000		As at 31 December 2025
		(a)
1	Business indicator component (BIC)	648,680
2	Internal loss multiplier (ILM)	1
3	Minimum operational risk capital requirement	648,680
4	Total RWA for operational risk	8,108,500

Part XI: Asset encumbrance (unaudited)

ENC: Asset encumbrance

		As at 31 December 2025		
		(a)	(c)	(d)
In HK\$'000		Encumbered assets	Unencumbered assets	Total
1	Balances and placements with banks	-	61,106,229	61,106,229
2	Advances and other accounts	5,580,013	165,799,339	171,379,352
3	Investment securities	5,961,764	84,668,274	90,630,038
4	Others	145,574	3,069,707	3,215,281
5	Total	11,687,351	314,643,549	326,330,900

Regulatory Disclosures
Abbreviations

Abbreviations

AI

AT1

BDR

BI

CCF

CCP

CCR

CCyB

CEM

CET1

CFR

CIS

CRM

CVA

EAD

ENC

ECL

EPE

FVOCI

HKMA

IAA

ILM

IMM(CCR)

IMM

IRB

LMR

LR

OTC

PFE

PSE

RW

RWA

SA-CCR

SEC-ERBA

SEC-FBA

SEC-IRBA

SEC-SA

SFT

STC

STM

VaR

Brief Description

Authorized Institution

Additional Tier 1

Banking (Disclosure) Rules

Business indicator

Credit Conversion Factor

Central Counterparty

Counterparty Credit Risk

Countercyclical Capital Buffer

Current Exposure Method

Common Equity Tier 1

Core Funding Ratio

Collective Investment Scheme

Credit Risk Mitigation

Credit Valuation Adjustment

Exposure At Default

Encumbrance

Expected Credit Loss

Expected Positive Exposure

Fair Value through Other Comprehensive Income

Hong Kong Monetary Authority

Internal Assessment Approach

Internal loss multiplier

Internal Models (Counterparty Credit Risk) Approach

Internal Models Approach

Internal Ratings-Based Approach

Liquidity Maintenance Ratio

Leverage Ratio

Over-The-Counter

Potential Future Exposure

Public Sector Entity

Risk-Weight

Risk-Weighted Asset/ Risk-Weighted Amount

Standardised Approach (Counterparty Credit Risk)

Securitization External Ratings-Based Approach

Securitization Fall-back Approach

Securitization Internal Ratings-Based Approach

Securitization Standardised Approach

Securities Financing Transaction

Standardised (Credit Risk) Approach

Standardised (Market Risk) Approach

Value At Risk