

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026 (unaudited)

The directors of Tai Yau Bank Limited (the “Bank”) are pleased to announce the unaudited results of the Bank for the six months ended 30 June 2026.

A. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>NOTES</u>	6 months ended 30/06/2026 HK\$ (Unaudited)	6 months ended 30/06/2025 HK\$ (Unaudited)
Interest income	3	29,129,220	33,683,039
Interest expense	4	(14,039,671)	(14,371,013)
Net interest income		15,089,549	19,312,026
Net exchange (losses) arising from foreign currencies position		(40,347)	558,369
Other operating income	5	23,595	23,569
Operating income		15,072,797	19,893,964
Operating expenses	6	(8,657,195)	(9,137,005)
Decrease in impairment allowance		31,285	134,493
Profit before taxation		6,446,887	10,891,452
Profits tax expense	7	(1,063,744)	(1,750,432)
Profit and other comprehensive income for the period		5,383,143	9,141,020
Interim dividend		-	-

B. STATEMENT OF FINANCIAL POSITION

		At 30/06/2026 HK\$ (Unaudited)	At 31/12/2025 HK\$ (Audited)
ASSETS			
Cash and balances with banks	8	94,882,775	153,863,922
Placements with banks	8	2,162,736,724	2,013,576,742
Advances to customers and other accounts receivable	9	7,212,938	8,154,005
Prepayment		1,146,554	419,051
Tax recoverable		2,270,458	2,270,459
Financial assets at fair value through profits or loss	10	4,500,000	4,500,000
Equipment and leasehold improvements	11	16,576	22,792
Intangible asset		210,000	210,000
Deferred tax assets		360,512	360,512
TOTAL ASSETS		2,273,336,537	2,183,377,483
LIABILITIES			
Deposits from customers	12	1,382,250,221	1,323,427,138
Other accounts payable and provisions	13	31,123,651	6,434,567
Tax payable		1,063,744	-
		1,414,437,616	1,329,861,705
CAPITAL RESOURCES			
Share capital		300,000,000	300,000,000
Reserves		558,898,921	553,515,778
SHAREHOLDERS' FUNDS		858,898,921	853,515,778
TOTAL LIABILITIES AND CAPITAL RESOURCES		2,273,336,537	2,183,377,483

C. STATEMENT OF CASH FLOWS

	6 months ended 30/06/2026 HK\$ (Unaudited)	6 months ended 30/06/2025 HK\$ (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	6,446,888	10,891,452
Adjustments for:		
Interest income	(29,129,220)	(33,683,039)
Interest expense	14,039,671	14,371,013
Depreciation expenses	6,216	7,816
Decrease in impairment allowance	(31,285)	(134,493)
Operating cash flows before movements in working capital	(8,667,730)	(8,547,251)
Decrease in placements with banks with original maturity more than three months	207,913,587	153,895,413
Decrease in advances to customers	70,000	102,000
Increase in prepayment	(727,503)	(744,874)
Increase in deposits from customers	58,823,083	221,614,557
Increase (decrease) in other accounts payable	24,967,854	(14,676)
Cash generated from operations	282,379,291	366,305,169
Interest received	30,002,303	36,408,115
Interest paid	(14,318,441)	(14,445,407)
NET CASH GENERATED FROM OPERATING ACTIVITIES	298,063,153	388,267,877
FINANCING ACTIVITIES		
Dividend paid to shareholders	-	(6,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	298,063,153	382,267,877
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,010,080,018	1,075,709,659
CASH AND CASH EQUIVALENTS AT 30 JUNE	1,308,143,171	1,457,977,536
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and balances with banks	94,893,510	261,190,919
Placements with banks with original maturity less than three months	1,213,249,661	1,196,786,617
	1,308,143,171	1,457,977,536

D. STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$	Retained profits HK\$	General reserve HK\$	Regulatory reserve HK\$	Capital reserve HK\$	Total HK\$
At 1 January 2026	300,000,000	501,958,719	46,000,000	50,000	5,507,059	853,515,778
Profit and other comprehensive income for the period	-	5,383,143	-	-	-	5,383,143
At 30 June 2026 (Unaudited)	300,000,000	507,341,862	46,000,000	50,000	5,507,059	858,898,921
At 1 January 2025	300,000,000	493,590,284	46,000,000	50,000	5,507,059	845,147,343
Final dividend for 2024	-	(6,000,000)	-	-	-	(6,000,000)
Profit and other comprehensive income for the period	-	9,141,020	-	-	-	9,141,020
At 30 June 2025 (Unaudited)	300,000,000	496,731,304	46,000,000	50,000	5,507,059	848,288,363

The regulatory reserve is set up in compliance with the Hong Kong Monetary Authority's requirements and is distributable to shareholders of the Bank subject to consultation with the Hong Kong Monetary Authority.

The general reserve and capital reserve comprised transfers from previous years' retained profits.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

Notes:

1.	The interim results are prepared on a basis consistent with the accounting policies adopted in the 2025 annual financial statements.		
2.	STATEMENT OF COMPLIANCE		
	In preparing the interim results for the period ended 30 June 2026, the Bank has fully complied with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.		
3.	INTEREST INCOME	6 months ended <u>30/06/2026</u> HK\$	6 months ended <u>30/06/2025</u> HK\$
	Interests on placements with banks	29,129,060	33,682,051
	Interests on advances to customers	160	988
		<u>29,129,220</u>	<u>33,683,039</u>
4.	INTEREST EXPENSE	6 months ended <u>30/06/2026</u> HK\$	6 months ended <u>30/06/2025</u> HK\$
	Interests on deposits from customers	<u>14,039,671</u>	<u>14,371,013</u>
5.	OTHER OPERATING INCOME	6 months ended <u>30/06/2026</u> HK\$	6 months ended <u>30/06/2025</u> HK\$
	Fees and commission income	18,125	18,125
	Other income	5,470	5,444
		<u>23,595</u>	<u>23,569</u>
6.	OPERATING EXPENSES	6 months ended <u>30/06/2026</u> HK\$	6 months ended <u>30/06/2025</u> HK\$
	Auditor's remuneration	435,000	435,000
	Legal & professional fee	682,942	458,895
	Depreciation of equipment	6,216	7,816
	Directors' emoluments		
	- fees	600,000	500,000
	Other operating expenses	1,648,954	1,916,963
	Operating lease payments	590,610	591,294
	Staff costs		
	- salaries and bonus	4,567,160	5,118,900
	- contribution to Mandatory Provident Fund	126,313	108,137
		<u>8,657,195</u>	<u>9,137,005</u>

**TAI YAU BANK, LIMITED**

(incorporated in Hong Kong with limited liability)

7. PROFITS TAX EXPENSE

	6 months ended 30/06/2026 HK\$	6 months ended 30/06/2025 HK\$
Hong Kong Profits Tax	1,063,744	1,750,432

In 2026 and 2025, Hong Kong Profits Tax was calculated at 8.25% on estimated profits up to HK\$2,000,000 and 16.5% on any part of estimated profits over HK\$2,000,000.

8. CASH AND BALANCES AND PLACEMENTS WITH BANKS

	At 30/06/2026 HK\$	At 31/12/2025 HK\$
At amortised cost		
Cash and balances with banks		
- Cash	1,539,869	1,400,725
- Due from Hong Kong Monetary Authority ("HKMA") - on demand	80,923,574	140,404,791
- Due from foreign banks - on demand	10,428,303	10,180,958
- Due from local banks - on demand	2,001,764	1,894,081
Less: Impairment allowances - Stage 1	(10,735)	(16,633)
	94,882,775	153,863,922
Placements with banks maturing		
- within 1 month	852,300,576	967,429,809
- between 1-3 months	1,260,949,085	946,683,241
- between 3-6 months	50,000,000	100,000,000
Less: Impairment allowances - Stage 1	(512,937)	(536,308)
	2,162,736,724	2,013,576,742
Total	2,257,619,499	2,167,440,664

9. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS RECEIVABLE

	At 30/06/2026 HK\$	At 31/12/2025 HK\$
The advances to customers and other accounts receivable comprised:		
Advances to staff	624,000	694,000
Less: Impairment allowance - Stage 1	(5,672)	(7,688)
	618,328	686,312
Interest receivable	6,594,610	7,467,693
	7,212,938	8,154,005

There was no impairment loan for the period ended 30 June 2026 and 31 December 2025.

As at 30 June 2026 and 31 December 2025, there were no overdue or rescheduled assets as per Banking (Disclosure) Rules.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30/06/2026 HK\$	At 31/12/2025 HK\$
Unlisted securities:		
- club membership (financial assets at fair value through profit or loss)	4,500,000	4,500,000

The unlisted securities is issued by a corporate entity in Hong Kong. As at 30 June 2026, the fair value of club membership was valued with reference to the quote from secondary market.



TAI YAU BANK, LIMITED
(incorporated in Hong Kong with limited liability)

11. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	<u>Leasehold Improvements</u> HK\$	<u>Equipment</u> HK\$	<u>Total</u> HK\$
COST			
At 1 January 2025	1,472,938	1,874,795	3,347,733
Additions	-	-	-
At 31 December 2025	1,472,938	1,874,795	3,347,733
Additions	-	-	-
At 30 June 2026	1,472,938	1,874,795	3,347,733
ACCUMULATED DEPRECIATION			
At 1 January 2025	1,472,938	1,837,971	3,310,909
Additions	-	14,032	14,032
At 31 December 2025	1,472,938	1,852,003	3,324,941
Additions	-	6,216	6,216
At 30 June 2026	1,472,938	1,858,219	3,331,157
CARRYING AMOUNT			
At 30 June 2026	-	16,576	16,576
At 31 December 2025	-	22,792	22,792

The above items of equipment are depreciated and amortised on a straight-line basis at 33.3% per annum.

12. DEPOSITS FROM CUSTOMERS

	<u>At 30/06/2026</u> HK\$	<u>At 31/12/2025</u> HK\$
Current accounts	59,255,585	67,370,664
Savings deposits	319,903,294	271,264,681
Time, call and notice deposits	1,003,091,342	984,791,793
	<u>1,382,250,221</u>	<u>1,323,427,138</u>

13. OTHER ACCOUNTS PAYABLE AND PROVISIONS

	<u>At 30/06/2026</u> HK\$	<u>At 31/12/2025</u> HK\$
Interest payable to time, call and notice deposits	3,035,075	3,313,846
Provisions for long service payments	1,441,633	1,441,633
Other accounts payable:		
- Accounts payable	-	1,348,625
- Cashier orders	-	41,055
- Gift Cheques	9,500	12,500
- Interbank Clearing Account	25,424,981	276,908
- Provision for Expenses	1,212,462	-
	<u>26,646,943</u>	<u>1,679,088</u>
	<u>31,123,651</u>	<u>6,434,567</u>



E. SUPPLEMENTARY FINANCIAL INFORMATION

(1) SEGMENTAL AND SECTOR INFORMATION

- (a) By geographical area
All the business operations of the Bank are in Hong Kong.
- (b) By class of business
The Bank operates predominantly in the commercial banking business.
- (c) Advances to customers - by industry sectors
The information concerning advances to customers by industry sectors has been classified according to the usage of the loan and is stated at gross amount. These loans are not covered by any collateral or other security.

	<u>At 30/06/2026</u>	<u>At 31/12/2025</u>
	HK\$	HK\$
Loans for use in Hong Kong		
Individuals - other private purposes	624,000	694,000

The loan borrowers are located in Hong Kong.

(2) OFF-BALANCE SHEET EXPOSURES

The Bank had the following outstanding contractual amounts of contingent liabilities and commitments:

	<u>At 30/06/2026</u>	<u>At 31/12/2025</u>
	HK\$	HK\$
Direct credit substitutes	3,490,000	3,490,000

As at 30 June 2026 and 31 December 2025, there were no credit risk weighted amount of contingent liabilities and commitments.

(3) CORPORATE GOVERNANCE

The Board of Directors is assisted by the Audit Committee, Remuneration Committee, Risk Committee, Nomination Committee, Executive Committee and Credit, Asset and Liability Management Committee in corporate governance matters.

The Audit Committee consists of three independent non-executive directors and one non-executive director who report regularly to the Board. It monitors compliance with policies approved by the Board and other internal and statutory regulations. It provides an oversight of the Bank's internal and external auditors and thereby assists the Board in providing independent review of the effectiveness of the financial reporting process and internal control systems of the Bank.

The Bank has established a Remuneration Committee with specific written Terms of Reference which deal clearly with its authority and duties. The Remuneration Committee consists of three independent non-executive directors and one non-executive director who report regularly to the Board. The Remuneration Committee is responsible for making recommendations to the Board on the Bank's policy, practices and structure for all remunerations of Directors and members of Senior Management, and determining their specific remuneration packages. The Bank will ensure that no Director or any of his associates is involved in deciding his own remuneration and at least an annual review of the Bank's remuneration system and its operation is carried out independently of management.

The Risk Committee stands at the highest level of the Bank's risk governance structure under the Board. It consists of three independent non-executive directors and one non-executive director. The Risk Committee provides direct oversight over the formulation of the Bank's risk appetite and ensures that the risk appetite is reflected in the policies and procedures. The Risk Committee also regularly reviews the Bank's risk management framework and ensures that all important risk-related tasks are performed according to established policies with appropriate resources.



The Nomination Committee comprises three independent non-executive directors and one non-executive director. The Committee is responsible for recommending to the Board on relevant matters to identify, select, nominate and recommend suitable individuals to the Board for directorships and senior management positions. The Nomination Committee also performs evaluation of the Board performance and Directors' contribution to the effectiveness of the Board.

The Executive Committee consists of at least three members of the Board including the Chairman and one Executive Director. The Committee ensures the continuity in the management of the business and affairs of the Bank and carries the full power and authority of the Board on matters requiring urgent approval or other action of the Board in between board meetings.

The Credit, Asset and Liabilities Management Committee comprises the Chief Executive, the General Manager, the Manager, the Treasurer and the Heads of Accounts and Operations. The Committee is established to implement and maintain the overall risk management framework relating to credit, liquidity positions, cash flows, maturities, interest rate as well as exchange rate trends and compliance functions.

(4) QUALITATIVE INFORMATION ON MANAGEMENT OF RISK

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

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

Risk management is carried out by the Risk Committee under policies approved by the Board of Directors. The Risk Committee identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risks from the use of financial instruments are credit risk, market risk and liquidity risk. Market risk includes currency risk, interest rate and other price risk.

Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligation resulting in financial loss to the Bank. The Bank's main income generating activity is placement to other banks and therefore credit risk is a principal risk. Credit risk arises from advances to customers and placement with banks maturing between one to twelve months. The Bank considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The Bank's Risk Committee is responsible for managing the Bank's credit risk by:

- Ensuring that the Bank has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Bank's stated policies and procedures, HKFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Bank, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Bank against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location, etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.



- Developing and maintaining the Bank's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Bank's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Bank has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all banking operations and can be affected by a range of market-wide events.

Management of liquidity risk

Management is responsible for monitoring the Bank's liquidity position, and does so through the periodic review of the statutory liquidity maintenance ratio, the maturity profile of assets and liabilities, loan-to-deposit ratio and inter-bank transactions. Liquidity policy is monitored by management and reviewed regularly by the Risk Committee and Board of Directors of the Bank. The Bank's policy is to maintain a conservative level of liquid funds on a daily basis so that the Bank is prepared to meet its obligations when they fall due in the normal course of business and to satisfy statutory liquidity maintenance ratio requirements, and also to deal with any funding crises that may arise. Limits are set on the minimum proportion of maturing funds available to meet all the calls on cash resources such as overnight deposits, current accounts and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Bank's management sets internal target levels in respect of the daily liquidity maintenance ratios. The Accounts Department is responsible for monitoring these ratios and, where a liquidity position falls under the internal limits, informs the management that decides the appropriate corrective actions to be taken.

Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices.

The Bank's market risk exposures mainly arise from the interest rate risk and foreign exchange risk.

Management of market risk

The management of market risk is principally undertaken in treasury function using risk limits approved by the Board of Directors. The Bank has dedicated standards, policies and procedures in place to control and monitor the market risk. The market risks arise on the operation are assessed and managed under the supervision of Risk Committee. The Bank has met all the de minimis exemption criteria for calculation of market risk as set out in Banking (Capital) Rules issued by the Hong Kong Monetary Authority.



Foreign exchange risk

The Bank undertakes certain transactions denominated in foreign currencies; hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts where appropriate. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which is monitored regularly.

The Bank measures the exposure of its assets and liabilities to fluctuations in interest rates primarily by way of gap analysis which provides the Bank with a static view of the maturity and re-pricing characteristics of these positions. Daily maturity profile reports are prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated repricing dates whichever is earlier. The difference in the amount of assets and liabilities maturing or being re-priced in any time period category would then give the Bank an indication of the extent to which the Bank is exposed to the risk of potential changes in the net interest income.

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud, or inadequate internal controls and procedures.

Risk management is carried out by the Risk Committee under the policies approved by the Board of Directors to manage operational risks through proper human resources policies, delegation of authorities, segregation of duties, and timely and accurate management information.

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

Climate risk

Pursuant to the issuance of Supervisory Policy Manual GS-1 “Climate Risk Management” by the HKMA in December 2021, banks are required to make climate-related disclosures aligned with the Task Force on Climate-related Financial Disclosure (“TCFD”) recommendations on governance, strategy, risk management and metrics and targets to enhance transparency to all stakeholders at a minimum.

The classification of climate risk is broadly divided into physical risk and transition risk.

- Physical risks are resulted from the impact of climate, weather-related events and long-term shifts in climate patterns which can be detrimental to every person to a large extent where direct impact on the Bank through events may also lead to damage to property and reduced productivity.
- Transition risks to the Bank is identified as financial risk other than opportunity that results from the process of adjustment towards a lower-carbon economy, governmental climate policy, technologies advancements or responses in the market sentiment.

With regard to climate risk, the Bank has put in place a Climate Risk Management Policy which was approved by the Board in December 2023. The Board has the ultimate responsibility for the Bank's climate risk management and resilience. For the oversight of the Bank's approach to managing climate risks and opportunities, it has delegated authority to its Risk Committee with the prime responsibility for overseeing the development and implementation of climate risk policy and strategy. The Senior Management is responsible for the proper functioning of the Bank's risk management framework and for driving necessary changes in addressing climate-related issues. Other parties for the day-to-day management of climate risk include the Compliance Department, the Internal Audit Department and heads of various departments.



TAI YAU BANK, LIMITED

(incorporated in Hong Kong with limited liability)

To manage the impact of climate-related risks which may occur over the medium and long terms, the management is well prepared for the followings:

- To have sufficient knowledge and understanding of global, regional and local developments to consider the impact on the Bank;
- To ensure that there are appropriate resources, processes, systems and controls to support the implementation of the strategy;
- To cultivate a risk culture from the top that embeds climate-related considerations into the business activities and decision-making process; and
- To promote staff awareness on carbon neutrality and the carbon footprint of the Bank's operations and adopted practices, products and equipment that are sustainable.

The Bank does not provide green financing to customers at the moment. Our customer base does not fall into the TCFD which has identified sectors and industries with the highest likelihood of climate-related impacts based on greenhouse gas emissions, energy usage and water usage.

The Bank has started preparing strategies to assess and identify potential impacts on current business operations involving money market placement with counterparties. Apart from the embedded counterparty credit risk, the Bank has also envisaged the risk of business disruption, costs associated with property repairs and compliance with new rules. Furthermore, it is aware that inadequate management of climate risk will adversely affect the reputation of the Bank eventually.

Simple metrics will be adopted by the Bank to periodically measure and report climate risks. Annual stress-tests on financial impacts are to be performed on severe but plausible scenarios of physical risk cases where climate changes may result in business disruption to the Bank's operations.

(5) CURRENCY RISK

Foreign currency exposure arising from non-trading and structural position of the total net position in all foreign currencies are as follows:

At 30/6/2026				
(Equivalent in HK\$)				
	USD	GBP	CAD	Total
Spot assets	45,130,371	172,040,045	8,435,781	225,606,197
Spot liabilities	(36,512,213)	(168,130,719)	(7,098,023)	(211,740,955)
Net long position	8,618,158	3,909,326	1,337,758	13,865,242
Net structural position	-	-	-	-

At 31/12/2025				
(Equivalent in HK\$)				
	USD	GBP	CAD	Total
Spot assets	44,889,488	171,704,530	8,627,286	225,221,304
Spot liabilities	(35,923,315)	(167,058,837)	(7,247,746)	(210,229,898)
Net long position	8,966,173	4,645,693	1,379,540	14,991,406
Net structural position	-	-	-	-

**TAI YAU BANK, LIMITED**

(incorporated in Hong Kong with limited liability)

(6) INTERNATIONAL CLAIMS

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

	<u>Banks</u> HK\$'000
<u>As at 30 June 2026</u>	
Developed countries	309,749
- of which: Japan	301,450
Offshore centres	922,868
- of which: Hong Kong	722,350
Singapore	200,518
Developing Asia and Pacific	1,040,720
- of which: China	652,745
Malaysia	187,318
Taiwan	200,657
<u>As at 31 December 2025</u>	
Developed countries	610,767
- of which: Japan	602,627
Offshore centres	1,080,410
- of which: Hong Kong	880,059
Singapore	200,351
Developing Asia and Pacific	492,202
- of which: China	253,962
Taiwan	188,005

(7) OTHER FINANCIAL INFORMATION**(a) Liquidity Position**

The average liquidity maintenance ratio is the simple average of each calendar month's average liquidity maintenance ratio. Each monthly average liquidity maintenance ratio is calculated as the ratio of the average liquefiable assets to the average qualifying liabilities after relevant deductions in accordance with the Banking (Liquidity) Rules.

	6 months ended <u>30/06/2026</u> %	6 months ended <u>30/06/2025</u> %
Average liquidity maintenance ratio for the period	<u>111.70</u>	<u>116.90</u>

(b) Capital adequacy

Capital adequacy ratios were calculated on a solo basis, in accordance with the Banking (Capital) Rules (the "Capital Rules") issued by the HKMA. The ratios were compiled in accordance with the amended Capital Rules for the implementation of the "Basel III" capital accord. The Bank has adopted the basic approach for the calculation of the risk-weighted assets for credit risk and the basic indicator approach for the calculation of operational risk.

	<u>At 30/6/2026</u> %	<u>At 31/12/2025</u> %
Total capital ratio	<u>168.89</u>	<u>177.94</u>
Tier 1 capital ratio	<u>168.77</u>	<u>177.82</u>
Common Equity Tier 1 capital ratio	<u>168.77</u>	<u>177.82</u>

For detailed disclosures required by the Banking (Disclosure) Rules, please refer to the "Regulatory Disclosures" on the website of the Bank (www.tybhk.com.hk).

**TAI YAU BANK, LIMITED**

(incorporated in Hong Kong with limited liability)

(c) Leverage ratio

The bank is required under the Banking (Disclosure) Rules to disclose its leverage ratio. Leverage ratio was calculated on a solo basis, in accordance with the Capital Rules issued by the HKMA.

	<u>At 30/6/2026</u>	<u>At 31/12/2025</u>
	%	%
Leverage ratio	<u>37.71</u>	<u>39.01</u>

The detailed disclosures can be viewed under "Regulatory Disclosures" on the website of the Bank (www.tybhk.com.hk).

(d) Capital conservation buffer ratio

The capital conservation buffer ratio for calculating the Bank's buffer level in accordance with the Capital Rules.

	<u>At 30/6/2026</u>	<u>At 31/12/2025</u>
	%	%
Capital conservation buffer ratio	<u>2.50</u>	<u>2.50</u>

(e) Countercyclical capital buffer ratio

The countercyclical capital buffer ratio was compiled in accordance with the Banking (Capital) Rules.

	<u>At 30/6/2026</u>	<u>At 31/12/2025</u>
	%	%
Countercyclical capital buffer ratio	<u>0.50</u>	<u>0.50</u>

The detailed disclosures can be viewed under "Regulatory Disclosures" on the website of the Bank (www.tybhk.com.hk).

(8) MAINLAND ACTIVITIES

As at 30 June 2026 and 31 December 2025, the Bank had no non-bank exposures in the Mainland.

(9) REVIEW AND PROSPECTS**FINANCIAL REVIEW****Financial Performance**

For the first six months of 2026, the Bank's net profit before tax amounted to HK\$6,446,887 (the first six months of 2025: HK\$10,891,452) showing a decrease of 41% from the results in the previous year. The net interest income of HK\$15,089,549 shows a decrease of 22% as compared to HK\$19,312,026 of the same period last year. The net interest margin was 1.37% (30 June 2025: 2.05%). The annualised return on average assets is 0.47% (31 December 2025: 0.66%) and the annualised return on equity is 1.25% (31 December 2025: 1.68%).

Financial Position

Total assets stood at HKD2,273,336,537 at the end of June 2026, an increase of 4% when compared to HKD2,183,377,483 at the end of 2025.



TAI YAU BANK, LIMITED
(incorporated in Hong Kong with limited liability)

ECONOMIC OUTLOOK

The economy of Hong Kong showed strong resilience in the first half of 2026, mainly due to a steady growth of trade and firm domestic demand. The real GDP growth rate increased by 5.1% while the inflation rate remained moderate but still within a controllable range. Private consumption expenditure increased by 2.8% in the second quarter, reflecting a steady recovery of local consumption and retail activities.

Looking ahead to the second half of 2026, global geopolitical tensions and monetary policy decisions will present significant challenges. The US Federal Reserve's expected stance on maintaining current rates or delaying cuts will likely increase funding costs and intensify competition for deposits. Therefore, managing funding cost and safeguarding profitability amid fluctuations of rates will remain our top priority. Despite these uncertainties, the bank maintains cautious optimism for the rest of the year, supported by our continuing prudent strategy.

By order of the Board
Ko, Sai Kin Kenneth
Chairman
Hong Kong 22 September 2026