

**TAI YAU BANK, LIMITED**

**Regulatory Disclosures**

**31 December 2025**

**(Unaudited)**

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# TAI YAU BANK, LIMITED

## Template KM1: Key prudential ratios as at 31 December 2025

		(a)	(b)	(c)	(d)	(e)
		31/12/2025	30/9/2025	30/6/2025	31/3/2025	31/12/2024
		(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
<b>Regulatory capital</b>						
1 & 1a	Common Equity Tier 1 (CET1)	852,895	849,292	847,641	844,051	844,500
2 & 2a	Tier 1	852,895	849,292	847,641	844,051	844,500
3 & 3a	Total capital	853,506	849,947	848,256	844,687	845,250
<b>RWA</b>						
4	Total RWA	479,650	529,782	455,106	449,459	440,919
4a	Total RWA (pre-floor)	479,650	529,782	455,106	449,459	N/A
<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>						
5 & 5a	CET1 ratio (%)	177.82%	160.31%	186.25%	187.79%	191.53%
5b	CET1 ratio (%) (pre-floor ratio)	177.82%	160.31%	186.25%	187.79%	N/A
6 & 6a	Tier 1 ratio (%)	177.82%	160.31%	186.25%	187.79%	191.53%
6b	Tier 1 ratio (%) (pre-floor ratio)	177.82%	160.31%	186.25%	187.79%	N/A
7 & 7a	Total capital ratio (%)	177.94%	160.43%	186.39%	187.93%	191.70%
7b	Total capital ratio (%) (pre-floor ratio)	177.94%	160.43%	186.39%	187.93%	N/A
<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>						
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.50%	0.49%	0.50%	0.50%	0.50%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	3.00%	2.99%	3.00%	3.00%	3.00%
12	CET1 available after meeting the AI's minimum capital requirements (%)	169.94%	152.43%	178.39%	179.93%	183.70%
<b>Basel III leverage ratio</b>						
13	Total leverage ratio (LR) exposure measure	2,186,247	2,365,582	2,193,225	2,004,864	1,966,819
13a	LR exposure measure based on mean values of gross assets of SFTs	N/A	N/A	N/A	N/A	N/A
14, 14a & 14b	LR (%)	39.01%	35.90%	38.65%	42.10%	42.94%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	N/A	N/A	N/A	N/A	N/A
<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>						
Applicable to category 1 institution only:						
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
Applicable to category 2 institution only:						
17a	LMR (%)	119.48%	109.96%	116.11%	117.68%	133.31%
<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>						
Applicable to category 1 institution only:						
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
Applicable to category 2A institution only:						
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

## **TAI YAU BANK, LIMITED**

### **Table OVA: Overview of risk management as at 31 December 2025**

The Bank's activities expose it to a variety of risks and those activities involve analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The risk management is underpinned by the Bank's risk appetite. The Bank's aim is, therefore, to achieve an appropriate balance between risk and return so as to minimise the 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 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. The 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. The Bank continuously promotes risk awareness as part of its bank-wide risk culture. The moderate risk profile is embedded in the risk culture by means of communications and training and is monitored in performance assessments.

In addition, internal audit is responsible for the independent review of risk management and control environment.

# TAI YAU BANK, LIMITED

Template OV1: Overview of Risk-Weighted Amount (RWA) as at 31 December 2025

HK\$'000

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31-Dec-2025	30-Sep-2025	31-Dec-2025
1	Credit risk for non-securitization exposures	<b>414,637</b>	466,032	<b>33,171</b>
2	Of which STC approach	0	0	0
2a	Of which BSC approach	414,637	466,032	33,171
3	Of which foundation IRB approach	0	0	0
4	Of which supervisory slotting criteria approach	0	0	0
5	Of which advanced IRB approach	0	0	0
5a	Of which retail IRB approach	0	0	0
5b	Of which specific risk-weight approach	0	0	0
6	Counterparty credit risk and default fund contributions	0	0	0
7	Of which SA-CCR approach	0	0	0
7a	Of which CEM	0	0	0
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	0	0	0
10	CVA risk	0	0	0
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A	N/A
12	Collective investment scheme (“CIS”) exposures – look-through approach / third-party approach	0	0	0
13	CIS exposures – mandate-based approach	0	0	0
14	CIS exposures – fall-back approach	0	0	0
14a	CIS exposures – combination of approaches	0	0	0
15	Settlement risk	0	0	0
16	Securitization exposures in banking book	0	0	0
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0
20	Market risk	0	0	0
21	Of which STM approach	0	0	0
22	Of which IMA	0	0	0
22a	Of which SSTM approach	0	0	0
23	Capital charge for moving exposures between trading book and banking book	0	0	0
24	Operational risk	<b>65,013</b>	63,750	<b>5,201</b>
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	0	0	0
26	Output floor level applied	0	0	0
27	Floor adjustment (before application of transitional cap)	0	0	0
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	Deduction to RWA	0	0	0
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	0	0
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	0	0	0
29	Total	<b>479,650</b>	529,782	<b>38,372</b>

## TAI YAU BANK, LIMITED

Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories as at 31 December 2025

HK\$'000

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				not subject to capital requirements or subject to deduction from capital
			subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	
<b>Assets</b>							
Cash and balances with banks	153,864	153,864	-	-	-	-	-
Placements with banks	2,013,577	2,013,577	-	-	-	-	-
Advances to customers and other accounts receivable	8,154	8,154	-	-	-	-	-
Prepayment	419	419	-	-	-	-	-
Tax recoverable	2,270	2,270	-	-	-	-	-
Financial assets at fair value through profit or loss	4,500	4,500	-	-	-	-	-
Intangible asset	210	-	-	-	-	-	210
Deferred tax assets	360	-	-	-	-	-	360
Equipment and leasehold improvements	23	23	-	-	-	-	-
<b>Total assets</b>	<b>2,183,377</b>	<b>2,182,807</b>	-	-	-	-	<b>570</b>
<b>Liabilities</b>							
Deposits from customers	1,323,427	-	-	-	-	-	1,323,427
Other accounts payable and provisions	6,435	-	-	-	-	-	6,435
<b>Total liabilities</b>	<b>1,329,862</b>	-	-	-	-	-	<b>1,329,862</b>

## TAI YAU BANK, LIMITED

Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements as at 31 December 2025

HK\$'000

		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
			credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
1	<b>Asset carrying value amount under scope of regulatory consolidation (as per template LI1)</b>	2,183,377	2,182,807	-	-	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	2,183,377	2,182,807	-	-	-
4	Off-balance sheet amounts	3,490	-	-	-	-
5	<b>Exposure amounts considered for regulatory purposes</b>	<b>2,186,867</b>	<b>2,182,807</b>	-	-	-

**TAI YAU BANK, LIMITED**

**Table LIA: Explanations of differences between accounting and regulatory exposure amounts as at 31 December 2025**

There is no difference between accounting and regulatory exposure amount in templates of LI1 and LI2.

## TAI YAU BANK, LIMITED

### Template PV1: Prudent valuation adjustments as at 31 December 2025

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	0	0	0	0	0	0	0	0
2	<i>Mid-market value</i>	0	0	0	0	0	0	0	0
3	<i>Close-out costs</i>	0	0	0	0	0	0	0	0
4	<i>Concentration</i>	0	0	0	0	0	0	0	0
5	Early termination	0	0	0	0	0	0	0	0
6	Model risk	0	0	0	0	0	0	0	0
7	Operational risks	0	0	0	0	0	0	0	0
8	Investing and funding costs						0	0	0
9	Unearned credit spreads						0	0	0
10	Future administrative costs	0	0	0	0	0	0	0	0
11	Other adjustments	0	0	0	0	0	0	0	0
12	<b>Total adjustments</b>	0	0	0	0	0	0	0	0

No valuation adjustments are required in the valuation process in the view that the risk and financial impact involved are considered to be insignificant compared to the market valuation adjustments.

**TAI YAU BANK, LIMITED**

**Template CC1: Composition of regulatory capital as at 31 December 2025**

		(a)	(b)
		HKS'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	<b>CET1 capital: instruments and reserves</b>		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	300,000	(2)
2	Retained earnings	501,958	(3)
3	Disclosed reserves	51,557	(4)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
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)	0	
6	<b>CET1 capital before regulatory adjustments</b>	853,515	
	<b>CET1 capital: regulatory deductions</b>		
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liabilities)	0	
9	Other intangible assets (net of associated deferred tax liabilities)	210	(5)
10	Deferred tax assets (net of associated deferred tax liabilities)	360	(1)
11	Cash flow hedge reserve	0	
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	0	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	
17	Reciprocal cross-holdings in CET1 capital instruments	0	
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)	0	
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)	0	
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	50	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	0	
26b	Regulatory reserve for general banking risks	50	
26c	Securitization exposures specified in a notice given by the MA	0	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	0	
26e	Capital shortfall of regulated non-bank subsidiaries	0	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0	
28	<b>Total regulatory deductions to CET1 capital</b>	620	
29	<b>CET1 capital</b>	852,895	
	<b>AT1 capital: instruments</b>		
30	Qualifying AT1 capital instruments plus any related share premium	0	
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	0	

		(a)	(b)
		HKS'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	0	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	0	
36	<b>AT1 capital before regulatory deductions</b>	0	
	<b>AT1 capital: regulatory deductions</b>		
37	Investments in own AT1 capital instruments	0	
38	Reciprocal cross-holdings in AT1 capital instruments	0	
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)	0	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
41	National specific regulatory adjustments applied to AT1 capital	0	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0	
43	<b>Total regulatory deductions to AT1 capital</b>	0	
44	<b>AT1 capital</b>	0	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	852,895	
	<b>Tier 2 capital: instruments and provisions</b>		
46	Qualifying Tier 2 capital instruments plus any related share premium	0	
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	0	
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)	0	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	0	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	611	
51	<b>Tier 2 capital before regulatory deductions</b>	611	
	<b>Tier 2 capital: regulatory deductions</b>		
52	Investments in own Tier 2 capital instruments	0	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	0	
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)	0	
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)	0	
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)	0	
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)	0	
56	National specific regulatory adjustments applied to Tier 2 capital	0	
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	0	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(e) of BCR	0	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	0	
58	<b>Tier 2 capital (T2)</b>	611	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	853,506	
60	<b>Total RWA</b>	479,650	

	(a)	(b)
	HKS'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Capital ratios (as a percentage of RWA)</b>		
61	CET1 capital ratio	177.82%
62	Tier 1 capital ratio	177.82%
63	Total capital ratio	177.94%
64	<b>Institution-specific buffer requirement (capital conservation buffer plus</b>	3.00%
65	of which: capital conservation buffer requirement	2.50%
66	of which: bank specific countercyclical capital buffer requirement	0.50%
67	of which: higher loss absorbency requirement	0
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	169.94%
<b>National minima (if different from Basel 3 minimum)</b>		
69	National CET1 minimum ratio	Not applicable
70	National Tier 1 minimum ratio	Not applicable
71	National Total capital minimum ratio	Not applicable
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	0
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	611
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	5,183
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)	0
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	0
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>		
80	Current cap on CET1 capital instruments subject to phase-out arrangements	Not applicable
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable
82	Current cap on AT1 capital instruments subject to phase-out arrangements	0
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	0
84	Current cap on Tier 2 capital instruments subject to phase-out arrangements	0
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	0

## Template CC1: Composition of regulatory capital as at 31 December 2025 - (Continued)

	<b>Notes to the Template</b>		
	<b>Description</b>	<b>Hong Kong basis HK\$'000</b>	<b>Basel III basis HK\$'000</b>
	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	210	210
9	<p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	360	360
10	<p><u>Explanation</u></p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	0	0
18	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	0	0
19	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

<b>Notes to the Template</b>			
	<b>Description</b>	<b>Hong Kong basis HK\$'000</b>	<b>Basel III basis HK\$'000</b>
	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	0	0
39	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
	<b>Insignificant LAC investments in Tier 2 capital instruments issued by, and noncapital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)</b>	0	0
54	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and noncapital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
<b>Remarks:</b> The amount of the 10% 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.			

## TAI YAU BANK, LIMITED

Template CC2: Reconciliation of regulatory capital to balance sheet as at 31 December 2025

	(a)	(b)	(c)
	<b>Balance sheet as in published financial statements</b>	<b>Under regulatory scope of consolidation</b>	<b>Reference</b>
	as at 31 December 2025		
	HK\$'000	HK\$'000	
<b>Assets</b>			
Cash and balances with banks	153,864	153,864	
Placement with banks	2,013,577	2,013,577	
Advances to customers and other accounts receivable	8,154	8,154	
Prepayment	419	419	
Tax recoverable	2,270	2,270	
Financial assets at fair value through profit or loss	4,500	4,500	
Intangible asset	210	210	(5)
Deferred tax assets	360	360	(1)
Equipment and leasehold improvements	23	23	
<b>Total assets</b>	<b>2,183,377</b>	<b>2,183,377</b>	
<b>Liabilities</b>			
Deposits from customers	1,323,427	1,323,427	
Other accounts payable and provisions	6,435	6,435	
<b>Total liabilities</b>	<b>1,329,862</b>	<b>1,329,862</b>	
Shareholders' equity			
Of which: amount eligible for CET1	300,000	300,000	(2)
Retained earnings	501,958	501,958	(3)
Disclosed reserves	51,557	51,557	(4)
<b>Total shareholders' equity</b>	<b>853,515</b>	<b>853,515</b>	
<b>Total liabilities and shareholders' equity</b>	<b>2,183,377</b>	<b>2,183,377</b>	

# TAI YAU BANK, LIMITED

Template CCA: Main features of regulatory capital instruments as at 31 December 2025

		(a)
		Quantitative / qualitative information
1	Issuer	Tai Yau Bank, Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	No
3	Governing law(s) of the instrument	Hong Kong Common Law
<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>1</sup>	Common Equity Tier 1
5	Post-transitional Basel III rules <sup>2</sup>	Common Equity Tier 1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	(HKD million) 300
9	Par value of instrument	NA
10	Accounting classification	Shareholders' equity
11	Original date of issuance	18-April-1947
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	No
16	Subsequent call dates, if applicable	No
<i>Coupons / dividends</i>		
17	Fixed or floating dividend / coupon	No
18	Coupon rate and any related index	No
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	NA
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

<sup>1</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.

<sup>2</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

**TAI YAU BANK, LIMITED**

**Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer (“CCyB”) as at 31 December 2025**

Geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures

		a	b	c	d
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio (HK\$'000)	AI-specific CCyB ratio (%)	CCyB amount (HK\$'000)
1	Hong Kong SAR	0.500%	5,636		
	Sum		5,636		
	Total		5,636	0.500%	28

**TAI YAU BANK, LIMITED**

**Template LR1: Summary comparison of accounting assets against leverage ratio (“LR”) exposure measure as at 31 December 2025**

	<b>Item</b>	<b>Value under the LR framework HK\$ equivalent (HK\$'000)</b>
1	Total consolidated assets as per published financial statements	2,183,377
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	0
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	0
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustments for eligible cash pooling transactions	0
8	Adjustments for derivative contracts	0
9	Adjustment for SFTs (i.e. repos and similar secured lending)	0
10	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	3,490
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	0
12	Other adjustments	(620)
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>2,186,247</b>

**TAI YAU BANK, LIMITED**
**Template LR2: Leverage ratio (“LR”) as at 31 December 2025**

		(a)	(b)
		HK\$ equivalent (HK\$'000)	
		31/12/2025	30/9/2025
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	2,183,938	2,363,344
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	0	0
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	0	0
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	0	0
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	0	0
6	Less: Asset amounts deducted in determining Tier 1 capital	(620)	(647)
7	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)</b>	<b>2,183,318</b>	<b>2,362,697</b>
<b>Exposures arising from derivative contracts</b>			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	0	0
9	Add-on amounts for PFE associated with all derivative contracts	0	0
10	Less: Exempted CCP leg of client-cleared trade exposures	0	0
11	Adjusted effective notional amount of written credit-related derivative contracts	0	0
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	0	0
13	<b>Total exposures arising from derivative contracts (sum of rows 8 to 12)</b>	<b>0</b>	<b>0</b>
<b>Exposures arising from SFTs</b>			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0	0
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	0	0
16	CCR exposure for SFT assets	0	0
17	Agent transaction exposures	0	0
18	<b>Total exposures arising from SFTs (sum of rows 14 to 17)</b>	<b>0</b>	<b>0</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	3,490	3,490
20	Less: Adjustments for conversion to credit equivalent amounts	0	0
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(561)	(605)
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>2,929</b>	<b>2,885</b>
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>852,895</b>	<b>849,292</b>
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>2,186,247</b>	<b>2,365,582</b>
<b>Leverage ratio</b>			
25 & 25a	<b>Leverage ratio</b>	<b>39.01%</b>	<b>35.90%</b>
26	<b>Minimum leverage ratio requirement</b>	<b>3.00%</b>	<b>3.00%</b>
27	<b>Applicable leverage buffers</b>	<b>Not applicable</b>	<b>Not applicable</b>
<b>Disclosure of mean values</b>			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0	0
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	0	0
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)	0	0
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)	0	0

## **TAI YAU BANK, LIMITED**

### **Table LIQA: Liquidity risk management as at 31 December 2025**

The Risk Committee and Board of directors are responsible for monitoring the Bank's liquidity position 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 and monthly average liquidity maintenance ratios. The Bank's Accounts Department is responsible for monitoring these ratios. When a liquidity position falls under the internal limits, the management will decide the appropriate actions to be taken.

Our contingency funding policy is designed to be pro-active and pre-emptive. The Bank utilises early warning indicators, which cover both qualitative and quantitative measures, and monitors both internal and external factors. A crisis management team will be formed to handle the crisis. Finally, a post-crisis review is carried out to recommend necessary improvement to avoid reoccurrence of incidents.

We have granted exemption to conduct stress testing on liquidity by the Hong Kong Monetary Authority.

## **TAI YAU BANK, LIMITED**

### **Table CRA: General information about credit risk as at 31 December 2025**

The Bank's lending and credit policies have been formulated on the basis of its own experience, the Banking Ordinance, Hong Kong Monetary Authority guidelines and other statutory requirements.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are typically monitored on a revolving basis and are subject to periodic reviews. Limits on the level of credit risk by product, industry sector and by country are approved annually.

Exposure to credit risk is managed through regular reviews on the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and guarantees (corporate and personal).

**TAI YAU BANK, LIMITED**

**Part III : Credit risk for non-securitization exposures**

Template CR1: Credit quality of exposures as at 31 December 2025

HK\$'000

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b+c)
		Defaulted	Non-defaulted		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		exposures	exposures					
1	Loans	0	694	(8)	NA	NA	NA	686
2	Debt securities	0	0	0	NA	NA	NA	0
3	Off-balance sheet exposures	0	3,490	0	NA	NA	NA	3,490
4	<b>Total</b>	0	4,184	(8)	NA	NA	NA	4,176

**TAI YAU BANK, LIMITED**

**Part III : Credit risk for non-securitization exposures**

Template CR2: Changes in defaulted loans and debt securities as at 31 December 2025

		HK\$'000
		(a)
		Amount
1	<b>Defaulted loans and debt securities at end of the previous reporting period as at 30 June 2025</b>	0
2	Loans and debt securities that have defaulted since the last reporting period	0
3	Returned to non-defaulted status	0
4	Amounts written off	0
5	Other changes	0
6	<b>Defaulted loans and debt securities at end of the current reporting period as at 31 December 2025</b>	0

## TAI YAU BANK, LIMITED

### CRB – Additional disclosure related to credit quality of exposures as at 31 December 2025

Our Bank classifies the loans and advances in accordance with the loan classification system required to be adopted for reporting to the HKMA.

Under HKFRS9, the Bank adopts the criteria of stage allocation as follows:

Loan Classification of Hong Kong Monetary Authority	Stage Allocation
Pass	1
Special Mention	2
Substandard	3
Doubtful	
Loss	

Expected credit losses (“ECL”) are recognised for cash and balances with banks and other financial institutions, money at call and short notice, placements with banks maturing between one and twelve months, and advances to customers and other accounts. At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months, or less, where the remaining life is less than 12 months (12-month ECL). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). Financial assets where 12-month ECL is recognised are considered to be stage 1; financial assets that are considered to have experienced a significant increase in credit risk are in stage 2; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in stage 3.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

## TAI YAU BANK, LIMITED

### CRB – Additional disclosure related to credit quality of exposures as at 31 December 2025 - continued

The Bank considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Bank; or
- the borrower is unlikely to pay its credit obligations to the Bank in full.

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank will measure the loss allowance based on lifetime rather than 12-month ECL. The Bank's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information

The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- the remaining lifetime the probability of default (“PD”) at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The PDs used are forward-looking and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For retail lending the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

As a back-stop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. In addition, loans that are individually assessed and are included on a watch list are in stage 2 of the impairment model. As noted, if there is evidence of credit-impairment the assets are at stage 3 of the impairment model.

**TAI YAU BANK, LIMITED**

**CRB – Additional disclosure related to credit quality of exposures as at 31 December 2025  
- continued**

Table CRB: Additional disclosure related to credit quality of exposures

(i) Exposure by geographical area

HK\$'000

	Total Advances to Customers	Advances Overdue for Over Three Months	Impaired Advances to Customers	Impairment Provision for Stage 3	Write-off
Hong Kong	694	0	0	0	0
<b>Total</b>	694	0	0	0	0

(ii) Exposure by industry sector

HK\$'000

	Total Advances to Customers	Impaired Advances to Customers	Impairment Provision for Stage 3	Write-off
Others	694	0	0	0
<b>Total</b>	694	0	0	0

(iii) Breakdown of exposures by remaining maturity

HK\$'000

Total Advances to Customers	
3 months or less but over 1 month	70
1 year or less but over 3 months	70
5 years or less but over 1 year	520
Over 5 years	34
<b>Total</b>	694

(iv) Overdue and rescheduled exposure

As at the end of the reporting period, the Bank had no overdue or rescheduled loans.

## **TAI YAU BANK, LIMITED**

### **CRC – Qualitative disclosures related to credit risk mitigation as at 31 December 2025**

Credit risk is one of the most significant risks the Bank faces with. Major risk exists in money market placement among the Bank's business activities. As a result, the Bank has a well-established framework in place for managing credit risk across the business. This includes a defined risk appetite, credit limits and credit policies.

**TAI YAU BANK, LIMITED**

**Part III : Credit risk for non-securitization exposures**

Template CR3: Overview of recognized credit risk mitigation as at 31 December 2025

HK\$'000

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	686	0	0	0	0
2	Debt securities	0	0	0	0	0
3	<b>Total</b>	686	0	0	0	0
4	Of which defaulted	0	0	0	0	0

**TAI YAU BANK, LIMITED**

**Part III : Credit risk for non-securitization exposures**

Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for BSC approach as at 31 December 2025

HK\$'000

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
Exposure classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	140,405	0	140,405	0	0	0.00%
2	Public sector entity exposures	0	0	0	0	0	0.00%
3	Multilateral development bank exposures	0	0	0	0	0	0.00%
4	Unspecified multilateral body exposures	0	0	0	0	0	0.00%
5	Bank exposures	2,033,655	0	2,033,655	0	406,731	20.00%
6	Eligible covered bond exposures	0	0	0	0	0	0.00%
7	Exposures arising from IPO financing	0	0	0	0	0	0.00%
8	Real estate exposures	0	0	0	0	0	0.00%
8a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	0	0	0	0	0	0.00%
8b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	0	0	0	0	0	0.00%
8c	Of which: other real estate exposures	0	0	0	0	0	0.00%
9	Equity exposures	0	0	0	0	0	0.00%
10	Significant capital investments in commercial entities	0	0	0	0	0	0.00%
11	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	0	0	0	0	0	0.00%
12	Subordinated debts issued by banks and corporates	0	0	0	0	0	0.00%
13	Cash and gold	1,401	0	1,401	0	0	0.00%
14	Items in the process of clearing or settlement	0	0	0	0	0	0.00%
15	Other exposures	7,906	3,490	7,906	0	7,906	100.00%
16	<b>Total</b>	2,183,367	3,490	2,183,367	0	414,637	18.99%

**TAI YAU BANK, LIMITED**

**Part III : Credit risk for non-securitization exposures**

Template CR5: Credit risk exposures by asset classes and by risk weights – for BSC approach as at 31 December 2025

HK\$'000

1		0%	10%	20%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
	Sovereign exposures	140,405	0	0	0	0	140,405
2		20%		100%		Other	Total credit exposure amount (post-CCF and post-CRM)
	Public sector entity exposures	0		0		0	0
3			0%			Other	Total credit exposure amount (post-CCF and post-CRM)
	Multilateral development bank exposures		0			0	0
4			50%			Other	Total credit exposure amount (post-CCF and post-CRM)
	Unspecified multilateral body exposures		0			0	0
5		20%		100%		Other	Total credit exposure amount (post-CCF and post-CRM)
	Bank exposures	2,033,655		0		0	2,033,655
6		10%		50%		Other	Total credit exposure amount (post-CCF and post-CRM)
	Eligible covered bond exposures	0		0		0	0
7			0%			Other	Total credit exposure amount (post-CCF and post-CRM)
	Exposures arising from IPO financing		0			0	0

		40%	50%	70%	100%	120%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
8	Real estate exposures	0	0	0	0	0	0	0	0
8a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	0	0		0			0	0
8b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)		0	0		0		0	0
8c	Of which: other real estate exposures						0	0	0

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

		250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Significant capital investments in commercial entities	0	0	0	0	0

		150%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	0	0	0	0	0

		150%	Other	Total credit exposure amount (post-CCF and post-CRM)
12	Subordinated debts issued by banks and corporates	0	0	0

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
13	Cash and gold	1,401	0	0	1,401

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

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
15	Other exposures	7,906	0	0	7,906

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures (BSC version)

	Risk Weight	(a) On-balance sheet exposure	(b) Off-balance sheet exposure (pre-CCF)	(c) Weighted average CCF	(d) Exposure (post-CCF and post-CRM)
1	Less than 40%	0	3,490	0	0
2	40-70%	0	0	0	0
3	100%-120%	0	0	0	0
4	150%	0	0	0	0
5	250%	0	0	0	0
6	400%	0	0	0	0
7	1250%	0	0	0	0
8	<b>Total exposures</b>	0	3,490	0	0

## **TAI YAU BANK, LIMITED**

### **Table IRRBBA: Interest Rate Risk in the banking book – risk management objectives and policies as at 31 December 2025**

Interest rate risk in the banking book ('IRRBB') is the risk of an adverse impact to earnings or capital due to changes in market interest rates.

The Bank has established risk governance management framework to oversee and monitor IRRBB. The Risk Committee and Credit, Asset and Liability Management Committee ('CALCO') are responsible for the design and administration of IRRBB management. The CALCO is also responsible for monitoring and reviewing overall interest rate risk position and interest rate trends. For monitoring of IRRBB, risk reports are compiled on a quarterly basis.

Risk appetite has been defined in order to optimize risk and return. Risk limits are established for on-going monitoring of impact to economic value of equity ('EVE') and net interest income ('NII') resulting from future interest rate change.

An economic value of equity sensitivity is the extent to which the EVE will change due to a pre-specified movement in interest rates, where all other economic variables are held constant. Variations in market interest rates can affect the economic value of assets, liabilities and off-balance sheet positions. The economic value of an instrument represents an assessment of the present value of its expected net cash flow, discounted to reflected market rates. As fluctuations in interest rates will affect earnings, they will also affect its net worth.

Net interest income sensitivity is the sensitivity of expected net interest income under varying interest rate scenarios, where all other economic variables are held constant. Sensitivity of net interest income reflects the Bank's sensitivity of earnings due to changes in market interest rates. Based on the reported interest rate repricing positions in the Interest Rate Risk Return, the impact on earnings is assessed over the next 12 months if the interest rates change.

The Bank applied below key assumptions that are required by the HKMA:

1. In measurement of economic value of equity, the commercial margins and spread components have been excluded from the cash flows used in the computation and discount rate used.
2. All the positions captured are assumed to run to maturity and slotted into the appropriate time bands according to the earliest interest re-pricing date including for non-maturity deposits.
3. Retail time deposits subject to early redemption risk are time deposits that can be withdrawn early at the discretion of the customer. Except there is significant penalty that the customers might not early uplift or breaking the deposits contract due to interest rate change.

**TAI YAU BANK, LIMITED**

**Table IRRBB1: Quantitative information on interest rate risk in banking book  
as at 31 December 2025**

In HK\$ Million

		(a)	(b)	(c)	(d)
		ΔEVE		ΔNII	
	Period	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
1	Parallel up	2	3	(11)	(11)
2	Parallel down	0	0	11	11
3	Steeper	0	0		
4	Flattener	2	2		
5	Short rate up	3	3		
6	Short rate down	0	0		
7	Maximum	3	3	11	9
	Period	31 Dec 2025		31 Dec 2024	
8	Tier 1 capital	853		845	

## **TAI YAU BANK, LIMITED**

### **Table REMA: Remuneration Policy as at 31 December 2025**

The Board is ultimately responsible for overseeing the formulation and implementation of the Bank's remuneration policy. The Remuneration Committee is established to assist the Board in discharging its responsibility for the design and operation of the Bank's remuneration system.

The remuneration policy covers guidelines and procedures that are commensurate with the business of the Bank. It also supports the Bank's ethical values, objectives, strategies and control environment. The remuneration structure is designed to encourage employee behaviour that supports the Bank's risk management framework and long-term financial soundness. The policy will be reviewed annually by the Remuneration Committee and the Board.

A systematic role evaluation methodology is used to establish each employee's appropriate level of remuneration. By means of an annual/periodic performance review, the degree to which each employee is satisfying the requirements of his/her role and the degree to which established performance objectives have been achieved are to be assessed.

Key personnel are the employees whose duties or activities involve the assumption of material risk or the taking on of material exposure on behalf of the Bank.

Employees under risk control function have the characteristic that they work independently. Accordingly, the remuneration should not be reviewed by personnel related to business lines. Their remunerations are therefore fixed and reviewed by the Remuneration Committee and approved by the Board.

Remuneration package usually includes fixed and variable pay. As the Bank is mainly engaged in simple business on a small scale, it does not use variable incentive-based awards. However, at the discretion of the Board, bonuses may be granted to all employees.

## **TAI YAU BANK, LIMITED**

### **REM1: Remuneration awarded during 2025**

The senior management consisting of eleven persons and key personnel of five persons were paid with fixed remuneration in cash of HK\$4,119,800 and HK\$1,896,700 respectively during the year, totalling HK\$6,016,500 (2024: HK\$5,894,400). We did not provide other form of remuneration including guaranteed bonuses, sign-on awards and severance payments during the year.

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### **REM2: Special payments**

No Special payments during 2025.

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### **REM3: Deferred remuneration**

No Deferred remuneration during 2025.

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**TAI YAU BANK, LIMITED**

Template ENC: Asset encumbrance as at 31 December 2025

		HK\$'000		
		(a)	(c)	(d)
		Encumbered assets	Unencumbered assets	Total
1	Loans and advances and receivables	0	8,154	8,154
2	Other financial assets	0	2,171,941	2,171,941
3	Non-financial assets	0	3,282	3,282
4	Total assets under regulatory scope of consolidation	0	2,183,377	2,183,377

## **TAI YAU BANK, LIMITED**

### **Part IV: Counterparty Credit risk**

No counterparty credit risk disclosure as at 31 December 2025.

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### **Part IVA: Credit valuation adjustment risk**

No valuation adjustment risk disclosure as at 31 December 2025.

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### **Part V: Securitization exposures**

No securitization exposures disclosure as at 31 December 2025.

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### **Part VI: Market risk**

No market risk disclosure as at 31 December 2025 as the Bank has met all the de minimis exemption criteria for calculation of market risk.

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### **Part X: Comparison of modelled and standardized RWAs**

Our Bank does not use IRB approach to calculate for credit risk for non-securitization exposures as at 31 December 2025.

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