

Regulatory Disclosures

31 December 2025



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KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		At 31 December 2025	At 30 September 2025	At 30 June 2025	At 31 March 2025	At 31 December 2024
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 ("CET1")	56,493,955	55,206,228	54,778,220	53,493,861	52,326,535
2 & 2a	Tier 1	63,915,981	62,628,254	62,200,246	60,915,887	59,748,561
3 & 3a	Total capital	75,420,583	74,379,331	73,956,700	72,862,011	71,541,112
	RWA (amount)					
4	Total RWA	353,326,434	357,267,148	351,307,335	355,712,305	359,746,767
4a	Total RWA (pre-floor)	353,326,434	357,267,148	351,307,335	355,712,305	N/A
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)	15.99%	15.45%	15.59%	15.04%	14.55%
5b	CET1 ratio (%) (pre-floor ratio)	15.99%	15.45%	15.59%	15.04%	N/A
6 & 6a	Tier 1 ratio (%)	18.09%	17.53%	17.71%	17.13%	16.61%
6b	Tier 1 ratio (%) (pre-floor ratio)	18.09%	17.53%	17.71%	17.13%	N/A
7 & 7a	Total capital ratio (%)	21.35%	20.82%	21.05%	20.48%	19.89%
7b	Total capital ratio (%) (pre-floor ratio)	21.35%	20.82%	21.05%	20.48%	N/A
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.31%	0.30%	0.31%	0.30%	0.29%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	2.81%	2.80%	2.81%	2.80%	2.79%
12	CET1 available after meeting the AI's minimum capital requirements (%)	11.49%	10.95%	11.09%	10.54%	10.05%
	Basel III leverage ratio					
13	Total leverage ratio ("LR") exposure measure	599,726,511	585,126,715	583,104,589	590,972,515	580,601,607
13a	LR exposure measure based on mean values of gross assets of SFTs	596,241,183	585,192,605	583,230,224	590,720,247	N/A
14, 14a & 14b	LR (%)	10.66%	10.70%	10.67%	10.31%	10.29%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	10.72%	10.70%	10.66%	10.31%	N/A
	Liquidity Coverage Ratio ("LCR")/Liquidity Maintenance Ratio ("LMR")					
	Applicable to category 1 institutions only:					
15	Total high quality liquid assets ("HQLA")	103,704,000	98,795,168	89,069,399	89,333,007	89,483,219
16	Total net cash outflows	55,582,673	51,684,996	49,681,461	34,795,301	42,803,404
17	LCR (%)	188.43%	194.13%	181.32%	261.91%	212.98%
	Applicable to category 2 institutions only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio ("NSFR")/Core Funding Ratio ("CFR")					
	Applicable to category 1 institutions only:					
18	Total available stable funding	387,571,085	383,859,483	381,320,474	389,981,281	387,899,467
19	Total required stable funding	269,699,188	270,326,066	270,057,079	274,896,171	270,019,365
20	NSFR (%)	143.70%	142.00%	141.20%	141.86%	143.66%
	Applicable to category 2A institutions only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

OVA: Overview of risk management

The Group is exposed to financial risks as a result of engaging in a variety of banking business activities. The principal types of risk inherent in the Group's businesses are credit risk, market risk, operational risk, reputation risk, legal and compliance risk, interest rate risk, liquidity risk, strategic risk, technology risk, conduct risk and climate risk.

The Group's risk management objective is to enhance shareholder value by maintaining risk exposures within acceptable levels.

The Bank's Board of Directors (the "Board") holds the ultimate responsibility for the Group's overall risk management. It establishes a sound risk culture and determines the risk management strategies and the risk management structure.

To achieve the Group's goals in risk management, the Board sets up the Risk Management Committee, which comprises of Independent Non-executive Directors, to oversee the Group's various types of risks, review and approve the high-level risk management policies. Also, Credit Approval Committee is set up under the Risk Management Committee to review or approve credit applications and credit management related matters exceeding the Chief Executive's authority or as required by the policy and monitor the credit activities of the Group.

Credit Approval Specialized Committee set up by the Chief Executive is responsible for approving credit proposals within the authorisation. Also, according to the risk management strategies established by the Board, risk management policies and control procedures are devised and reviewed regularly by relevant departments and respective management committees set up by the Chief Executive.

The risk management units develop policies and procedures for identifying, measuring, evaluating, monitoring, controlling and reporting credit risk, market risk, operational risk, reputation risk, legal and compliance risk, interest rate risk, liquidity risk, strategic risk, technology risk, conduct risk and climate risk; set appropriate risk limits; and continually monitor risks.

The Audit Department conducts independent reviews on the adequacy and effectiveness of risk management policies and controls to ensure that the Group is operating according to the established policies, procedures and limits.

Independence is crucial to effective risk management. To ensure the independence of the risk management units and the Audit Department, risk management units report directly to the Risk Management Committee on policy implementation and various risk status and the Audit Department reports directly to the Audit Committee respectively. Both committees are specialised committees set up by the Board and all members are directors of the Bank.

The Group upholds high standards of ethics so as to ensure its affairs are conducted in a high degree of integrity. The Group develops codes of conduct encompasses the code of ethics, professionalism and integrity. Sound management systems and performance evaluation are also in place to enforce them effectively. The standards of conduct are laid down in risk management policies, and other operating principles and guidelines. All staff is required to follow them when conducting business.

All staff is required to perform their risk management responsibility. The Board establishes strong risk culture and encourages communication and discussion on issues of risk management and risk taking. All staff continues enhancing and strengthening their knowledge and skills in risk management. The Group makes use of appropriate training, remuneration, incentive, reward and penalty schemes to guide and drive staff to conduct business in a responsible, honest, practical and proper manner.

OVA: Overview of risk management (continued)

Risk management policies, procedures and rating systems are formulated to identify, measure, evaluate, monitor, control and report the various types of risk. They are reviewed and enhanced on an ongoing basis for catering business environment changes, regulatory requirements changes and market best practices in risk management processes. In addition, sound and robust IT and risk measurement system can provide timely, comprehensive and accurate data to ensure effective risk information can be submitted to relevant staff and senior management on time.

In order to support the Board and management to better fulfill the risk management responsibilities, the risk management units submit periodic or ad hoc risk reports of each major risk types, mainly covering the trend, limit usage and significant issues, to the Board, sub-committee and management.

Stress testing is a risk management tool for assessing the potential vulnerability under stressed circumstances/scenarios arising from extreme but plausible market or macroeconomic movements. The Bank uses stress testing to strengthen the risk management capability. The stress tests are conducted on a regular basis or ad hoc basis by the Group's various risk management units in accordance with the principles stated in the HKMA Supervisory Policy Manual "Stress-testing".

Cross-border business is one of the major business models of the Group with the target in the expansion and integration of businesses both in Hong Kong and the PRC. Under this strategy, Nanyang Commercial Bank (China), Limited ("NCB (China)") as a locally-incorporated bank in Mainland, its position in the PRC will be strengthened.

The Group manages, controls and mitigates the risks arise from the business model through the following measures:

Risk management synergy: with the Group's networking in PRC and through sharing its experience in risk management, the Group will be able to further improve its own risk management capabilities, such as familiarity with the PRC industries, disposal of distressed assets.

Comprehensive risk management mechanisms: risk management measures are imposed on a group basis, including the formulation of major group policies, consistent risk assessment framework, group level limits, and ongoing monitoring. The mechanisms ensure compliance with the Group's policies, and legal and regulatory requirements in Hong Kong and the PRC.

Group-wide risk appetite: Prudent risk culture is emphasized through-out the Group. NCB (China) also has an independent Risk Management Department to fulfill its day-to-day management function. Two Bank's risk management units have close communication on risk issues and regulatory requirements. Regular risk reports from NCB (China) are also submitted to the Bank for closely monitoring the development of the China business.

OV1: Overview of RWA

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 December 2025	30 September 2025	31 December 2025
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	337,556,170	341,128,664	27,004,494
2	Of which STC approach	337,556,170	341,128,664	27,004,494
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
5a	Of which retail IRB approach	-	-	-
5b	Of which specific risk-weight approach	-	-	-
6	Counterparty credit risk and default fund contributions	986,887	1,051,398	78,951
7	Of which SA-CCR approach	915,264	1,038,321	73,221
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	71,623	13,077	5,730
10	CVA risk	392,413	449,725	31,393
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	-	-	-
13	CIS exposures – mandate-based approach	-	-	-
14	CIS exposures – fall-back approach	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	3,453,725	4,842,175	276,298
21	Of which STM approach	3,453,725	4,842,175	276,298
22	Of which IMA	-	-	-
22a	Of which SSTM approach	-	-	-
23	Capital charge for moving exposures between trading book and banking book	-	-	-
24	Operational risk	9,373,313	9,196,613	749,865
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	4,403,066	3,618,593	352,245
26	Output floor level applied	N/A	N/A	N/A
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	Deduction to RWA	2,839,140	3,020,020	227,131
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	2,839,140	3,020,020	227,131
29	Total	353,326,434	357,267,148	28,266,115

N/A: Not applicable in the case of Hong Kong

PV1: Prudent valuation adjustments

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
At 31 December 2025									
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Close-out uncertainty, of which:	-	-	-	223	-	223	-	223
2	Mid-market value	-	-	-	-	-	-	-	-
3	Close-out costs	-	-	-	-	-	-	-	-
4	Concentration	-	-	-	223	-	223	-	223
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risks	-	-	-	-	-	-	-	-
8	Investing and funding costs						-	-	-
9	Unearned credit spreads						-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other adjustments	-	-	-	-	-	-	-	-
12	Total adjustments	-	-	-	223	-	223	-	223

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

- Concentration – covering liquidity valuation adjustment on bonds

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

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	At 31 December 2025						
	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*	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets							
Cash and balances with banks and other financial institutions	49,261,860	49,261,860	49,261,860	-	-	-	-
Placements with banks and other financial institutions	9,496,271	9,496,271	9,496,271	-	-	-	-
Financial assets at fair value through profit or loss	12,562,209	12,562,209	2,851,920	-	-	9,710,289	-
Derivative financial instruments	1,112,205	1,112,205	3,204	1,103,166	-	1,059,277	557
Advances to banks and other financial institutions	1,594,093	1,594,093	1,594,093	-	-	-	-
Advances to customers and trade bills	268,897,931	268,897,931	268,897,931	-	-	-	-
Financial investments	205,806,872	205,806,872	205,806,649	4,743,956	-	-	223
Interests in subsidiaries	-	10,983	10,983	-	-	-	-
Investment properties	2,011,400	2,011,400	2,011,400	-	-	-	-
Properties, plant and equipment	6,639,503	6,639,503	6,639,503	-	-	-	-
Intangible assets	1,604,476	1,604,476	-	-	-	-	1,604,476
Deferred tax assets	692,836	692,836	-	-	-	-	692,836
Other assets	6,772,136	6,771,117	6,065,231	705,886	-	-	-
Total assets	566,451,792	566,461,756	552,639,045	6,553,008	-	10,769,566	2,298,092

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	At 31 December 2025						
	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*	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Liabilities							
Deposits and balances from banks and other financial institutions	35,380,872	35,380,872	-	-	-	-	35,380,872
Financial liabilities at fair value through profit or loss	6,982,526	6,982,526	-	-	-	6,982,526	-
Derivative financial instruments	1,311,963	1,311,963	-	1,307,878	-	1,226,025	2,536
Deposits from customers	405,708,948	406,440,675	-	-	-	-	406,440,675
Debt securities and certificates of deposit in issue	24,845,589	24,845,589	-	-	-	-	24,845,589
Current tax liabilities	715,582	704,669	-	-	-	-	704,669
Other accounts and provisions	10,912,104	10,911,716	-	-	-	-	10,911,716
Deferred tax liabilities	824,349	815,608	-	-	-	-	815,608
Subordinated liabilities	5,548,907	5,548,907	-	-	-	-	5,548,907
Total liabilities	492,230,840	492,942,525	-	1,307,878	-	8,208,551	484,650,572

* For the purpose of this template, column (f) also includes items subject to CVA risk framework.

Some balance sheet items attract capital charge according to the risk frameworks for more than one risk category. In particular, derivative contracts under trading book are subject to both the market risk capital charge and the counterparty credit risk capital charge. This results in variance between value in column (b) and the sum of values in columns (c) to (g).

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

		(a)	(b)	(c)	(d)	(e)
		At 31 December 2025				
		Total	Items subject to:			
			credit risk framework	securitization framework	counterparty credit risk framework	market risk framework*
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)	564,163,664	552,639,045	-	6,553,008	10,769,566
2	Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)	8,291,953	-	-	1,307,878	8,208,551
3	Total net amount under regulatory scope of consolidation	555,871,711	552,639,045	-	5,245,130	2,561,015
4	Off-balance sheet amounts	252,523,823	41,566,471	-	-	-
5	Differences due to consideration of provisions		1,341,966	-	-	-
6	Differences due to consideration of default risk exposures under SA-CCR approach		-	-	1,846,628	-
7	Differences due to consideration of credit risk mitigation		(20,487,832)	-	(4,443,366)	-
8	Exposure amounts considered for regulatory purposes	580,269,057	575,059,650	-	2,648,392	2,561,015

* For the purpose of this template, column (e) also includes items subject to CVA risk framework.

LIA: Explanations of differences between accounting and regulatory exposure amounts

Template LI1 shows the differences between the accounting scope of consolidation and the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements. The accounting scope of consolidation includes subsidiaries, namely Nanyang Commercial Bank Trustee Limited, Kwong Li Nam Investment Agency Limited, Nanyang Commercial Bank (Nominees) Limited and NCB Wealth Management Advisor Limited, which are outside the regulatory scope of consolidation.

Template LI2 illustrates the differences between accounting values and amounts considered for regulatory purposes. The main driver for the differences relates to the inclusion of off-balance sheet exposures (after application of the CCFs) for regulatory purposes.

The Group uses the valuation methodologies which can be classified into marking-to-market and marking-to-model. Marking-to-market is valuation of positions by adopting readily available and observable quoted market prices in an actively traded principal market. If market quotation is not available, marking-to-model should be adopted. Marking-to-model is valuation which has to be benchmarked, extrapolated or otherwise derived from market data inputs.

For marking-to-market, the Group uses the closing price for the fair value of financial instrument. If the market for assets or liabilities is not active, the Group uses valuation techniques, including the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group has an established governance structure and controls framework to ensure that fair values are either determined or validated by control units independent of the front offices. Control units have overall responsibility for independent verification of valuation results from front line businesses and all other significant fair value measurements. Specific controls include verification of observable pricing inputs. Significant valuation issues are reported to the Management.

The independent price verification is the process of comparing the pricing inputs used in the valuation process to a corresponding set of independently verifiable external observable market prices and parameters. If the effects of price variances fall within the preset tolerances, the pricing inputs are considered as reliable and appropriate.

For Prudent Valuation, by considering asset quality and market share of trading positions, the Group performs liquidity risk valuation adjustment in accordance with risk management, and regulatory and financial reporting purposes for less liquid product positions. The Group also reviews the appropriateness of the valuation adjustment regularly.

CC1: Composition of regulatory capital

		(a)	(b)
		At 31 December 2025	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		Amount	
		HK\$'000	
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	3,144,517	(7)
2	Retained earnings	55,261,987	(8)
3	Disclosed reserves	7,690,701	(10)+(11)+ (12)+(13)
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	CET1 capital before regulatory deductions	66,097,205	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	223	Not applicable
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	1,396,714	(2)-(4)
10	Deferred tax assets (net of associated deferred tax liabilities)	692,836	(3)
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	471	(1)+(5)
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	7,513,006	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	5,162,073	(9)+(10)
26b	Regulatory reserve for general banking risks	2,350,933	(12)

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		At 31 December 2025	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		Amount	
		HK\$'000	
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	Total regulatory deductions to CET1 capital	9,603,250	
29	CET1 capital	56,493,955	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	7,422,026	
31	of which: classified as equity under applicable accounting standards	7,422,026	(14)
32	of which: classified as liabilities under applicable accounting standards	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
36	AT1 capital before regulatory deductions	7,422,026	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	7,422,026	
45	Tier 1 capital (T1 = CET1 + AT1)	63,915,981	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	5,417,236	(6)
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	3,764,433	Not applicable
51	Tier 2 capital before regulatory deductions	9,181,669	

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		At 31 December 2025	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		Amount	
		HK\$'000	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(2,322,933)	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(2,322,933)	[(9)+(10)] *45%
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within BCR §48(1)(g)	-	
57	Total regulatory adjustments to Tier 2 capital	(2,322,933)	
58	Tier 2 capital (T2)	11,504,602	
59	Total regulatory capital (TC = T1 + T2)	75,420,583	
60	Total RWA	353,326,434	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	15.99%	
62	Tier 1 capital ratio	18.09%	
63	Total capital ratio	21.35%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.81%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.31%	
67	of which: higher loss absorbency requirement	-	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	11.49%	

CC1: Composition of regulatory capital (continued)

		(a)	(b)
		At 31 December 2025	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		Amount	
		HK\$'000	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	4,211,762	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	7,883	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	3,764,433	
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	3,764,433	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	

CC1: Composition of regulatory capital (continued)

Notes to the template:

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

Row No.	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
9	Other intangible assets (net of associated deferred tax liabilities) <u>Explanation</u> 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.	1,396,714	-
10	Deferred tax assets (net of associated deferred tax liabilities) <u>Explanation</u> 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.	692,836	-
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) <u>Explanation</u> 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.	-	-

CC1: Composition of regulatory capital (continued)

Row No.	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) <u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.	-	-
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) <u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.	-	-
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold) <u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.	-	-
Remarks: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	At 31 December 2025		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	HK\$'000	HK\$'000	
ASSETS			
Cash and balances with banks and other financial institutions	49,261,860	49,261,860	
Placements with banks and other financial institutions	9,496,271	9,496,271	
Financial assets at fair value through profit or loss	12,562,209	12,562,209	
Derivative financial instruments	1,112,205	1,112,205	
- of which: debit valuation adjustments in respect of derivative contracts		235	(1)
Advances to banks and other financial institutions	1,594,093	1,594,093	
Advances to customers and trade bills	268,897,931	268,897,931	
Financial investments	205,806,872	205,806,872	
Interests in subsidiaries	-	10,983	
Investment properties	2,011,400	2,011,400	
Properties, plant and equipment	6,639,503	6,639,503	
Intangible assets	1,604,476	1,604,476	(2)
Deferred tax assets	692,836	692,836	(3)
- of which: deferred tax liabilities related to other intangible assets		207,762	(4)
Other assets	6,772,136	6,771,117	
Total assets	566,451,792	566,461,756	
LIABILITIES			
Deposits and balances from banks and other financial institutions	35,380,872	35,380,872	
Financial liabilities at fair value through profit or loss	6,982,526	6,982,526	
Derivative financial instruments	1,311,963	1,311,963	
- of which: debit valuation adjustments in respect of derivative contracts		236	(5)
Deposits from customers	405,708,948	406,440,675	
Debt securities and certificates of deposit in issue	24,845,589	24,845,589	
Current tax liabilities	715,582	704,669	
Other accounts and provisions	10,912,104	10,911,716	
Deferred tax liabilities	824,349	815,608	
Subordinated liabilities	5,548,907	5,548,907	
- of which: included in Tier 2 Capital		5,417,236	(6)
Total liabilities	492,230,840	492,942,525	

CC2: Reconciliation of regulatory capital to balance sheet (continued)

	(a)	(b)	(c)
	At 31 December 2025		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	HK\$'000	HK\$'000	
EQUITY			
Share capital	3,144,517	3,144,517	(7)
Reserves	63,654,409	62,952,688	
- Retained earnings	55,908,350	55,261,987	(8)
- of which: cumulative fair value gains arising from the revaluation of investment properties		109,518	(9)
- Premises revaluation reserve	5,107,913	5,052,555	(10)
- Reserve for fair value changes through other comprehensive income	823,288	823,288	(11)
- Regulatory reserve	2,350,933	2,350,933	(12)
- Translation reserve	(536,075)	(536,075)	(13)
Additional equity instruments	7,422,026	7,422,026	(14)
Total equity	74,220,952	73,519,231	
Total liabilities and equity	566,451,792	566,461,756	

CCA: Main features of regulatory capital instruments

		CET1 Capital Ordinary Shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated Notes
1	Issuer	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited	Nanyang Commercial Bank, Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable	XS2467774209	XS2587421681	XS2842544491
3	Governing law(s) of the instrument	Hong Kong Laws	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.	The Capital Securities are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.	The Notes are governed by and shall be construed in accordance with English Law, except that the subordination provisions are governed by and shall be construed in accordance with Hong Kong law.
	<i>Regulatory treatment</i>				
4	Transitional Basel III rules	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5	Basel III rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo*/group/solo and group	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Additional Tier 1 capital instruments	Additional Tier 1 capital instruments	Other Tier 2 instruments
8	Amount recognised in regulatory capital (currency in millions, as of 31 December 2025)	HK\$3,145 million	HK\$5,078 million	HK\$2,344 million	HK\$5,417 million
9	Par value of instrument	No par value (refer to Note 1 for details)	US\$650 million	US\$300 million	US\$700 million
10	Accounting classification	Shareholders' equity	Equity instruments	Equity instruments	Liability-amortised cost
11	Original date of issuance	1 July 1948 (refer to Note 2 for details)	28 April 2022	7 March 2023	6 August 2024
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	Not Applicable	Not Applicable	6 August 2034
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary Shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated Notes
15	Optional call date, contingent call dates and redemption amount	Not Applicable	First call date: 28 April 2027 Additional optional redemption in whole at 100% of principal amount with distributions accrued for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non-Viability Event. Redemption subject to prior written consent of the Hong Kong Monetary Authority ("HKMA").	First call date: 7 March 2028 Additional optional redemption in whole at 100% of principal amount with distributions accrued for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non-Viability Event. Redemption subject to prior written consent of the HKMA.	Optional Call Date: 6 August 2029 Additional optional redemption in whole at 100% of principal amount with accrued interests for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non-Viability Event. Redemption subject to prior written consent of the HKMA.
16	Subsequent call dates, if applicable	Not Applicable	Any distribution payment date thereafter	Any distribution payment date thereafter	Not Applicable
	<i>Coupons/dividends</i>				
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index	Not Applicable	Year 1-5: 6.50% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread	Year 1-5: 7.35% per annum payable semi-annually in arrear; Year 5 onwards: resettable on year 5 and every 5 years thereafter at then prevailing 5-year US Treasury yield plus a fixed initial spread	At a fixed rate of 6.00% per annum until and excluding 6 August 2029. At a rate of the five-year U.S. Treasury yield plus the Spread from 6 August 2029 to (but excluding) 6 August 2034.
19	Existence of a dividend stopper	No	Yes	Yes	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step-up or other incentive to redeem	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Cumulative

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary Shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated Notes
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
25	If convertible, fully or partially	Not Applicable	Not Applicable	Not Applicable	Not Applicable
26	If convertible, conversion rate	Not Applicable	Not Applicable	Not Applicable	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable	Not Applicable	Not Applicable	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable	Not Applicable	Not Applicable	Not Applicable
30	Write-down feature	No	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Not Applicable	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event	Upon the occurrence of a Non-Viability Event
32	If write-down, full or partial	Not Applicable	Full or Partial	Full or Partial	Full or Partial
33	If write-down, permanent or temporary	Not Applicable	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not Applicable	Not Applicable	Not Applicable	Not Applicable

CCA: Main features of regulatory capital instruments (continued)

		CET1 Capital Ordinary Shares	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Non-Cumulative Subordinated Additional Tier 1 Capital Securities	USD Tier 2 Capital Subordinated Notes
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Not Applicable	The rights of the holders will, in the event of the Winding-Up of the Issuer, rank: (i) subordinate and junior in right of payment to, and of all claims of (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) holders of Tier 2 Capital Subordinated notes of the Issuer, and (c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract; (ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to and of all claims of the holders of Junior Obligations.	The rights of the holders will, in the event of the Winding-Up of the Issuer, rank: (i) subordinate and junior in right of payment to, and of all claims of (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) holders of Tier 2 Capital Subordinated notes of the Issuer, and (c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract; (ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to and of all claims of the holders of Junior Obligations.	The rights of the holders will, in the event of the Winding-Up of the Issuer, rank: (i) subordinate and junior in right of payment to, and of all claims of, (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Notes or rank senior to the Notes by operation of law or contract; (ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of, (a) holders of Tier 1 Capital Instruments of the Issuer, and (b) the holders of other Junior Obligations.
36	Non-compliant transitioned features	Not Applicable	Not Applicable	Not Applicable	Not Applicable
37	If yes, specify non-compliant features	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Footnote:

* Include solo-consolidated

CCA: Main features of regulatory capital instruments (continued)

Note 1: Pursuant to the Hong Kong Companies Ordinance (Chapter 622) which has commenced operation on 3 March 2014, all shares issued by a company incorporated in Hong Kong before, on and after that commencement date shall have no par value and the relevant concept of authorised share capital is abolished, the balance of the share premium account as at 3 March 2014 has been transferred to share capital.

Note 2: Several issuances of ordinary shares have been made since the first issuance in 1948. The last issuance was in 2009.

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer (“CCyB”)

	(a)	(b)	(c)	(d)
	At 31 December 2025			
Geographical breakdown by Jurisdiction (“J”)	Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
	%	HK\$'000	%	HK\$'000
1 Hong Kong SAR	0.50%	164,170,638		
2 Australia	1.00%	1,562,969		
3 France	1.00%	1,687		
4 Germany	0.75%	71,293		
5 Ireland	1.50%	922,931		
6 Luxembourg	0.50%	91,261		
7 Netherlands	2.00%	446,090		
8 South Korea	1.00%	2,627,219		
9 Sweden	2.00%	237,342		
10 United Kingdom	2.00%	1,759,515		
11 Sum		171,890,945		
12 Total		297,457,204	0.31%	926,466

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

		(a)
		At 31 December 2025
		Value under the LR framework
		HK\$'000
1	Total consolidated assets as per published financial statements	566,451,792
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	9,964
3	Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves	N/A
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative contracts	1,896,252
9	Adjustment for SFTs (i.e. repos and similar secured lending)	188,617
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	41,566,471
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(77,686)
12	Other adjustments	(10,308,899)
13	Leverage ratio exposure measure	599,726,511
N/A: Not applicable in the case of Hong Kong		

LR2: Leverage ratio

		(a)	(b)
		At 31 December 2025	At 30 September 2025
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	564,878,840	553,173,471
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	-	-
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(705,886)	(77,339)
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	-	-
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(4,086,681)	(4,777,505)
6	Less: Asset amounts deducted in determining Tier 1 capital	(9,603,013)	(9,920,659)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	550,483,260	538,397,968
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	746,788	406,244
9	Add-on amounts for PFE associated with all derivative contracts	2,261,669	2,719,623
10	Less: Exempted CCP leg of client-cleared trade exposures	-	-
11	Adjusted effective notional amount of written credit-related derivative contracts	-	-
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	-	-
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)	3,008,457	3,125,867
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	4,557,392	445,066
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	188,617	45,621
17	Agent transaction exposures	-	-
18	Total exposures arising from SFTs (sum of rows 14 to 17)	4,746,009	490,687
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	151,383,471	151,560,533
20	Less: Adjustments for conversion to credit equivalent amounts	(109,817,000)	(108,370,490)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(77,686)	(77,850)
22	Off-balance sheet items (sum of rows 19 to 21)	41,488,785	43,112,193
Capital and total exposures			
23	Tier 1 capital	63,915,981	62,628,254
24	Total exposures (sum of rows 7, 13, 18 and 22)	599,726,511	585,126,715
Leverage ratio			
25 & 25a	Leverage ratio	10.66%	10.70%
26	Minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	N/A	N/A

LR2: Leverage ratio (continued)

		(a)	(b)
		At 31 December 2025	At 30 September 2025
		HK\$'000	HK\$'000
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	1,072,064	510,956
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	4,557,392	445,066
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)	596,241,183	585,192,605
31 & 31a	Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	10.72%	10.70%
N/A: Not applicable in the case of Hong Kong			

LIQA: Liquidity risk management

Liquidity risk is the risk that banks fail to provide sufficient funds to grow assets or pay due obligations, and need to bear an unacceptable loss. The Group maintains sound liquidity risk appetite to provide stable, reliable and adequate sources of cash to meet liquidity needs under normal circumstances or stressed scenarios; and to survive with net positive cumulative cash flow in extreme scenarios, without seeking the Contingent Term Facility funding from the HKMA.

The Group's liquidity risk management objective is to effectively manage the liquidity of on- and off-balance sheet items with reasonable cost based on the liquidity risk appetite to achieve sound operation and sustainable profitability. Deposits from customers are the Group's primary source of funds. To ensure stable and sufficient source of funds are in place, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market. According to different term maturities and the results of funding needs estimated from stressed scenarios, the Group adjusts its asset structure (including loans, bonds investment, interbank placement, etc.) to maintain sufficient liquid assets which provides adequate funds in support of normal business needs and ensure its ability to raise funds at a reasonable cost to serve external claims in case of emergency. The Group is committed to diversify the source of funds and the use of funds to avoid excessive concentration of assets and liabilities and prevent triggering liquidity risk due to the break of funding strand when problem occurred in one concentrated funding source. The Group has established intra-group liquidity risk management guideline to manage the liquidity funding among different entities within the Group, and to restrict their reliance of funding on each other. The Group also pays attention to manage liquidity risk created by off-balance sheet activities, such as loan commitments and derivatives. The Group has an overall liquidity risk management strategy to cover the liquidity management of foreign currency assets and liabilities, collateral, intra-day liquidity, intra-group liquidity, the liquidity risk arising from other risks, etc., and has formulated corresponding contingency plan.

The Board has the ultimate responsibility of liquidity risk management, and delegates the decision-making authority of liquidity risk management to Risk Management Committee ("RMC"). As authorised by RMC, the Asset and Liability Management Committee ("ALCO") exercises its oversight of liquidity risk and ensures the daily operations of the Group are in accordance with risk appetite and policies as set by RMC. Asset and Liability Management Division is responsible for overseeing the Group's liquidity risk. It cooperates with Financial Market Department to assist the ALCO to perform liquidity management functions according to their specific responsibilities.

The Group established liquidity risk management indicators and limits to identify, measure, monitor and control liquidity risk on daily basis. These indicators and limits include, but are not limited to LCR, NSFR, loan-to-deposit ratio, Maximum Cumulative Cash Outflow ("MCO"), liquidity buffer asset portfolio and depositor concentration limit. The Group applies cash flow analysis to assess the Group's liquidity condition under normal conditions and also performs a liquidity stress test (including institution specific, general market crisis and combined crisis) at least on monthly basis to assess the Group's capability to withstand various severe liquidity crises. Also, the Assets and Liabilities Management System is developed to provide data and the preparation for regular management reports to facilitate liquidity risk management duties.

LIQA: Liquidity risk management (continued)

In accordance with the requirements of Supervisory Policy Manual LM-2 “Sound Systems and controls for Liquidity Risk Management” issued by the HKMA, the Group has implemented behaviour model and assumptions of cash flow analysis and stress test to enhance the Group’s cash flow analysis under both normal and stressed conditions. In cash flow analysis under normal circumstances, assumptions have been made relating to on-balance sheet items (such as deposits from customers) and off-balance sheet items (such as loan commitments). According to various characteristics of the assets, liabilities and off-balance sheet items, the Group forecasts the future cash flow based on contractual maturity date and the assumptions of customer behaviour and balance sheet changes. The Group establishes MCO indicator which predicts the future 30-day maximum cumulative net cash outflow in normal situations based on the above assumptions, to assess if the Group has sufficient financing capacity to meet the cash flow gap in order to achieve the objective of continuing operation. As at 31 December 2025, before taking the cash inflow through the sale of outstanding marketable securities into consideration, the Bank’s 30-day cumulative cash flow was a net cash inflow amounting to HK\$11,821,021,000 (2024: HK\$28,583,389,000) and was in compliance with the internal limit requirements.

In the liquidity stress test, institution specific, general market crisis and combined crisis scenario has been set up, combined crisis scenario is a combination of institution specific and general market crisis to assess the Group’s capability to withstand a more severe liquidity crisis, with a more stringent set of assumptions being adopted. Stress test assumptions include the run-off rate of retail, wholesale and interbank deposits; drawdown rate of loan commitments and trade-related contingent liabilities; delinquency ratio and rollover rate of customer loans; and haircut of interbank placement and marketable securities. As at 31 December 2025, the Group was able to maintain a positive cash flow under the three stressed scenarios, indicating the Group has the ability to meet financing needs under stressed conditions. In addition, the Group has a policy in place to maintain a liquidity cushion which includes high quality or comparable quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks with 0% or 20% risk weight or marketable securities issued or guaranteed by non-financial corporate with a corresponding external credit rating of BBB- or above to ensure funding needs even under stressed scenarios. As at 31 December 2025, the Bank’s liquidity cushion (before haircut) was HK\$88,655,158,000 (2024: HK\$76,119,817,000). A contingency plan is being established which details the conditions to trigger the plan based on stress test results and early warning indicators, the action plans and relevant procedures and responsibility of various departments. The Group tests and updates the Plan annually to ensure its effectiveness and operational feasibility.

The LCR is calculated in accordance with the Banking (Liquidity) Rules effective from 1 January 2015 and the NSFR is effective from 1 January 2018. The Group, being classified as category 1 authorised institution by the HKMA, is required to calculate ratios on consolidated basis. The Group is required to maintain the LCR and NSFR not less than 100%.

The LCR and NSFR as at 31 December 2025 were 205.42% and 143.70% respectively.

LIQA: Liquidity risk management (continued)

By maintaining a ratio in excess of minimum regulatory requirements, the LCR seeks to ensure that the Group holds adequate liquidity assets to mitigate a short-term liquidity stress and the NSFR ensures the Group maintaining sufficient stable funding sources to cover their long-term assets.

In certain derivative contracts, the counterparties have right to request from the Group additional collateral if they have concerns about the Group's creditworthiness.

The Group's liquidity risk management also covers new products or business developments. Before launching a new product or business, the relevant departments are required to go through a risk assessment process, which includes the assessment of underlying liquidity risk and consideration of the adequacy of the current risk management mechanism. Any material impact on liquidity risk noted during the risk assessment process will be reported to Risk Management Committee for approval.

The Group has established a set of uniform liquidity risk management policies. On the basis of the Group's uniform policy, the principal banking subsidiary develops its own liquidity management policies according to its own characteristics, and assumes its own liquidity risk management responsibility, executes its daily risk management processes independently, and reports to the Group's Management on a regular basis.

LIQA: Liquidity risk management (continued)

(i) On- and off-balance sheet items, broken down into maturity buckets and the resultant liquidity gaps.

At 31 December 2025 Basis of disclosure: consolidated	Total amount	Amount by contractual maturity					No specified term to maturity/ Overdue
		up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1 Deposits from non-bank customers	406,440,634	191,756,288	105,012,531	97,052,796	12,587,291	31,728	
2 Due to MA & Overseas central banks	17,639	-	5,726	11,913	-	-	
3 Due to banks	17,572,889	9,999,016	4,977,586	2,596,287	-	-	-
4 Debt securities, prescribed instruments and structured financial instruments issued and outstanding	24,845,590	2,588,571	3,728,464	5,573,105	12,955,450	-	-
5 Other liabilities and Capital	112,147,001	20,918,966	3,348,925	6,219,130	13,121,306	-	69,762,611
6 Total On-balance sheet liabilities	561,023,753	225,262,841	117,073,232	111,453,231	38,664,047	31,728	69,762,611
7 Total Off-balance sheet obligations	110,208,688	110,208,688	-	-	-	-	-
8 Cash	512,353	512,353	-	-	-	-	
9 Due from MA & Overseas central banks	17,290,723	11,738,897	-	-	-	-	5,551,826
10 Due from banks	42,122,459	31,155,718	3,920,920	6,117,639	928,182	-	-
11 Debt securities, prescribed instruments and structured financial instruments held (net of short positions)	207,090,003	129,699,495	8,124,378	19,662,585	48,822,948	524,852	255,745
12 Loans and advances to non-bank customers, acceptances and bills of exchange held	273,827,973	46,275,328	29,947,548	73,890,391	83,725,621	33,469,699	6,519,386
13 Other assets	24,166,093	7,370,141	1,791,243	1,457,524	98,854	-	14,762,138
14 Total On-balance sheet assets	565,009,604	226,751,932	43,784,089	101,128,139	133,575,605	33,994,551	27,089,095
15 Total Off-balance sheet claims	-	-	-	-	-	-	-
16 Contractual Maturity Mismatch		(108,719,597)	(73,289,143)	(10,325,092)	94,911,558	33,962,823	
17 Cumulative Contractual Maturity Mismatch		(108,719,597)	(182,008,740)	(192,333,832)	(97,422,274)	(63,459,451)	

LIQ1: Liquidity Coverage Ratio – for category 1 institution

		(a)	(b)
Number of data points used in calculating the average value of the LCR and related components set out in this template: 74		Quarter ended 31 December 2025	
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)
		HK\$'000	HK\$'000
A. HQLA			
1	Total HQLA		103,704,000
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	236,646,337	14,095,891
3	<i>Stable retail deposits and stable small business funding</i>	39,835,217	1,195,057
4	<i>Less stable retail deposits and less stable small business funding</i>	52,281,890	5,228,189
4a	<i>Retail term deposits and small business term funding</i>	144,529,230	7,672,645
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	99,237,457	55,815,270
6	<i>Operational deposits</i>	12,707,014	2,901,353
7	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 6</i>	84,763,756	51,147,230
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,766,687	1,766,687
9	Secured funding transactions (including securities swap transactions)		397,922
10	Additional requirements, of which:	61,859,652	15,516,542
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	4,368,715	4,368,715
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	57,490,937	11,147,827
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	4,819,847	4,819,847
15	Other contingent funding obligations (whether contractual or non-contractual)	188,195,641	2,804,965
16	TOTAL CASH OUTFLOWS		93,450,437
C. CASH INFLOWS			
17	Secured lending transactions (including securities swap transactions)	1,044,204	1,044,204
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	71,975,965	32,133,808
19	Other cash inflows	4,778,287	4,689,752
20	TOTAL CASH INFLOWS	77,798,456	37,867,764
D. LIQUIDITY COVERAGE RATIO			Adjusted value
21	TOTAL HQLA		103,704,000
22	TOTAL NET CASH OUTFLOWS		55,582,673
23	LCR (%)		188.43%

LIQ1: Liquidity Coverage Ratio – for category 1 institution (continued)

Notes:

The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.

The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.

The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.

The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

In the fourth quarter of 2025, the Group has maintained a healthy liquidity position. The LCR remained stable and there was no material change compared with the last quarter. The average LCR of the fourth quarter of 2025 was 188.43%. The average HKD level 1 HQLA to HKD net cash outflow ratio of the fourth quarter of 2025 was 222.36%, well above the regulatory requirement of 20%. The ratios have maintained at stable and healthy levels.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks and non-financial corporate debt securities. In the fourth quarter of 2025, the majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposit which are the Group's primary source of funds, together with deposit and balance from bank and other financial institution. To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposit and obtains supplementary funding from the interbank market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, were minimal to the LCR.

LIQ2: Net Stable Funding Ratio – for category 1 institution

	(a)	(b)	(c)	(d)	(e)
	Unweighted value by residual maturity				
At 31 December 2025 Basis of disclosure: consolidated	No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	Weighted amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
A. Available stable funding ("ASF") item					
1 Capital:	74,932,732	-	-	5,417,236	80,349,968
2 <i>Regulatory capital</i>	74,932,732	-	-	5,417,236	80,349,968
2a <i>Minority interests not covered by row 2</i>	-	-	-	-	-
3 <i>Other capital instruments</i>	-	-	-	-	-
4 Retail deposits and small business funding:	-	216,932,908	18,265,230	3,998,734	217,689,628
5 <i>Stable deposits</i>	-	40,251,392	-	-	38,238,822
6 <i>Less stable deposits</i>	-	176,681,516	18,265,230	3,998,734	179,450,806
7 Wholesale funding:	-	189,855,395	15,265,592	5,254,783	73,852,464
8 <i>Operational deposits</i>	-	12,705,821	-	-	6,352,911
9 <i>Other wholesale funding</i>	-	177,149,574	15,265,592	5,254,783	67,499,553
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities:	3,132,001	16,350,481	3,813,783	13,772,133	15,679,025
12 <i>Net derivative liabilities</i>	-	-	-	-	-
13 <i>All other funding and liabilities not included in the above categories</i>	3,132,001	16,350,481	3,813,783	13,772,133	15,679,025
14 Total ASF					387,571,085
B. Required stable funding ("RSF") item					
15 Total HQLA for NSFR purposes	152,855,238				11,782,840
16 Deposits held at other financial institutions for operational purposes	-	569,351	-	-	284,676
17 Performing loans and securities:	1,244,110	150,455,705	63,377,877	174,353,389	234,533,492
18 <i>Performing loans to financial institutions secured by Level 1 HQLA</i>	-	-	-	-	-
19 <i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	901	58,722,127	8,680,178	15,250,838	28,400,147
20 <i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	1,234,122	73,450,919	43,476,324	84,453,189	131,150,516
21 <i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	594,832	-	736,597	776,204

LIQ2: Net Stable Funding Ratio – for category 1 institution (continued)

		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				Weighted amount HK\$'000
At 31 December 2025 Basis of disclosure: consolidated		No specified term to maturity HK\$'000	< 6 months or repayable on demand HK\$'000	6 months to < 12 months HK\$'000	12 months or more HK\$'000	
22	Performing residential mortgages, of which:	-	2,935,720	891,790	21,561,041	17,011,770
23	With a risk-weight of less than or equal to 35% under the STC approach	-	277,154	496,042	16,144,351	10,880,426
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	9,087	15,346,939	10,329,585	53,088,321	57,971,059
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	20,635,161	5,189,487	214,496	-	20,188,470
27	Physical traded commodities, including gold	448,859				381,530
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-				-
29	Net derivative assets	506,128				506,128
30	Total derivative liabilities before adjustments for deduction of variation margin posted	1,284,772				64,239
31	All other assets not included in the above categories	18,395,402	5,189,487	214,496	-	19,236,573
32	Off-balance sheet items		252,523,822			2,909,710
33	Total RSF					269,699,188
34	Net Stable Funding Ratio (%)					143.70%

LIQ2: Net Stable Funding Ratio – for category 1 institution (continued)

	(a)	(b)	(c)	(d)	(e)
	Unweighted value by residual maturity				
At 30 September 2025 Basis of disclosure: consolidated	No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	Weighted amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
A. Available stable funding ("ASF") item					
1 Capital:	73,943,658	-	-	5,407,806	79,351,464
2 <i>Regulatory capital</i>	73,943,658	-	-	5,407,806	79,351,464
2a <i>Minority interests not covered by row 2</i>	-	-	-	-	-
3 <i>Other capital instruments</i>	-	-	-	-	-
4 Retail deposits and small business funding:	-	201,966,547	28,343,472	4,416,909	213,590,571
5 <i>Stable deposits</i>	-	37,892,880	-	-	35,998,236
6 <i>Less stable deposits</i>	-	164,073,667	28,343,472	4,416,909	177,592,335
7 Wholesale funding:	-	169,594,649	23,909,401	6,552,296	74,238,567
8 <i>Operational deposits</i>	-	12,839,483	-	-	6,419,742
9 <i>Other wholesale funding</i>	-	156,755,166	23,909,401	6,552,296	67,818,825
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities:	2,745,955	14,629,254	3,841,851	14,757,955	16,678,881
12 <i>Net derivative liabilities</i>	-	-	-	-	-
13 <i>All other funding and liabilities not included in the above categories</i>	2,745,955	14,629,254	3,841,851	14,757,955	16,678,881
14 Total ASF					383,859,483
B. Required stable funding ("RSF") item					
15 Total HQLA for NSFR purposes	137,176,505				11,541,948
16 Deposits held at other financial institutions for operational purposes	-	929,121	-	-	464,561
17 Performing loans and securities:	1,468,367	146,387,345	64,337,249	178,931,272	235,985,278
18 <i>Performing loans to financial institutions secured by Level 1 HQLA</i>	-	-	-	-	-
19 <i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	22,579	60,531,124	10,391,330	13,808,735	28,106,648
20 <i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	1,383,873	73,396,897	38,131,896	89,465,763	132,839,317
21 <i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	1,159	-	736,351	479,208

LIQ2: Net Stable Funding Ratio – for category 1 institution (continued)

		(a)	(b)	(c)	(d)	(e)
		Unweighted value by residual maturity				Weighted amount HK\$'000
At 30 September 2025 Basis of disclosure: consolidated		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
22	Performing residential mortgages, of which:	-	2,965,991	1,064,043	22,033,378	17,285,142
23	With a risk-weight of less than or equal to 35% under the STC approach	-	286,043	520,619	17,291,231	11,642,631
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	61,915	9,493,333	14,749,980	53,623,396	57,754,171
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	19,556,025	3,439,054	247,288	1,239	19,349,189
27	Physical traded commodities, including gold	401,229				341,045
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-				-
29	Net derivative assets	25,394				25,394
30	Total derivative liabilities before adjustments for deduction of variation margin posted	959,399				47,970
31	All other assets not included in the above categories	18,170,003	3,439,054	247,288	1,239	18,934,780
32	Off-balance sheet items		246,113,533			2,985,090
33	Total RSF					270,326,066
34	Net Stable Funding Ratio (%)					142.00%

Notes:

The above disclosures are made pursuant to the section 16FL and 103AB of Banking (Disclosure) Rules. The items disclosed are measured according to the methodology and instructions set out in the Stable Funding Position Return (MA(BS)26) and the requirements set out in Banking (Liquidity) Rules.

Net Stable Funding Ratio ("NSFR") is defined as the amount of available stable funding ("ASF") relative to the amount of required stable funding ("RSF"). The ratio is calculated after applying the respective ASF or RSF factors required under the Stable Funding Position Return (MA(BS)26). It requires banks to maintain a stable funding profile in relation to the composition of banks' assets and off-balance sheet activities.

The Group has maintained a healthy liquidity position. The NSFR of the third and fourth quarters were 142.00% and 143.70% respectively. The ratio remained stable and well above the regulatory requirement of 100% throughout the second half of 2025. The weighted amount of ASF items mainly consists of retail and corporate deposits which are the Group's primary source of funds, together with regulatory capital. The weighted amount of RSF items mainly consists of loans to customers and investments in debt securities.

CRA: General information about credit risk

Credit risk is the risk of loss that a customer or counterparty is unable to or unwilling to meet its contractual obligations. Credit Risk exists in the trading book and banking book, as well as from on- and off-balance sheet transactions of the Group. It arises principally from lending, trade finance and treasury businesses.

The Group has formulated a comprehensive set of credit risk management policies and procedures, and appropriate credit risk limits to manage and control credit risk that may arise. These policies and procedures stipulate delegated credit authorities, credit underwriting standards, credit monitoring criteria, internal rating structure, problem loan management and impairment policy. These policies, procedures and credit risk limits are regularly reviewed and updated to cope with changes in market conditions and business strategies.

The Group's organization structure defines a clear set of authority and responsibility for monitoring compliance with policies, procedures and limits.

Structure and organization of credit risk management as well as the responsibilities of relevant units can be referred to OVA.

Credit risk management information reports and ad hoc reports will be submitted to Board of Directors, Risk Management Committee and management to facilitate their continuous monitoring of credit management related matters.

In addition, the risk management units identify credit concentration risk by industry, geography, customer and counterparty. The risk management units monitor changes in counterparty credit risk, quality of the credit portfolio and credit risk concentrations, and report regularly to the Group management.

CR1: Credit quality of exposures

Defaulted exposures are exposures which fall within the section 67 of Banking (Capital) Rules.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
At 31 December 2025								
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a + b – c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	6,429,086	327,307,738	4,079,392	2,743,042	1,294,584	-	329,657,432
2	Debt securities	255,745	205,789,459	5	-	5	-	206,045,199
3	Off-balance sheet exposures	37,399	67,114,958	62,827	4,011	57,443	-	67,089,530
4	Total	6,722,230	600,212,155	4,142,224	2,747,053	1,352,032	-	602,792,161

CR2: Changes in defaulted loans and debt securities

		(a)
		HK\$'000
1	Defaulted loans and debt securities as at 30 June 2025	7,630,265
2	Loans and debt securities that have defaulted since the last reporting period	1,825,373
3	Returned to non-defaulted status	(560,174)
4	Amounts written off	(2,219,545)
5	Other changes	8,912
6	Defaulted loans and debt securities as at 31 December 2025	6,684,831

CRB: Additional disclosure related to credit quality of exposures

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

Advances are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Credit-impaired advances are classified as Stage 3. The Group identifies the advances as impaired if the exposure is past due for more than 90 days or the borrower is unlikely to pay in full for the credit obligations to the Group.

Exposures which are past due for more than 90 days are classified as Stage 3 exposure and thus being classified as impaired.

HKFRS 9 introduces a new impairment model that requires the recognition of ECL for financial instrument held at amortized cost and fair value through other comprehensive income. Under HKFRS 9, ECL is assessed in three stages and the financial assets and commitments are classified in one of the three stages.

Stage 1: if the financial instrument is not credit-impaired upon origination and the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance is measured at an amount up to 12-month ECL;

Stage 2: if the financial instrument is not credit-impaired upon origination but the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime ECL;

Stage 3: if the financial instrument is credit-impaired, with one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, the loss allowance is also measured at an amount equal to the lifetime ECL.

The Group leverages the parameters implemented under Internal Ratings-Based (“IRB”) models and internal models where feasible and available to assess ECL. For the portfolios without models, all other reasonable and supportable information such as historical information, relevant loss experience or proxies are utilized. The measurement of ECL is the product of the financial instrument’s probability of default, loss given default and EAD discounted at the effective interest rate to the reporting date.

ECL is measured at an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The Group adopts three economic scenarios in the ECL measurement to meet the requirements of HKFRS 9. The “Base case” scenario represents a most likely outcome and the other two scenarios, referred to as “Upside” scenario and “Downside” scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Base case scenario.

The Base case scenario, Upside scenario and Downside scenario are made reference to macroeconomics forecast by internal economic research unit.

The macroeconomic factors in the major operate countries/regions such as HK GDP growth rate, HK Inflation, HK unemployment rate, HK Property price growth, China GDP growth rate, China Inflation and China Property price growth are applied in the economic scenarios. These macroeconomic factors are considered to be important to the Group’s ECL in statistical analysis and business opinion.

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

The probability assigned for each scenario reflects the Group's view for the economic environment, which implements the Group's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance. A higher probability is assigned to the Base case scenario to reflect the most likely outcome and a lower probability is assigned to the Upside and Downside scenarios to reflect the less likely outcomes. The probabilities assigned are reviewed each quarter.

Rescheduled advances are those advances that have restructured or renegotiated because of deterioration in the financial position of the borrower or of the inability of the borrower to meet the original repayment schedule.

The table below provides a breakdown of exposures by geographical area, industry and residual maturity.

Geographical area	Residual maturity	Exposures by industry						Total
		Banks	Other financial institutions	Real estates	Wholesale, retail and trades	Individuals	Others	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Hong Kong	Within 1 year	34,865,657	25,574,124	26,104,348	18,064,724	4,918,752	119,467,873	228,995,478
	1 to 5 years	45,968,432	16,775,609	16,813,156	4,243,147	8,963,261	50,354,131	143,117,736
	Over 5 years	65,853	732,226	5,542,215	1,233,185	14,742,038	3,480,530	25,796,047
	Sub-total	80,899,942	43,081,959	48,459,719	23,541,056	28,624,051	173,302,534	397,909,261
Mainland of China	Within 1 year	25,760,455	8,781,713	1,222,105	31,927,084	3,409,591	60,664,164	131,765,112
	1 to 5 years	473,466	4,389,395	2,306,003	2,106,299	1,550,124	38,005,873	48,831,160
	Over 5 years	107,717	247,245	3,195,735	337,275	12,543,021	11,997,859	28,428,852
	Sub-total	26,341,638	13,418,353	6,723,843	34,370,658	17,502,736	110,667,896	209,025,124
Total		107,241,580	56,500,312	55,183,562	57,911,714	46,126,787	283,970,430	606,934,385

The table below provides a breakdown of impaired exposures, related allowances and write-offs by geographical area and industry.

Geographical area	Industry	Impaired exposures	Impairment allowances – Stage 3	Write-offs
		HK\$'000	HK\$'000	HK\$'000
Hong Kong	Banks	-	-	-
	Other financial institutions	-	-	363,007
	Real estates	3,906,368	1,515,852	1,301,393
	Wholesale, retail and trades	133,225	69,507	361
	Individuals	7,696	7,696	111
	Others	890,964	350,182	57,090
	Sub-total	4,938,253	1,943,237	1,721,962
Mainland of China	Banks	-	-	-
	Other financial institutions	-	-	-
	Real estates	462,022	325,577	1,197,558
	Wholesale, retail and trades	75,387	75,930	-
	Individuals	389,343	231,648	37,618
	Others	306,220	171,037	39,199
	Sub-total	1,232,972	804,192	1,274,375
Total		6,171,225	2,747,429	2,996,337

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

The table below provides aging analysis of accounting past due exposures.

Overdue for:	Exposures
	HK\$'000
Up to 1 month	417,179
3 months or less but over 1 month	1,354,843
6 months or less but over 3 months	246,319
1 year or less but over 6 months	1,029,041
Over 1 year	3,765,164
Total	6,812,546

The table below provides a breakdown of restructured exposures between impaired and not impaired exposures.

	Impaired	Not impaired	Total
	HK\$'000	HK\$'000	HK\$'000
Restructured exposures	25,132	28,956	54,088

CRC: Qualitative disclosures related to credit risk mitigation

In accordance with the Banking (Capital) Rules section 209, the Bank adopts the netting approach which is consistent with the Banking (Capital) Rules for capital adequacy purposes, and only those OTC derivative transactions subject to valid bilateral netting agreements are eligible to net amounts owed by the Bank. The netting should only be applied to counterparty credit exposure where there is a legal right to do so.

The Group utilizes collateral or guarantees, among other instruments, to mitigate credit risks. The valuation and management of collateral or guarantees has been documented in the credit risk management policies and procedures which include collateral acceptance criteria, validity of collateral, loan-to-value ratio, haircut ratio, valuation and insurance requirements, etc.

The collateral is revalued on a regular basis, though the frequency and the method used varies with the type of collateral involved and the nature and the risk of the underlying credit. The Bank established a mechanism to update the value of its main type of collateral, i.e. real estate properties, with the use of public indices on a portfolio basis. Collateral is insured with the Bank as the primary beneficiary.

The credit risk concentration within the credit risk mitigation used by the Bank are under a low level.

CR3: Overview of recognised credit risk mitigation

		(a)	(b)	(c)	(d)	(e)
		At 31 December 2025				
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	319,436,592	10,220,840	7,184,430	3,036,410	-
2	Debt securities	197,204,546	8,840,653	-	8,840,653	-
3	Total	516,641,138	19,061,493	7,184,430	11,877,063	-
4	Of which defaulted	3,892,775	48,978	44,789	4,189	-

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

The Group adopts STC approach to determine the risk weights of the credit exposures. ECAI ratings are used as part of the determination of risk weights for the following classes of credit risk exposures:

- Sovereign exposures
- Public sector entity exposures
- Multilateral development bank exposures
- Unspecified multilateral body exposures
- Bank exposures
- Eligible covered bond exposures
- Qualifying non-bank financial institution exposures
- General corporate exposures
- Specialized lending exposures

The Group performs the ECAI ratings mapping to its credit risk exposures in accordance with Part 4 of the Banking (Capital) Rules. The ECAs recognised by the Group include S&P Global Ratings, Moody's Investors Service and Fitch Ratings.

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

STC approach

		(a)	(b)	(c)	(d)	(e)	(f)
		At 31 December 2025					
Exposure classes		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1	Sovereign exposures	107,331,702	811	107,331,702	673	140,334	0.13%
2	Public sector entity exposures	12,222,648	2,863,000	12,625,053	829,555	2,257,225	16.78%
3	Multilateral development bank exposures	2,602,580	-	2,602,580	-	-	0.00%
3a	Unspecified multilateral body exposures	-	-	-	-	-	N/A
4	Bank exposures	104,447,416	1,366,792	104,096,856	1,325,354	30,067,376	28.52%
4a	Qualifying non-bank financial institution exposures	889,503	2,546,100	889,503	401,500	453,989	35.17%
5	Eligible covered bond exposures	-	-	-	-	-	N/A
6	General corporate exposures	202,688,558	215,277,142	196,309,703	21,599,532	205,188,079	94.16%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	49,183,294	35,113,050	46,589,188	3,891,677	46,911,606	92.93%
6b	Specialized lending	409,773	119,731	409,773	46,684	509,178	111.54%
7	Equity exposures	9,087	-	9,087	-	22,718	250.00%
7a	Significant capital investments in commercial entities	-	-	-	-	-	N/A
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	2,461,519	-	2,461,519	-	3,692,279	150.00%
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	-	-	-	-	-	N/A
8	Retail exposures	16,775,645	13,898,999	16,458,782	1,652,559	15,846,721	87.50%
8a	Exposures arising from IPO financing	-	-	-	-	-	N/A
9	Real estate exposures	77,749,999	16,401,733	77,253,112	2,343,426	61,761,622	77.59%

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

		(a)	(b)	(c)	(d)	(e)	(f)
		At 31 December 2025					
Exposure classes		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	21,197,606	-	20,999,415	-	6,284,041	29.92%
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	95,248	-	95,248	-	30,014	31.51%
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	4,032,233	-	4,026,000	-	2,535,909	62.99%
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	9,429	-	9,429	-	7,840	83.15%
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	46,978,631	15,695,131	46,686,168	2,244,270	46,148,892	94.31%
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	1,557,156	108,529	1,557,156	39,349	2,394,758	150.00%
9g	Of which: land acquisition, development and construction exposures	3,879,696	598,073	3,879,696	59,807	4,360,168	110.68%
10	Defaulted exposures	3,980,433	45,502	3,980,433	17,905	5,621,453	140.59%
11	Other exposures	16,928,392	-	16,928,392	-	11,546,337	68.21%
11a	Cash and gold	961,212	-	961,212	-	448,859	46.70%
11b	Items in the process of clearing or settlement	2,763,529	-	2,763,529	-	-	0.00%
12	Total	552,221,996	252,519,810	545,081,236	28,217,188	337,556,170	58.88%

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

STC approach

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign exposures	106,630,704	701,671	-	-	-	-	107,332,375
2	Public sector entity exposures	2,537,306	10,671,421	245,881	-	-	-	13,454,608
3	Multilateral development bank exposures	2,602,580		-	-	-	-	2,602,580
3a	Unspecified multilateral body exposures	-	-	-	-	-	-	-
4	Bank exposures	42,880,464	49,693,100	1,585,694	10,627,755	-	635,197	105,422,210
4a	Qualifying non-bank financial institution exposures	150,048	909,370	-	90,085	141,500	-	1,291,003
5	Eligible covered bond exposures	-	-	-	-	-	-	-

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

		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	-	-	14,697,699		20,172,297	2,990,051	179,810,638	238,550	-	217,909,235
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	3,853,399		6,570,240	-	40,057,226	-	-	50,480,865
		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
6b	Specialized lending	-	-	-	-	280,722	175,735	-	-	-	456,457
				100%	250%		400%		Other	Total credit exposure amount (post-CCF and post-CRM)	
7	Equity exposures				9,087		-		-	9,087	
				250%	400%		1250%		Other	Total credit exposure amount (post-CCF and post-CRM)	
7a	Significant capital investments in commercial entities			-	-		-		-	-	
				150%	250%		400%		Other	Total credit exposure amount (post-CCF and post-CRM)	
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities			2,461,519	-		-		-	2,461,519	
					150%		Other			Total credit exposure amount (post-CCF and post-CRM)	
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates				-		-			-	
				45%	75%		100%		Other	Total credit exposure amount (post CCF and post-CRM)	
8	Retail exposures			49,033	10,917,959		5,882,903		1,261,446	18,111,341	

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

8a		0%										Other						Total credit exposure amount (post-CCF and post-CRM)				
	Exposures arising from IPO financing	-										-						-				
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
9	Real estate exposures	-	9,274,999	2,691,953	4,883,330	-	1,036,677	243,766	1,093,852	3,663,578		1,586,806	8,556,597	4,574,267	6,199	39,314,602	26,786	-	2,437,835	205,291	79,596,538	
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		9,274,999	2,691,953	4,792,878		1,036,677	243,766	1,093,852	26,593		1,583,576	23,044				26,786			205,291	20,999,415	
9b	Of which: no loan splitting applied		9,274,999	2,691,953	4,792,878		1,036,677	243,766	1,093,852	26,593		1,583,576	23,044				26,786			205,291	20,999,415	
9c	Of which: loan splitting applied (secured)																					
9d	Of which: loan splitting applied (unsecured)																					
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)				90,452	-		-		4,796			-		-		-			-	95,248	
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-		-	3,632,189			101,316	79,152		213,343			-	-	4,026,000	
9g	Of which: no loan splitting applied	-	-		-		-		-	3,632,189			101,316	79,152		213,343			-	-	4,026,000	

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

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9h	Of which: loan splitting applied (secured)																				
9i	Of which: loan splitting applied (unsecured)																				
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)											3,230			6,199			-		-	9,429
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-		-				8,432,237	4,495,115		36,003,086			-	-	48,930,438
9l	Of which: no loan splitting applied	-	-		-		-		-				8,432,237	4,495,115		36,003,086			-	-	48,930,438
9m	Of which: loan splitting applied (secured)																				
9n	Of which: loan splitting applied (unsecured)																				
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)																		1,596,505	-	1,596,505
9p	Of which: land acquisition, development and construction exposures															3,098,173			841,330	-	3,939,503

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

		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures		606,791	3,342,549	48,998	3,998,338
11		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Other exposures	10,979,340	-	5,949,052	16,928,392	
11a		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Cash and gold	512,353	448,859	-	961,212	
11b		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Items in the process of clearing or settlement	2,763,529	-	-	2,763,529	

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

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

		(a)	(b)	(c)	(d)
	Risk Weight	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF	Exposure (post-CCF and post-CRM)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Less than 40%	241,984,150	3,486,250	31.11%	242,283,655
2	40-70%	29,736,332	4,420,358	39.38%	31,351,448
3	75%	32,962,084	20,353,237	12.33%	34,156,498
4	85%	7,423,758	3,646,434	14.92%	7,595,837
5	90-100%	230,206,603	220,366,615	16.15%	247,914,228
6	105-130%	539,883	98,273	40.00%	572,907
7	150%	9,360,099	148,643	37.66%	9,414,764
8	250%	9,087	-	N/A	9,087
9	400%	-	-	N/A	-
10	1,250%	-	-	N/A	-
11	Total exposures	552,221,996	252,519,810	16.46%	573,298,424

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

The Bank's risk management objective with respect to counterparty credit risk is to ensure that the relevant businesses are well managed and controlled under the Bank's risk management framework. The Bank has in place clearly documented CCR management policies, which have defined counterparty credit risk and its components, types of transactions that give rise to counterparty credit risk, risk assessment methodology, risk mitigation measures and risk appetite.

The Bank has set risk appetite for both solo and consolidated levels for its counterparty credit risk exposure. The appetite is set as a percentage of pre-settlement risk exposure over the Bank's Tier 1 capital. The risk appetite is reviewed annually and approved by the Board. The Bank monitors its exposure against the risk appetite and reports to the Bank's management regularly. Further controlling action(s) will be taken when necessary.

The Bank sets credit limits to control pre-settlement and settlement risks. Limits are approved through formal credit assessment procedures stated in Bank's policies. Limit utilization/risk exposure is measured by SA-CCR. Any limit exceptions or excesses will be closely monitored and reported.

Based on the credit risk assessment result of counterparties, the Bank applies appropriate risk mitigating/credit enhancing measures to mitigate the counterparty credit risk exposures. These measures generally include netting arrangement, collateral and margining arrangement and PvP for settlement.

When conducting the credit assessment process, the Bank assesses whether there is any general or specific wrong way risk associated with CCR-related activities. The Bank, in principle, does not conduct any transactions that would give rise to specific wrong way risk. The Bank also assesses if there is any general wrong way risk with any counterparties by conducting regular stress testing. The Bank will further assess the risks with those identified counterparties and take further controlling action(s) when necessary.

Currently, GMRA, ISDA master agreements and CSA signed between the Bank and its counterparties do not contain any credit rating downgrade clause.

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

		(a)	(b)	(c)	(d)	(e)	(f)
		At 31 December 2025					
		Replacement cost	PFE	Effective EPE	Alpha used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1	SA-CCR approach (for derivative contracts)	379,291	1,297,710		1.4	2,347,802	915,264
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM(CCR) approach			-	Not applicable	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					300,591	67,045
5	VaR (for SFTs)					-	-
6	Total						982,309

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

STC approach

		(a)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	(i)
		At 31 December 2025											
	Risk Weight	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
	Exposure class	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-	-
2	Public sector entity exposures	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-	-	-	-	-
5	Bank exposures	-	-	922,216	887,475	19,110	591,225	-	-	52,372	-	-	2,472,398
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-	-	-	-
7	General corporate exposures	-	-	-	-	-	-	-	-	169,419	-	-	169,419
8	Retail exposures	-	-	-	-	-	-	-	-	6,576	-	-	6,576
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
11	Total	-	-	922,216	887,475	19,110	591,225	-	-	228,367	-	-	2,648,393

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

	(a)	(b)	(c)	(d)	(e)	(f)
	At 31 December 2025					
	Derivative contracts				SFTs	
	Fair value of recognised collateral received		Fair value of posted collateral		Fair value of recognised collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	494,243	-	705,944	4,557,392	-
Government bonds	-	-	-	-	-	778,374
Other bonds	-	-	-	-	-	4,079,609
Total	-	494,243	-	705,944	4,557,392	4,857,983

CCR6: Credit-related derivatives contracts

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

CCR8: Exposures to CCPs

		(a)	(b)
		At 31 December 2025	
		Exposure after CRM	RWA
		HK\$'000	HK\$'000
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		4,578
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	228,878	4,578
3	(i) OTC derivative transactions	228,878	4,578
4	(ii) Exchange-traded derivative contracts	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	-	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

CVAA: Qualitative disclosures related to CVA risk

Credit Valuation Adjustment (“CVA”) risk is a component of counterparty credit risk before settlement. It arises from potential losses caused by changes in counterparty credit risk in OTC derivatives transactions, which may lead to potential mark-to-market losses. The Bank’s derivatives transactions mainly involve traditional foreign exchange and interest rate products. Daily CVA profit and loss reports are in place for monitoring CVA risk of the Bank.

In accordance with the Banking (Capital) Rules, CVA risk has to be included in the calculation of risk-weighted assets (“RWAs”). The Group adopts the reduced basic CVA approach to calculate the RWAs for CVA risk.

The Group does not choose to set its RWAs for CVA risk at 100% of its RWAs for counterparty credit risk exposures.

CVA1: CVA risk under reduced basic CVA approach

The Group does not enter into any CVA hedges.

		(a)	(b)
		At 31 December 2025	
		Components	CVA risk capital charge under the reduced basic CVA approach
		HK\$'000	HK\$'000
1	Aggregation of systematic components of CVA risk	88,984	
2	Aggregation of idiosyncratic components of CVA risk	21,698	
3	Total		31,393

MRA: Qualitative disclosures related to market risk

Market risk refers to the risk of loss arising from movements in the value of foreign exchange, interest rate, equity and commodity positions held by the Group due to the volatility of financial market price (foreign exchange rate, interest rate, credit spread, equity price, commodity price).

The Group undertakes trading activities to facilitate clients' business needs, while managing market risks within a moderate risk appetite. The risk appetite is defined in accordance with the Group's business strategies and governs the trading book activities in order to achieve a balance between risk and return. The Group has established a robust risk management framework to oversee and manage market risk, including policies that define and establish control framework for back-to-back trades, hedging strategies to mitigate market exposures within preset limits, and monitoring of hedge effectiveness.

In accordance with the Group's corporate governance principles with respect to risk management, the Board and its delegated Risk Management Committee ("RMC"), Senior Management and its delegated Asset and Liability Management Committee ("ALCO"), and functional units perform their respective duties and responsibilities to manage the Group's market risk. The Board holds the ultimate responsibility for the Group's market risk management and delegates the RMC to oversee the Group's market risk framework, including high level market risk management policies and limits, while ALCO is responsible for approving lower level market risk management policies and limits, and reviewing market risk reports. The risk management units are responsible for assisting Senior Management to perform their day-to-day duties, independently monitoring the market risk profile and compliance of management policies and limits of the Group, to ensure that the aggregate and individual market risk profiles are within acceptable levels.

The Group sets up market risk indicators and limits to identify, measure, monitor and control market risk. To meet management requirements, major risk indicators and limits are classified into four levels, subject to review at least once a year based on current situation, and are approved by the RMC, ALCO or Senior Management respectively. Treasury business units are required to conduct their business and trading within approved market risk indicators and limits. Major risk indicators and limits which include but not limited to VAR (Value-at-Risk), Stop Loss, Open Position, Stress Testing and Sensitivity Analysis (Basis Point Value, CS01) are monitored daily by independent risk control units, and are also reported regularly to Senior Management.

To ensure strict adherence to regulatory rules and the prevention of regulatory arbitrage, the Group maintains a Boundary Between Trading Book and Banking Book Policy to govern the classification of instruments, ensuring that designations strictly adhere to regulatory guideline and Banking (Capital) Rules (the "Rules"). Positions are designated as trading if they are held with trading intent, including those held for short-term resale, profiting from short-term price movements, locking in arbitrage profits, or hedging other trading book instruments, and the instruments must be free from any legal impediment against selling or fully hedging them. Stale positions are defined as individual positions that have little or no trading activity or revaluation over a certain period, making them potentially less reflective of current market values. The criteria for identifying stale positions and the respective controls and monitoring processes are clearly stipulated in the Group's Market Risk Management Policy.

MRA: Qualitative disclosures related to market risk (continued)

During the current reporting period, certain instruments were assigned to the banking book contrary to the general presumptions set out in Part 8 of the Rules, as detailed in the table below. These include FX swap for funding purposes, matured distressed bond, listed equities and mandatory convertible bonds received through the restructuring of bad loans. The Bank has obtained approval from the HKMA for these assignments to be deviated from trading book presumptive list and assigned to the banking book, as they are not held for any of the purposes stated in Section 281B Subsection (1) of the Rules.

	At 31 December 2025
	Market value
	HK\$'000
Instruments deviated from trading book presumptive list	
FX swap for funding purpose	(412,497)
Matured distressed bonds	1,064
Mandatory convertible bonds taken from bad loans	114,575
Listed equities taken from bad loans	11,141
Gross fair value	(285,717)

During the reporting period, there have been no movements of instruments between the banking book and the trading book. The Group has not engaged in any internal risk transfer (IRT) activities of credit risk or general interest rate risk between banking and trading books, and maintains no dedicated IRT trading desk.

MR1: Market risk under STM approach

		(a)
		At 31 December 2025
		Market risk capital charges under STM approach
		HK\$'000
1	General interest rate risk	21,031
2	Equity risk	-
3	Commodity risk	85,281
4	Foreign exchange risk	109,162
5	Credit spread risk (non-securitization)	42,861
6	Credit spread risk (securitization: non-correlation trading portfolio ("CTP"))	-
7	Credit spread risk (securitization: CTP)	-
8	Standardized default risk charge ("SA-DRC") (non-securitization)	17,957
9	SA-DRC (securitization: non-CTP)	-
10	SA-DRC (securitization: CTP)	-
11	Residual risk add-on	6
12	Total	276,298

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

Interest rate risk in Banking Book (“IRRBB”) means the risks to a bank’s earnings and economic value arising from movements in interest rate and term structures of the bank’s asset and liability positions. The Group’s interest rate risk exposures in Banking Book are mainly structural. The major types of interest rate risk in Banking Book from structural positions are:

- IRR Gapping risk: arising from the changes in the interest rates on assets, liabilities and off-balance sheet items of different maturities and different repricing tenors. The extent of gapping risk depends on whether changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk);
- Basis risk: different pricing basis for different transactions resulting that the yield on assets and cost of liabilities may change by different amounts within the same repricing period;
- Option risk: arising from interest rate option derivatives or from optional elements embedded in an AI’s assets, liabilities and off-balance sheet items, where the AI or its customer can alter the level and timing of their cash flows. Option risk can be further characterised into automatic option risk and behavioural option risk.

The Group’s risk management framework applies also to interest rate risk management in banking book. The Asset and Liability Management Committee exercises its oversight of interest rate risk in accordance with the “Banking Book Interest Rate Risk Management Policy” approved by Risk Management Committee. Asset & Liability Management Division is responsible for banking book interest rate risk management. With the cooperation of the Financial Market Department, Asset & Liability Management Division assists the Asset and Liability Management Committee to perform day-to-day banking book interest rate risk management. Its roles include, but are not limited to, the formulation of management policies, selection of methodologies, setting of risk indicators and limits, assessment of target balance sheet, monitoring of the compliance with policies and limits, and submission of banking book interest rate risk management reports to the Management and Risk Management Committee.

The Group’s Internal Audit Department acts as the independent audit on interest rate risk in banking book, supervises the related departments to execute the interest rate risk function according to the policy in order to effectively control the risk. The Group’s Model Validation Division preforms independent model validation regularly for interest rate risk in banking book.

In accordance with the requirements of Supervisory Policy Manual IR-1 “Interest Rate Risk in the Banking Book” issued by the HKMA, the Group sets interest rate risk indicators and limits to identify, measure, monitor and control interest rate risk. The Group’s key risk indicators, the Net Interest Income impact and the Economic Value of Equity impact, reflect the impact of interest rate movement on the Group’s net interest income and capital base respectively. The former assesses the impact of interest rate movement on net interest income as a percentage to the projected net interest income for the year. The latter assesses the impact of interest rate movement on economic values as a percentage to the latest capital base. The risk appetites and limits of these two indicators are set by the Board and Risk Management Committee respectively to monitor and control the Group’s banking book interest rate risk. In addition, the Group monitors the interest rate risk in banking book through indicators and limits including, but are not limited to, interest rate sensitivity gap limits, basis risk, duration and price value of a basis point (“PVBP”).

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

The Group's indicators and limits are classified into three levels, which are approved by the Risk Management Committee, Asset and Liability Management Committee and Chief Financial Officer respectively. Risk-taking business units are required to conduct their business within the banking book interest rate risk limits. In addition, risk mitigation measures including, but not limited to, the use of interest rate derivatives, adjustment of portfolio duration, etc. as approved by ALCO, are effectively used to mitigate the IRRBB. Before launching a new product or business in the banking book, the relevant departments are required to go through a risk assessment process, which includes the assessment of underlying interest rate risk and consideration of the adequacy of current risk monitoring mechanism. Any material impact on banking book interest rate risk noted during the risk assessment process will be submitted to Risk Management Committee for approval.

The Group uses scenario analyses and stress tests to assess the banking book interest rate risk that the Group would face under adverse circumstances. Scenario analyses and stress tests are also used to assess the impact on net interest income arising from the optionality of savings deposits.

The Group is principally exposed to HK Dollar, US Dollar, Renminbi and Australian Dollar in terms of interest rate risk. As at 31 December 2025, according to the new standard IRRBB framework of HKMA, the Group assesses the impact of changes in the Group's net interest income ("ΔNII") and economic value ("ΔEVE") respectively under 6 interest rate shock scenarios, in which optionality and behavioural assumptions of certain products will also be estimated in the exposure measurement. The 6 interest rate shock scenarios include: (1) Parallel up; (2) Parallel down; (3) Steepener; (4) Flatteners; (5) Short rates up; and (6) Short rates down.

When calculating ΔEVE, commercial margins and other spread components are included in the cash flows and discounted by the risk-free rates. The key behavioural assumptions include:

- (1) Part of the current account and savings account deposits ("CASA") in HKD and USD are classified into core stable deposit based on historical data which would be assigned a longer interest rate sensitive tenor while the interest rate sensitive tenor of other non-maturity deposits are considered as "Next day". As at 31 December 2025, the average interest rate sensitive tenors of HKD and USD CASA is 2.01 months and 1.54 months, and the longest interest rate sensitive tenor is 3 months.
- (2) For retail term deposits and retail fixed rate loans subject to early redemption without significant penalty, early redemption rates are calculated under different portfolios.

Methods of aggregation across currencies strictly follow the IRRBB Standardised Framework. The aggregate EVE losses across all applicable currencies are calculated as the maximum loss across the six interest rate shock scenarios.

IRRBB1: Quantitative information on interest rate risk in banking book

(In HK\$'000)		(a)	(b)	(c)	(d)
		ΔEVE		ΔNII	
	Period	31 December 2025	31 December 2024	31 December 2025	31 December 2024
1	Parallel up	3,317,466	3,260,824	(176,369)	260,828
2	Parallel down	2,040	2,913	177,003	(260,223)
3	Steeper	302,248	198,194		
4	Flattener	675,314	1,025,652		
5	Short rate up	1,732,103	2,080,239		
6	Short rate down	2,442	3,549		
7	Maximum	3,317,466	3,260,824	177,003	260,828
	Period	31 December 2025		31 December 2024	
8	Tier 1 capital	63,915,981		59,763,239	

Remarks: Positive values indicate losses under the alternative scenarios.

As at 31 December 2025, the net interest income impact for all currencies is HK\$177,003,000 under the interest rate parallel down scenario. The maximum negative impact on ΔEVE is HK\$3,317,466,000 under the interest rate parallel up scenario. Compared with 31 December 2024, the Group's net interest income impact for all currencies under the interest rate parallel down scenario is increased by HK\$437,226,000 and maximum negative impact on ΔEVE is increased by HK\$56,642,000, mainly due to lengthen repricing tenor of liability and investment in fixed rate bonds.

REMA: Remuneration policy

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board in performing the duties, including but not limited to the following areas:

- review human resources and remuneration strategy of the Group, and monitor related strategy implementation;
- monitor establishment and implementation of culture-related matters of the Group;
- monitor structure, size, composition and effectiveness of the Board of Director and committees;
- nominate Directors, Board Committee members, and review nomination of Senior Management of the Bank and appointment and resignation of Directors of the Group's major subsidiaries;
- review and approve remuneration of Directors, Board Committee members, Senior Management of the Bank and Directors of the Group's major subsidiaries;
- review performance appraisal indicators and performance appraisal results of Senior Management; and
- establish induction and training plans for Directors and Board Committee members.

2025 Key Tasks

Nomination and Remuneration Committee according to its responsibilities and authorities to approve and review the following key tasks:

- formulation and amendment on remuneration policies;
- Independent Review Report on Compliance of Guideline on a Sound Remuneration System;
- the appointment and resignation of Senior Management;
- remuneration and performance management of Senior Management;
- remuneration of Key Personnel; and
- implementation of human resources strategies.

During the year, the Nomination and Remuneration Committee has convened two meetings. Written resolutions are used for deliberation during the adjournment. As at the end of the year, Nomination and Remuneration Committee was composed of three members, including two Independent Non-executive Directors (Mr. Lan Hong Tsung, David and Mr. Lau Hon Chuen) and one Non-executive Director (Mr. Yang Yingxun). Mr. Lan Hong Tsung, David was the Chairman.

REMA: Remuneration policy (continued)

Remuneration and Incentive Policy

Objectives, Main Features and Scope of Application

The Remuneration and Incentive Policy of the Group is generally in line with the broad principles set out in the HKMA's "Guideline on a Sound Remuneration System", which is based on the principles of "effective motivation" and "sound remuneration management". It links staff remuneration with performance and risk factors closely. It serves to encourage staff to enhance their performance, and at the same time, to strengthen their awareness of risk so as to achieve sound remuneration management. The related policy is applicable to Nanyang Commercial Bank, Limited and all of its subsidiaries.

"Senior Management" and "Key Personnel"

The following groups of employees have been identified as "Senior Management" and "Key Personnel" as defined in the HKMA's "Guideline on a Sound Remuneration System":

- "Senior Management": The senior executives directly managed by the Board, including Management Team members, Executive Directors, Board Secretary and General Manager of Audit Department.
- "Key Personnel": The employees whose individual business activities involve the assumption of material risk which may have significant impact on risk exposure, or whose individual responsibilities are directly and materially linked to the risk management, or those who directly generate the bank's profit, including Compliance Officer, Assistant Chief Executive, heads of material business lines, heads of risk control functions with direct influence from the middle and back office, as well as Chief Executive of major subsidiaries, etc.

Performance and Independence of Remuneration Management of Risk Control Personnel

The performance and remuneration arrangement of risk control personnel are determined by the achievement of their core job responsibilities, independent from the business they oversee; for front-line risk controllers, their performance results are reviewed by Risk Management Department.

Performance-based and Risk-adjusted Remuneration Management

The remuneration of staff is composed of "fixed remuneration", "variable remuneration" and "non-cash benefits". As far as individual units and individual staff are concerned, allocation of the variable remuneration is closely linked to the risk-adjusted performance of the units, and that of each individual staff. The size of the pool is subject to the Board's approval and the Board can make discretionary adjustment to it if deemed appropriate depending on the external market and the overall performance of the Group. When the Group's performance is relatively weak, variable remuneration may be reduced. Factors considered by the Board of Directors include the Group's overall performance, key performance indicators, risk management indicators, comparison with the past and competitors, achievements of key annual tasks, and external factors affecting business performance. The Group's payout of variable remuneration is in cash.

REMA: Remuneration policy (continued)

Remuneration and Incentive Policy (continued)

Performance-based and Risk-adjusted Remuneration Management (continued)

The Group has put in place a performance management mechanism to formalize the performance management at the levels of the Group, units and individuals. For individual staff at different levels, annual targets will be tied to their job responsibilities, and the annual targets of the Group being cascaded down to units and individuals. The annual targets of the Group are linked with all job roles through the performance management mechanism. Performance rating scales of individuals will be mainly appraised on their achievement against performance targets, overall performance and adherence to the Group's corporate culture. Performance measurement includes financial and non-financial indicators. Not only is target accomplishment taken into account, but also the values-based behaviors during the course of performance management.

Unit-level performance indicators mainly include operational effectiveness, key tasks and risk management. Operational effectiveness includes but is not limited to profits, revenue, business scale, cost management and related ratio indicators. The principal types of risk management are credit risk, market risk, interest rate and liquidity risk, operational risk, reputation risk, legal and compliance risk, etc. Relevant indicators are evaluated in accordance with the rating standards and evaluation methods. The proportion of the fixed and variable remuneration for individual staff members depends on roles, responsibilities and the degree of impact on bank risks, etc. Different roles have their own salary structure. The proportion of variable remuneration of the Senior Management, Key Personnel and Designated Teams is higher, while the proportion of variable remuneration of the middle office, back office and risk control personnel is lower. The Group will conduct periodic review on the remuneration of the staff with reference to various factors including the remuneration strategy, market pay trend, etc.

Linking the payout of the variable remuneration with the time horizon of the risk

To realize the principle of aligning remuneration with the time horizon of risk and to ensure that sufficient time is allowed to ascertain the associated risks and its impact before the actual payout, payout of the variable remuneration of staff is required to be deferred if prescribed requirement is met. The payout requirements are linked to the realization of the Bank's future value creation. The proportion of deferred variable remuneration depends on different factors, including roles, responsibilities, time horizon of the risk, level of variable remuneration, etc. The longer the time horizon of the risk, the higher the job grade or the higher the amount of bonus granted to the staff, the higher will be the proportion of deferred variable remuneration in principle. Among them, the proportion of deferred variable remuneration of staff is according to the role, duties and the total variable remuneration. Deferral period lasts for three years.

The vesting of the deferred variable remuneration will be determined by the Board of Directors by considering factors such as annual financial performance and the occurrence of material risk accidents to determine whether the vesting of the deferred variable remuneration met at the bank level. When the vesting of the deferred variable remuneration has met the prescribed requirements of both the bank and individual levels, the deferred variable remuneration would be vested following the corresponding proportion. However, if a staff is found to have encountered any of the situations listed in the "Deferral of Variable Remuneration Policy", such as committing fraud, or any financial or non-financial factors used in performance measurement or variable pay determination are later proven to have been manifestly worse than originally understood in a particular year, etc. The unvested portion of the deferred variable remuneration of the relevant staff would be reduced or forfeited, and the vested portion would be recalled under prevailing circumstances.

REMA: Remuneration policy (continued)

Determination of the Remuneration Policy

Human Resources Department is responsible for proposing the Remuneration Policy of the Group and will seek consultation of the risk control units including risk management, financial management and compliance. The proposed Remuneration Policy will be reviewed by the Chief Executive Office, and subsequently submitted to the Nomination and Remuneration Committee or the Board of Directors for review and approval. The Nomination and Remuneration Committee and the Board of Directors will seek opinions from other Board Committees (e.g. Risk Management Committee, Audit Committee, etc.) where they consider necessary under the circumstances.

Annual Review of Remuneration Policy

The Remuneration Policy of the Group is subject to annual review with reference to regulatory requirements, market conditions, organizational structure and risk management requirements, etc. During the year, we performed annual reviews on relevant remuneration policies (including Terms of Reference of the Nomination and Remuneration Committee, Directors' Remuneration Policy, etc.), revised the position list of employees specified in the Employee Category in order to comply with relevant regulatory requirements and the human resources strategy of the Group.

REM1: Remuneration awarded during financial year

			(a)	(b)
			2025	
Remuneration amount and quantitative information			Senior management	Key personnel
			HK\$'000	HK\$'000
1	Fixed remuneration	Number of employees	8	15
2		Total fixed remuneration	19,974	33,700
3		Of which: cash-based	16,890	29,473
4		Of which: deferred	-	-
5		Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	3,084	4,227
8		Of which: deferred	-	-
9	Variable remuneration	Number of employees	8	15
10		Total variable remuneration	8,991	10,379
11		Of which: cash-based	8,991	10,379
12		Of which: deferred	6,806	4,152
13		Of which: shares or other share-linked instruments	-	-
14		Of which: deferred	-	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	Total remuneration		28,965	44,079

Remark: The fixed remuneration above is in the form of cash and in other forms, such as benefits in kind.

As of the date of these issuance of consolidated financial statements, the above compensation packages including performance based bonus for senior management and key personnel for the year ended 31 December 2025 has not been finalised. Management of the Group believes that the difference between the final emoluments and that disclosed above will not have significant impact on the consolidated financial statements of the Group.

REM2: Special payments

		(a)	(b)	(c)	(d)	(e)	(f)
		2025					
		Guaranteed bonuses		Sign-on awards		Severance payments	
Special payments		Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
			HK\$'000		HK\$'000		HK\$'000
1	Senior management	-	-	1	1,991	-	-
2	Key personnel	-	-	-	-	-	-

REM3: Deferred remuneration

		(a)	(b)	(c)	(d)	(e)
		2025				
Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Senior management	11,252	-	-	-	5,679
2	Cash	11,252	-	-	-	5,679
3	Shares	-	-	-	-	-
4	Cash-linked instruments	-	-	-	-	-
5	Other	-	-	-	-	-
6	Key personnel	8,137	-	-	-	4,152
7	Cash	8,137	-	-	-	4,152
8	Shares	-	-	-	-	-
9	Cash-linked instruments	-	-	-	-	-
10	Other	-	-	-	-	-
11	Total	19,389	-	-	-	9,831

Remark:

As of the date of these issuance of consolidated financial statements, the above compensation packages including performance based bonus for senior management and key personnel for the year ended 31 December 2025 has not been finalised. Management of the Group believes that the difference between the final emoluments and that disclosed above will not have significant impact on the consolidated financial statements of the Group.

ORA: General information on operational risk framework

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system, or from external events. The risk is inherent in every aspect of business operation and confronted by the Group in its day-to-day operational activities.

The Group has implemented the “Three Lines of Defence” for its operational risk management. All departments and units as the first line of defence are the first parties responsible for operational risk management, and carry out the duties and functions of self-risk control in the process of business operation through self-assessment and self-enhancement.

The Operational Risk and Climate Risk Division, under the Risk Management Department, together with certain specialist functional units in relation to operational risk management within the Group, including the Human Resources Department, Information and Technology Risk Management Division, Legal and Compliance Division, Administration Division, Finance Department (collectively known as “specialist functional units”), are the second line of defence. They are responsible for assessing and monitoring the operational risk conditions of the Group, and providing advice and guidance to the first line of defence. Specialist functional units are required to carry out their managerial duties of the second line of defence with respect to some specific aspects of operational risk and its related issues. Besides taking charge of operational risk management in their own units, these units are also required to provide other units with professional advice/training in respect of certain operational risk categories and to lead the Group-wide operational risk management. Audit Department is the third line of defence which provides independent assessment to the effectiveness and adequacy of the operational risk management framework and is required to conduct periodic audit of the operational risk management activities of various departments or specialist functional units within the Group regarding their compliance and effectiveness and to put forward recommendations for remedial actions. NCB (China) has set up an independent risk management team for operational risk, and submits risk management report to the Bank on a regular basis.

The Group adheres to the fundamental principle of proper segregation of duties and authorisation. The Group adopts various operational risk management tools or methodologies such as key risk indicators, self-assessment, reporting and review on operational risk events and loss data, to identify, assess, monitor and control the risks inherent in business activities and products, as well as purchase of insurance to mitigate unforeseeable operational risks. These tools or methodologies are stipulated in the Operational Risk Management related policies and procedures.

Business continuity plans are established to support business operations in the event of an emergency or disaster. Adequate backup facilities are maintained and periodic drills are conducted.

In order to support the Board and Management to better fulfill the risk management responsibilities, Operational Risk and Climate Risk Division submits periodic or ad hoc operational risk reports, covering the key risk indicators, self-assessment, operational risk events and business continuity status, to the Board, designated committees and Management.

The Group maintains a system that records operational loss events and their associated losses, which are used to calculate the loss component of its operational risk capital charge. Operational loss is an indicator of the effectiveness and robustness of the non-financial risk control. Operational risk loss events with the net loss equaling to or more than HK\$200,000 equivalent are recorded for the year of 2025. They fall under the Basel Committee’s event-type category “Execution, delivery and process management” and “Business disruption and system failure”, and none of them incurs a net loss equaling to or more than HK\$1,000,000 equivalent. The net operational loss of the Group in 2025 does not cause a material impact on the Group’s financial status.

OR1: Historical losses

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	Average
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Using HK\$200,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	929	1,082	3,885	2,280	1,902	479	2,237	4,131	2,205	-	1,913
2	Total number of operational risk losses	2	2	4	1	3	2	1	4	3	-	2.2
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
4	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
5	Total amount of operational losses net of recoveries and net of excluded losses	929	1,082	3,885	2,280	1,902	479	2,237	4,131	2,205	-	1,913
Using HK\$1 million threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	-	-	1,860	2,280	1,101	-	2,237	3,426	1,493	-	1,240
7	Total number of operational risk losses	-	-	1	1	1	-	1	2	1	-	0.7
8	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
9	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
10	Total amount of operational losses net of recoveries and net of excluded losses	-	-	1,860	2,280	1,101	-	2,237	3,426	1,493	-	1,240
Details of operational risk capital charge calculation												
11	Are losses used to calculate the Internal loss multiplier (yes/no)?	yes										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	N/A										
13	Loss event threshold: HK\$200,000 or HK\$1 million for the operational risk capital charge calculation if applicable	HK\$200,000										

OR2: Business indicator and business indicator components breakdown

		(a)	(b)	(c)
	Business indicator ("BI") and its subcomponents	31 December 2025	31 December 2024	31 December 2023
		HK\$'000	HK\$'000	HK\$'000
1	Interest, leases and dividend component	8,282,058		
1a	Interest and leases income	19,413,205	23,815,488	23,027,143
1b	Interest and leases expenses	11,104,712	15,599,588	14,745,127
1c	Interest earning assets	538,452,936	528,898,281	519,179,840
1d	Dividend income	36,897	1,402	1,467
2	Services component	1,508,219		
2a	Fee and commission income	1,474,978	1,191,628	1,155,443
2b	Fee and commission expenses	117,661	96,058	80,144
2c	Other operating income	240,757	223,546	238,307
2d	Other operating expenses	2,280	1,401	11,216
3	Financial component	980,071		
3a	Net P&L on trading book	(620,555)	229,329	271,812
3b	Net P&L on banking book	1,194,446	503,145	120,924
4	BI	10,770,348		
5	Business indicator component ("BIC")	1,315,552		

OR3: Minimum operational risk capital requirement

		(a)
		At 31 December 2025
		HK\$'000
1	Business indicator component ("BIC")	1,315,552
2	Internal loss multiplier ("ILM")	0.57
3	Minimum operational risk capital requirement	749,865
4	Total RWA for operational risk	9,373,313

ENC: Asset encumbrance

	(a)	(b)	(c)
	At 31 December 2025		
	Encumbered assets	Unencumbered assets	Total
	HK\$'000	HK\$'000	HK\$'000
ASSETS			
Cash and balances with banks and other financial institutions	-	49,261,860	49,261,860
Placements with banks and other financial institutions	-	9,496,271	9,496,271
Financial assets at fair value through profit or loss	-	12,562,209	12,562,209
Derivative financial instruments	-	1,112,205	1,112,205
Advances to banks and other financial institutions	-	1,594,093	1,594,093
Advances to customers and trade bills	-	268,897,931	268,897,931
Financial investments	20,422,752	185,384,120	205,806,872
Interests in subsidiaries	-	10,983	10,983
Investment properties	-	2,011,400	2,011,400
Properties, plant and equipment	-	6,639,503	6,639,503
Intangible assets	-	1,604,476	1,604,476
Deferred tax assets	-	692,836	692,836
Other assets	-	6,771,117	6,771,117
Total assets	20,422,752	546,039,004	566,461,756