

Regulatory Disclosures

31 December 2025



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1. Key prudential ratios, key metrics, overview of risk management and RWA

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\$m	HK\$m	HK\$m	HK\$m	HK\$m
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	295,716	300,236	293,879	281,204	266,651
2 & 2a	Tier 1	295,716	300,236	293,879	281,204	266,651
3 & 3a	Total capital	319,967	325,266	318,747	306,439	292,980
	RWA (amount)					
4	Total RWA	1,231,680	1,236,701	1,240,737	1,196,007	1,331,828
4a	Total RWA (pre-floor)	1,231,680	1,236,701	1,240,737	1,196,007	Not applicable
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)	24.01%	24.28%	23.69%	23.51%	20.02%
5b	CET1 ratio (%) (pre-floor ratio)	24.01%	24.28%	23.69%	23.51%	Not applicable
6 & 6a	Tier 1 ratio (%)	24.01%	24.28%	23.69%	23.51%	20.02%
6b	Tier 1 ratio (%) (pre-floor ratio)	24.01%	24.28%	23.69%	23.51%	Not applicable
7 & 7a	Total capital ratio (%)	25.98%	26.30%	25.69%	25.62%	22.00%
7b	Total capital ratio (%) (pre-floor ratio)	25.98%	26.30%	25.69%	25.62%	Not applicable
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.420%	0.421%	0.419%	0.418%	0.422%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	1.500%	1.500%	1.500%	1.500%	1.500%
11	Total AI-specific CET1 buffer requirements (%)	4.420%	4.421%	4.419%	4.418%	4.422%
12	CET1 available after meeting the AI's minimum capital requirements (%)	17.98%	18.28%	17.69%	17.51%	14.00%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	4,136,373	4,145,203	4,101,313	3,930,081	3,915,413
13a	LR exposure measure based on mean values of gross assets of SFTs	4,088,284	4,139,653	4,092,318	3,917,659	Not applicable
14, 14a & 14b	LR (%)	7.15%	7.24%	7.17%	7.16%	6.81%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	7.23%	7.25%	7.18%	7.18%	Not applicable
	Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institutions only:					
15	Total high quality liquid assets (HQLA)	1,330,255	1,295,689	1,298,727	1,434,598	1,150,171
16	Total net cash outflows	722,709	678,335	703,922	630,831	575,682
17	LCR (%)	184.39%	191.26%	185.34%	231.50%	201.06%
	Applicable to category 2 institutions only:					
17a	LMR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)					
	Applicable to category 1 institutions only:					
18	Total available stable funding	2,358,862	2,330,468	2,223,559	2,196,305	2,151,966
19	Total required stable funding	1,657,689	1,628,940	1,595,767	1,561,372	1,517,285
20	NSFR (%)	142.30%	143.07%	139.34%	140.67%	141.83%
	Applicable to category 2A institutions only:					
20a	CFR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

1. Key prudential ratios, key metrics, overview of risk management and RWA (continued)

KM2(A): Key metrics – LAC requirements for material subsidiaries (at LAC consolidation group level)

	(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\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Of the material entity at LAC consolidation group level						
1	Internal loss-absorbing capacity available	395,724	400,646	394,077	379,656	364,962
2	Risk-weighted amount under the LAC Rules	1,231,680	1,236,701	1,240,737	1,196,007	1,331,828
3	Internal LAC risk-weighted ratio	32.13%	32.40%	31.76%	31.74%	27.40%
4	Exposure measure under the LAC Rules	4,136,373	4,145,203	4,101,313	3,930,081	3,915,413
5	Internal LAC leverage ratio	9.57%	9.67%	9.61%	9.66%	9.32%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied ¹	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Footnote:

¹ The subordination exemptions under Section 11 of the Financial Stability Board (“FSB”) Total Loss-absorbing Capacity Term Sheet (“TLAC Term Sheet”) do not apply in Hong Kong under the LAC Rules.

1. Key prudential ratios, key metrics, overview of risk management and RWA (continued)

KM2(B): Key metrics – TLAC requirements for non-HK resolution entity (at resolution group level)

	(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 ¹	
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Of the non-HK resolution entity at resolution group level						
1	External loss-absorbing capacity available	5,145,217	4,941,178	4,805,193	4,454,068	3,816,685
2	Total risk-weighted amount under the relevant non-HK LAC regime	23,316,768	22,576,460	22,437,331	21,485,895	20,342,786
3	External loss-absorbing capacity as a percentage of risk-weighted amount	22.07%	21.89%	21.42%	20.73%	18.76%
4	Leverage ratio exposure measure under the relevant non-HK LAC regime	44,933,722	42,878,330	42,253,825	40,478,627	38,829,513
5	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	11.45%	11.52%	11.37%	11.00%	9.83%
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	Not applicable
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No	No	No	No	Not applicable
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external loss-absorbing capacity, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external loss-absorbing capacity if no cap was applied	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Footnote:

¹The relevant non-HK LAC regime in the non-HK jurisdiction was not yet implemented and that the values for rows 1 to 5 are reported on the regulatory capital regime of the non-HK jurisdiction as proxies.

1. Key prudential ratios, key metrics, overview of risk management and RWA (continued)

OVA: Overview of risk management

The Group conducts risk assessment in daily operations based on its business activities, sets up risk appetite, and sets risk adjusted return targets as well as different levels of risk limits and key risk indicators (“KRIs”) under the overall risk appetite framework. Via such risk limits and KRIs, the risk appetite is cascaded to business units into corresponding performance indicators, so as to supervise business units to make proper adjustments to the Bank’s operations based on current risk status.

The Group conducts regular assessment on risk management status and risk governance based on regulatory requirements and assesses the Bank’s level of internal capital adequacy accordingly. The key types of risk inherent in the Group’s business include: credit risk, market risk, interest rate risk in the banking book, liquidity risk, operational risk, technology risk, legal and compliance risk (including anti-money laundering), reputation risk and strategic risk.

The Group’s risk governance structure covers 3 layers: the Board of Directors and its subordinate committees, the senior management and the management level committees, the three lines of defence risk management functions.

- Board of Directors: The Board of Directors represents the interests of shareholders, and is the highest decision-making authority of the Group and has the ultimate responsibility for the oversight of risk management. The Board with the assistance of its committees has the primary responsibilities for the determination of risk management strategies, risk appetite and risk culture, and for ensuring that the Group has an effective risk management system to implement these risk management strategies.
- Senior management: Chief Executive (“CE”) is responsible for managing the various types of risks, and approving material risk exposures or transactions within his authority delegated by the Board. The Deputy Chief Executives (“DCEs”) assist the CE in fulfilling his responsibilities on day-to-day management of various types of risk and are responsible for approving material risk exposures or transactions within their authorities delegated by the CE. The Chief Risk Officer (“CRO”) assists the CE in fulfilling his responsibilities on day-to-day management of various types of risks and internal control; responsible for initiating new risk management strategies, projects and measures in response to regulatory changes that will enable the Group to better monitor and manage any risks that may arise from time to time from new businesses, products and changes in the operating environment and responsible for reviewing material risk exposures or transactions within the delegated authority.
- Individual business units (front office): Act as the first line of defence of risk management and are responsible for soliciting business in compliance with the risk management policies and procedures and within various risk limits, and for assessing and monitoring the risk of their business, and ensuring risk data is correctly entered, kept current and aligned with the data definitions.

1. Key prudential ratios, key metrics, overview of risk management and RWA (continued)

OVA: Overview of risk management (continued)

- Various risk management units (middle office) and supporting units (back office): Act as the second line of defence of risk management. Various risk management units (middle office), which are independent from the business units, are responsible for day-to-day management of different kinds of risks. They have the primary responsibilities for conducting an independent due diligence through identifying, measuring, monitoring and controlling risk to ensure an effective check and balance, as well as drafting various risk management policies and procedures. They are also responsible for reporting the implementation of risk management policies and risk profiles to the Board and the Management and for providing support and recommendations for their decision-making. Supporting units (back office) are responsible for providing proper day-to-day operations support to ensure that there are adequate human resources and systems to support risk management.
- Group Audit: Acts as the third line of defence of risk management, which is responsible for conducting independent checking, and reporting to the Board on the quality of risk management supervision, the adequacy of internal controls and the compliance of internal policies and procedures.

The Group develops comprehensive codes of conduct and has sound management systems in place to enforce them. The standards of conduct are laid down in its risk management policies, and other operating principles and guidelines. All staff are required to follow them when conducting business.

The Group makes use of appropriate training programmes, remuneration, incentive, reward and penalty schemes, assessment and feedback mechanism to guide and drive staff to conduct business in a responsible, honest, practical and proper manner.

The Group's risk management measurement system covers comprehensive quantitative and qualitative indicators of the 8 major risk categories as required by regulator.

Under such system, the Group sets risk appetite and regularly reviews and monitors risk appetite and risk limits based on operating conditions and risk status, and reports regularly to senior management and the Board.

Regular risk reporting is made to the senior management and the Board, and such regular reporting covers:

- Implementation status of Group Risk Appetite, risk limits and KRIs
- Risk status of various risk types, major portfolios and exposures
- Major regulatory compliance requirements and implementation status
- Significant risk, compliance and internal control incidents/events
- Matters of concern and main tasks

Ad hoc reporting to senior management and the Board is also conducted based on business needs of risk management and internal control.

1. Key prudential ratios, key metrics, overview of risk management and RWA (continued)

OVA: Overview of risk management (continued)

Based on regulatory requirements, the Group conducts a variety of stress tests on individual risks and integrated risks each year. The Group also conducts special scenario analysis, sensitivity analysis and stress testing according to emerging issues or by specific areas or businesses. Each stress testing scenario takes into account 3 levels of severity, i.e. mild, moderate, and severe, while different probabilities are applied based on level of severity. Impacts on macroeconomic and market will be evaluated under different scenarios, and impact on Group's risk indicators are also assessed accordingly.

The Bank shall apply stress testing results to various management decisions, including decisions made on strategic businesses, preparation of the business and capital planning, setting of the risk appetite, setting and adjustment of the risk limit, inclusion in the Internal Capital Adequacy Assessment Process ("ICAAP"), performance of liquidity assessment, implementation of remedial actions and recovery plan, etc.

The strategies and processes to manage, hedge and mitigate risks that arise from the AI's business model include:

1. Establishing clear risk management strategies and ensuring that a comprehensive risk management system is in place to identify, assess, monitor and control various kinds of risks.
2. Establishing dedicated risk management units with clear responsibilities to perform independent risk management and control.
3. Establishing effective communication system that enables the "tone of the top" on risk management are communicated to and understood by every employee so that they could comply with BOCHK's risk management strategies.
4. Putting in place supporting policies and procedures as well as clear authority structure that guide employees' behaviors and set clear boundaries for actions.
5. Setting the risk appetite of the Group. Empirical and/or quantitative models shall be used to set limits for quantifiable risks (including credit risk, market risk, interest rate risk in the banking book and liquidity risk) to ensure that exposures to such risks are controlled within acceptable risk levels.
6. Continuously strengthen risk data aggregation capabilities, establishing a comprehensive risk management information system that provides regular and sufficiently detailed reports for the Board and the Management to facilitate their continuous monitoring of the risk profile of the Group as well as the implementation of risk management policies (especially exceptions).
7. Establishing independent internal audit, review and accountability system so as to review and evaluate the implementation of the Group's risk management system.

The Group has established various risk limits and early warning indicators of different types and different approval levels, and regularly monitors and reports implementation status to senior management and the Board. If such indicators approach or breach the early warning level or pre-set limits, timely assessment will be conducted by relevant function units and reported to corresponding approval level, and appropriate mitigation actions will be taken accordingly.

1. Key prudential ratios, key metrics, overview of risk management and RWA (continued)

OV1: Overview of RWA

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		At 31 December 2025	At 30 September 2025	At 31 December 2025
		HK\$m	HK\$m	HK\$m
1	Credit risk for non-securitization exposures	1,067,049	1,058,042	85,364
2	Of which STC approach	124,658	120,624	9,973
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	809,789	808,063	64,783
4	Of which supervisory slotting criteria approach	2,222	2,584	178
5	Of which advanced IRB approach	-	-	-
5a	Of which retail IRB approach	68,853	70,566	5,508
5b	Of which specific risk-weight approach	61,527	56,205	4,922
6	Counterparty credit risk and default fund contributions	17,728	19,573	1,418
7	Of which SA-CCR approach	17,160	19,121	1,373
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	568	452	45
10	CVA risk	5,515	6,582	441
11	Equity positions in banking book under the simple risk-weight method and internal models method	Not applicable	Not applicable	Not applicable
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	-	-	-
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	76,487	92,302	6,119
21	Of which STM approach	76,487	92,302	6,119
22	Of which IMA	-	-	-
22a	Of which SSTM approach	-	-	-
23	Capital charge for moving exposures between trading book and banking book	-	-	-
24	Operational risk	77,901	74,769	6,232
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	7,583	7,083	607
26	Output floor level applied	50%	50%	
27	Floor adjustment (before application of transitional cap)	-	-	
28	Floor adjustment (after application of transitional cap)	Not applicable	Not applicable	Not applicable
28a	Deduction to RWA	20,583	21,650	1,647
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	23	50	2
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	20,560	21,600	1,645
29	Total	1,231,680	1,236,701	98,534

Compared with 30 September 2025, the 9% decrease in RWA under counterparty credit risk and default fund contributions was mainly driven by change in market value of derivative transactions and transaction volume.

2. Linkages between financial statements and regulatory exposures

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

	At 31 December 2025						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				not subject to capital requirements or subject to deduction from capital
			subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework*	
HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Assets							
Cash and balances and placements with banks and other financial institutions	564,646	563,990	534,644	29,346	-	-	-
Financial assets at fair value through profit or loss	156,669	156,501	300	19,043	-	137,158	-
Derivative financial instruments	65,357	65,357	-	65,357	-	63,611	2
Hong Kong SAR Government certificates of indebtedness	243,190	243,190	243,190	-	-	-	-
Advances and other accounts	1,707,581	1,707,581	1,707,317	264	-	-	-
Investment in securities	1,382,511	1,382,504	1,382,504	-	-	-	-
Interests in subsidiaries	-	1,130	1,130	-	-	-	-
Interests in associates and joint ventures	170	170	170	-	-	-	-
Investment properties	13,056	12,874	12,874	-	-	-	-
Properties, plant and equipment	33,245	32,984	32,984	-	-	-	-
Current tax assets	16	16	16	-	-	-	-
Deferred tax assets	204	204	-	-	-	-	204
Other assets	90,551	90,343	80,363	9,980	-	28,594	2,012
Total assets	4,257,196	4,256,844	3,995,492	123,990	-	229,363	2,218

2. Linkages between financial statements and regulatory exposures (continued)

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

	At 31 December 2025							
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:					not subject to capital requirements or subject to deduction from capital
			subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework*		
HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Liabilities								
Hong Kong SAR currency notes in circulation	243,190	243,190	-	-	-	-	243,190	
Deposits and balances from banks and other financial institutions	348,517	348,517	-	80,828	-	-	267,689	
Financial liabilities at fair value through profit or loss	99,584	99,584	-	4,388	-	95,196	-	
Derivative financial instruments	57,439	57,439	-	57,439	-	57,010	(3)	
Deposits from customers	2,946,201	2,946,859	-	-	-	-	2,946,859	
Debt securities and certificates of deposit in issue	11,251	11,251	-	-	-	-	11,251	
Other accounts and provisions	126,258	126,097	-	17,989	-	-	108,108	
Current tax liabilities	6,446	6,431	-	-	-	-	6,431	
Deferred tax liabilities	3,176	3,058	-	-	-	-	3,058	
Subordinated liabilities	75,757	75,757	-	-	-	-	75,757	
Total liabilities	3,917,819	3,918,183	-	160,644	-	152,206	3,662,340	

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

2. Linkages between financial statements and regulatory exposures (continued)

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

		At 31 December 2025				
		(a)	(b)	(c)	(d)	(e)
		Items subject to:				
		Total	credit risk framework	securitization framework	counterparty credit risk framework	market risk framework*
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	4,254,626	3,995,492	-	123,990	229,363
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	255,843	-	-	160,644	152,206
3	Total net amount under regulatory scope of consolidation	3,998,783	3,995,492	-	(36,654)	77,157
4	Off-balance sheet amounts	869,395	145,615	-	-	
5	Differences due to valuation of exposure under SA-CCR approach	50,169	-	-	50,169	
6	Differences due to consideration of provisions	17,671	17,671	-	-	
7	Differences in valuations	(19,682)	-	-	(19,682)	
8	Differences due to CRM and others	179,745	104,421	-	158,354	
9	Exposure amounts considered for regulatory purposes	5,096,081	4,263,199	-	152,187	

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

2. Linkages between financial statements and regulatory exposures (continued)

LIA: Explanations of differences between accounting and regulatory exposure amounts

The main driver for the differences between accounting values and amounts considered for regulatory purposes is off-balance sheet amounts, which contribute to exposure amounts considered for regulatory purposes but not the carrying value amount under scope of regulatory consolidation.

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. Other specific controls include verification of observable pricing inputs; review and approval for new models and changes to models; calibration and back-testing of models against observed market transactions; analysis and investigation of significant daily valuation movements; review of significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to senior management, Risk Committee (“RC”) and Audit Committee.

The Group chooses appropriate valuation methodologies in corresponding to the nature, exposure and complexity of instruments measured at fair value. They can be classified into marking-to-market and marking-to-model.

Marking-to-market is valuation of positions by adopting readily available and observable close out prices in the 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 price within the bid-offer spread that is most representative of the fair value of financial instruments, where appropriate, includes using on the residual of the net offsetting risk position of portfolios of financial assets and financial liabilities in cases the Group manages such groups of financial assets and liabilities according to their net market risk exposures.

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.

Control units independently verify the results of fair value measurements. They source observable data from external independent parties, and compare them to the inputs used in valuation for the financial instruments measured at fair value. If the difference is within a certain pre-set threshold, the selected input is considered as reasonable and can represent current market situation, which supports the conclusion that valuation is reliable. In the case of instruments of low marketability, independent pricing sources or market transaction price normally may not often be readily available for conducting independent price verification, valuation adjustments shall be considered in these circumstances.

On top of accounting valuation, the Group conducts liquidity risk adjustments for risk management and regulatory capital adequacy purpose in order to arrive at a prudent value. The Group has continued to consider the liquidity risk adjustment to valuation of less liquid product positions. The appropriateness of the valuation adjustments is reviewed regularly.

2. Linkages between financial statements and regulatory exposures (continued)

PV1: Prudent valuation adjustments

		At 31 December 2025							
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	Close-out uncertainty, of which:	-	47	-	-	-	47	1	46
2	<i>Mid-market value</i>	-	-	-	-	-	-	-	-
3	<i>Close-out costs</i>	-	-	-	-	-	-	-	-
4	<i>Concentration</i>	-	47	-	-	-	47	1	46
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	-	47	-	-	-	47	1	46

The Group has basically considered close-out uncertainty, model risk and unearned credit spreads in valuation. Additional valuation adjustments attributed to early termination, operational risks, investing and funding costs and future administrative costs are considered and assessed as zero currently.

3. Composition of regulatory capital

CC1: Composition of regulatory capital

		At 31 December 2025	
		(a)	(b)
		HK\$'m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	43,043	(7)
2	Retained earnings	258,432	(8)
3	Disclosed reserves	37,186	(10)+(11)+(12)+(13)+(14)
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	338,661	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	47	Not applicable
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	2,012	(4)-(6)
10	Deferred tax assets (net of associated deferred tax liabilities)	204	(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	5	(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	39,605	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	37,382	(9)+(10)
26b	Regulatory reserve for general banking risks	2,223	(12)
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	1,072	

3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 31 December 2025	
		(a)	(b)
		HK\$'m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
28	Total regulatory deductions to CET1 capital	42,945	
29	CET1 capital	295,716	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
36	AT1 capital before regulatory deductions	-	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	1,072	(2)
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	1,072	
44	AT1 capital	-	
45	Tier 1 capital (T1 = CET1 + AT1)	295,716	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
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	7,429	Not applicable
51	Tier 2 capital before regulatory deductions	7,429	
	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)	-	

3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

		At 31 December 2025	
		(a)	(b)
		HK\$m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
56	National specific regulatory adjustments applied to Tier 2 capital	(16,822)	
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	(16,822)	[(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	(16,822)	
58	Tier 2 capital (T2)	24,251	
59	Total regulatory capital (TC = T1 + T2)	319,967	
60	Total RWA	1,231,680	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	24.01%	
62	Tier 1 capital ratio	24.01%	
63	Total capital ratio	25.98%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	4.420%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.420%	
67	of which: higher loss absorbency requirement	1.500%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	17.98%	
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	23,265	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	7,073	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	1,708	
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	1,685	
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)	6,907	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	5,744	

3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

Notes to the template

Row No.	Description	Hong Kong basis	Basel III basis
		HK\$m	HK\$m
9	Other intangible assets (net of associated deferred tax liabilities)	2,012	-
	<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.		
10	Deferred tax assets (net of associated deferred tax liabilities)	204	-
	<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.		
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.		
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.		

3. Composition of regulatory capital (continued)

CC1: Composition of regulatory capital (continued)

Row No.	Description	Hong Kong basis	Basel III basis
		HK\$m	HK\$m
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

3. Composition of regulatory capital (continued)

CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	Balance sheet as in published financial statements as at 31 December 2025 HK\$m	Under regulatory scope of consolidation as at 31 December 2025 HK\$m	Reference
ASSETS			
Cash and balances and placements with banks and other financial institutions	564,646	563,990	
Financial assets at fair value through profit or loss	156,669	156,501	
Derivative financial instruments	65,357	65,357	
- of which: <i>debit valuation adjustments in respect of derivative contracts</i>		2	(1)
Hong Kong SAR Government certificates of indebtedness	243,190	243,190	
Advances and other accounts	1,707,581	1,707,581	
Investment in securities	1,382,511	1,382,504	
- of which: <i>Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation</i>		1,072	(2)
Interests in subsidiaries	-	1,130	
Interests in associates and joint ventures	170	170	
Investment properties	13,056	12,874	
Properties, plant and equipment	33,245	32,984	
Current tax assets	16	16	
Deferred tax assets	204	204	(3)
Other assets	90,551	90,343	
- of which: <i>other intangible assets</i>		2,406	(4)
Total assets	4,257,196	4,256,844	
LIABILITIES			
Hong Kong SAR currency notes in circulation	243,190	243,190	
Deposits and balances from banks and other financial institutions	348,517	348,517	
Financial liabilities at fair value through profit or loss	99,584	99,584	
Derivative financial instruments	57,439	57,439	
- of which: <i>debit valuation adjustments in respect of derivative contracts</i>		(3)	(5)
Deposits from customers	2,946,201	2,946,859	
Debt securities and certificates of deposit in issue	11,251	11,251	
Other accounts and provisions	126,258	126,097	
Current tax liabilities	6,446	6,431	
Deferred tax liabilities	3,176	3,058	
- of which: <i>deferred tax liabilities related to other intangible assets</i>		394	(6)
Subordinated liabilities	75,757	75,757	
Total liabilities	3,917,819	3,918,183	

3. Composition of regulatory capital (continued)

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

	(a)	(b)	(c)
	Balance sheet as in published financial statements as at 31 December 2025 HK\$m	Under regulatory scope of consolidation as at 31 December 2025 HK\$m	Reference
EQUITY			
Share capital	43,043	43,043	(7)
Reserves	296,055	295,618	
- Retained earnings	257,888	258,432	(8)
- of which: cumulative fair value gains arising from the revaluation of investment properties		6,287	(9)
- Premises revaluation reserve	32,085	31,095	(10)
- Reserve for financial assets at FVOCI	5,432	5,434	(11)
- Regulatory reserve	2,223	2,223	(12)
- Translation reserve	(1,644)	(1,637)	(13)
- Cash flow hedge reserve	71	71	(14)
Capital and reserves attributable to equity holders of the Bank	339,098	338,661	
Non-controlling interests	279	-	
Total equity	339,377	338,661	
Total liabilities and equity	4,257,196	4,256,844	

3. Composition of regulatory capital (continued)

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

(i) Instruments that meet both regulatory capital and LAC requirements		(a)
		CET1 Capital Ordinary shares
1	Issuer	Bank of China (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	Hong Kong law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	Not applicable
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules	Not applicable
5	Basel III rules	Common Equity Tier 1
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Solo and Group
6a	Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$43,043m (as of 31 December 2025)
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$43,043m (as of 31 December 2025)
9	Par value of instrument	No par value (refer to Note 1 for details)
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1 October 2001 (refer to Note 2 for details)
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption price	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	<i>Coupons/dividends</i>	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Subordinate to the non-capital LAC debt instruments mentioned in item (ii) of this main features table
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable
	Full terms and conditions	Click here to download

3. Composition of regulatory capital (continued)

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

(ii) Instruments that meet only LAC (but not regulatory capital) requirements		(a)	(b)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
1	Issuer	Bank of China (Hong Kong) Limited	Bank of China (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	Not applicable
3	Governing law(s) of the instrument	Hong Kong law	Hong Kong law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	Not applicable	Not applicable
	<i>Regulatory treatment</i>		
4	Transitional Basel III rules	Not applicable	Not applicable
5	Basel III rules	Not applicable	Not applicable
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	Not applicable	Not applicable
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$8,380m (as of 31 December 2025)	HK\$8,379m (as of 31 December 2025)
9	Par value of instrument	RMB7.5 billion	RMB7.5 billion
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	8 November 2024	18 November 2024
12	Perpetual or dated	Dated	Dated
13	Original maturity date	8 November 2028	8 November 2028
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	8 November 2025 at par value	8 November 2025 at par value
16	Subsequent call dates, if applicable	Callable on 8 November 2027 or any interest payment date thereafter	Callable on 8 November 2027 or any interest payment date thereafter
	<i>Coupons/dividends</i>		
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	2.19% per annum	2.13% per annum
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)	Non-convertible (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)
24	If convertible, conversion trigger(s)	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable

3. Composition of regulatory capital (continued)

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

		(a)	(b)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
30	Write-down feature	Yes (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)	Yes (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	Not applicable	Not applicable
37	If yes, specify non-compliant features	Not applicable	Not applicable
Full terms and conditions		Click here to download ¹	Click here to download ¹

3. Composition of regulatory capital (continued)

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

		(c)	(d)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
1	Issuer	Bank of China (Hong Kong) Limited	Bank of China (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	Not applicable
3	Governing law(s) of the instrument	Hong Kong law	Hong Kong law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	Not applicable	Not applicable
<i>Regulatory treatment</i>			
4	Transitional Basel III rules	Not applicable	Not applicable
5	Basel III rules	Not applicable	Not applicable
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Ineligible	Ineligible
6a	Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	Not applicable	Not applicable
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$18,981m (as of 31 December 2025)	HK\$8,149m (as of 31 December 2025)
9	Par value of instrument	RMB17.0 billion	RMB7.3 billion
10	Accounting classification	Liability – amortised cost	Liability – amortised cost
11	Original date of issuance	23 November 2024	6 December 2024
12	Perpetual or dated	Dated	Dated
13	Original maturity date	23 November 2030	23 November 2030
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption price	23 November 2025 at par value	23 November 2025 at par value
16	Subsequent call dates, if applicable	Callable on 23 November 2029 or any interest payment date thereafter	Callable on 23 November 2029 or any interest payment date thereafter
<i>Coupons/dividends</i>			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	2.28% per annum	2.10% per annum
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)	Non-convertible (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)
24	If convertible, conversion trigger(s)	Not applicable	Not applicable
25	If convertible, fully or partially	Not applicable	Not applicable
26	If convertible, conversion rate	Not applicable	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable

3. Composition of regulatory capital (continued)

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

		(c)	(d)
		Non-capital LAC debt instruments Subordinated loan	Non-capital LAC debt instruments Subordinated loan
30	Write-down feature	Yes (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)	Yes (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance
32	If write-down, full or partial	May be written down partially	May be written down partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
34a	Type of subordination	Contractual	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	Not applicable	Not applicable
37	If yes, specify non-compliant features	Not applicable	Not applicable
Full terms and conditions		Click here to download ¹	Click here to download ¹

3. Composition of regulatory capital (continued)

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

		(e)
		Non-capital LAC debt instruments Subordinated loan
1	Issuer	Bank of China (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	Hong Kong law
3a	Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for non-capital LAC debt instruments governed by non-Hong Kong law)	Not applicable
<i>Regulatory treatment</i>		
4	Transitional Basel III rules	Not applicable
5	Basel III rules	Not applicable
6	Eligible at solo*/group/solo and group (for regulatory capital purposes)	Ineligible
6a	Eligible at solo*/LAC consolidation group/solo and LAC consolidation group (for LAC purposes)	Solo and LAC consolidation group
7	Instrument type (types to be specified by each jurisdiction)	Non-capital LAC debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	Not applicable
8a	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$31,868m (as of 31 December 2025)
9	Par value of instrument	RMB28.5 billion
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	27 October 2025
12	Perpetual or dated	Dated
13	Original maturity date	27 October 2031
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption price	27 October 2030 at par value
16	Subsequent call dates, if applicable	Callable on 27 October 2030 or any interest payment date thereafter
<i>Coupons/dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	2.13% per annum
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable

3. Composition of regulatory capital (continued)

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

		(e)
		Non-capital LAC debt instruments Subordinated loan
30	Write-down feature	Yes (The terms and conditions contain a provision that the holder of the instrument acknowledges and agrees to be bound by the exercise of powers under the Financial Institutions (Resolution) Ordinance)
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under the Financial Institutions (Resolution) Ordinance
32	If write-down, full or partial	May be written down partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable
34a	Type of subordination	Contractual
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinate to the claims of all unsubordinated creditors
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable
Full terms and conditions		Click here to download ¹

Footnote:

¹ Terms and conditions to be read in conjunction with the Master Agreement (the "Master Agreement")

Click [here](#) to download the Master Agreement

* Include solo-consolidated

3. Composition of regulatory capital (continued)

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

Note 1:

Pursuant to the Hong Kong Companies Ordinance (Chapter 622) which 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.

Note 2:

- The authorised share capital of Bank of China (Hong Kong) Limited (“BOCHK”), comprising 4 million ordinary shares of HK\$100 each, was subdivided into 400 million ordinary shares of HK\$1 each pursuant to shareholders written resolution of BOCHK passed on 3 September 2001.
- On 30 September 2001, 400 million ordinary shares in the capital of BOCHK were transferred from Bank of China Limited to BOC Hong Kong (Holdings) Limited (“BOCHK Holdings”) pursuant to Supplemental Merger Agreement.
- BOCHK then issued a total of 42,642,840,858 ordinary shares at par value of HK\$1 each to BOCHK Holdings on 1 October 2001. Hence, the total issued and paid-up share capital of BOCHK was HK\$43,042,840,858 since 2001.
- The concepts of par value for shares and authorised share capital have been abolished following the commencement of the Hong Kong Companies Ordinance (Chapter 622) as mentioned in Note 1.

3. Composition of regulatory capital (continued)

TLAC1(A): LAC composition of material subsidiary (at LAC consolidation group level)

		At 31 December 2025
		(a)
		HK\$m
	Regulatory capital elements of internal loss-absorbing capacity and adjustments	
1	Common Equity Tier 1 ("CET1") capital	295,716
2	Additional Tier 1 ("AT1") capital before LAC adjustments	-
3	AT1 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
4	Other adjustments	-
5	AT1 capital eligible under the LAC Rules	-
6	Tier 2 ("T2") capital before LAC adjustments	24,251
7	Amortized portion of T2 capital instruments that are internal LAC debt instruments issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
8	T2 capital instruments ineligible as internal loss-absorbing capacity as not issued directly or indirectly to, and held directly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	-
9	Other adjustments	-
10	T2 capital eligible under the LAC Rules	24,251
11	Internal loss-absorbing capacity arising from regulatory capital	319,967
	Non-regulatory capital elements of internal loss-absorbing capacity	
12	Internal non-capital LAC debt instruments issued directly or indirectly to, and held indirectly or indirectly by, the resolution entity or non-HK resolution entity in the material subsidiary's resolution group	75,757
17	Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments	75,757
	Non-regulatory capital elements of internal loss-absorbing capacity: adjustments	
18	Internal loss-absorbing capacity before deductions	395,724
19	Deductions of exposures between the material subsidiary's LAC consolidation group and group companies outside that group that correspond to non-capital items eligible for internal loss-absorbing capacity	-
20	Deduction of holdings of its own non-capital LAC liabilities	-
21	Other adjustments to internal loss-absorbing capacity	-
22	Internal loss-absorbing capacity after deductions	395,724
	Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes	
23	Risk-weighted amount under the LAC Rules	1,231,680
24	Exposure measure under the LAC Rules	4,136,373
	Internal LAC ratios and buffers	
25	Internal LAC risk-weighted ratio	32.13%
26	Internal LAC leverage ratio	9.57%
27	CET1 capital (as a percentage of RWA under the Banking (Capital) Rules ("BCR")) available after meeting the LAC consolidation group's minimum capital and LAC requirements	17.51%
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer requirements plus higher loss absorbency requirement, expressed as a percentage of RWA under the BCR)	4.420%
29	Of which: capital conservation buffer requirement	2.500%
30	Of which: institution-specific countercyclical capital buffer requirement	0.420%
31	Of which: higher loss absorbency requirement	1.500%

3. Composition of regulatory capital (continued)

TLAC2: Material subsidiary – creditor ranking at legal entity level

		At 31 December 2025			Sum of values in columns 1 to 2 HK\$m
		Creditor ranking			
		1 (most junior)	1 (most junior)	2 (most senior)	
		HK\$m	HK\$m	HK\$m	
1	Is a resolution entity or a non-HK resolution entity the creditor/investor?	No	Yes	Yes	
2	Description of creditor ranking	Ordinary shares ¹			Subordinated loans
3	Total capital and liabilities net of credit risk mitigation	14,609	28,434	75,757	118,800
4	Subset of row 3 that are excluded liabilities	-	-	-	-
5	Total capital and liabilities less excluded liabilities	14,609	28,434	75,757	118,800
6	Subset of row 5 that are eligible as internal loss-absorbing capacity	14,609	28,434	75,757	118,800
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	-	-	-	-
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	-	-	43,889	43,889
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	-	-	31,868	31,868
10	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-
11	Subset of row 6 that is perpetual securities	14,609	28,434	-	43,043

Footnote:

¹ Issued and fully paid ordinary shares.

4. Macroprudential supervisory measures

GSIB1: G-SIB indicators

Not applicable.

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer

		At 31 December 2025			
		(a)	(c)	(d)	(e)
		Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
Geographical breakdown by Jurisdiction (J)		%	HK\$m	%	HK\$m
1	Hong Kong SAR	0.500%	698,550		
2	Australia	1.000%	5,700		
3	Belgium	1.000%	3		
4	France	1.000%	1		
5	Germany	0.750%	794		
6	Ireland	1.500%	1		
7	Luxembourg	0.500%	914		
8	Netherlands	2.000%	1,165		
9	Norway	2.500%	475		
10	South Korea	1.000%	386		
11	Sweden	2.000%	45		
12	United Kingdom	2.000%	4,465		
	Sum		712,499		
	Total		877,670	0.420%	5,173

5. Leverage ratio

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

		At 31 December 2025
		(a)
Item		Value under the LR framework
		HK\$m
1	Total consolidated assets as per published financial statements	4,257,196
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(352)
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves	Not applicable
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative contracts	(8,097)
9	Adjustment for SFTs (i.e. repos and similar secured lending)	20,028
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	159,603
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(377)
12	Other adjustments	(291,628)
	<i>of which: Hong Kong SAR Government certificates of indebtedness</i>	<i>(243,190)</i>
13	Leverage ratio exposure measure	4,136,373

5. Leverage ratio (continued)

LR2: Leverage ratio

		At 31 December 2025	At 30 September 2025
		(a)	(b)
		HK\$m	HK\$m
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	3,853,477	3,907,613
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	-	-
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(5,543)	(4,558)
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	(19,047)	(16,188)
6	Less: Asset amounts deducted in determining Tier 1 capital	(42,942)	(46,864)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	3,785,945	3,840,003
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)	12,205	10,339
9	Add-on amounts for PFE associated with all derivative contracts	45,055	48,564
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)	57,260	58,903
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	113,867	62,830
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	20,028	20,028
17	Agent transaction exposures	-	-
18	Total exposures arising from SFTs (sum of rows 14 to 17)	133,895	82,858
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	869,395	877,950
20	Less: Adjustments for conversion to credit equivalent amounts	(709,792)	(714,155)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(330)	(356)
22	Off-balance sheet items (sum of rows 19 to 21)	159,273	163,439
Capital and total exposures			
23	Tier 1 capital	295,716	300,236
24	Total exposures (sum of rows 7, 13, 18 and 22)	4,136,373	4,145,203
Leverage ratio			
25 & 25a	Leverage ratio	7.15%	7.24%
26	Minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	Not applicable	Not applicable

5. Leverage ratio (continued)

LR2: Leverage ratio (continued)

		At 31 December 2025	At 30 September 2025
		(a)	(b)
		HK\$m	HK\$m
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	65,778	57,280
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	113,867	62,830
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)	4,088,284	4,139,653
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)	7.23%	7.25%

6. Liquidity

LIQA: Liquidity risk management

In accordance with the Group's corporate governance principles in respect of risk management, the Board and the RC, senior management and functional departments/units perform their duties and responsibilities to manage the Group's liquidity risk. The RC is the decision-making authority of liquidity risk management, and assumes the ultimate responsibility of liquidity risk management. As authorised by the RC, 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 the risk appetite and policies as set by the RC. The Risk Management Department ("RMD") is responsible for the Group's liquidity risk management. It cooperates with the Financial Management Department and Investment Management, etc. 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 a daily basis. These indicators and limits include, but are not limited to liquidity coverage ratio ("LCR"), net stable funding ratio ("NSFR"), loan-to-deposit ratio, Maximum Cumulative Cash Outflow ("MCO") and liquidity cushion. The Group applies a 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) and other methods at least on a monthly basis to assess the Group's capability to withstand various severe liquidity crises. Also, relevant management information systems such as the Assets and Liabilities Management System and the Basel Liquidity Ratio Management System are developed to provide data and to prepare for regular management reports to facilitate liquidity risk management duties.

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 a 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 the contractual maturity date and the assumptions of customer behaviour and balance sheet changes. The Group establishes the MCO indicator which predicts the future 30 days 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 operations. As at 31 December 2025, before taking the cash inflow through the sale of outstanding marketable securities into consideration, BOCHK's 30-day cumulative cash flow was a net cash inflow, amounting to HK\$160,660 million and was in compliance with the internal limit requirements.

6. Liquidity (continued)

LIQA: Liquidity risk management (continued)

The Group is committed to diversify the sources, tenors and use of funding to avoid excessive concentration of assets and liabilities; and prevent triggering liquidity risk due to the break of funding strand resulting from over-concentration of sources and use of funding in a particular area where problems occur. In order to manage such risk, the Group sets concentration limits on collateral pools and sources of funding such as Tier 1 high-quality readily liquefiable assets to total high-quality readily liquefiable assets ratio, top ten depositors ratio and large depositors ratio. Whenever necessary, the Group could improve the liquidity position by taking mitigation actions including, but not limited to obtaining funding through interbank borrowings or repos in the money market, selling bonds in the secondary market or retaining existing and attracting new customer deposits. Apart from increasing the funding, the Group would maintain good communication with the counterparties, the parent bank and the regulators to enhance mutual confidence.

In the liquidity stress test, institution specific, general market crisis and combined crisis scenarios have been set up, a 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.

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 relevant departments.

The Group has established a set of uniform liquidity risk management policies which serve as standards and guidance to all the Group's members for liquidity risk management. On the basis of the Group's uniform policies, each of the subsidiaries develops its own liquidity management policies according to its own characteristics, and assumes its own liquidity risk management responsibility. Subsidiaries are required to report their respective liquidity positions with relevant liquidity ratios on a regular basis to the RMD of BOCHK, which consolidates this information and evaluates group-wide liquidity risk to ensure relevant requirements are satisfied.

6. Liquidity (continued)

LIQA: Liquidity risk management (continued)

Under normal circumstances, the intra-group funding transactions between BOCHK and Southeast Asian entities are mainly through interbank placement. As at 31 December 2025, the net funding provided by BOCHK were as follows (positive indicates net placement, negative indicates net borrowing):

	At 31 December 2025	
	HK\$m	
Southeast Asian entities		
BOC Malaysia	5,305	
BOC Thailand	(331)	
Manila Branch	2,905	
Jakarta Branch	1	
Ho Chi Minh City Branch	(3,067)	
Vientiane Branch	(155)	
Phnom Penh Branch	(1,607)	
Brunei Branch	(905)	
Yangon Branch	(3,658)	

As at 31 December 2025, the maturity analysis based on the remaining period at balance sheet date to the contractual maturity date is as follows:

	At 31 December 2025			
	Within one year	One to five years	Over five years	Indefinite
	HK\$m	HK\$m	HK\$m	HK\$m
Total on-balance sheet assets	2,557,543	978,854	654,591	65,856
Total on-balance sheet liabilities	(3,806,524)	(74,120)	(37,539)	-
Net liquidity gap	(1,248,981)	904,734	617,052	65,856

The net liquidity gap of off-balance sheet items is mainly within one year.

6. Liquidity (continued)

LIQ1: Liquidity Coverage Ratio – for category 1 institution

Number of data points used in calculating the average value of the LCR and related components set out in this template: (75)		For the quarter ended 31 December 2025	
		(a)	(b)
Basis of disclosure: consolidated		Unweighted value (average)	Weighted value (average)
		HK\$m	HK\$m
A. HQLA			
1	Total HQLA		1,330,255
B. Cash Outflows			
2	Retail deposits and small business funding, of which:	1,350,329	77,125
3	<i>Stable retail deposits and stable small business funding</i>	511,968	15,359
4	<i>Less stable retail deposits and less stable small business funding</i>	384,769	38,477
4a	<i>Retail term deposits and small business term funding</i>	453,592	23,289
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	1,494,340	672,465
6	<i>Operational deposits</i>	444,775	108,981
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	1,049,565	563,484
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	-	-
9	Secured funding transactions (including securities swap transactions)		33
10	Additional requirements, of which:	489,769	92,516
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	34,433	33,611
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	8,725	8,725
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	446,611	50,180
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	108,665	108,665
15	Other contingent funding obligations (whether contractual or non-contractual)	452,586	4,327
16	Total Cash Outflows		955,131
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	40,348	8,251
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	259,453	134,242
19	Other cash inflows	98,378	89,929
20	Total Cash Inflows	398,179	232,422
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		1,330,255
22	Total Net Cash Outflows		722,709
23	LCR (%)		184.39%

6. Liquidity (continued)

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.

The Group's average LCR of each quarter in 2025 were 231.50%, 185.34%, 191.26% and 184.39% respectively, continuously maintained at stable and healthy level.

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. The majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposits which are the Group's primary source of funds, together with deposits and balances from banks and other financial institutions. 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 or by issuing debts in the capital market. Other cash outflow, such as commitment, cash outflow under derivative contract and potential collateral requirement, had a minimal impact to the LCR.

The majority of the Group's customer deposits are denominated in HKD, USD and RMB. As the supply of HQLA denominated in HKD in the market is relatively limited, the Group exchanges surplus funds in HKD for USD and other currencies through swap transactions, part of which being used for investment in HQLA.

6. Liquidity (continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

For the quarter ended 31 December 2025 (HK\$m)		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	350,296	-	236	75,521	425,935
2	Regulatory capital	350,296	-	-	-	350,296
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	236	75,521	75,639
4	Retail deposits and small business funding:	-	1,366,600	16,951	819	1,275,915
5	Stable deposits	-	595,090	2,914	251	568,354
6	Less stable deposits	-	771,510	14,037	568	707,561
7	Wholesale funding:	-	1,907,043	12,702	3,201	636,562
8	Operational deposits	-	453,552	-	-	226,776
9	Other wholesale funding	-	1,453,491	12,702	3,201	409,786
10	Liabilities with matching interdependent assets	243,190	-	-	-	-
11	Other liabilities:	82,836	110,289	8,044	16,427	20,450
12	Net derivative liabilities	9,549	-	-	-	-
13	All other funding and liabilities not included in the above categories	73,287	110,289	8,044	16,427	20,450
14	Total ASF					2,358,862
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		1,406,896			102,054
16	Deposits held at other financial institutions for operational purposes	-	1,186	-	-	593
17	Performing loans and securities:	27,857	792,933	356,889	1,189,360	1,388,870
18	Performing loans to financial institutions secured by Level 1 HQLA	-	31,185	-	-	3,119
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	26	239,934	136,285	23,891	128,049
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	27,648	318,144	158,748	635,669	799,202
21	With a risk-weight of less than or equal to 35% under the STC approach	42	4,306	138	13,597	11,088
22	Performing residential mortgages, of which:	-	10,119	9,856	447,779	330,902
23	With a risk-weight of less than or equal to 35% under the STC approach	-	7,744	7,569	298,487	201,673
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	183	193,551	52,000	82,021	127,598
25	Assets with matching interdependent liabilities	243,190	-	-	-	-
26	Other assets:	177,331	33,989	801	3,093	144,649
27	Physical traded commodities, including gold	21,093	-	-	-	17,929
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	11,332	-	-	-	9,632
29	Net derivative assets	-	-	-	-	-
30	Total derivative liabilities before adjustments for deduction of variation margin posted	39,392	-	-	-	1,970
31	All other assets not included in the above categories	105,514	33,989	801	3,093	115,118
32	Off-balance sheet items			869,375		21,523
33	Total RSF					1,657,689
34	Net Stable Funding Ratio (%)					142.30%

6. Liquidity (continued)

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

For the quarter ended 30 September 2025 (HK\$m)		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: consolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	356,864	32,507	-	42,873	399,737
2	Regulatory capital	356,864	-	-	-	356,864
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	32,507	-	42,873	42,873
4	Retail deposits and small business funding:	-	1,332,018	21,690	881	1,248,830
5	Stable deposits	-	588,750	3,479	258	562,876
6	Less stable deposits	-	743,268	18,211	623	685,954
7	Wholesale funding:	-	1,937,451	18,328	2,339	654,196
8	Operational deposits	-	438,963	-	-	219,482
9	Other wholesale funding	-	1,498,488	18,328	2,339	434,714
10	Liabilities with matching interdependent assets	239,170	-	-	-	-
11	Other liabilities:	66,006	120,787	3,283	26,064	27,705
12	Net derivative liabilities	6,917	-	-	-	-
13	All other funding and liabilities not included in the above categories	59,089	120,787	3,283	26,064	27,705
14	Total ASF					2,330,468
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes		1,480,304			95,601
16	Deposits held at other financial institutions for operational purposes	-	1,280	-	-	640
17	Performing loans and securities:	25,686	826,742	260,877	1,213,423	1,385,034
18	Performing loans to financial institutions secured by Level 1 HQLA	-	27,831	-	-	2,783
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	100	245,005	66,947	30,000	100,325
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	25,388	373,091	130,226	662,454	823,532
21	With a risk-weight of less than or equal to 35% under the STC approach	8	3,131	100	11,200	8,901
22	Performing residential mortgages, of which:	-	9,843	9,414	442,798	328,228
23	With a risk-weight of less than or equal to 35% under the STC approach	-	7,436	7,150	288,891	195,072
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	198	170,972	54,290	78,171	130,166
25	Assets with matching interdependent liabilities	239,170	-	-	-	-
26	Other assets:	152,201	31,604	774	2,933	125,824
27	Physical traded commodities, including gold	10,048	-	-	-	8,541
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	10,521	-	-	-	8,943
29	Net derivative assets	-	-	-	-	-
30	Total derivative liabilities before adjustments for deduction of variation margin posted	34,884	-	-	-	1,744
31	All other assets not included in the above Categories	96,748	31,604	774	2,933	106,596
32	Off-balance sheet items			877,927		21,841
33	Total RSF					1,628,940
34	Net Stable Funding Ratio (%)					143.07%

7. Credit risk for non-securitization exposures

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, procedures and credit risk limits are regularly reviewed and updated to cope with changes in market conditions and business strategies.

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

The Board delegates credit approval authority to the CE. The CE can further delegate to the subordinates within his limit authorised by the Board. The Group sets the limits of credit approval authority according to the credit business nature, rating, the level of transaction risk, and the extent of the credit exposure.

The Chief Credit Officer, who reports directly to the CRO, takes charge of credit risk management and is also responsible for the control of credit risk exposures of subsidiaries in line with the credit risk management principles and requirements set by the Group. Various units of the Group have their respective credit risk management responsibilities. Business units act as the first line of defence in risk management. The RMD, which is independent from the business units, is responsible for the day-to-day management of credit risks and provides an independent due diligence through identifying, measuring, monitoring and controlling credit risk to ensure an effective checks and balances, as well as drafting, reviewing and updating credit risk management policies and procedures. It is also responsible for the design, development and maintenance of the Group's internal rating system and ensures the system complies with the relevant regulatory requirements. Back offices are responsible for credit administration, providing operations support and supervision on the implementation of prerequisite terms and conditions of credit facilities.

The Group Audit is responsible for conducting independent reviews on the adequacy and effectiveness of credit risk management framework, as well as the compliance to internal policies and procedures.

The RMD provides regular credit management information reports and ad hoc reports to the Management Committee ("MC"), the RC and the Board to facilitate their continuous monitoring of credit risk.

In addition, the Group identifies credit concentration risk by industry, geography, customer or counterparty. The Group monitors changes to every counterparties credit risk, quality of the credit portfolio and credit risk concentrations, and reports regularly to the Group's Management.

7. Credit risk for non-securitization exposures (continued)

CR1: Credit quality of exposures

		At 31 December 2025						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	Loans	19,615	2,223,446	18,907	1,405	513	16,989	2,224,154
2	Debt securities	300	1,378,660	54	-	32	22	1,378,906
3	Off-balance sheet exposures	193	869,202	330	20	58	252	869,065
4	Total	20,108	4,471,308	19,291	1,425	603	17,263	4,472,125

The Group identifies the exposures as "default" in accordance with the definition of default used for regulatory capital adequacy purpose.

CR2: Changes in defaulted loans and debt securities

		(a)
		HK\$m
1	Defaulted loans and debt securities at 30 June 2025	17,157
2	Loans and debt securities that have defaulted since the last reporting period	3,931
3	Returned to non-defaulted status	(207)
4	Amounts written off	(1,236)
5	Other changes	270
6	Defaulted loans and debt securities at 31 December 2025	19,915

The increase in defaulted exposures in the current reporting period was mainly due to the default of certain corporate loans.

7. Credit risk for non-securitization exposures (continued)

CRB: Additional disclosure related to credit quality of exposures

Exposures 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 remained continuously to exceed the approved limit that was advised to the borrower.

For exposures under both FIRB and STC approaches, ECL is assessed in three stages and the exposures are classified in one of the following three stages:

Stage 1: if the financial instruments are not credit-impaired during origination and their credit risk has not increased significantly since origination, and the impairment allowance is measured at an amount up to 12-month ECL;

Stage 2: if the financial instruments are not credit-impaired during origination but their credit risk has increased significantly since origination, and the impairment allowance is measured at an amount equal to the lifetime ECL;

Stage 3: if the financial instruments are credit-impaired and their future cash flows of that financial instruments are adversely affected by one or more events, and the impairment allowance is measured at an amount equal to the lifetime ECL.

Rescheduled advances are those advances that have been restructured and renegotiated between the bank and borrowers because of deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule, and the revised repayment terms, either of interest or the repayment period, are "non-commercial" to the Group.

(i) Exposures by geographical areas

		At 31 December 2025
		HK\$'m
1	Hong Kong, China	2,660,086
2	Chinese Mainland	531,801
3	United States	345,620
4	Others	953,909
5	Total	4,491,416

(ii) Exposures by industry

		At 31 December 2025
		HK\$'m
1	Personal	686,178
2	Financial and insurance services	1,303,684
3	Manufacturing	231,359
4	Public, commercial and other services	447,011
5	Real estate	444,057
6	Wholesale, retail, import and export trades	254,590
7	Others	1,124,537
8	Total	4,491,416

7. Credit risk for non-securitization exposures (continued)

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

(iii) Exposures by residual maturity

		At 31 December 2025
		HK\$m
1	Within one year	2,750,248
2	One to five years	1,057,413
3	Over five years	663,722
4	Indefinite	20,033
5	Total	4,491,416

(iv) Impaired exposures, related allowances and write-offs by geographical areas

		At 31 December 2025		
		Impaired exposures	Related allowances	Write-offs
		HK\$m	HK\$m	HK\$m
1	Hong Kong, China	17,700	(5,742)	4,399
2	Chinese Mainland	430	(11)	-
3	United States	-	-	-
4	Others	1,978	(1,278)	399
5	Total	20,108	(7,031)	4,798

(v) Impaired exposures, related allowances and write-offs by industry

		At 31 December 2025		
		Impaired exposures	Related allowances	Write-offs
		HK\$m	HK\$m	HK\$m
1	Personal	875	(127)	384
2	Financial and insurance services	98	(40)	-
3	Manufacturing	1,107	(543)	351
4	Public, commercial and other services	194	(75)	-
5	Real estate	15,279	(4,929)	3,848
6	Wholesale, retail, import and export trades	1,480	(859)	210
7	Others	1,075	(458)	5
8	Total	20,108	(7,031)	4,798

(vi) Aging analysis of accounting past due exposures

		At 31 December 2025
		HK\$m
1	Overdue for three months or less	2,886
2	Overdue for six months or less but over three months	3,985
3	Overdue for one year or less but over six months	2,458
4	Overdue for over one year	8,208
5	Total	17,537

(vii) Restructured exposures

		At 31 December 2025
		HK\$m
1	Impaired exposures	1,062
2	Not impaired exposures	-
3	Total	1,062

7. Credit risk for non-securitization exposures (continued)

CRC: Qualitative disclosures related to credit risk mitigation

The Group's policies and procedures stipulate the counterparty credit risk management and the netting should only be applied where there is a legal right to do so. Recognised netting can only be done pursuant to a valid bilateral netting agreement in accordance with the Banking (Capital) Rules section 209. The Group 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 for netting approach.

The Group has in place specific policies with respect to revaluation and management of collateral. These policies articulate the standards to monitor and manage the collateral's security as the secondary repayment source and recovery of obligation loss. All collaterals are revalued on a regular basis. More frequent revaluation is required for collaterals with higher volatility or deteriorated accounts.

The credit risk concentration within the credit risk mitigation (recognised collateral and guarantees for capital calculation) used by the Group is under a low level.

CR3: Overview of recognized credit risk mitigation

		At 31 December 2025				
		(a)	(b)	(c)	(d)	(e)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
1	Loans	1,213,660	1,010,494	531,767	376,604	-
2	Debt securities	1,344,177	34,729	-	34,729	-
3	Total	2,557,837	1,045,223	531,767	411,333	-
4	Of which defaulted	7,924	1,985	1,387	166	-

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

The ECAIs recognised by the Group include Standard & Poor's, Moody's and Fitch.

The Group adopts STC approach based on external credit rating (where applicable) to determine the risk weight of the small residual credit exposures that was approved by the HKMA to be exempted from FIRB approach and the main exposures are listed as below:

- Exposures to Sovereign
- Exposures to Public sector entity
- Exposures to Multilateral development bank

The Group performs the ECAI issuer ratings mapping to its exposures in banking book in accordance with Part 4 of the Banking (Capital) Rules.

7. Credit risk for non-securitization exposures (continued)

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

		At 31 December 2025					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Exposure classes	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	%	
1	Sovereign exposures	963,767	2,147	969,479	858	17,570	2
2	Public sector entity exposures	196,305	10,320	204,445	5,970	13,756	7
3	Multilateral development bank exposures	137,880	-	137,880	-	-	-
3a	Unspecified multilateral body exposures	522	-	522	-	104	20
4	Bank exposures	2,016	236	2,718	254	707	24
4a	Qualifying non-bank financial institution exposures	7,140	770	7,140	147	4,925	68
5	Eligible covered bond exposures	-	-	-	-	-	-
6	General corporate exposures	48,388	50,890	42,006	10,970	48,939	92
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	7,217	25,424	7,314	4,580	11,213	94
6b	Specialized lending	1,242	-	1,242	-	1,509	121
7	Equity exposures	75	-	75	-	187	250
7a	Significant capital investments in commercial entities	186	-	186	-	464	250
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	5,498	3,500	5,498	1,400	17,246	250
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	-	-	-	-	-	-
8	Retail exposures	42,517	39,818	21,786	3,286	22,014	88
8a	Exposures arising from IPO financing	-	-	-	-	-	-

7. Credit risk for non-securitization exposures (continued)

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

		At 31 December 2025					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Exposure classes	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	%	
9	Real estate exposures	10,498	7,705	4,758	377	2,975	58
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	8,440	7,110	2,722	155	746	26
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	163	155	163	62	234	104
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	370	-	360	-	224	62
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	960	408	948	150	916	83
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	263	4	263	1	396	150
9g	Of which: land acquisition, development and construction exposures	302	28	302	9	459	148
10	Defaulted exposures	907	1	1,068	1	1,160	109
11	Other exposures	669	16	669	16	685	100
11a	Cash and gold	280	-	280	-	-	-
11b	Items in the process of clearing or settlement	7,452	-	7,452	-	-	-
12	Total	1,425,342	115,403	1,407,204	23,279	132,241	9

The sequence applied in relation to both on-balance sheet and off-balance sheet exposures is provisioning, credit risk mitigation measures and CCFs.

7. Credit risk for non-securitization exposures (continued)

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

		At 31 December 2025						Total credit exposure amount (post-CCF and post-CRM) HK\$m
		0%	20%	50%	100%	150%	Other	
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
1	Sovereign exposures	938,485	10,751	14,906	2,652	3,543	-	970,337

		At 31 December 2025						Total credit exposure amount (post-CCF and post-CRM) HK\$m
		0%	20%	50%	100%	150%	Other	
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
2	Public sector entity exposures	144,696	64,954	-	765	-	-	210,415

		At 31 December 2025							Total credit exposure amount (post-CCF and post-CRM) HK\$m
		0%	20%	30%	50%	100%	150%	Other	
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
3	Multilateral development bank exposures	137,880	-	-	-	-	-	-	137,880

		At 31 December 2025						Total credit exposure amount (post-CCF and post-CRM) HK\$m
		20%	30%	50%	100%	150%	Other	
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
3a	Unspecified multilateral body exposures	522	-	-	-	-	-	522

		At 31 December 2025							Total credit exposure amount (post-CCF and post-CRM) HK\$m	
		20%	30%	40%	50%	75%	100%	150%		Other
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m		HK\$m
4	Bank exposures	1,895	1,068	-	6	-	-	3	-	2,972

7. Credit risk for non-securitization exposures (continued)

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

		At 31 December 2025							Total credit exposure amount (post-CCF and post-CRM)	
		20%	30%	40%	50%	75%	100%	150%	Other	HK\$m
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
4a	Qualifying non-bank financial institution exposures	2,374	-	-	2,458	44	856	1,555	-	7,287

		At 31 December 2025							Total credit exposure amount (post-CCF and post-CRM)	
		10%	15%	20%	25%	35%	50%	100%	Other	HK\$m
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
5	Eligible covered bond exposures	-	-	-	-	-	-	-	-	-

		At 31 December 2025							Total credit exposure amount (post-CCF and post-CRM)		
		20%	30%	50%	65%	75%	85%	100%	150%	Other	HK\$m
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
6	General corporate exposures	1,991	-	900	-	2,196	9,636	38,253	-	-	52,976
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	97	-	1,538	1,656	8,603	-	-	11,894

		At 31 December 2025							Total credit exposure amount (post-CCF and post-CRM)	
		20%	50%	75%	80%	100%	130%	150%	Other	HK\$m
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
6b	Specialized lending	-	-	-	-	353	889	-	-	1,242

		At 31 December 2025				Total credit exposure amount (post-CCF and post-CRM)
		100%	250%	400%	Other	HK\$m
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
7	Equity exposures	-	75	-	-	75

7. Credit risk for non-securitization exposures (continued)

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

		At 31 December 2025				Total credit exposure amount (post-CCF and post-CRM) HK\$m
		250%	400%	1250%	Other	
		HK\$m	HK\$m	HK\$m	HK\$m	
7a	Significant capital investments in commercial entities	186	-	-	-	186

		At 31 December 2025				Total credit exposure amount (post-CCF and post-CRM) HK\$m
		150%	250%	400%	Other	
		HK\$m	HK\$m	HK\$m	HK\$m	
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	-	6,898	-	-	6,898

		At 31 December 2025		Total credit exposure amount (post-CCF and post-CRM) HK\$m
		150%	Other	
		HK\$m	HK\$m	
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	-	-	-

		At 31 December 2025				Total credit exposure amount (post CCF and post-CRM) HK\$m
		45%	75%	100%	Other	
		HK\$m	HK\$m	HK\$m	HK\$m	
8	Retail exposures	375	11,441	13,223	33	25,072

		At 31 December 2025		Total credit exposure amount (post-CCF and post-CRM) HK\$m
		0%	Other	
		HK\$m	HK\$m	
8a	Exposures arising from IPO financing	-	-	-

7. Credit risk for non-securitization exposures (continued)

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

		At 31 December 2025																			Total credit exposure amount (post-CCF and post-CRM)
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	
		HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	
9	Real estate exposures	-	1,584	242	637	-	346	2	43	343		24	603	215	-	316	220	-	560	-	5,135
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		1,584	242	637		346	-	43	1		24	-				-			-	2,877
9b	Of which: no loan splitting applied		1,584	242	637		346	-	43	1		24	-				-			-	2,877
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)				-	-		2		2			1		-		220			-	225
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-			340			1	-		19			-	-	360
9g	Of which: no loan splitting applied	-	-		-		-			340			1	-		19			-	-	360
9h	Of which: loan splitting applied (secured)																				
9i	Of which: loan splitting applied (unsecured)																				

7. Credit risk for non-securitization exposures (continued)

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

		At 31 December 2025																			Total credit exposure amount (post-CCF and post-CRM)
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	
		HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)																				
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-										601	215		282				-	-
9l	Of which: no loan splitting applied	-	-										601	215		282				-	-
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)																			264	-
9p	Of which: land acquisition, development and construction exposures															15				296	-

7. Credit risk for non-securitization exposures (continued)

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

		At 31 December 2025				Total credit exposure amount (post-CCF and post-CRM) HK\$m
		50%	100%	150%	Other	
		HK\$m	HK\$m	HK\$m	HK\$m	
10	Defaulted exposures		74	685	310	1,069

		At 31 December 2025			Total credit exposure amount (post-CCF and post-CRM) HK\$m
		100%	1250%	Other	
		HK\$m	HK\$m	HK\$m	
11	Other exposures	685	-	-	685

		At 31 December 2025			Total credit exposure amount (post-CCF and post-CRM) HK\$m
		0%	100%	Other	
		HK\$m	HK\$m	HK\$m	
11a	Cash and gold	280	-	-	280

		At 31 December 2025			Total credit exposure amount (post-CCF and post-CRM) HK\$m
		0%	20%	Other	
		HK\$m	HK\$m	HK\$m	
11b	Items in the process of clearing or settlement	7,452	-	-	7,452

7. Credit risk for non-securitization exposures (continued)

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

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

		At 31 December 2025			
		(a)	(b)	(c)	(d)
		On-balance sheet exposure HK\$'m	Off-balance sheet exposure (pre-CCF) HK\$'m	Weighted average CCF*	Exposure (post-CCF and post-CRM) HK\$'m
1	Less than 40%	1,307,887	23,702	31	1,315,121
2	40-70%	19,156	1,794	14	19,403
3	75%	13,202	5,559	20	14,284
4	85%	8,496	3,824	35	9,851
5	90-100%	45,378	63,197	19	57,177
6	105-130%	1,067	155	40	1,129
7	150%	6,259	252	40	6,359
8	250%	5,759	3,500	40	7,159
9	400%	-	-	-	-
10	1250%	-	-	-	-
11	Total exposures	1,407,204	101,983	23	1,430,483

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

The sequence applied in relation to both on-balance sheet and off-balance sheet exposures is provisioning, credit risk mitigation measures and CCFs.

7. Credit risk for non-securitization exposures (continued)

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

The internal model developments, controls and changes are complied with the regulatory requirements of Banking (Capital) Rules by the HKMA. The Group establishes the model standards to govern the process for the initial development, the approval and the implementation of the internal rating system, as well as the procedures for monitoring and reporting of the model performance.

To ensure the discriminatory power, accuracy and stability of the rating systems meet regulatory and management requirements, review of a rating model will be triggered if the performance of the model deteriorates materially against pre-determined tolerance limit.

The model development and maintenance unit of the RMD is responsible for developing, maintaining and changing internal rating models. The model validation unit of the RMD is responsible for independent validation of internal rating models.

The implementation of initial IRB models and the subsequent material changes of models are approved by the RC of the Board on the recommendation of the ALCO.

The RMD as a credit risk control unit is responsible for the design, selection, testing and implementation, oversight of the effectiveness, as well as related monitoring and review of an internal rating system.

Internal audit reviews at least annually the internal rating system (including the validation process and the estimation of the risk components) and the operations of the related credit risk control unit. The audit purpose is to verify the control mechanism over the internal rating system is functioning as intended.

Comprehensive validation of all internal rating models is carried out by Model Validation Team that is functionally independent of model development, maintenance unit and business units. The validation findings and conclusions will be submitted directly to the Group's senior management and the RC.

Internal rating models are validated at least once a year. If material changes in the market environment or business activities are considered to have potentially significant impact on effectiveness of IRB system, prompt validation will be conducted accordingly.

For newly-developed or revised internal rating models, independent validation should be carried out before the model is submitted to the RC for approval for implementation. The validation opinions will be submitted together with the model development documentation for consideration in the model approval process.

On an ongoing basis, regular validation reports are reviewed by the RC. Significant findings of model weakness are reported to the senior management and the RC. Corresponding remedial actions are taken by the model development and maintenance unit, and followed up by the validation unit, which is also governed by the RC and senior management.

7. Credit risk for non-securitization exposures (continued)

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

The scope of reporting related to credit risk models covers the assessment on the discriminatory power, accuracy and stability of the rating systems, the use of rating overrides and its reason analysis, the major findings during the model review and validation.

The Group adopts the FIRB approach to calculate the regulatory capital requirements for most of the corporate and bank exposures, and adopts the supervisory slotting criteria approach to project finance exposures under specialised lending. The Group adopts retail IRB approach for retail exposures to individuals and small businesses.

The following table summarised the portion of total EAD within the Group covered by the STC approach and IRB approaches:

Portfolio	STC approach (% in EAD)	IRB approaches		
		Foundation IRB approach (% in EAD)	Retail IRB approach (% in EAD)	Specific Risk Weight approach (% in EAD)
Sovereign	100%	-	-	-
Bank	9%	91%	-	-
Corporate	5%	95%	-	-
Retail	4%	-	96%	-
Equity	100%	-	-	-
Other	2%	-	-	98%

Description of Internal rating models

The models in portfolios are categorised mainly by product nature or obligor types. The main differences among the models are the reflection of the risk characteristics (e.g. secured or unsecured products, and obligors with different sales turnover, exposure size and industry, etc.). For project finance exposures under specialised lending, the rating is assigned by the project finance model based on the characteristics of borrowers and transactions.

7. Credit risk for non-securitization exposures (continued)

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

IRB models – Bank and Corporate

Probability of Default (“PD”) models

- PD represents the likelihood of a default event in a one-year horizon.

Portfolio	Model	Number of Models	Key Model Characteristics	Regulatory Floors Applied
Bank (Banks and insurance companies and securities firms that are qualifying non-bank financial institutions)	PD	3	PD models are developed based on historical data and market benchmarking data, combining both quantitative and qualitative data on latest financial performance, management quality, industry risks, group connection and negative warning signals of each obligor.	0.05%
Corporate (Large corporates, medium corporates, real estate developers, real estate investors, insurance companies and securities firms that are not qualifying non-bank financial institutions, object finance and project finance)	PD	8		0.05%

IRB models – Retail

The Group uses statistical models to provide estimated probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) for retail exposures under retail IRB approach.

Probability of Default (“PD”) models

- PD represents the likelihood of a default event in a one-year horizon.
- PD models incorporate the characteristics of obligors, facility types, and the obligor’s account behavior.

Loss Given Default (“LGD”) models

- LGD estimates the potential loss of each credit exposure if the obligor defaults.
- LGD is mainly determined by the characteristics of facility, collateralisation, loss recovery and the associated costs. Downturn LGD takes into account of the recoveries experience in the historical downturn situation. The determination of the time lapse between the default event and the closure of the exposure is based on empirical data and expert judgement.

Exposure at Default (“EAD”) models

- EAD estimates the additional drawn down on the undrawn facility, if any, after the facility defaulted.
- In modeling the credit conversion factors (“CCF”), fixed horizon method has been used and the horizon chosen is 12 months. For the estimation of CCF for facilities of off-balance sheet exposures such as the undrawn portion of credit lines, CCF estimation considered the factors such as utilisation rate.

7. Credit risk for non-securitization exposures (continued)

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

Portfolio	Model	Number of Models	Key Model Characteristics	Regulatory Floors Applied
Residential Mortgage (To individuals and property holding shell companies)	PD	1	Calibrated to a long-run default rate from the score based on obligor's characteristics and internal behavioral data.	0.05%
	LGD	1	Pooling based on the factors such as collateral type and LTV, etc. A conservative LGD is estimated for the economic downturn period based on the historical data.	10%
	EAD	1	Based on the outstanding balance. For the accounts denominated in foreign currency, EAD will be adjusted to consider the increasing of EAD due to the appreciation of the foreign currency.	Not less than the sum of the following: on-balance sheet exposure, and 50% of off-balance sheet exposure
Other Retail Exposure to individuals (non-credit card)	PD	3	Calibrated to a long-run default rate from the score based on the facility type and internal behavioral data.	Qualifying revolving retail (revolver): 0.1% Others: 0.05%
	LGD	3	Pooling based on the factors such as facility type, collateral type and LTV, etc. A conservative LGD is estimated for the economic downturn period based on the historical data.	Financial Collateral: 0% Financial Receivables/Commercial or Residential Real Estate: 10% Physical Collateral (excluding commercial or residential real estate): 15% Not recognised Collateral/Unsecured: 30% Qualifying revolving retail: 50%
	EAD	3	For revolving facilities, utilisation ratio is derived to determine the EAD. For reducing balance facilities, EAD is based on the outstanding balance. For the accounts denominated in foreign currency, EAD will be adjusted to consider the increasing of EAD due to the appreciation of the foreign currency.	Not less than the sum of the following: on-balance sheet exposure, and 50% of off-balance sheet exposure

7. Credit risk for non-securitization exposures (continued)

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

Portfolio	Model	Number of Models	Key Model Characteristics	Regulatory Floors Applied
Credit Card	PD	1	Calibrated to a long-run default rate from the score based on obligor's characteristics and internal behavioral data.	Qualifying revolving retail (revolver): 0.1% Others: 0.05%
	LGD	1	A conservative LGD is estimated for the economic downturn period based on the historical data.	Qualifying revolving retail: 50% Other retail exposure to individuals: 30%
	EAD	1	Utilisation ratio is derived to determine the EAD. For the accounts denominated in foreign currency, EAD will be adjusted to consider the increasing of EAD due to the appreciation of the foreign currency.	Not less than the sum of the following: on-balance sheet exposure, and 50% of off-balance sheet exposure
Small Business Retail	PD	1	Calibrated to a long-run default rate from the combination of financial assessment, qualitative assessment to the obligor and the internal behavioral data.	0.05%
	LGD	1	Pooling based on the factors such as facility type and LTV, etc. A conservative LGD is estimated for the economic downturn period based on the historical data.	Financial Collateral: 0% Financial Receivables/Commercial or Residential Real Estate: 10% Physical Collateral (excluding commercial or residential real estate): 15% Not recognised Collateral/Unsecured: 30%
	EAD	1	CCF is estimated to determine the EAD. For reducing balance facilities, EAD is based on the outstanding balance.	Not less than the sum of the following: on-balance sheet exposure, and 50% of off-balance sheet exposure

7. Credit risk for non-securitization exposures (continued)

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

(a) FIRB approach

	PD scale	At 31 December 2025											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (i) – Sovereign	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (ii) – Bank	0.00 to < 0.15	524,825	29,112	33	530,705	0.06	333	45	2.50	155,945	29	145	
	0.15 to < 0.25	22,687	6,354	16	23,673	0.22	56	44	2.50	13,446	57	23	
	0.25 to < 0.50	5,685	2,873	16	6,129	0.39	36	45	2.50	4,932	80	11	
	0.50 to < 0.75	1,516	4,632	10	1,878	0.52	31	42	2.50	1,408	75	4	
	0.75 to < 2.50	2,527	2,459	10	2,757	1.11	29	44	2.50	2,721	99	13	
	2.50 to < 10.00	855	76	10	863	4.11	8	45	2.50	1,206	140	16	
	10.00 to < 100.00	78	-	-	78	10.54	2	45	2.50	154	197	4	
	100.00 (Default)	30	-	-	30	100.00	1	45	2.50	171	563	-	
Sub-total	558,203	45,506	25	566,113	0.09	496	45	2.50	179,983	32	216	2,526	
Portfolio (iii) – Corporate – specialized lending (other than HVCRE)	0.00 to < 0.15	6,445	393	10	6,636	0.12	202	39	2.50	1,876	28	3	
	0.15 to < 0.25	6,441	919	13	3,008	0.22	66	40	2.50	1,199	40	3	
	0.25 to < 0.50	18,622	7,528	38	13,394	0.39	116	40	2.50	7,300	55	21	
	0.50 to < 0.75	19,053	4,232	22	15,186	0.64	170	39	2.50	10,144	67	45	
	0.75 to < 2.50	46,808	5,846	25	36,448	1.50	481	39	2.50	32,092	88	224	
	2.50 to < 10.00	16,929	589	17	12,199	5.42	108	39	2.50	13,392	110	251	
	10.00 to < 100.00	7,294	61	31	1,872	11.34	29	40	2.50	3,266	174	85	
	100.00 (Default)	12,137	-	-	9,739	100.00	24	40	2.50	18,805	193	3,627	
Sub-total	133,729	19,568	28	98,482	11.50	1,196	39	2.50	88,074	89	4,259	4,939	

7. Credit risk for non-securitization exposures (continued)

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

(a) FIRB approach (continued)

	PD scale	At 31 December 2025											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (iv) – Corporate – small-and-medium sized corporates	0.00 to < 0.15	5,170	3,045	17	6,735	0.10	212	38	2.50	1,450	22	3	
	0.15 to < 0.25	758	2,060	13	2,725	0.22	164	32	2.50	712	26	2	
	0.25 to < 0.50	843	3,147	13	7,099	0.39	248	35	2.50	2,837	40	10	
	0.50 to < 0.75	7,981	4,949	19	5,896	0.60	320	34	2.50	2,863	49	12	
	0.75 to < 2.50	12,634	9,293	14	17,420	1.52	629	31	2.50	10,441	60	78	
	2.50 to < 10.00	6,730	2,926	14	6,644	3.66	301	27	2.50	4,345	65	65	
	10.00 to < 100.00	132	81	15	2,854	13.26	16	39	2.50	4,387	154	148	
	100.00 (Default)	474	7	10	394	100.00	18	33	2.50	302	77	135	
Sub-total	34,722	25,508	15	49,767	2.73	1,908	33	2.50	27,337	55	453	903	
Portfolio (v) – Corporate – specialized lending (HVCRE)	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	
Portfolio (vi) – Corporate – large corporates	0.00 to < 0.15	126,843	75,172	22	184,272	0.10	110	40	2.50	47,625	26	73	
	0.15 to < 0.25	21,068	33,781	16	45,223	0.22	26	39	2.50	18,182	40	39	
	0.25 to < 0.50	15,545	13,888	20	36,736	0.39	31	40	2.50	20,226	55	58	
	0.50 to < 0.75	88,900	38,750	13	23,433	0.57	77	40	2.50	15,295	65	53	
	0.75 to < 2.50	78,505	37,306	18	29,235	1.41	101	40	2.50	26,516	91	165	
	2.50 to < 10.00	10,541	5,482	24	5,706	7.78	24	39	2.50	8,655	152	173	
	10.00 to < 100.00	-	80	-	-	10.54	1	40	2.50	-	-	-	
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	341,402	204,459	19	324,605	0.44	370	40	2.50	136,499	42	561	2,047	

7. Credit risk for non-securitization exposures (continued)

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

(a) FIRB approach (continued)

	At 31 December 2025											
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Original on- balance sheet gross exposure	Off- balance sheet exposures pre-CCF	Average CCF	EAD post- CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
	PD scale	HK\$m	HK\$m	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m
Portfolio (vii) – Corporate – financial institutions treated as corporates	0.00 to < 0.15	8,875	2,791	19	10,384	0.10	8	45	2.50	4,080	39	5
	0.15 to < 0.25	4,804	4,484	13	6,671	0.22	9	45	2.50	4,115	62	6
	0.25 to < 0.50	1,447	2,020	23	2,235	0.39	7	45	2.50	1,811	81	4
	0.50 to < 0.75	3,857	4,588	10	2,451	0.52	16	45	2.50	2,269	93	6
	0.75 to < 2.50	2,425	611	10	2,999	1.10	8	45	2.50	3,633	121	15
	2.50 to < 10.00	845	566	10	173	7.73	4	45	2.50	356	206	6
	10.00 to < 100.00	106	-	-	106	13.77	1	45	2.50	265	249	6
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	22,359	15,060	16	25,019	0.43	53	45	2.50	16,529	66	48
Portfolio (viii) – Corporate – other corporates	0.00 to < 0.15	111,522	94,506	24	248,531	0.11	236	40	2.50	67,119	27	106
	0.15 to < 0.25	82,598	42,469	16	106,102	0.22	134	37	2.50	40,612	38	87
	0.25 to < 0.50	19,887	15,101	18	68,687	0.39	182	39	2.50	37,208	54	105
	0.50 to < 0.75	140,322	48,906	20	107,796	0.57	320	40	2.50	70,110	65	245
	0.75 to < 2.50	141,642	75,403	16	118,474	1.37	618	35	2.50	93,584	79	575
	2.50 to < 10.00	39,580	19,705	18	22,695	4.44	290	35	2.50	25,063	110	353
	10.00 to < 100.00	15,062	1,105	15	15,234	14.77	42	37	2.50	27,235	179	829
	100.00 (Default)	8,694	43	49	8,367	100.00	84	38	2.50	2,658	32	6,293
	Sub-total	559,307	297,238	20	695,886	2.10	1,906	38	2.50	363,589	52	8,593
Portfolio (ix) – Retail – QRRE (transactor)	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-
	Sub-total	-	-	-	-	-	-	-	-	-	-	-

7. Credit risk for non-securitization exposures (continued)

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

(a) FIRB approach (continued)

	PD scale	At 31 December 2025											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (x) – Retail – QRRE (revolver)	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (xi) – Retail – Residential mortgage exposures (including both to individuals and to property- holding shell companies)	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-

7. Credit risk for non-securitization exposures (continued)

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

(a) FIRB approach (continued)

	PD scale	At 31 December 2025											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (xii) – Retail – small business retail exposures	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (xiii) – Retail – Other retail exposures to individuals	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (sum of all portfolios)		1,649,722	607,339	20	1,759,872	1.67	5,929	41	2.50	812,011	46	14,130	22,510

7. Credit risk for non-securitization exposures (continued)

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

(b) Retail IRB approach

	PD scale	At 31 December 2025											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (i) – Sovereign	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (ii) – Bank	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (iii) – Corporate – specialized lending (other than HVCRE)	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-

7. Credit risk for non-securitization exposures (continued)

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

(b) Retail IRB approach (continued)

	PD scale	At 31 December 2025											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (iv) – Corporate – small-and-medium sized corporates	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (v) – Corporate – specialized lending (HVCRE)	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (vi) – Corporate – large corporates	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-

7. Credit risk for non-securitization exposures (continued)

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

(b) Retail IRB approach (continued)

	PD scale	At 31 December 2025											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on- balance sheet gross exposure	Off- balance sheet exposures pre-CCF	Average CCF	EAD post- CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (vii) – Corporate – financial institutions treated as corporates	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (viii) – Corporate – other corporates	0.00 to < 0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio (ix) – Retail – QRRE (transactor)	0.00 to < 0.15	5,139	44,348	-	27,922	0.10	604,541	90		1,531	5	26	
	0.15 to < 0.25	1,031	22,955	-	18,970	0.24	580,431	89		2,062	11	40	
	0.25 to < 0.50	162	3,718	-	3,190	0.34	131,350	91		478	15	10	
	0.50 to < 0.75	733	1,130	-	1,648	0.55	47,237	94		375	23	8	
	0.75 to < 2.50	278	308	-	640	1.27	14,871	98		283	44	8	
	2.50 to < 10.00	54	84	-	125	4.58	3,280	96		134	107	5	
	10.00 to < 100.00	4	2	-	8	13.04	5,071	98		15	208	1	
	100.00 (Default)	5	80	-	68	100.00	2,419	88		700	1036	4	
	Sub-total	7,406	72,625	-	52,571	0.33	1,389,200	90		5,578	11	102	60

7. Credit risk for non-securitization exposures (continued)

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

(b) Retail IRB approach (continued)

	PD scale	At 31 December 2025											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (x) – Retail – QRRE (revolver)	0.00 to < 0.15	1,389	9,826	-	6,744	0.11	160,991	90		402	6	7	
	0.15 to < 0.25	536	4,024	-	3,280	0.22	87,355	90		348	11	6	
	0.25 to < 0.50	358	9,193	-	7,519	0.32	303,930	89		1,052	14	22	
	0.50 to < 0.75	443	1,608	-	1,550	0.57	48,386	92		351	23	8	
	0.75 to < 2.50	587	1,023	-	1,456	1.30	46,575	93		629	43	18	
	2.50 to < 10.00	1,249	946	-	1,909	5.53	37,337	95		2,303	121	100	
	10.00 to < 100.00	453	231	-	629	19.64	11,895	95		1,403	223	115	
	100.00 (Default)	48	46	-	84	100.00	2,289	88		481	574	38	
Sub-total	5,063	26,897	-	23,171	1.64	698,758	90		6,969	30	314	124	
Portfolio (xi) – Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to < 0.15	99,700	-	-	99,700	0.11	56,539	10		2,535	3	11	
	0.15 to < 0.25	43,589	2	40	43,590	0.22	14,808	10		1,948	4	10	
	0.25 to < 0.50	60,729	-	-	60,729	0.39	18,100	10		4,140	7	25	
	0.50 to < 0.75	112,740	-	-	112,740	0.57	35,104	11		10,061	9	67	
	0.75 to < 2.50	153,635	-	-	153,635	1.18	42,814	10		21,672	14	184	
	2.50 to < 10.00	996	-	-	996	5.33	337	10		338	34	6	
	10.00 to < 100.00	2,066	-	-	2,066	26.82	753	10		1,194	58	57	
	100.00 (Default)	613	-	-	613	100.00	244	10		535	87	60	
Sub-total	474,068	2	40	474,069	0.87	168,699	10		42,423	9	420	705	

7. Credit risk for non-securitization exposures (continued)

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

(b) Retail IRB approach (continued)

	PD scale	At 31 December 2025											
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Provisions
%	HK\$m	HK\$m	%	HK\$m	%		%	Year	HK\$m	%	HK\$m	HK\$m	
Portfolio (xii) – Retail – small business retail exposures	0.00 to < 0.15	705	1,150	35	1,104	0.08	851	17		40	4	-	
	0.15 to < 0.25	222	116	41	269	0.22	166	17		20	8	-	
	0.25 to < 0.50	321	166	41	388	0.39	211	20		48	12	-	
	0.50 to < 0.75	379	242	33	460	0.59	301	20		74	16	1	
	0.75 to < 2.50	801	135	41	856	1.36	553	25		244	28	3	
	2.50 to < 10.00	130	29	35	141	3.42	121	27		54	38	1	
	10.00 to < 100.00	22	-	90	22	18.47	17	37		17	77	2	
	100.00 (Default)	97	1	113	97	100.00	86	43		162	167	40	
Sub-total	2,677	1,839	36	3,337	3.71	2,306	21		659	20	47	50	
Portfolio (xiii) – Retail – Other retail exposures to individuals	0.00 to < 0.15	9,780	17,178	-	25,932	0.06	5,980	24		1,038	4	4	
	0.15 to < 0.25	4,164	49	-	4,199	0.22	5,234	12		220	5	1	
	0.25 to < 0.50	23,764	32	-	23,789	0.37	12,189	12		1,677	7	10	
	0.50 to < 0.75	23,046	26	1	23,066	0.62	10,219	15		2,744	12	21	
	0.75 to < 2.50	24,358	27,982	5	27,770	1.26	11,989	20		6,282	23	80	
	2.50 to < 10.00	1,222	3	-	1,224	4.34	347	17		300	25	9	
	10.00 to < 100.00	628	-	-	629	15.70	832	16		205	33	19	
	100.00 (Default)	172	-	-	172	100.00	770	46		758	440	23	
Sub-total	87,134	45,270	3	106,781	0.87	47,560	18		13,224	12	167	220	
Total (sum of all portfolios)	576,348	146,633	1	659,929	0.87	2,306,523	21		68,853	10	1,050	1,159	

7. Credit risk for non-securitization exposures (continued)

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

		At 31 December 2025	
		(a)	(b)
		Pre-credit derivatives RWA	Actual RWA
		HK\$m	HK\$m
1	Corporate – Specialized lending (project finance)	2,222	2,222
2	Corporate – Specialized lending (object finance)	1,511	1,511
3	Corporate – Specialized lending (commodities finance)	-	-
4	Corporate – Specialized lending (income-producing real estate)	84,341	84,341
5	Corporate – Specialized lending (high-volatility commercial real estate)	-	-
6	Corporate – Small-and-medium sized corporates	27,337	27,337
7	Corporate – Large corporates	136,499	136,499
8	Corporate – Financial institutions treated as corporates	16,529	16,529
9	Corporate – Other corporates	363,589	363,589
10	Sovereign – Sovereigns	-	-
11	Sovereign – Sovereign foreign public sector entities	-	-
12	Sovereign – Multilateral development banks	-	-
13	Bank – Banks (excluding covered bonds)	168,846	168,846
14	Bank – Qualifying non-bank financial institutions	11,134	11,134
15	Bank – Public sector entities (excluding sovereign foreign public sector entities)	-	-
16	Bank – Unspecified multilateral bodies	-	-
17	Bank – Covered bonds	3	3
18	Retail – Small business retail exposures	659	659
19	Retail – Residential mortgages to individuals	42,348	42,348
20	Retail – Residential mortgages to property-holding shell companies	75	75
21	Retail – Qualifying revolving retail exposures (QRRE) (transactor)	5,578	5,578
22	Retail – QRRE (revolver)	6,969	6,969
23	Retail – Other retail exposures to individuals	13,224	13,224
24	CIS – CIS exposures	-	-
25	Other – Cash items	-	-
26	Other – Other items	61,527	61,527
27	Total (under the IRB calculation approaches)	942,391	942,391

The Group did not use any recognised credit derivative contracts for credit risk mitigation.

7. Credit risk for non-securitization exposures (continued)

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

		(a)
		HK\$m
1	RWA as at 30 September 2025	937,418
2	Asset size	(5,482)
3	Asset quality	7,693
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	2,762
8	Other	-
9	RWA as at 31 December 2025	942,391

7. Credit risk for non-securitization exposures (continued)

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

(a) FIRB approach

(a)	(b)	At 31 December 2025							
		(c)	(d)	(e)	(f)		(g)	(h)	(i)
					External rating equivalent (Standard & Poor's)	Weighted average PD			
Portfolio	PD Range %		%	%					%
Bank	0.00 to < 0.15	AAA to BBB+	0.06	0.07	302	423	-	-	-
	0.15 to < 0.25	BBB+ to BBB	0.22	0.22	49	74	-	-	-
	0.25 to < 0.50	BBB to BB+	0.39	0.39	48	65	-	-	-
	0.50 to < 0.75	BB+	0.59	0.59	27	35	-	-	-
	0.75 to < 2.50	BB+ to B+	1.04	1.25	27	37	-	-	-
	2.50 to < 10.00	B+ to B-	5.11	4.03	10	12	-	-	-
	10.00 to < 100.00	B- to C	13.77	15.89	2	2	-	-	-
Corporate – specialized lending (other than HVCRE)	0.00 to < 0.15	AAA to BBB+	0.12	0.10	203	208	-	-	-
	0.15 to < 0.25	BBB+ to BBB	0.22	0.22	73	74	-	-	-
	0.25 to < 0.50	BBB to BB+	0.39	0.39	121	127	-	-	-
	0.50 to < 0.75	BB+	0.63	0.60	199	215	-	-	-
	0.75 to < 2.50	BB+ to B+	1.36	1.29	508	522	3	-	0.59
	2.50 to < 10.00	B+ to B-	4.44	4.01	109	113	3	-	2.75
	10.00 to < 100.00	B- to C	14.13	15.92	16	16	2	-	12.50
Corporate – small-and-medium sized corporates	0.00 to < 0.15	AAA to BBB+	0.09	0.12	234	243	-	-	-
	0.15 to < 0.25	BBB+ to BBB	0.22	0.22	160	170	-	-	-
	0.25 to < 0.50	BBB to BB+	0.39	0.39	244	256	2	-	0.82
	0.50 to < 0.75	BB+	0.60	0.58	297	314	1	-	0.34
	0.75 to < 2.50	BB+ to B+	1.60	1.39	665	714	6	1	0.75
	2.50 to < 10.00	B+ to B-	4.01	3.87	293	322	12	-	4.10
	10.00 to < 100.00	B- to C	17.41	12.28	18	20	1	-	5.56

7. Credit risk for non-securitization exposures (continued)

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

(a) FIRB approach (continued)

At 31 December 2025									
(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)
Portfolio	PD Range %	External rating equivalent (Standard & Poor's)	Weighted average PD %	Arithmetic average PD by obligors %	Number of obligors		Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate %
					Beginning of the year	End of the year			
Corporate – large corporates	0.00 to < 0.15	AAA to BBB+	0.09	0.10	91	107	-	-	-
	0.15 to < 0.25	BBB+ to BBB	0.22	0.22	24	27	-	-	-
	0.25 to < 0.50	BBB to BB+	0.39	0.39	23	27	-	-	-
	0.50 to < 0.75	BB+	0.58	0.61	80	83	-	-	-
	0.75 to < 2.50	BB+ to B+	1.20	1.30	87	93	-	-	-
	2.50 to < 10.00	B+ to B-	3.94	4.49	20	22	-	-	-
	10.00 to < 100.00	B- to C	18.00	18.00	1	1	-	-	-
Corporate – financial institutions treated as corporates	0.00 to < 0.15	AAA to BBB+	0.10	0.10	9	10	-	-	-
	0.15 to < 0.25	BBB+ to BBB	0.22	0.22	19	20	-	-	-
	0.25 to < 0.50	BBB to BB+	0.39	0.39	-	2	-	-	-
	0.50 to < 0.75	BB+	0.59	0.57	10	15	-	-	-
	0.75 to < 2.50	BB+ to B+	1.14	1.25	5	7	-	-	-
	2.50 to < 10.00	B+ to B-	2.99	4.01	4	4	-	-	-
	10.00 to < 100.00	B- to C	13.12	12.16	2	2	-	-	-
Corporate – other corporates	0.00 to < 0.15	AAA to BBB+	0.10	0.10	185	216	-	-	-
	0.15 to < 0.25	BBB+ to BBB	0.22	0.22	87	100	1	1	-
	0.25 to < 0.50	BBB to BB+	0.39	0.39	163	187	-	-	-
	0.50 to < 0.75	BB+	0.58	0.59	256	295	1	-	0.39
	0.75 to < 2.50	BB+ to B+	1.42	1.38	553	654	2	-	0.36
	2.50 to < 10.00	B+ to B-	4.01	4.37	250	315	8	-	3.20
	10.00 to < 100.00	B- to C	13.57	13.08	31	39	-	-	-

7. Credit risk for non-securitization exposures (continued)

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

(b) Retail IRB approach

(a)	(b)	At 31 December 2025								
		(c)	(d)	(e)	(f)		(g)	(h)	(i)	
					External rating equivalent (Standard & Poor's)	Weighted average PD				Arithmetic average PD by obligors
Portfolio	PD Range		%	%						%
Retail – QRRE (transactor)	0.00 to < 0.15		0.10	0.10	559,312	580,395	709	56	0.12	
	0.15 to < 0.25		0.24	0.24	533,500	654,936	932	276	0.12	
	0.25 to < 0.50		0.35	0.34	125,927	152,101	241	91	0.12	
	0.50 to < 0.75		0.56	0.54	44,352	50,555	85	9	0.17	
	0.75 to < 2.50		1.26	1.38	13,948	19,607	65	17	0.34	
	2.50 to < 10.00		4.58	4.50	3,524	5,214	52	14	1.08	
	10.00 to < 100.00		12.80	24.91	4,290	4,356	42	6	0.84	
Retail – QRRE (revolver)	0.00 to < 0.15		0.11	0.11	181,897	210,256	437	40	0.22	
	0.15 to < 0.25		0.23	0.23	90,044	134,882	462	107	0.39	
	0.25 to < 0.50		0.32	0.31	323,633	432,806	830	318	0.16	
	0.50 to < 0.75		0.57	0.57	51,179	68,577	316	37	0.55	
	0.75 to < 2.50		1.27	1.19	47,845	79,919	576	90	1.02	
	2.50 to < 10.00		5.48	5.10	36,160	40,063	1,244	23	3.38	
	10.00 to < 100.00		18.88	22.77	10,693	10,866	1,161	13	10.74	
Retail – Residential mortgage exposures (including both to individuals and to property-holding shell companies)	0.00 to < 0.15		0.11	0.10	49,255	67,116	9	1	0.02	
	0.15 to < 0.25		0.22	0.22	13,717	13,717	6	-	0.04	
	0.25 to < 0.50		0.39	0.39	16,145	17,230	3	-	0.02	
	0.50 to < 0.75		0.57	0.57	31,562	31,591	9	1	0.03	
	0.75 to < 2.50		1.28	1.24	43,868	43,868	25	-	0.06	
	2.50 to < 10.00		4.86	4.90	448	448	7	-	1.56	
	10.00 to < 100.00		25.73	24.73	831	831	68	-	8.18	

7. Credit risk for non-securitization exposures (continued)

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

(b) Retail IRB approach (continued)

		At 31 December 2025							
(a)	(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)
Portfolio	PD Range %	External rating equivalent (Standard & Poor's)	Weighted average PD %	Arithmetic average PD by obligors %	Number of obligors		Defaulted obligors in the year	Of which: new defaulted obligors in the year	Average historical annual default rate %
					Beginning of the year	End of the year			
Retail – small business retail exposures	0.00 to < 0.15		0.09	0.08	939	949	2	-	0.21
	0.15 to < 0.25		0.22	0.22	156	169	2	-	1.28
	0.25 to < 0.50		0.39	0.39	211	238	2	-	0.95
	0.50 to < 0.75		0.59	0.60	316	355	3	-	0.95
	0.75 to < 2.50		1.33	1.28	565	661	13	-	2.30
	2.50 to < 10.00		3.84	5.12	155	293	6	1	3.23
	10.00 to < 100.00		20.63	20.62	26	26	8	-	30.77
Retail - Other retail exposures to individuals	0.00 to < 0.15		0.06	0.06	6,097	7,620	4	1	0.05
	0.15 to < 0.25		0.22	0.22	4,902	4,957	-	-	-
	0.25 to < 0.50		0.36	0.36	10,610	12,130	1	-	0.01
	0.50 to < 0.75		0.59	0.61	9,574	10,709	1	-	0.01
	0.75 to < 2.50		1.07	1.07	15,797	22,098	119	65	0.34
	2.50 to < 10.00		4.03	5.06	523	844	73	46	5.16
	10.00 to < 100.00		24.88	32.21	777	10,721	243	86	20.21

Due to implementation of Basel III final reform package on 1 January 2025, the above disclosures have been changed with different reporting settings under the new regulations.

7. Credit risk for non-securitization exposures (continued)

CR10: Specialized lending under supervisory slotting criteria approach – for IRB approach

I. Specialized lending under supervisory slotting criteria approach – HVCRE

There were no specialised lending under supervisory slotting criteria approach – HVCRE as at 31 December 2025.

II. Specialized lending under supervisory slotting criteria approach – other than HVCRE

		At 31 December 2025									
Supervisory Rating Grade	Remaining Maturity	(a)	(b)	(c)	(d)(i)	(d)(ii)	(d)(iii)	(d)(iv)	(d)(v)	(e)	(f)
		On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW	EAD amount					RWA	Expected loss amount
		HK\$m	HK\$m		PF	OF	CF	IPRE	Total		
Strong [^]	Less than 2.5 years	-	-	50%	-	-	-	-	-	-	-
Strong	Equal to or more than 2.5 years	1,245	-	70%	205	-	-	-	205	144	1
Good [^]	Less than 2.5 years	-	-	70%	-	-	-	-	-	-	-
Good	Equal to or more than 2.5 years	1,973	66	90%	1,973	-	-	-	1,973	1,776	16
Satisfactory		179	212	115%	263	-	-	-	263	302	7
Weak		-	-	250%	-	-	-	-	-	-	-
Default		-	-	0%	-	-	-	-	-	-	-
Total		3,397	278		2,441	-	-	-	2,441	2,222	24

[^] Use of preferential risk-weights.

8. Counterparty credit risk

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

The Group's management objective to counterparty credit risk is to ensure credit risk is properly managed and controlled within the general credit risk management framework. The Group has also formulated relevant policy which covers identification, measurement, control and monitoring of counterparty credit risk.

The Group establishes credit limit through formal credit approval procedures to control the pre-settlement credit risk arising from derivative transactions and settlement limit to control the settlement risk arising from foreign exchange-related transactions for counterparties including CCP in both the trading book and banking book. The Group monitors the risk exposure due to market fluctuations by using the replacement cost and the potential exposure value of the transactions.

The Group establishes prudent eligibility criteria and haircut policy of debt securities being pledged as collateral for securities financing transactions.

In controlling and monitoring of wrong-way risk (risk of existence of positive correlation between the PD of a counterparty and credit exposures driven by mark-to-market value of the underlying transactions), specific wrong-way risk transactions are generally not allowed; monitoring measures have been formulated for those counterparties that would be exposed to potential general wrong-way risk being identified by making use of internal risk management tools.

Based on the existing ISDAs and CSAs signed with BOCHK's counterparties, there is no impact on collateral amount that BOCHK would be required to provide given a credit rating downgrade.

8. Counterparty credit risk (continued)

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

		At 31 December 2025					
		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$m	HK\$m	HK\$m		HK\$m	HK\$m
1	SA-CCR approach (for derivative contracts)	4,388	25,933		1.4	42,401	17,160
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM(CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					101,835	304
5	VaR (for SFTs)					-	-
6	Total						17,464

Compared with 30 June 2025, the 16% decrease in default risk exposure after CRM of SA-CCR approach (for derivative contracts) was mainly driven by change in transactions' market value and transaction volume. The 29% increase in default risk exposure after CRM of comprehensive approach (for SFTs) was mainly driven by change in transaction volume.

8. Counterparty credit risk (continued)

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

Risk Weight Exposure class		At 31 December 2025											
		(a)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	(i)
		0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
		HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
1	Sovereign exposures	1,467	-	22	-	-	33	-	-	-	-	-	1,522
2	Public sector entity exposures	-	-	686	-	-	-	-	-	85	-	-	771
3	Multilateral development bank exposures	247	-	-	-	-	-	-	-	-	-	-	247
4	Unspecified multilateral body exposures	-	-	104	-	-	-	-	-	-	-	-	104
5	Bank exposures	-	-	9	-	-	-	-	-	-	-	-	9
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	12	20	-	-	-	-	32
7	General corporate exposures	-	-	-	-	-	-	-	107	1,533	-	-	1,640
8	Retail exposures	-	-	-	-	-	-	11	-	665	-	-	676
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
11	Total	1,714	-	821	-	-	45	31	107	2,283	-	-	5,001

Compared with 30 June 2025, the 27% increase in sovereign exposures, 27% increase in public sector entity exposures, 12% decrease in multilateral development bank exposures, 200% increase in bank exposures, and 95% decrease in qualifying non-bank financial institution exposures were mainly driven by changes in respective transaction volumes. The 155% increase in general corporate exposures was mainly due to asset class shift. The 53% decrease in retail exposures was mainly due to the decline in private banking derivatives transaction volumes.

8. Counterparty credit risk (continued)

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

FIRB approach

	PD scale	At 31 December 2025						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		EAD post-CRM HK\$m	Average PD %	Number of obligors	Average LGD %	Average maturity Year	RWA HK\$m	RWA density %
Portfolio (i) – Sovereign	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	
Portfolio (ii) – Bank	0.00 to < 0.15	112,410	0.06	158	12	1.01	8,903	8
	0.15 to < 0.25	5,456	0.22	32	10	0.95	721	13
	0.25 to < 0.50	5,681	0.39	21	9	0.88	886	16
	0.50 to < 0.75	6,824	0.53	17	6	0.75	786	12
	0.75 to < 2.50	208	0.94	10	45	2.50	233	112
	2.50 to < 10.00	1	6.08	1	45	2.50	1	160
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
Sub-total	130,580	0.11	239	11	0.99	11,530	9	
Portfolio (iii) – Corporate	0.00 to < 0.15	2,102	0.08	25	40	2.47	512	24
	0.15 to < 0.25	307	0.22	15	40	2.50	128	42
	0.25 to < 0.50	291	0.39	16	41	2.50	168	58
	0.50 to < 0.75	1,688	0.58	33	29	1.91	806	48
	0.75 to < 2.50	4,175	1.20	59	17	1.30	1,623	39
	2.50 to < 10.00	92	3.97	21	40	2.50	113	121
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	100.00	1	40	2.50	-	-
Sub-total	8,655	0.78	170	27	1.80	3,350	39	
Portfolio (iv) – Retail	0.00 to < 0.15	-	-	-	-	-	-	-
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	-	-	-	-	-	-	-
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	
Total (sum of all portfolios)	139,235	0.15	409	12	1.04	14,880	11	

Compared with 30 June 2025, the 25% decrease in RWA of “Portfolio (ii) – Bank” and 12% decrease in RWA of “Portfolio (iii) – Corporate” were mainly due to decrease in “Average LGD” and “Average maturity”.

8. Counterparty credit risk (continued)

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

	At 31 December 2025					
	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	
Cash – domestic currency	-	1,232	-	624	16,353	9,607
Cash – other currency	-	23,786	-	7,573	48,187	38,771
Debt securities	-	399	-	247	44,136	85,258
Equity securities	-	11	-	-	3,843	-
Other collateral	-	16	-	-	-	277
Total	-	25,444	-	8,444	112,519	133,913

Compared with 30 June 2025, the 73% increase in fair value of recognised collateral received (unsegregated) and 32% decrease in fair value of posted collateral (unsegregated) under derivative contracts were mainly driven by change in market value of transactions and transaction volume.

The 66% increase in fair value of recognised collateral received and 32% increase in fair value of posted collateral under SFTs were mainly driven by change in transaction volume.

CCR6: Credit-related derivatives contracts

	At 31 December 2025	
	(a)	(b)
	Protection bought	Protection sold
	HK\$m	HK\$m
Notional amounts		
Index credit default swaps	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

CCR7: RWA flow statements of default risk exposures under IMM(CCR) approach

The Group did not use IMM(CCR) approach to measure default risk exposures as at 31 December 2025.

8. Counterparty credit risk (continued)

CCR8: Exposures to CCPs

		At 31 December 2025	
		(a)	(b)
		Exposure after CRM	RWA
		HK\$m	HK\$m
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		264
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	6,079	124
3	(i) OTC derivative transactions	5,895	118
4	(ii) Exchange-traded derivative contracts	184	6
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	1,813	140
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	-	-

Compared with 30 June 2025, the 13% decrease in RWA was mainly due to decrease in "Exposure after CRM".

9. Credit valuation adjustment risk

CVAA: Qualitative disclosures related to CVA risk

The Group has maintained a credit valuation adjustment ("CVA") measurement system that meets the accounting standards and regulatory capital requirements. Regular reviews are conducted to assess the soundness of existing risk management framework on CVA risk management. The Group did not use CVA hedge as at 31 December 2025.

The Group uses the reduced basic CVA approach to calculate its CVA capital charge of the counterparty.

CVA1: CVA risk under reduced basic CVA approach

		At 31 December 2025	
		(a)	(b)
Components		CVA risk capital charge under the reduced basic CVA approach	
		HK\$m	HK\$m
1	Aggregation of systematic components of CVA risk	1,319	
2	Aggregation of idiosyncratic components of CVA risk	187	
3	Total		441

The Group did not use CVA hedge as at 31 December 2025.

CVA2: CVA risk under full basic CVA approach

The Group did not use full basic CVA approach to calculate CVA risk capital charges as at 31 December 2025.

CVAB: Additional qualitative disclosures for AI using standardized CVA approach

The Group did not use standardised CVA approach to calculate CVA risk capital charges as at 31 December 2025.

CVA3: CVA risk under standardized CVA approach

The Group did not use standardised CVA approach to calculate CVA risk capital charges as at 31 December 2025.

CVA4: RWA flow statements of CVA risk exposures under standardized CVA approach

The Group did not use standardised CVA approach to calculate CVA risk capital charges as at 31 December 2025.

10. Securitization exposures

SECA: Qualitative disclosures related to securitization exposures

The Group has not sponsored or managed or provided implicit support to securitisation exposure and does not hold any re-securitisation exposure as at 31 December 2025.

SEC1: Securitization exposures in banking book

There was no securitisation exposure in the banking book as at 31 December 2025.

SEC2: Securitization exposures in trading book

There was no securitisation exposure in the trading book as at 31 December 2025.

SEC3: Securitization exposures in banking book and associated capital requirements – where AI acts as originator

There was no securitisation exposure in the banking book and the associated capital requirements where the Group acts as an originator as at 31 December 2025.

SEC4: Securitization exposures in banking book and associated capital requirements – where AI acts as investor

There was no securitisation exposure in the banking book and the associated capital requirements where the Group acts as an investor as at 31 December 2025.

11. Market risk

MRA: Qualitative disclosures related to market risk

Market risk governance structure

Market risk refers to the risk of loss in both on- and off-balance sheet businesses due to adverse movements in market prices (foreign exchange, interest rates, credit spreads, equity price, commodity price). The Group's market risk management intends to ensure proper oversight of market risk, assure market risk taking activities are consistent with risk appetite while optimising risk and return.

In accordance with the Group's corporate governance principles in respect of risk management, the Board and RC, senior management and functional departments/units perform their duties and responsibilities to manage the Group's market risk. The RMD is responsible for the Group's market risk management, assisting senior management to perform day-to-day duties, independently monitoring the market risk profile and compliance of management policies and limits of the Group and BOCHK, and ensuring that the aggregate and individual market risks are within acceptable levels.

Market risk management strategies and processes

The Group sets up market risk indicators and limits to identify, measure, monitor and control market risk. Key risk indicators and limits include but are not limited to VaR, Stop Loss, Open Position, Stress Testing and Sensitivity Analysis (Basis Point Value, Greeks), etc. Market risks are managed holistically at the trading portfolio level on a daily basis. Global Markets may utilise hedging strategies to manage risk within approved limits. Hedging may lead to basis risks due to imperfect correlation between the hedging instrument in question and the position to be hedged, which are managed within the overall limits. As such, the RMD does not distinguish between specific positions and their respective hedges.

In accordance with Part 8 of the Banking (Capital) Rules, the Group classifies all of the on- and off-balance sheet exposures into either the trading book or the banking book. The trading book includes foreign exchange, commodity positions and all financial instruments that are held for trading purpose and for the purpose of hedging other positions in the trading book. All other financial instruments are included in the banking book. The classification of a product from the presumptive list of the trading book into the banking book must be approved by the HKMA, with explicit justification that it is not held for trading purposes. In 2025, financial instruments received from loan restructuring were deviated from the presumptive list of the trading book and the total fair value amounted to HK\$474 million. No movement of instruments occurred between the trading book and the banking book for the Group.

11. Market risk (continued)

MRA: Qualitative disclosures related to market risk (continued)

Internal risk transfer (“IRT”) is an internal written record of a transfer of risk within the banking book, between the banking and the trading book or within the trading book (between different desks). For general interest rate risk, an IRT trading desk has been established that facilitates the transfer of risk from the banking book to the trading book through internal transactions. The Group has established mechanisms for identifying, measuring, and monitoring internal risk transfers, and clearly documented internal risk transfer transactions. Internal risk transfers are subject to trading book capital charges under the market risk framework on a stand-alone basis, separate from any other general interest rate risk or other market risks generated by activities in the trading book, as required by the regulator.

Market risk reporting and measurement system

The Group compiles market risk management report regularly in an accurate, complete, concise and timely manner to provide the board and senior management with the information for monitoring market risk exposures. The Group publicly discloses the relevant management information according to regulatory requirements.

The Group has adopted the standardised approach to measure market RWA, with market risk capital measurement covering interest rate, foreign exchange, equity price, commodity price, credit spread and default risks for the trading book instruments, foreign exchange and commodity risks for the banking book instruments, as well as foreign exchange risk for the unexempted structural foreign exchange positions.

11. Market risk (continued)

MR1: Market risk under STM approach

		At 31 December 2025
		(a)
		Market risk capital charges under STM approach
		HK\$m
1	General interest rate risk	1,807
2	Equity risk	172
3	Commodity risk	318
4	Foreign exchange risk	1,595
5	Credit spread risk (non-securitization)	1,620
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)	603
9	SA-DRC (securitization: non-CTP)	-
10	SA-DRC (securitization: CTP)	-
11	Residual risk add-on	4
12	Total	6,119

MRB: Additional qualitative disclosures for AI using IMA

The Group did not use IMA to calculate market risk capital charges as at 31 December 2025.

MR2: Market risk under IMA

The Group did not use IMA to calculate market risk capital charges as at 31 December 2025.

MR3: Market risk under SSTM approach

The Group did not use SSTM approach to determine market risk capital charges as at 31 December 2025.

12. Interest rate risk in banking book

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

The Group's risk management framework applies also to interest rate risk in the banking book ("IRRBB") management. The ALCO exercises its oversight of IRRBB in accordance with the "Banking Book Interest Rate Risk Management Policy of BOCHK Group" approved by the RC. The RMD is responsible for the Group's IRRBB management. With the cooperation of the Financial Management Department and Investment Management, etc., RMD assists the ALCO to perform day-to-day IRRBB 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 IRRBB policies and limits, and submission of IRRBB management reports to senior management and the RC, etc.

IRRBB refers to the risk of losses in terms of overall earnings and economic value of the banking book due to the adverse movement of the interest rate level, or change to the balance sheet structure in the banking book. The major types of IRRBB of the Group are:

- Gap risk: mismatches in the maturity or repricing periods of assets and liabilities that may affect net interest income and economic value;
- 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; and
- Option risk: exercise of the options embedded in assets, liabilities or off-balance sheet items that can cause a change in the cash flows of assets and liabilities.

The Group sets out IRRBB indicators and limits to identify, measure, monitor and control IRRBB on a daily basis. The key indicators and limits include, but are not limited to, repricing gap, basis risk, duration, price value of a basis point ("PVBP"), net interest income sensitivity ratio ("NII"), economic value sensitivity ratio ("EVE"), etc. The key indicators and limits are classified into different levels, which are approved by the CFO, CRO, ALCO and RC accordingly. Risk-taking business units are required to conduct their business within the boundary of the IRRBB limits. Based on the limit requirements and business conditions, when necessary, the Group can hedge (economic hedging or hedge accounting) or mitigate the IRRBB by holding one or more hedging tools that are opposite to the original risk position. Before launching a new product or business in the banking book, the relevant units are required to go through a risk assessment process, which includes the assessment of underlying IRRBB and consideration of the adequacy of current risk monitoring mechanism. Any material impact on IRRBB noted during the risk assessment process will be submitted to the RC for approval. The Group Audit, assuming the roles of third line of defence of the Group, performs internal audit on the Group's IRRBB management process independently in accordance with the annual audit plan.

12. Interest rate risk in banking book (continued)

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

The Group calculates the NII and EVE according to the local standard framework for measuring IRRBB risk exposure in the Hong Kong Monetary Authority's Supervisory Policy Manual IR-1, which includes six interest rate shock scenarios:

- parallel shock up;
- parallel shock down;
- steeper shock (short rates down and long rates up);
- flattener shock (short rates up and long rates down);
- short rates shock up; and
- short rates shock down.

In the standardised framework implementation, the Group includes commercial margins and other spread components into the cash flows and discounts them at risk-free rates. For products with customer behavior models, such as non-maturity deposits, retail fixed-rate loans with early repayment risk and retail time deposits with early redemption risk, model and parameter assumptions are based on historical analysis. The average repricing maturity and the longest repricing maturity assigned to non-maturity deposits are 0.4 years and 5 years respectively. Assumptions and parameters are updated, reviewed and independently validated regularly.

The Group uses scenario analyses and stress tests to assess IRRBB that the Group would face under adverse circumstances.

IRRBB1: Quantitative information on interest rate risk in banking book

		(a)	(b)	(c)	(d)
		ΔEVE ¹		ΔNII ¹	
Period		At 31 December 2025	At 31 December 2024	At 31 December 2025	At 31 December 2024
		HK\$m	HK\$m	HK\$m	HK\$m
1	Parallel up	25,909	20,653	1,103	(1,436)
2	Parallel down	5,402	2,754	(1,101)	1,440
3	Steeper	4,687	5,197		
4	Flattener	2,803	2,016		
5	Short rate up	12,268	10,148		
6	Short rate down	2,411	3,170		
7	Maximum	25,909	20,653	1,103	1,440
Period		At 31 December 2025		At 31 December 2024	
		HK\$m		HK\$m	
8	Tier 1 capital	295,716		266,651	

Footnote:

¹ Positive values of ΔEVE and ΔNII indicate losses under the respective scenarios, in accordance with the HKMA's disclosure requirement.

13. Remuneration

REMA: Remuneration policy

For details, please refer to “Corporate Governance” section of the Group’s 2025 Annual Report.

REM1: Remuneration awarded during financial year

For details, please refer to Note 19 to the Financial Statements of the Group’s 2025 Annual Report.

REM2: Special payments

For details, please refer to Note 19 to the Financial Statements of the Group’s 2025 Annual Report.

REM3: Deferred remuneration

For details, please refer to Note 19 to the Financial Statements of the Group’s 2025 Annual Report.

14. Operational risk

ORA: General information on operational risk framework

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal process, people and system, or from external events. The risk is inherent in all banking products, activities, processes and systems and confronted by the Group in its day-to-day operational activities.

Policies, frameworks and guidelines for operational risk management

To promote sound operational risk management culture and adherence to the Group's risk appetite, the Group has formulated various operational risk management policies and procedures defining the risk management strategies, objectives, governance structure, operational risk management tools and processes, etc. Key operational risk management tools, including operational risk and control assessment, key operational risk indicators, operational risk events management and reporting, capital measurement and stress testing are supported by detailed guidelines to identify, assess, monitor and control the operational risks inherent in business activities and products. In addition, policies and procedures covering specific areas including operational resilience, business continuity planning, product development, and outsourcing management, etc. are in place.

Organisational structure of operational risk management and control function

The Group has implemented the "Three Lines of Defence" system for its operational risk management. All departments as the first line of defence are the primary parties responsible for operational risk management, and carry out the duties and functions of risk management in the process of business operation through self assessment, self checking, self correction and self development. The Legal & Compliance and Operational Risk Management Department ("LCO"), together with certain specialist functional units in relation to operational risk management within the Group, including the Human Resources Department, Corporate Services Department, Financial Crime Compliance Department, Financial Management Department, Treasury and General Accounting & Accounting Policy Department (collectively known as "specialist functional units"), are the second line of defence. They are responsible for assessing and monitoring the operational risk conditions in the first line of defence, and providing them with guidance. LCO, being independent from the business units, is responsible for assisting the Management in managing the Group's operational risk, including the establishment and review of the operational risk management policy and framework, designing the operational risk management tools and reporting mechanism, reviewing and contributing to the monitoring and reporting the overall operational risk profile to the Management and RC. Specialist functional units are required to carry out their designated managerial duties of the second line of defence with respect to some specific aspects of operational risk and its related issues. Apart from 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. Group Audit 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 risk-based review of the operational risk management activities of various departments within the Group regarding their compliance and effectiveness and to put forward recommendations for remedial actions.

14. Operational risk (continued)

ORA: General information on operational risk framework (continued)

Operational risk system for capital measurement

The Group has adopted the standardised approach under the Basel III final reform package to calculate the operational risk capital charge. Relevant data including accounting data, profit and loss data, and operational risk loss data are collected and processed by system to support the operational risk capital calculation and regulatory reporting.

Scope and main context of operational risk reporting

The Group's operational risk management leading unit periodically submit the operational risk reports to RC, Risk Management and Internal Control Committee and senior management. The operational risk profile of the Group is described by providing internal financial, operational, and compliance indicators, as well as external market or environmental information about events and conditions that are relevant to decision making. The report covers key and emerging operational risks, major internal operational risk events and losses, external events or regulatory changes, status of operational risk limits, operational risk related insurance plan, and other exception reporting, etc.

Controls and mitigation measures for operational risk management

To maintain effective operational risk management infrastructure, the Group controls and mitigates operational risk through the below measures:

For people management, adhere to the principles of mutual checks and balances and segregation of duties, establish adequate personnel management system and measures (such as proper incentive and accountability mechanisms, etc.), all non-compliance cases are dealt with expeditiously, provide adequate training on business, risk management and ethics to ensure staff have sufficient awareness and alertness to operational risk.

For internal process, establish policies and procedures for business processes (including outsourcing arrangements), define the responsibilities and management requirements, identify and assess key risks, formulate mitigating measures and regularly review their implementation. For information and communication technology risk management, establish information and communication technology security mechanism (including cyber security) to monitor the utilisation, performance and stability of systems, and detect abnormal or unauthorised activities. Business continuity plans are established to support key business operations in the event of an emergency or disaster. Adequate backup facilities are maintained and periodic drills are conducted. The effectiveness of these measures, as well as the Group's business continuity readiness and its alignment to regulatory guideline are reported to senior management. The Group has also purchased insurance to mitigate losses from unforeseeable and significant operational risk incidents.

14. Operational risk (continued)

OR1: Historical losses

		At 31 December 2025										
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	Average
		HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Using HKD200,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	(2)	17	3	5	(1)	(24)	68	2	7	19	9
2	Total number of operational risk losses	6	13	8	7	11	16	9	6	6	16	10
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	(2)	17	3	5	(1)	(24)	68	2	7	19	9
Using HKD1 million threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	(1)	12	-	3	(5)	(29)	65	-	6	15	7
7	Total number of operational risk losses	1	6	1	1	3	4	2	-	2	5	3
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)	12	-	3	(5)	(29)	65	-	6	15	7
Details of operational risk capital charge calculation												
11	Are losses used to calculate the ILM (yes/no)?	Yes										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	Not applicable										
13	Loss event threshold: HKD200,000 or HKD1 million for the operational risk capital charge calculation if applicable	HKD200,000										

14. Operational risk (continued)

OR2: Business indicator and business indicator components breakdown

		At 31 December 2025		
		(a)	(b)	(c)
		2025	2024	2023
BI and its subcomponents		HK\$m	HK\$m	HK\$m
1	Interest, leases and dividend component	47,238		
1a	Interest and leases income	115,527	134,905	124,591
1b	Interest and leases expenses	67,912	87,629	77,935
1c	Interest earning assets	3,682,668	3,352,796	3,218,081
1d	Dividend income	60	50	57
2	Services component	15,791		
2a	Fee and commission income	17,932	15,133	13,586
2b	Fee and commission expenses	3,866	3,401	2,995
2c	Other operating income	-	-	-
2d	Other operating expenses	219	298	207
3	Financial component	13,163		
3a	Net P&L on trading book	10,443	14,154	3,913
3b	Net P&L on banking book	4,503	(2,735)	3,741
4	BI	76,192		
5	Business indicator component (BIC)	11,129		

Disclosure on the BI:

		(a)
		HK\$m
6a	BI gross of excluded divested businesses and activities	76,192
6b	Reduction in BI due to excluded divested businesses and activities	-

OR3: Minimum operational risk capital requirement

		At 31 December 2025	
		(a)	HK\$m
1	Business indicator component (BIC)		11,129
2	Internal loss multiplier (ILM)		0.56
3	Minimum operational risk capital requirement		6,232
4	Total RWA for operational risk		77,901

15. Comparison of modelled and standardized RWAs

CMS1: Comparison of modelled and standardized RWAs at risk level

		At 31 December 2025			
		(a)	(b)	(c)	(d)
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for portfolios where standardized approaches are used	Total actual RWA (a + b) (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardized approach (i.e. used in the computation of the output floor)
		HK\$m	HK\$m	HK\$m	HK\$m
1	Credit risk for non-securitization exposures	942,391	124,658	1,067,049	1,526,956
2	Counterparty credit risk and default fund contributions	14,880	2,848	17,728	17,339
3	CVA risk		5,515	5,515	6,443
4	Securitization exposures in banking book	-	-	-	-
5	Market risk	-	76,487	76,487	76,487
6	Operational risk		77,901	77,901	77,901
7	Residual RWA	-	7,583	7,583	7,583
8	Total	957,271	294,992	1,252,263	1,712,709

The difference between the RWA calculated under the model-based approaches and the full standardised approach is mainly from corporate exposures under credit risk for non-securitisation exposures.

15. Comparison of modelled and standardized RWAs (continued)

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

		At 31 December 2025			
		(a)	(b)	(c)	(d)
		RWA			
		RWA calculated under model-based approaches that the AI has the MA's approval to use	RWA for column (a) if re-calculated using the standardized approach	Total actual RWA (i.e. RWA which the AI reports as current requirements)	RWA calculated using full standardized approach (i.e. RWA used in the computation of the output floor)
		HK\$m	HK\$m	HK\$m	HK\$m
1	Sovereign exposures	-	-	21,917	21,917
1a	Of which: categorised as public sector entity exposures and multilateral development bank exposures under the STC approach	-	-	4,347	4,347
2	Bank exposures	179,983	183,607	195,162	198,840
3	Equity			10,314	10,314
4	Corporate exposures (excluding specialized lending)	543,954	873,434	595,357	919,754
4a	Of which: FIRB is applied	543,954	873,434	595,357	919,754
4b	Of which: AIRB is applied	-	-	-	-
5	Retail exposures	68,853	190,443	92,251	213,810
5a	Of which: qualifying revolving retail	12,547	12,386	12,547	12,386
5b	Of which: other retail exposures to individuals and small business retail exposures	13,883	36,216	36,061	58,363
5c	Of which: residential mortgages	42,423	141,841	43,643	143,061
6	Corporate exposures - Specialized lending	88,074	98,347	89,583	99,856
6a	Of which: income-producing real estate and high-volatility commercial real estate	84,341	94,548	84,341	94,548
7	Other exposures	61,527	61,527	62,465	62,465
8	Total	942,391	1,407,358	1,067,049	1,526,956

The difference between the RWA calculated under the model-based approaches and the full standardised approach is mainly from corporate exposures (excluding specialised lending).

16. Asset encumbrance

ENC: Asset encumbrance

	At 31 December 2025		
	(a)	(c)	(d)
	Encumbered assets	Unencumbered assets	Total
	HK\$m	HK\$m	HK\$m
Cash and balances and placements with banks and other financial institutions	-	563,990	563,990
Securities investments and other debt instruments ¹	181,042	1,357,963	1,539,005
Hong Kong SAR Government certificates of indebtedness	-	243,190	243,190
Advances and other accounts	-	1,707,581	1,707,581
Other assets ²	-	203,078	203,078
Total assets	181,042	4,075,802	4,256,844

Footnote:

¹ Securities investments and other debt instruments comprise investment in securities and financial assets at fair value through profit or loss.

² Other assets comprise derivative financial instruments, investment properties, properties, plant and equipment, interests in subsidiaries, interests in associates and joint ventures, current tax assets and deferred tax assets.