



Bank of Communications (Hong Kong) Limited
(Incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURE STATEMENT

30 June 2026 (Unaudited)



CREATE SHARED VALUE

Bank of Communications (Hong Kong) Limited

Unit B B/F & G/F, Unit C G/F, 1-3/F, 16/F Rm01 & 18/F Wheelock House, 20 Pedder Street, Central, Hong Kong
www.hk.bankcomm.com

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Introduction

The information contained in this document is prepared in accordance with the Banking (Disclosure) Rules (“BDR”), Part 6 of the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (“LAC Rules”) and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”). Within this document, Mainland China excludes Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), Macau Special Administrative Region of the People’s Republic of China and Taiwan.

The Regulatory Disclosure Statement

The Regulatory Disclosure Statement comprises Pillar 3 Disclosure Requirements under the framework of the Basel Committee on Banking Supervision. These disclosures are supplemented by specific additional requirements of the HKMA set out in the BDR and the LAC Rules.

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

Key prudential ratios and overview of RWA

KM1: Key prudential ratios

		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	30 Jun 2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1 & 1a.	Common Equity Tier 1 (CET1)	64,259,309	62,919,615	61,905,467	60,385,218	58,310,568
2 & 2a.	Tier 1	64,259,309	62,919,615	61,905,467	60,385,218	58,310,568
3 & 3a.	Total capital	74,278,372	72,830,102	71,677,705	70,118,625	68,205,879
	RWA (amount)					
4.	Total RWA	257,149,788	252,753,820	251,470,424	251,052,678	261,739,881
4a.	Total RWA (pre-floor)	257,149,788	252,753,820	251,470,424	251,052,678	261,739,881
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a.	CET1 ratio (%)	24.99%	24.89%	24.62%	24.05%	22.28%
5b.	CET1 ratio (%) (pre-floor ratio)	24.99%	24.89%	24.62%	24.05%	22.28%
6 & 6a.	Tier 1 ratio (%)	24.99%	24.89%	24.62%	24.05%	22.28%
6b.	Tier 1 ratio (%) (pre-floor ratio)	24.99%	24.89%	24.62%	24.05%	22.28%
7 & 7a.	Total capital ratio (%)	28.89%	28.81%	28.50%	27.93%	26.06%
7b.	Total capital ratio (%) (pre-floor ratio)	28.89%	28.81%	28.50%	27.93%	26.06%
	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 (%)	0.445%	0.421%	0.423%	0.426%	0.419%
10.	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.000%	0.000%	0.000%	0.000%	0.000%
11.	Total AI-specific CET1 buffer requirements (%)	2.945%	2.921%	2.923%	2.926%	2.919%
12.	CET1 available after meeting the AI's minimum capital requirements (%)	18.99%	18.89%	18.62%	18.05%	16.28%
	Basel III leverage ratio					
13.	Total leverage ratio (LR) exposure measure	481,210,607	467,880,391	449,602,235	443,532,991	455,620,206
13a.	LR exposure measure based on mean values of gross assets of SFTs	472,936,116	465,363,259	448,142,674	442,067,908	456,297,949
14, 14a & 14b.	LR (%)	13.35%	13.45%	13.77%	13.61%	12.80%
14c & 14d.	LR (%) based on mean values of gross assets of SFTs	13.59%	13.52%	13.81%	13.66%	12.78%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15.	Total high quality liquid assets (HQLA)	67,260,395	66,340,633	60,466,204	61,429,923	62,661,638
16.	Total net cash outflows	40,065,590	34,145,535	34,105,554	25,486,292	29,920,889
17.	LCR (%)	169.60%	199.68%	182.92%	244.86%	213.99%
	Applicable to category 2 institution only:					
17a.	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18.	Total available stable funding	344,401,626	346,693,818	339,837,026	341,248,078	350,335,076
19.	Total required stable funding	272,464,352	263,267,872	259,389,382	257,168,766	261,935,985
20.	NSFR (%)	126.40%	131.69%	131.01%	132.69%	133.75%
	Applicable to category 2A institution only:					
20a.	CFR (%)	N/A	N/A	N/A	N/A	N/A

Key prudential ratios and overview of RWA (Continued)

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

		30 Jun 2026	31 Mar 2026	31 Dec 2025 ¹	30 Sep 2025 ¹	30 Jun 2025 ¹
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Of the material entity at LAC consolidation group level:						
1.	Internal loss-absorbing capacity available	66,435,856	64,990,724	N/A	N/A	N/A
2.	Risk-weighted amount under the LAC Rules	257,149,788	252,753,820	N/A	N/A	N/A
3.	Internal LAC risk-weighted ratio	25.84%	25.71%	N/A	N/A	N/A
4.	Exposure measure under the LAC Rules	481,210,607	467,880,391	N/A	N/A	N/A
5.	Internal LAC leverage ratio	13.81%	13.89%	N/A	N/A	N/A
6a.	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ²	N/A	N/A	N/A	N/A	N/A
6b.	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? ²	N/A	N/A	N/A	N/A	N/A
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 ²	N/A	N/A	N/A	N/A	N/A

Note:

1. The LAC disclosures for the Bank commences on 31 March 2026 in accordance with the LAC Rules, accordingly the prior periods' metrics are not available.
2. 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.

Key prudential ratios and overview of RWA (Continued)

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

		30 Jun 2026 ¹	31 Mar 2026 ¹	31 Dec 2025	30 Sep 2025	30 Jun 2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Of the non-HK resolution entity at resolution group level:						
1.	External loss-absorbing capacity available	2,416,868,543	2,264,052,020	N/A	N/A	N/A
2.	Total risk-weighted amount under the relevant non-HK LAC regime	11,939,785,553	11,687,045,452	N/A	N/A	N/A
3.	External loss-absorbing capacity as a percentage of risk-weighted amount	20.24%	19.37%	N/A	N/A	N/A
4.	Leverage ratio exposure measure under the relevant non-HK LAC regime	20,902,124,971	20,439,036,578	N/A	N/A	N/A
5.	External loss-absorbing capacity as a percentage of leverage ratio exposure measure	11.56%	11.08%	N/A	N/A	N/A
6a.	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	N/A	N/A	N/A	N/A	N/A
6b.	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	N/A	N/A	N/A	N/A	N/A
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	N/A	N/A	N/A	N/A	N/A

Note:

1. With the relevant non-HK LAC regime in the non-HK jurisdiction not having been implemented, the values for rows 1 to 5 are reported on the regulatory capital regime of the non-HK jurisdiction as proxies.

Key prudential ratios and overview of RWA (Continued)

OV1: Overview of RWA

		RWA		Minimum capital requirements
		As at 30 Jun 2026	As at 31 Mar 2026	As at 30 Jun 2026
		HK\$'000	HK\$'000	HK\$'000
1.	Credit risk for non-securitization exposures	237,620,844	233,887,656	19,009,668
2.	Of which STC approach	237,620,844	233,887,656	19,009,668
2a.	Of which BSC approach	–	–	–
3.	Of which foundation IRB approach	–	–	–
4.	Of which supervisory slotting criteria approach	–	–	–
5.	Of which advanced IRB approach	–	–	–
5a.	Of which retail IRB approach	–	–	–
5b.	Of which specific risk-weight approach	–	–	–
5c.	Of which cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR	–	–	–
6.	Counterparty credit risk and default fund contributions	3,327,506	3,230,813	266,201
7.	Of which SA-CCR approach	3,064,796	3,106,766	245,184
7a.	Of which CEM	–	–	–
8.	Of which IMM(CCR) approach	–	–	–
8a.	Of which method for group 2b cryptoasset derivative contracts	–	–	–
9.	Of which others	262,710	124,047	21,017
10.	CVA risk	5,075,200	5,393,988	406,016
11.	Equity positions in banking book under the simple risk-weight method and internal models method	N/A*	N/A*	N/A*
12.	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	–	–	–
13.	CIS exposures – mandate-based approach	–	–	–
14.	CIS exposures – fall-back approach	–	–	–
14a.	CIS exposures – combination of approaches	–	–	–
15.	Settlement risk	–	–	–
16.	Securitization exposures in banking book	–	–	–
17.	Of which SEC-IRBA	–	–	–
18.	Of which SEC-ERBA (including IAA)	–	–	–
19.	Of which SEC-SA	–	–	–
19a.	Of which SEC-FBA	–	–	–
20.	Market risk	1,580,425	675,975	126,434
21.	Of which STM approach	1,580,425	675,975	126,434
22.	Of which IMA	–	–	–
22a.	Of which SSTM approach	–	–	–
23.	Capital charge for moving exposures between trading book and banking book	–	–	–
24.	Operational risk	9,545,813	9,565,388	763,665
24a.	Sovereign concentration risk	–	–	–
25.	Amounts below the thresholds for deduction (subject to 250% RW)	–	–	–
26.	Output floor level applied	–	–	–
27.	Floor adjustment (before application of transitional cap)	–	–	–
28.	Floor adjustment (after application of transitional cap)	N/A*	N/A*	N/A*
28a.	Deduction to RWA	–	–	–
28b.	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	–	–	–
28c.	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	–	–	–
29.	Total	257,149,788	252,753,820	20,571,984

* Not applicable in the case of Hong Kong

Key prudential ratios and overview of RWA (Continued)

OV1: Overview of RWA (Continued)

During the second quarter of 2026, the total RWA increased by HK\$4,396 million. The key contributor was the rise in the credit risk RWA for non-securitization exposures, which was mainly driven by higher RWA of loans and advances.

Composition of regulatory capital

CC1: Composition of regulatory capital

		Amount HK\$'000	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	44,999,807	(12)
2.	Retained earnings	18,676,786	(15)
3.	Disclosed reserves	1,670,735	(13)
5.	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	–	–
6.	CET1 capital before regulatory deductions	65,347,328	–
CET1 capital: regulatory deductions			
7.	Valuation adjustments	–	–
8.	Goodwill (net of associated deferred tax liabilities)	–	–
9.	Other intangible assets (net of associated deferred tax liabilities)	69,981	(7)-(10)
10.	Deferred tax assets (net of associated deferred tax liabilities)	–	–
11.	Cash flow hedge reserve	34,736	(14)
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	1,917	(4)+(8)
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

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
		HK\$'000	
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	981,385	–
26a.	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	–	–
26b.	Regulatory reserve for general banking risks	981,385	(16)
26c.	Securitization exposures specified in a notice given by the MA	–	–
26d.	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	–
26e.	Capital shortfall of regulated non-bank subsidiaries	–	–
26f.	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	–
27.	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	–
28.	Total regulatory deductions to CET1 capital	1,088,019	–
29.	CET1 capital	64,259,309	–
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	–	–
41.	National specific regulatory adjustments applied to AT1 capital	–	–
42.	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–	–
43.	Total regulatory deductions to AT1 capital	–	–
44.	AT1 capital	–	–
45.	Tier 1 capital (T1 = CET1 + AT1)	64,259,309	–

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
	Tier 2 capital: instruments and provisions		
46.	Qualifying Tier 2 capital instruments plus any related share premium	7,842,516	(9)
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	2,176,547	(11)+(16)-(1) -(2)-(3)-(5)-(6)
51.	Tier 2 capital before regulatory deductions	10,019,063	–
	Tier 2 capital: regulatory deductions		
52.	Investments in own Tier 2 capital instruments	–	–
53.	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	–	–
54.	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–	–
54a.	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as “section 2 institution” under § 2(1) of Schedule 4F to BCR only)	–	–
55.	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	–
55a.	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	–
56.	National specific regulatory adjustments applied to Tier 2 capital	–	–
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	–	–
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	–	–
58.	Tier 2 capital (T2)	10,019,063	–
59.	Total regulatory capital (TC = T1 + T2)	74,278,372	–
60.	Total RWA	257,149,788	–
	Capital ratios (as a percentage of RWA)		
61.	CET1 capital ratio	24.99%	–
62.	Tier 1 capital ratio	24.99%	–
63.	Total capital ratio	28.89%	–

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

		Amount HK\$'000	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
64.	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.945%	–
65.	of which: capital conservation buffer requirement	2.500%	–
66.	of which: bank specific countercyclical capital buffer requirement	0.445%	–
67.	of which: higher loss absorbency requirement	0.000%	–
68.	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	18.99%	–
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	1,199,892	–
73.	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	–
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)	2,176,547	–
77.	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	3,011,150	–
78.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	–	–
79.	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	–	–

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template

	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
9.	Other intangible assets (net of associated deferred tax liabilities)	69,981	69,981
	<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)	–	–
	<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.		

Composition of regulatory capital (Continued)

CC1: Composition of regulatory capital (Continued)

Notes to the Template (Continued)

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

Composition of regulatory capital (Continued)

CC2: Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements (as at 30 Jun 2026)	Under regulatory scope of consolidation (as at 30 Jun 2026)	
	HK\$'000	HK\$'000	Reference
Assets			
Cash and balances with central bank	689,190	689,190	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(183)	(1)
Due from and placements with banks and other financial institutions	48,865,775	48,865,775	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(28,033)	(2)
Loans and advances to customers	215,179,090	215,179,090	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(1,045,459)	(3)
Financial assets at fair value through profit or loss	5,700,069	5,700,069	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		931	(4)
Financial assets at fair value through other comprehensive income	131,130,869	131,130,869	
Financial assets at amortized cost	58,883,401	58,883,401	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(83,142)	(5)
Fixed assets	99,823	99,823	
Right-of-use assets	304,537	304,537	
Other assets	9,090,203	9,090,203	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		(6,864)	(6)
<i>of which: other intangible assets</i>		83,810	(7)
Total assets	469,942,957	469,942,957	

Composition of regulatory capital (Continued)

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

	Balance sheet as in published financial statements (as at 30 Jun 2026)	Under regulatory scope of consolidation (as at 30 Jun 2026)	
	HK\$'000	HK\$'000	Reference
Liabilities			
Due to banks and other financial institutions	40,416,079	40,416,079	
Financial liabilities at fair value through profit or loss	1,907,479	1,907,479	
<i>of which: debit valuation adjustments in respects of derivative contracts</i>		986	(8)
Due to customers	347,539,514	347,539,514	
Certificates of deposit issued	235,264	235,264	
Current tax liabilities	581,040	581,040	
Debt securities issued	7,842,516	7,842,516	(9)
Deferred tax liabilities	98,877	98,877	
<i>of which: deferred income tax liabilities on other intangible assets</i>		13,829	(10)
Lease liabilities	308,352	308,352	
Other liabilities	5,666,508	5,666,508	
<i>of which: collective impairment allowances (Stage 1 and 2) reflected in regulatory capital</i>		31,481	(11)
Total liabilities	404,595,629	404,595,629	
Equity			
Share capital	44,999,807	44,999,807	(12)
Other reserves	1,670,735	1,670,735	(13)
<i>of which: cash flow hedge reserve</i>		34,736	(14)
Retained earnings	18,676,786	18,676,786	(15)
<i>of which: regulatory capital for general banking risk</i>		981,385	(16)
Total equity	65,347,328	65,347,328	
Total equity and liabilities	469,942,957	469,942,957	

Composition of regulatory capital (Continued)

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

		Ordinary shares	Tier 2 capital bonds
1.	Issuer	Bank of Communications (Hong Kong) Limited	Bank of Communications (Hong Kong) Limited
2.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable	ISIN: XS2357352702
3.	Governing law(s) of the instrument	Hong Kong law	The Bonds are governed by, and shall be construed in accordance with, English law, except that the subordination provisions shall be governed by and construed in accordance with the laws of Hong Kong.
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	Common Equity Tier 1	Tier 2
6.	Eligible at solo / group / solo and group (for regulatory capital purposes)	Solo	Solo
6a.	Eligible at solo / LAC consolidation group / solo and LAC consolidation group (for LAC purposes)	Solo	Solo
7.	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Tier 2 capital
8.	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$45,000 million	US\$1,000 million
8a.	Amount recognised in loss-absorbing capacity (currency in millions, as of most recent reporting date)	HK\$45,000 million	US\$1,000 million
9.	Par value of instrument	Not applicable	US\$1,000 million
10.	Accounting classification	Shareholders' equity	Liability – amortized cost
11.	Original date of issuance	1 share issued on 29 July 2014 299,999,999 shares issued on 9 February 2015 7,600,000,000 shares issued on 19 January 2018 10,000,000,000 shares issued on 28 June 2018 20,000,000,000 shares issued on 21 September 2020	8 July 2021
12.	Perpetual or dated	Perpetual	Dated
13.	Original maturity date	No maturity	8 July 2031

Composition of regulatory capital (Continued)

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

		Ordinary shares	Tier 2 capital bonds
14.	Issuer call subject to prior supervisory approval	No	Yes
15.	Optional call date, contingent call dates and redemption price	Not applicable	First call date: 8 July 2026 (Redemption in whole at 100%)
16.	Subsequent call dates, if applicable	No	Not applicable
	<i>Coupons / dividends</i>		
17.	Fixed or floating dividend / coupon	Not applicable	Fixed
18.	Coupon rate and any related index	Not applicable	Year 1-5: 2.304% per annum payable, semi-annually in arrear; Year 5 onwards: resettable on year 5 at the prevailing 5-year U.S. Treasury yield plus 1.4% per annum.
19.	Existence of a dividend stopper	Not applicable	No
20.	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21.	Existence of step-up or other incentive to redeem	Not applicable	No
22.	Non-cumulative or cumulative	Non-cumulative	Cumulative
23.	Convertible or non-convertible	Non-convertible	Non-convertible
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
30.	Write-down feature	No	Yes

Composition of regulatory capital (Continued)

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

		Ordinary shares	Tier 2 capital bonds
31.	If write-down, write-down trigger(s)	Not applicable	If a Non-Viability Event occurs and is continuing. "Non-Viability Event" means the earlier of: (a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; and (b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.
32.	If write-down, full or partial	Not applicable	Full or partial
33.	If write-down, permanent or temporary	Not applicable	Permanent
34.	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
34a.	Type of subordination	Contractual	Contractual

Composition of regulatory capital (Continued)

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

		Ordinary shares	Tier 2 capital bonds
35.	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Represents the most subordinated claim in liquidation	Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up of the Issuer (other than pursuant to a Permitted Reorganisation), the rights and claims of the Bondholders in respect of or arising under the Bonds, shall rank (i) subordinate and junior in right of payment to, and of all claims of, (a) all depositors and unsubordinated creditors of the Issuer and (b) all other holders of Subordinated Indebtedness of the Issuer whose claims are stated to rank senior to the Bonds or rank senior to the Bonds by operation of law or contract; (ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of, the holders of Junior Obligation which include all classes of share capital of the Issuer and any Tier 1 Capital Instruments.
36.	Non-compliant transitioned features	Not applicable	Not applicable
37.	If yes, specify non-compliant features	Not applicable	Not applicable
Full terms and conditions of capital instruments		Ordinary shares	Tier 2 capital bonds due 2031

Composition of regulatory capital (Continued)

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

		Amount
		HK\$'000
	Regulatory capital elements of internal loss-absorbing capacity and adjustments	
1.	Common Equity Tier 1 ("CET1") capital	64,259,309
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	10,019,063
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	7,842,516
9.	Other adjustments	–
10.	T2 capital eligible under the LAC Rules	2,176,547
11.	Internal loss-absorbing capacity arising from regulatory capital	66,435,856
	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	–
17.	Internal loss-absorbing capacity arising from non-capital LAC debt instruments before adjustments	–
	Non-regulatory capital elements of internal loss-absorbing capacity: adjustments	
18.	Internal loss-absorbing capacity before deductions	66,435,856
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	66,435,856
	Risk-weighted amount and exposure measure under the LAC Rules for internal loss-absorbing capacity purposes	
23.	Risk-weighted amount under the LAC Rules	257,149,788
24.	Exposure measure under the LAC Rules	481,210,607
	Internal LAC ratios and buffers	
25.	Internal LAC risk-weighted ratio	25.84%
26.	Internal LAC leverage ratio	13.81%
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	18.99%
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)	2.945%
29.	Of which: capital conservation buffer requirement	2.500%
30.	Of which: institution-specific countercyclical capital buffer requirement	0.445%
31.	Of which: higher loss absorbency requirement	0.000%

Composition of regulatory capital (Continued)

TLAC2: Material subsidiary – creditor ranking at legal entity level

		Creditor ranking	
		1 (most junior)	Sum of values in columns 1
		HK\$'000	HK\$'000
1.	Is a resolution entity or a non-HK resolution entity the creditor / investor?	Yes	
2.	Description of creditor ranking	Ordinary Shares ¹	
3.	Total capital and liabilities net of credit risk mitigation	44,999,807	44,999,807
4.	Subset of row 3 that are excluded liabilities	–	–
5.	Total capital and liabilities less excluded liabilities	44,999,807	44,999,807
6.	Subset of row 5 that are eligible as internal loss-absorbing capacity	44,999,807	44,999,807
7.	Subset of row 6 with 1 year ≤ residual maturity < 2 years	–	–
8.	Subset of row 6 with 2 years ≤ residual maturity < 5 years	–	–
9.	Subset of row 6 with 5 years ≤ residual maturity < 10 years	–	–
10.	Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	–	–
11.	Subset of row 6 that is perpetual securities	44,999,807	44,999,807

Note:

1. Issued and fully paid ordinary shares.

Macroprudential supervisory measures

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

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio (HK\$'000)	AI-specific CCyB ratio (%)	CCyB amount (HK\$'000)
1.	Hong Kong SAR	0.5%	152,583,397		
2.	Australia	1%	301		
3.	Belgium	1%	134,291		
4.	Denmark	2.5%	162,779		
5.	France	1%	313,402		
6.	Germany	0.75%	33,577		
7.	Ireland	1.5%	2,749,173		
8.	Netherlands	2%	461,315		
9.	Saudi Arabia	1%	4,045,743		
10.	South Korea	1%	101,799		
11.	Spain	0.5%	332,183		
12.	Sweden	2%	307,729		
13.	United Kingdom	2%	2,050,288		
14.	Sum		163,275,977		
15.	Total		204,891,573	0.445%	1,144,317

CCyB ratio is calculated as the weighted average of the applicable jurisdictional CCyB ratio, effective at the date for which the determination is made, in respect of the jurisdictions (including Hong Kong) where the Bank has private sector credit exposures. The weight to be attributed to a given jurisdiction's applicable CCyB ratio is the ratio of the Bank's aggregate risk-weighted amount for its private sector credit exposures (in both the banking book and the trading book) in that jurisdiction (RWA_j) to the sum of the Bank's aggregate RWA_j across all jurisdictions in which the AI has private sector credit exposure.

Leverage ratio

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

	Item	Value under the LR framework (HK\$'000)
1.	Total consolidated assets as per published financial statements	469,942,957
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–
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	4,402,400
9.	Adjustment for SFTs (i.e. repos and similar secured lending)	823,755
10.	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	7,351,957
11.	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(2,529,537)
12.	Other adjustments	1,219,075
13.	Leverage ratio exposure measure	481,210,607

* Not applicable in the case of Hong Kong

Leverage ratio (Continued)

LR2: Leverage ratio

		30 Jun 2026	31 Mar 2026
		HK\$'000	HK\$'000
On-balance sheet exposures			
1.	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	442,323,164	441,536,458
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	(354,981)	(400,287)
4.	Less: Adjustment for assets other than money received under SFTs that are recognised as an asset	–	–
5.	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(2,506,707)	(1,995,344)
6.	Less: Asset amounts deducted in determining Tier 1 capital	(1,087,033)	(1,147,500)
7.	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	438,374,443	437,993,327
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)	5,538,943	5,761,497
9.	Add-on amounts for PFE associated with all derivative contracts	4,454,768	4,203,806
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)	9,993,711	9,965,303
Exposures arising from SFTs			
14.	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	24,689,571	10,905,996
15.	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
16.	CCR exposure for SFT assets	823,755	269,735
17.	Agent transaction exposures	–	–
18.	Total exposures arising from SFTs (sum of rows 14 to 17)	25,513,326	11,175,731
Other off-balance sheet exposures			
19.	Off-balance sheet exposure at gross notional amount	22,676,583	25,827,174
20.	Less: Adjustments for conversion to credit equivalent amounts	(15,324,626)	(17,062,610)
21.	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(22,830)	(18,534)
22.	Off-balance sheet items (sum of rows 19 to 21)	7,329,127	8,746,030

Leverage ratio (Continued)

LR2: Leverage ratio (Continued)

		30 Jun 2026	31 Mar 2026
		HK\$'000	HK\$'000
Capital and total exposures			
23.	Tier 1 capital	64,259,309	62,919,615
24.	Total exposures (sum of rows 7, 13, 18 and 22)	481,210,607	467,880,391
Leverage ratio			
25 & 25a.	Leverage ratio	13.35%	13.45%
26.	Minimum leverage ratio requirement	3%	3%
27.	Applicable leverage buffers	Not applicable*	Not applicable*
Disclosure of mean values			
28.	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	16,415,080	8,388,864
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	24,689,571	10,905,996
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)	472,936,116	465,363,259
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)	13.59%	13.52%

* Not applicable in the case of Hong Kong

Liquidity

30 Jun 2026

Average liquidity coverage ratio ("LCR")	
– Second quarter	169.60%
Average LCR for the period	184.74%
Net stable funding ratio ("NSFR")	
– First quarter end	131.69%
– Second quarter end	126.40%

The Bank's LCR and HKD HQLA Level 1 LCR were above the regulatory requirement for the period.

The Bank's average LCR for the period ended 30 June 2026 was 184.74%. The Bank's NSFR for the first quarter and second quarter ends of year 2026 were 131.69% and 126.40% respectively.

In the second quarter of year 2026, the Bank's LCR decreased as a result of increase in loan.

In the second quarter end of year 2026, the Bank's NSFR decreased as a result of increase in loan.

Level 1 HQLA is the major component of the Bank's HQLA portfolio, which consists of balance with the HKMA, Exchange Fund Bills / Notes and unencumbered sovereign bonds. The Bank also holds a portion of Level 2 HQLA, which include corporate bonds with high credit rating. The main drivers of net cash outflows are retail deposits and small business funding, wholesale funding and loans during the quarter. Deposit is the major funding source of the Bank.

LCR net cash outflow arising from off-balance sheet derivatives and additional collateral provision are not material. The Bank's major liquidity profile is captured in the LCR calculation.

The Bank's HKD HQLA Level 1 LCR was above the regulatory requirement for the period. The Bank holds Level 1 HQLA denominated in foreign currencies (mainly CNY and USD) to cover respective LCR net cash outflow in foreign currency. The foreign currency LCR mismatch is bolstered mainly by our HKD-denominated HQLA through FX contracts. The Bank has established internal monitoring limit on LCR for foreign major currencies according to Supervisory Policy Manual LM-1 issued by the HKMA.

The Bank has established internal limit and management action trigger level on LCR and NSFR to ensure our liquidity risk is controlled at the level commensurate with our risk appetite. The Bank's daily liquidity management is governed by the liquidity management requirement of parent bank and there is considerable level of interaction between members of the parent group. The Bank submits liquidity management reports to parent bank regularly and participates in the group liquidity stress test.

Liquidity (Continued)

LIQ1: Liquidity Coverage Ratio – for category 1 institution

2026 Second quarter:

Number of data points used in calculating the average value of the LCR and related components set out in this template for the quarter ending on 30 Jun 2026: (72)		HK\$'000	
Basis of disclosure: Hong Kong office		Unweighted value (average)	Weighted value (average)
A. HQLA			
1.	Total HQLA		67,260,395
B. Cash Outflows			
2.	Retail deposits and small business funding, of which:	262,082,897	18,333,003
3.	<i>Stable retail deposits and stable small business funding</i>	10,061,217	503,061
4.	<i>Less stable retail deposits and less stable small business funding</i>	104,577,159	10,457,716
4a.	<i>Retail term deposits and small business term funding</i>	147,444,521	7,372,226
5.	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	64,209,269	36,020,522
6.	<i>Operational deposits</i>	3,331,355	770,909
7.	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	58,785,813	33,157,512
8.	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	2,092,101	2,092,101
9.	Secured funding transactions (including securities swap transactions)		780,434
10.	Additional requirements, of which:	30,884,262	7,012,382
11.	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	7,490,930	3,815,539
12.	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	–	–
13.	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	23,393,332	3,196,843
14.	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	3,031,093	3,031,093
15.	Other contingent funding obligations (whether contractual or non-contractual)	24,458,958	29,638
16.	Total Cash Outflows		65,207,072
C. Cash Inflows			
17.	Secured lending transactions (including securities swap transactions)	–	–
18.	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	75,536,535	19,660,423
19.	Other cash inflows	5,493,534	5,481,059
20.	Total Cash Inflows	81,030,069	25,141,482
D. Liquidity Coverage Ratio		Adjusted value	
21.	Total HQLA		67,260,395
22.	Total Net Cash Outflows		40,065,590
23.	LCR (%)		169.60%

Liquidity (Continued)

LIQ2: Net Stable Funding Ratio – for category 1 institution

2026 Second quarter end:

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A.	Available stable funding ("ASF") item					
1.	Capital:	66,539,311	7,929,332	–	–	66,539,311
2.	Regulatory capital	66,539,311	7,929,332	–	–	66,539,311
2a.	Minority interests not covered by row 2	–	–	–	–	–
3.	Other capital instruments	–	–	–	–	–
4.	Retail deposits and small business funding:	–	255,635,138	3,392,033	66,347	233,733,603
5.	Stable deposits		10,814,230	41,798	526	10,313,753
6.	Less stable deposits		244,820,908	3,350,235	65,821	223,419,850
7.	Wholesale funding:	–	126,203,091	6,277,867	–	44,128,712
8.	Operational deposits		3,409,194	–	–	1,704,597
9.	Other wholesale funding	–	122,793,897	6,277,867	–	42,424,115
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	2,451,449	969,445	–	–	–
12.	Net derivative liabilities	–				
13.	All other funding and liabilities not included in the above categories	2,451,449	969,445	–	–	–
14.	Total ASF					344,401,626
B.	Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	360,022	8,081,828	10,242,876	92,486,998	33,101,387
16.	Deposits held at other financial institutions for operational purposes	–	324,027	–	–	162,014
17.	Performing loans and securities:	53,393,064	54,089,945	37,285,292	194,359,527	223,350,862
18.	Performing loans to financial institutions secured by Level 1 HQLA	–	–	–	–	–
19.	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	17,219,012	41,751,938	18,388,511	15,481,556	48,157,614

Liquidity (Continued)

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

2026 Second quarter end: (Continued)

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
20.	<i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	36,174,052	7,137,719	9,871,161	59,308,135	87,144,640
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	3,474,886	444,929	333,566	9,123,414	8,578,143
22.	<i>Performing residential mortgages, of which:</i>	–	996,685	950,255	49,298,957	33,787,276
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	918,901	876,094	45,451,535	30,440,995
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	4,203,603	8,075,365	70,270,879	54,261,332
25.	Assets with matching interdependent liabilities	–	–	–	–	–
26.	Other assets:	15,390,123	2,516,149	–	–	14,823,429
27.	<i>Physical traded commodities, including gold</i>	504,315				428,668
28.	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	1,744,186				1,482,558
29.	<i>Net derivative assets</i>	3,156,815				3,156,815
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	346,855				17,343
31.	<i>All other assets not included in the above categories</i>	9,637,952	2,516,149	–	–	9,738,045
32.	Off-balance sheet items		–	1,379	47,542,064	1,026,660
33.	Total RSF					272,464,352
34.	Net Stable Funding Ratio (%)					126.40%

Liquidity (Continued)

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

2026 First quarter end:

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A.	Available stable funding ("ASF") item					
1.	Capital:	65,202,605	7,881,005	–	–	65,202,605
2.	Regulatory capital	65,202,605	7,881,005	–	–	65,202,605
2a.	Minority interests not covered by row 2	–	–	–	–	–
3.	Other capital instruments	–	–	–	–	–
4.	Retail deposits and small business funding:	–	262,678,588	4,741,619	8,265	241,242,473
5.	Stable deposits		11,049,175	71,262	155	10,564,570
6.	Less stable deposits		251,629,413	4,670,357	8,110	230,677,903
7.	Wholesale funding:	–	104,523,055	2,131,233	975,827	40,248,740
8.	Operational deposits		3,101,752	–	–	1,550,876
9.	Other wholesale funding	–	101,421,303	2,131,233	975,827	38,697,864
10.	Liabilities with matching interdependent assets	–	–	–	–	–
11.	Other liabilities:	2,127,534	3,256,877	–	–	–
12.	Net derivative liabilities	–				
13.	All other funding and liabilities not included in the above categories	2,127,534	3,256,877	–	–	–
14.	Total ASF					346,693,818
B.	Required stable funding ("RSF") item					
15.	Total HQLA for NSFR purposes	377,851	7,857,930	8,566,944	107,265,951	35,603,169
16.	Deposits held at other financial institutions for operational purposes	–	251,373	–	–	125,687
17.	Performing loans and securities:	51,788,153	55,898,392	27,650,197	175,333,366	208,458,985
18.	Performing loans to financial institutions secured by Level 1 HQLA	–	–	–	–	–
19.	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	18,628,878	37,712,974	11,712,264	11,623,171	41,765,127

Liquidity (Continued)

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

2026 First quarter end: (Continued)

Basis of disclosure: Hong Kong office		Unweighted value by residual maturity				Weighted amount HK\$'000
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
20.	<i>Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:</i>	33,159,275	9,796,919	7,562,698	55,966,472	82,278,703
21.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	3,614,183	976,737	407,951	7,175,767	7,705,811
22.	<i>Performing residential mortgages, of which:</i>	–	982,202	961,380	49,083,606	33,682,667
23.	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	901,505	882,394	45,050,946	30,175,065
24.	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	7,406,297	7,413,855	58,660,117	50,732,488
25.	Assets with matching interdependent liabilities	–	–	–	–	–
26.	Other assets:	18,327,708	1,223,844	–	–	17,861,227
27.	<i>Physical traded commodities, including gold</i>	–				–
28.	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	1,726,914				1,467,877
29.	<i>Net derivative assets</i>	3,457,888				3,457,888
30.	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	339,991				17,000
31.	<i>All other assets not included in the above categories</i>	12,802,915	1,223,844	–	–	12,918,462
32.	Off-balance sheet items		–	2,181	46,934,829	1,218,804
33.	Total RSF					263,267,872
34.	Net Stable Funding Ratio (%)					131.69%

Credit risk for non-securitization exposures

CR1: Credit quality of exposures

		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
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.	Loans	3,678,503	263,160,677	2,465,146	1,391,471	1,073,675	–	264,374,034
2.	Debt securities	84,457	190,093,897	83,142	–	83,142	–	190,095,212
3.	Off-balance sheet exposures	–	17,318,317	21,244	–	21,244	–	17,297,073
4.	Total	3,762,960	470,572,891	2,569,532	1,391,471	1,178,061	–	471,766,319

CR2: Changes in defaulted loans and debt securities

		Amount
		HK\$'000
1.	Defaulted loans and debt securities at 31 Dec 2025	3,364,702
2.	Loans and debt securities that have defaulted since the last reporting period	835,837
3.	Returned to non-defaulted status	(82,295)
4.	Amounts written off	(7,460)
5.	Other changes	(347,824)
6.	Defaulted loans and debt securities at 30 Jun 2026	3,762,960

During the period from Dec 2025 to Jun 2026, the Bank's defaulted loans and debt securities increased by 11.84% from HK\$3,365 million to HK\$3,763 million. The main contributor was the loans and debt securities of HK\$836 million defaulted during the period.

CR3: Overview of recognized credit risk mitigation

		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\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.	Loans	248,388,454	15,985,580	1,292,305	2,951,893	–
2.	Debt securities	185,074,078	5,021,134	–	5,021,134	–
3.	Total	433,462,532	21,006,714	1,292,305	7,973,027	–
4.	Of which defaulted	1,752,908	618,582	–	602,017	–

As of Jun 2026, the Bank's carrying amount for unsecured exposure was HK\$433,463 million. There is an increase of HK\$29,103 million compared to that of Dec 2025. The main reason was the rise in unsecured debt securities by HK\$15,180 million, and in unsecured loans by HK\$13,923 million.

Credit risk for non-securitization exposures (Continued)

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

	Exposure classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
1.	Sovereign exposures	20,036,889	–	24,799,248	–	2,678,698	11%
2.	Public sector entity exposures	16,385,994	1,075,000	13,991,835	558,217	2,910,010	20%
3.	Multilateral development bank exposures	28,337,708	–	28,337,708	–	–	0%
3a.	Unspecified multilateral body exposures	–	–	–	–	–	0%
4.	Bank exposures	99,641,866	–	102,793,499	–	25,781,818	25%
4a.	Qualifying non-bank financial institution exposures	–	–	–	–	–	0%
5.	Eligible covered bond exposures	2,859,464	–	2,859,464	–	285,946	10%
6.	General corporate exposures	198,205,180	38,049,973	193,771,363	5,405,827	157,014,402	79%
6a.	Of which: non-bank financial institution exposures excluding those reported under row 4a	50,572,729	6,465,466	50,192,332	520,566	36,062,393	71%
6b.	Specialized lending	2,122,220	64,309	2,121,276	25,151	2,146,427	100%
7.	Equity exposures	34,750	–	34,750	–	86,875	250%
7a.	Significant capital investments in commercial entities	–	–	–	–	–	0%
7b.	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	1,199,892	–	1,199,892	–	1,799,838	150%
7c.	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	–	–	–	–	–	0%
8.	Retail exposures	17,302,869	7,021,307	16,364,025	990,361	16,052,506	92%
8a.	Exposures arising from IPO financing	–	–	–	–	–	0%
9.	Real estate exposures	70,942,473	1,330,269	69,497,915	306,877	23,273,653	33%
9a.	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	58,739,073	570,867	57,583,997	36,368	14,601,993	25%

Credit risk for non-securitization exposures (Continued)

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

	Exposure classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
9b.	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	384,679	–	384,679	–	177,784	46%
9c.	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	9,466,373	229,478	9,182,316	58,539	5,900,654	64%
9d.	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	825,537	–	825,537	–	577,876	70%
9e.	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	0%
9f.	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	0%
9g.	Of which: land acquisition, development and construction exposures	1,526,811	529,924	1,521,386	211,970	2,015,346	116%
10.	Defaulted exposures	2,380,504	2,585	2,380,504	392	2,585,113	109%
11.	Other exposures	2,892,394	–	2,892,394	–	2,892,394	100%
11a.	Cash and gold	360,022	–	1,658,352	65,131	113,164	7%
11b.	Items in the process of clearing or settlement	2,224,976	–	2,224,976	–	–	0%
12.	Total	464,927,201	47,543,443	464,927,201	7,351,956	237,620,844	50%

Compared to Dec 2025, the Bank's credit risk RWA increased by 4.05% from HK\$228,370 million to HK\$237,621 million.

Credit risk for non-securitization exposures (Continued)

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

	Risk Weight							Total credit risk exposure amount (post-CCF and post-CRM)
		0%	20%	50%	100%	150%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1. Sovereign exposures		13,989,094	9,087,929	1,722,225	–	–	–	24,799,248

	Risk Weight							Total credit risk exposure amount (post-CCF and post-CRM)
		0%	20%	50%	100%	150%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2. Public sector entity exposures		–	14,550,052	–	–	–	–	14,550,052

	Risk Weight							Total credit risk exposure amount (post-CCF and post-CRM)
		0%	20%	30%	50%	100%	150%	Other
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
3. Multilateral development bank exposures		28,337,708		–	–	–	–	–

	Risk Weight							Total credit risk exposure amount (post-CCF and post-CRM)
		20%	30%	50%	100%	150%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
3a. Unspecified multilateral body exposures		–	–	–	–	–	–	–

Credit risk for non-securitization exposures (Continued)

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

	Exposure classes	Risk Weight								Total credit risk exposure amount (post-CCF and post-CRM)
		20%	30%	40%	50%	75%	100%	150%	Other	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
4.	Bank exposures	54,709,498	45,988,305	44,208	2,051,488	–	–	–	–	102,793,499

	Exposure classes	Risk Weight								Total credit risk exposure amount (post-CCF and post-CRM)
		20%	30%	40%	50%	75%	100%	150%	Other	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
4a.	Qualifying non-bank financial institution exposures	–	–	–	–	–	–	–	–	–

	Exposure classes	Risk Weight								Total credit risk exposure amount (post-CCF and post-CRM)
		10%	15%	20%	25%	35%	50%	100%	Other	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
5.	Eligible covered bond exposures	2,859,464	–	–	–	–	–	–	–	2,859,464

	Exposure classes	Risk Weight								Total credit risk exposure amount (post-CCF and post-CRM)	
		20%	30%	50%	65%	75%	85%	100%	150%		Other
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
6.	General corporate exposures	3,325,857	1,970,030	57,356,757		48,631,156	4,546,124	76,557,258	6,790,008	–	199,177,190
6a.	Of which: non-bank financial institution exposures excluding those reported under row 4a	1,587,335	–	15,261,317		23,274,195	–	10,452,908	137,143	–	50,712,898

Credit risk for non-securitization exposures (Continued)

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

	Risk Weight								Total credit risk exposure amount (post-CCF and post-CRM)
		20%	50%	75%	80%	100%	130%	150%	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
6b. Specialized lending		–	–	–	–	2,146,427	–	–	2,146,427

	Risk Weight					Total credit risk exposure amount (post-CCF and post-CRM)
		100%	250%	400%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
7. Equity exposures			34,750	–	–	34,750

	Risk Weight					Total credit risk exposure amount (post-CCF and post-CRM)
		250%	400%	1,250%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
7a. Significant capital investments in commercial entities		–	–	–	–	–

	Risk Weight					Total credit risk exposure amount (post-CCF and post-CRM)
		150%	250%	400%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
7b. Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities		1,199,892	–	–	–	1,199,892

Credit risk for non-securitization exposures (Continued)

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

	Exposure classes	Risk Weight		Total credit risk exposure amount (post-CCF and post-CRM)	
		150%	Other	HK\$'000	HK\$'000
7c.	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	–	–	–	–

	Exposure classes	Risk Weight				Total credit risk exposure amount (post-CCF and post-CRM)
		45%	75%	100%	Other	HK\$'000
8.	Retail exposures	815,527	7,300,399	5,941,981	3,296,479	17,354,386

	Exposure classes	Risk Weight		Total credit risk exposure amount (post-CCF and post-CRM)	
		0%	Other	HK\$'000	HK\$'000
8a.	Exposures arising from IPO financing	–	–	–	–

Credit risk for non-securitization exposures (Continued)

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

	Exposure classes	Risk Weight																			Total credit risk 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%	Others	
		HK\$'000																			
9.	Real estate exposures	-	31,035,102	9,623,877	12,775,057	-	1,724,116	537,237	1,040,954	8,284,592	-	1,888,611	3,246	-	-	2,091,599	81,218	-	563,980	155,203	69,804,792
9a.	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	31,009,738	9,623,877	12,472,704	-	1,724,116	527,453	1,040,954	-	-	1,063,074	3,246	-	-	-	-	-	-	155,203	57,620,365
9b.	Of which: no loan splitting applied	-	31,009,738	9,623,877	12,472,704	-	1,724,116	527,453	1,040,954	-	-	1,063,074	3,246	-	-	-	-	-	-	155,203	57,620,365
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)	-	-	-	293,677	-	-	9,784	-	-	-	-	-	-	-	-	81,218	-	-	-	384,679
9f.	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	25,364	-	8,676	-	-	-	-	8,284,592	-	-	-	-	-	922,223	-	-	-	-	9,240,855
9g.	Of which: no loan splitting applied	-	25,364	-	8,676	-	-	-	-	8,284,592	-	-	-	-	-	922,223	-	-	-	-	9,240,855
9h.	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9i.	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9j.	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	825,537	-	-	-	-	-	-	-	-	825,537
9k.	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9l.	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9m.	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9n.	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9o.	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9p.	Of which: land acquisition, development and construction exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,169,376	-	-	563,980	-	1,733,356

Credit risk for non-securitization exposures (Continued)

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

	Risk Weight					Total credit risk exposure amount (post-CCF and post-CRM)
		50%	100%	150%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
10. Defaulted exposures			201,988	1,588,750	590,158	2,380,896

	Risk Weight				Total credit risk exposure amount (post-CCF and post-CRM)
		100%	1,250%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
11. Other exposures		2,892,394	–	–	2,892,394

	Risk Weight				Total credit risk exposure amount (post-CCF and post-CRM)
		0%	100%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
11a. Cash and gold		1,157,659	–	565,824	1,723,483

	Risk Weight				Total credit risk exposure amount (post-CCF and post-CRM)
		0%	20%	Other	
Exposure classes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
11b. Items in the process of clearing or settlement		2,224,976	–	–	2,224,976

Compared to Dec 2025, the Bank's total credit risk exposure amount (post-CCF and post-CRM) increased from HK\$442,060 million to HK\$472,279 million. This was primarily driven by a rise in exposures to multilateral development banks and general corporate exposures.

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:

	Risk Weight	On-balance sheet exposure HK\$'000	Off-balance sheet exposure (pre-CCF) HK\$'000	Weighted average CCF HK\$'000	Exposure (post-CCF and post-CRM) HK\$'000
1.	Less than 40%	225,153,954	1,143,182	55%	232,945,793
2.	40% – 70%	72,865,850	7,669,116	25%	75,465,715
3.	75%	54,634,129	7,732,482	14%	55,934,801
4.	85%	4,625,959	1,440,749	27%	4,546,124
5.	90% – 100%	89,777,497	26,314,493	11%	89,831,647
6.	105% – 130%	1,883,633	15,300	10%	1,885,163
7.	150%	15,951,429	3,228,121	11%	11,635,164
8.	250%	34,750	–	0%	34,750
9.	400%	–	–	0%	–
10.	1,250%	–	–	0%	–
11.	Total exposures	464,927,201	47,543,443	15%	472,279,157

Counterparty credit risk

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

		Replacement cost (RC) HK\$'000	PFE HK\$'000	Effective EPE HK\$'000	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM HK\$'000	RWA HK\$'000
1.	SA-CCR approach (for derivative contracts)	3,504,258	2,778,013		1.4	8,795,179	3,064,796
1a.	CEM (for derivative contracts)	–	–		1.4	–	–
1b.	Method for group 2b cryptoasset derivative contracts	–	–		1.4	–	–
2.	IMM(CCR) approach			–	–	–	–
3.	Simple approach (for SFTs)					25,475,363	206,324
4.	Comprehensive approach (for SFTs)					–	–
5.	VaR (for SFTs)					–	–
6.	Total						3,271,120

There was a 4.4% increase in counterparty credit risk RWA on default risk exposures compared to Dec 2025. The main contributor was the rise in the RWA of SFT.

Counterparty credit risk (Continued)

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

	Exposure classes	Risk Weight											Total default risk exposure after CRM
		0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.	Sovereign exposures	50,299	–	–	–	–	–	–	–	–	–	–	50,299
2.	Public sector entity exposures	–	–	–	–	–	–	–	–	–	–	–	–
3.	Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–	–
4.	Unspecified multilateral body exposures	–	–	–	–	–	–	–	–	–	–	–	–
5.	Bank exposures	–	–	1,199,665	7,097,255	–	455,717	–	–	3,496	–	–	8,756,133
6.	Qualifying non-bank financial institution exposures	–	–	–	–	–	–	–	–	–	–	–	–
7.	General corporate exposures	–	–	–	–	–	–	–	4,221	116,842	–	–	121,063
8.	Retail exposures	–	–	–	–	–	–	564,862	–	126,577	–	–	691,439
9.	Defaulted exposures	–	–	–	–	–	–	–	–	–	–	–	–
10.	Other exposures	24,651,608	–	–	–	–	–	–	–	–	–	–	24,651,608
11.	Total	24,701,907	–	1,199,665	7,097,255	–	455,717	564,862	4,221	246,915	–	–	34,270,542

Compared to Dec 2025, the total default risk exposure after CRM increased from HK\$13,707 million to HK\$34,271 million. This was largely due to the rise in other exposures.

Counterparty credit risk (Continued)

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

	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\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash – domestic currency	1,609	–	–	–	250,000	–
Cash – other currencies	4,564	428,515	1,688,847	263,509	24,439,571	–
Domestic sovereign debt	–	–	–	–	–	250,786
Other sovereign debt	–	–	149,822	–	–	1,123,259
Government agency debt	–	–	–	–	–	–
Corporate bonds	–	–	–	–	–	24,101,318
Equity securities	–	–	–	–	–	–
Other collateral	–	–	–	–	–	–
Total	6,173	428,515	1,838,669	263,509	24,689,571	25,475,363

The collateral posted and received resulted from transaction with CCP, counterparties via CSA and repo transaction.

CCR6: Credit-related derivatives contracts

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

Counterparty credit risk (Continued)

CCR8: Exposures to CCPs

		Exposure after CRM	RWA
		HK\$'000	HK\$'000
1.	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		56,386
2.	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	2,819,281	56,386
3.	(i) OTC derivative transactions	2,819,281	56,386
4.	(ii) Exchange-traded derivative contracts	–	–
5.	(iii) Securities financing transactions	–	–
6.	(iv) Netting sets subject to valid cross-product netting agreements	–	–
7.	Segregated initial margin	1,737,157	
8.	Unsegregated initial margin	–	–
9.	Funded default fund contributions	–	–
10.	Unfunded default fund contributions	–	–
11.	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		–
12.	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	–	–
13.	(i) OTC derivative transactions	–	–
14.	(ii) Exchange-traded derivative contracts	–	–
15.	(iii) Securities financing transactions	–	–
16.	(iv) Netting sets subject to valid cross-product netting agreements	–	–
17.	Segregated initial margin	–	
18.	Unsegregated initial margin	–	–
19.	Funded default fund contributions	–	–
20.	Unfunded default fund contributions	–	–

Compared Dec 2025, RWA of default risk exposure to qualifying CCPs decreased by 2%, originating from a reduction in exposure on OTC derivatives transactions. The collateral posted and received resulted from derivatives transaction via CCP.

Credit valuation adjustment risk

CVA1: CVA risk under reduced basic CVA approach

		Components	CVA risk capital charge under the reduced basic CVA approach
		HK\$'000	HK\$'000
1.	Aggregation of systematic components of CVA risk	737,866	
2.	Aggregation of idiosyncratic components of CVA risk	582,023	
3.	Total		406,016

Compared to Dec 2025, the CVA risk capital charge increased from HK\$263 million to HK\$406 million, primarily driven by a rise in the idiosyncratic components of CVA risk.

Securitization exposures

SEC1: Securitization exposures in banking book

		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.	Retail (total) – of which:	–	–	–	–	–	–	–	–	–
2.	residential mortgage	–	–	–	–	–	–	–	–	–
3.	credit card	–	–	–	–	–	–	–	–	–
4.	other retail exposures	–	–	–	–	–	–	–	–	–
5.	re-securitization exposures	–	–	–	–	–	–	–	–	–
6.	Wholesale (total) – of which:	–	–	–	–	–	–	–	–	–
7.	loans to corporates	–	–	–	–	–	–	–	–	–
8.	commercial mortgage	–	–	–	–	–	–	–	–	–
9.	lease and receivables	–	–	–	–	–	–	–	–	–
10.	other wholesale	–	–	–	–	–	–	–	–	–
11.	re-securitization exposures	–	–	–	–	–	–	–	–	–

Securitization exposures (Continued)

SEC2: Securitization exposures in trading book

		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.	Retail (total) – of which:	–	–	–	–	–	–	–	–	–
2.	residential mortgage	–	–	–	–	–	–	–	–	–
3.	credit card	–	–	–	–	–	–	–	–	–
4.	other retail exposures	–	–	–	–	–	–	–	–	–
5.	re-securitization exposures	–	–	–	–	–	–	–	–	–
6.	Wholesale (total) – of which:	–	–	–	–	–	–	–	–	–
7.	loans to corporates	–	–	–	–	–	–	–	–	–
8.	commercial mortgage	–	–	–	–	–	–	–	–	–
9.	lease and receivables	–	–	–	–	–	–	–	–	–
10.	other wholesale	–	–	–	–	–	–	–	–	–
11.	re-securitization exposures	–	–	–	–	–	–	–	–	–

Securitization exposures (Continued)

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

		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1,250% RW	1,250% RW	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA
		HK\$'000					HK\$'000				HK\$'000				HK\$'000			
1.	Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Traditional securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Of which simple, transparent and comparable	Not applicable*																
6.	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	Of which simple, transparent and comparable	Not applicable*																
8.	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13.	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Not applicable in the case of Hong Kong

Securitization exposures (Continued)

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

		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1,250% RW	1,250% RW	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA
		HK\$'000					HK\$'000				HK\$'000				HK\$'000			
1.	Total exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2.	Traditional securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.	Of which securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.	Of which retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5.	Of which simple, transparent and comparable	Not applicable*																
6.	Of which wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7.	Of which simple, transparent and comparable	Not applicable*																
8.	Of which re-securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9.	Synthetic securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10.	Of which securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11.	Of which retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12.	Of which wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13.	Of which re-securitization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

* Not applicable in the case of Hong Kong

Market risk

MR1: Market risk under STM approach

		Market risk capital charges under STM approach
		HK\$'000
1.	General interest rate risk	786
2.	Equity risk	–
3.	Commodity risk	101,298
4.	Foreign exchange risk	24,347
5.	Credit spread risk (non-securitization)	–
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)	–
9.	SA-DRC (securitization: non-CTP)	–
10.	SA-DRC (securitization: CTP)	–
11.	Group 2a cryptoasset exposures	–
12.	Residual risk add-on	3
13.	Total	126,434

Compared to Dec 2025, the market risk capital requirement rose from HK\$30 million to HK\$126 million, which was mainly attributable to an increase in commodity risk exposures.

Asset encumbrance

ENC: Asset encumbrance

	Encumbered assets	Unencumbered assets	Total
	HK\$'000	HK\$'000	HK\$'000
Cash and balances with central bank	–	689,190	689,190
Due from and placements with banks and other financial institutions	–	48,865,775	48,865,775
Loans and advances to customers	–	215,179,090	215,179,090
Financial assets	23,931,121	171,783,218	195,714,339
Fixed assets	–	99,823	99,823
Right-of-use assets	–	304,537	304,537
Other assets	–	9,090,203	9,090,203
Total assets	23,931,121	446,011,836	469,942,957

Cryptoasset exposures

CAE1: Cryptoasset exposures and RWAs

		Credit risk			Market risk		
		Total exposure	Exposure / EAD	RWA	Long exposure	Short exposure	RWA
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1.	Group 1a cryptoassets	–	–	–	–	–	
2.	Group 1b cryptoassets	–	–	–	–	–	
3.	Group 2a cryptoassets	–	–	–	–	–	–
4.	Group 2b cryptoassets	–	–	–	–	–	
5.	Total	–	–	–	–	–	–
6.	Group 2 cryptoasset exposure limit – direct holdings	–					
7.	Group 2 cryptoasset exposure limit – indirect holdings	–					
8.	Group 2 cryptoasset exposure limit – exposure above the 1% limit	–					
9.	Group 2 cryptoasset exposure limit – RWA above the 1% limit	–					
10.	Total RWA for group 2 cryptoasset as a result of breaching the 2% limit	–					

The bank did not hold any cryptoassets under a custodial arrangement as of 30 Jun 2026.

CAE2: Accounting classification of cryptoasset exposures

	Carrying values of cryptoasset exposures under scope of regulatory consolidation			
	Group 1a	Group 1b	Group 2a	Group 2b
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets				
Cash and balances with central bank	–	–	–	–
Financial assets at fair value through profit or loss	–	–	–	–
Financial assets at fair value through other comprehensive income	–	–	–	–
Financial assets at amortized cost	–	–	–	–
Other assets	–	–	–	–
Total assets	–	–	–	–
Liabilities				
Other liabilities	–	–	–	–
Total liabilities	–	–	–	–

Cryptoasset exposures (Continued)

CAE3: Liquidity requirements for cryptoasset exposures – for category 1 institution

		Exposure amounts				Liquidity risk				
		Cryptoassets		Cryptoliabilities		Cryptoassets			Cryptoliabilities	
		Total	Of which: Derivative exposures	Total	Of which: Derivative exposures	LCR HQLA haircut applied	LCR cash inflow rate applied	NSFR RSF factor applied	LCR cash outflow rate applied	NSFR ASF factor applied
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	%	%	%	%
1.	Group 1a	–	–	–	–		–	–	–	–
1.i	Of which: HQLA instrument	–				–	–	–		
1.ii	Of which: tokenised claims on a bank	–	–	–	–		–	–	–	–
1.iii	Of which: other tokenised assets	–	–	–	–		–	–	–	–
2.	Stablecoins	–	–	–	–		–	–	–	–
2.i	Of which: group 1b	–	–	–	–		–	–	–	–
2.ii	Of which: group 2	–	–	–	–		–	–	–	–
3.	Other group 2	–	–	–	–		–	–	–	–

Additional balance sheet information

1. International claims

The information on international claims are prepared in according to the location and types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. Geographical segments, constituting 10% or more of the Bank's total international claims after taking into account any recognized risk transfer, are disclosed below.

	Bank	Official sector	Non-bank financial institutions	Non-financial private sector	Total
Equivalent in millions of HK\$					
<u>As at 30 Jun 2026</u>					
Developing Asia-Pacific	45,905	3,500	1,915	30,435	81,755
of which attributed to Mainland China	39,393	1,033	1,711	26,256	68,393
Developed economies	40,760	415	5,051	17,741	63,967
Offshore centres	5,285	7,699	33,800	53,673	100,457
of which attributed to Hong Kong	3,656	7,699	31,645	52,131	95,131
Developing Africa and Middle East	7,688	12,864	–	13,001	33,553

2. Impaired loans and advances to customers by geographical areas

	Gross amount of loans to customers HK\$'000	Gross amount of trade bills HK\$'000	Total amount of loans and advances to customers HK\$'000	Identified impaired loans and advances to customers HK\$'000	% of total loans and advances to customers	Stage 1 & 2 provision for ECL HK\$'000	Stage 3 provision for ECL HK\$'000
<u>As at 30 Jun 2026</u>							
Hong Kong	192,534,188	52,871	192,587,059	3,672,271	1.69	941,646	1,389,582
Mainland China	11,891,098	598,186	12,489,284	4,343	–	52,115	–
Others	12,267,044	272,633	12,539,677	1,889	–	51,698	1,889
	<u>216,692,330</u>	<u>923,690</u>	<u>217,616,020</u>	<u>3,678,503</u>	1.69	<u>1,045,459</u>	<u>1,391,471</u>

The gross amount of loans and advances to customers by geographical segment is classified in accordance with the location of the counterparties after taking into account the transfer of risk. In general, a transfer of risk arises if the loans or advances of a customer are guaranteed by a party in a country which is different from that of the customer. Geographical segment, constituting 10% or more of the Bank's total amount of loans and advances to customers after taking into account any recognized risk transfer, are disclosed above.

Additional balance sheet information (Continued)

3. The risk concentration analysis for loans and advances to customers by industry sectors (gross)

	30 Jun 2026 HK\$'000	% of total secured loans and advances
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
– Property development	18,086,345	15.67
– Property investment	11,294,595	89.83
– Financial concerns	31,115,142	2.47
– Stockbrokers	310,000	–
– Wholesale and retail trade	6,546,744	40.90
– Manufacturing	10,610,777	15.97
– Transport and transport equipment	15,223,055	36.53
– Recreational activities	642	100.00
– Information technology	2,072,546	1.04
– Others	26,074,697	15.95
Individuals		
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchases Scheme	903,455	100.00
– Loans for the purchase of other residential properties	50,419,072	100.00
– Credit card advances	120,172	–
– Others	17,178,480	88.19
Sub-total	189,955,722	49.66
Trade finance	1,226,499	9.62
Loans and advances for use outside Hong Kong	25,510,109	17.55
Total	216,692,330	45.65

Additional balance sheet information (Continued)

3. The risk concentration analysis for loans and advances to customers by industry sectors (gross) (Continued)

Gross loans, impaired loans, overdue loans, provision for Expected Credit Loss ("ECL") in respect of industry sectors which constitute not less than 10% of total amount of loans and advances to customers are analysed as follows:

	Gross amount of loans and advances to customers HK\$'000	Impaired loans HK\$'000	Overdue loans HK\$'000	Stage 1 & 2 provision for ECL HK\$'000	Stage 3 provision for ECL HK\$'000
As at 30 June 2026					
Loans and advances for use in Hong Kong					
– Industrial, commercial and financial	121,334,543	3,458,182	1,617,722	643,559	1,306,914
– Individuals	68,621,179	145,033	120,063	287,325	31,020
Trade finance	1,226,499	74,980	74,980	5,222	53,341
Loans and advances for use outside Hong Kong	25,510,109	308	273	104,248	196
	<u>216,692,330</u>	<u>3,678,503</u>	<u>1,813,038</u>	<u>1,040,354</u>	<u>1,391,471</u>

4. Gross amount of overdue loans and advances to customers

	30 Jun 2026 HK\$'000	% of total loans and advances to customers
Gross loans and advances to customers which have been overdue for periods of:		
More than 3 months but not more than 6 months	85,999	0.04
More than 6 months but not more than 1 year	330,041	0.15
More than 1 year	1,396,998	0.64
	<u>1,813,038</u>	<u>0.83</u>
Gross trade bills to customers which have been overdue for periods of:		
More than 3 months but not more than 6 months	–	–
More than 6 months but not more than 1 year	–	–
More than 1 year	–	–
	<u>–</u>	<u>–</u>
Total gross amount of overdue loans and advances to customers	<u>1,813,038</u>	<u>0.83</u>

Additional balance sheet information (Continued)

5. Overdue loans and advances to customers by geographical areas

	Overdue loans and advances to customers HK\$'000	Stage 3 provision for ECL HK\$'000
As at 30 Jun 2026		
Hong Kong	1,806,806	796,338
Mainland China	4,343	–
Others	1,889	1,889
	<u>1,813,038</u>	<u>798,227</u>

Of which:

Market value of collateral held against the secured of overdue loans and advances	397,644
Secured of overdue loans and advances	378,697
Unsecured portion of overdue loans and advances	1,434,341
Stage 3 provision for ECL	798,227

Collateral held with respect to overdue loans and advances to customers is mainly properties.

6. Overdue and rescheduled loans and advances to customers

	30 Jun 2026 HK\$'000
Total rescheduled loans and advances to customers	1,211,401
Excluding: rescheduled loans and advances to customers overdue above 3 months	<u>92,895</u>
Net amounts of rescheduled loans and advances to customers	<u>1,118,506</u>
Percentage of net amounts of rescheduled loans and advances to customers in total loans (%)	–

7. Overdue assets

There were no other overdue assets as at 30 Jun 2026.

8. Repossessed assets

There were no repossessed assets held as at 30 Jun 2026.

Additional balance sheet information (Continued)

9. Non-bank Mainland exposures

The analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of Mainland Activities.

	On-balance sheet exposures HK\$'000	Off-balance sheet exposures HK\$'000	Total exposures HK\$'000
<u>As at 30 Jun 2026</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	56,212,982	2,867,183	59,080,165
2. Local governments, local government-owned entities and their subsidiaries and JVs	11,525,213	589,770	12,114,983
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	26,815,468	1,411,335	28,226,803
4. Other entities of central government not reported in item 1 above	–	15,495	15,495
5. Other entities of local governments not reported in item 2 above	152,541	–	152,541
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,612,714	–	2,612,714
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	<u>97,318,918</u>	<u>4,883,783</u>	<u>102,202,701</u>
Total assets after provisions	469,911,533		
On-balance sheet exposures as percentage of total assets	20.71%		

Additional balance sheet information (Continued)

10. Foreign currency exposures

The information concerning the foreign currency exposures of the Bank arising from trading and non-trading positions are disclosed below:

	USD	Total
Equivalent in millions of HK\$		
As at 30 Jun 2026		
Spot assets	191,394	191,394
Spot liabilities	(154,142)	(154,142)
Forward purchases	89,369	89,369
Forward sales	(128,002)	(128,002)
Net options position*	184	184
Net long (short) position	(1,197)	(1,197)
Net structural position	–	–

* Net options position is calculated based on the basis of the delta-weighted position of the options contracts.

Except for the above foreign currencies, we do not disclose other foreign currency exposures arising from trading and non-trading positions, which constitutes less than 10% of the total net position in all foreign currencies as above. There is no net structural position in any foreign currencies.

11. Off-balance sheet exposures (other than derivative transactions)

The off-balance sheet exposures are based on nominal contract amounts and risk-weighted amounts of contingent liabilities and commitments defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of Capital Adequacy Ratio.

	30 Jun 2026 HK\$'000
Contract amounts	
Direct credit substitutes	123,006
Trade-related contingencies	925,001
Commitments that are unconditionally cancellable without prior notice	30,225,126
Commitments which have an original maturity of not more than 1 year	755,114
Commitments which have an original maturity of more than 1 year	15,515,196
Total	47,543,443
Risk-weighted amount	5,702,560