ZA Bank

Bank | Insure | Invest

ZA Bank Limited

Regulatory Disclosure Statement

For the six months ended

30 June 2026

ZA Bank Limited

Regulatory Disclosure Statement

Table of contents

Introduction 1

KM1 - Key prudential ratios 2

OV1: Overview of RWA 3

CC1: Composition of regulatory capital 4

CC2: Reconciliation of regulatory capital to balance sheet 10

CCA: Main features of regulatory capital instruments 11

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB") 12

LR1: Summary comparison of accounting assets against Leverage Ratio exposure measure 13

LR2: Leverage ratio 14

CR1: Credit quality of exposures 16

CR2: Changes in defaulted loans and debt securities 17

CR3: Overview of recognized credit risk mitigation 17

CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach 18

CR5: Credit risk exposures by asset classes and by risk weights – for STC approach 20

CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches 27

CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach 28

CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs) 29

CCR6: Credit-related derivatives contracts 29

CCR8: Exposures to CCPs 30

CVA risk capital charge 31

Securitization exposures 31

MR3: Market risk under SSTM approach 31

ENC: Asset encumbrance 31

Cryptoasset exposures 31

Loans and advances to customers 32

Loans and advances to banks 35

Other assets 35

Repossessed assets 35

Off-balance sheet exposures (other than derivative transactions) 35

International claims 36

Currency risk 36

Mainland activities 37

Asset under security 37

Glossary 38

ZA Bank Limited

Regulatory Disclosure Statement

Introduction

Purpose

The information contained in this document is for ZA Bank Limited ("the Bank"), and prepared in accordance with the Banking (Disclosure) Rules ("BDR") and disclosure templates issued by the Hong Kong Monetary Authority ("HKMA").

This regulatory disclosure statement is governed by the Bank's disclosure policy, which has been approved by the Board of Directors ("the Board"). The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the regulatory disclosure statement is not required to be externally audited, the document has been subject to independent review in accordance with the Bank's disclosure policy.

The numbers in this document are expressed in thousands of Hong Kong Dollars, unless otherwise stated.

Basis of preparation

The capital adequacy ratio ("CAR") was compiled in accordance with the Banking (Capital) Rules ("BCR") issued by the HKMA. In calculating the risk weighted amount ("RWA"), the Bank adopted the Standardized (Credit Risk) Approach ("STC" approach") and the Simplified Standardized (Market Risk) Approach ("SSTM approach") for credit risk and market risk respectively. For operational risk, the capital requirement is calculated using the basic indicator approach.

Basis of consolidation

As at 30 June 2026, the Bank does not have any subsidiaries to consolidate the financial information in this regulatory disclosure statement.

ZA Bank Limited

Regulatory Disclosure Statement

KM1 - Key prudential ratios

(HK$'000)		(a)	(b)	(c)	(d)	(e)
		30-Jun-26	31-Mar-26	31-Dec-25	30-Sep-25	30-Jun-25
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	2,182,200	2,175,810	2,116,539	2,103,749	2,123,304
2	Tier 1	2,182,200	2,175,810	2,116,539	2,103,749	2,123,304
3	Total capital	2,256,690	2,261,237	2,198,780	2,182,557	2,207,371
	RWA (amount)					
4	Total RWA	9,123,872	8,736,162	9,035,517	9,064,996	8,991,522
4a	Total RWA (pre-floor)	9,123,872	8,736,162	9,035,517	9,064,996	8,991,522
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)	23.9%	24.9%	23.4%	23.2%	23.6%
5b	CET1 ratio (%) (pre-floor ratio)	23.9%	24.9%	23.4%	23.2%	23.6%
6 & 6a	Tier 1 ratio (%)	23.9%	24.9%	23.4%	23.2%	23.6%
6b	Tier 1 ratio (%) (pre-floor ratio)	23.9%	24.9%	23.4%	23.2%	23.6%
7 & 7a	Total capital ratio (%)	24.7%	25.9%	24.3%	24.1%	24.5%
7b	Total capital ratio (%) (pre-floor ratio)	24.7%	25.9%	24.3%	24.1%	24.5%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.4%	0.4%	0.4%	0.4%	0.4%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total AI-specific CET1 buffer requirements (%)	2.9%	2.9%	2.9%	2.9%	2.9%
12	CET1 available after meeting the AI's minimum capital requirements (%)	16.7%	17.9%	16.3%	16.1%	16.5%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	26,904,357	26,593,097	24,900,585	25,605,833	24,675,902
13a	LR exposure measure based on mean values of gross assets of SFTs	27,328,266	26,688,107	25,996,586	25,742,694	25,729,437
14, 14a & 14b	LR (%)	8.1%	8.2%	8.5%	8.2%	8.6%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	8.0%	8.2%	8.1%	8.2%	8.3%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institution only:					
17a	LMR (%)[1]	95.3%	97.6%	109.8%	105.8%	114.4%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

The capital ratios and LMR remained above the minimum regulatory requirements.

1 The LMR disclosed above represent the arithmetic mean of the average value of its LMR for each calendar month within the quarter.

OV1: Overview of RWA

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 30 June 2026:

		(a)	(b)	(c)
		RWA		Minimum capital requirements
(HK$'000)		30-Jun-26	31-Mar-26	30-Jun-26
1	**Credit risk for non-securitization exposures**	**8,001,484**	**7,601,561**	**640,119**
2	Of which STC approach	8,001,484	7,601,561	640,119
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
5a	Of which retail IRB approach	-	-	-
5b	Of which specific risk-weight approach	-	-	-
6	**Counterparty credit risk and default fund contributions**	**-**	**-**	**-**
7	Of which SA-CCR	-	-	-
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	-	-	-
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	N/A	N/A	N/A
13	CIS exposures – mandate-based approach	N/A	N/A	N/A
14	CIS exposures – fall-back approach	N/A	N/A	N/A
14a	CIS exposures – combination of approaches	N/A	N/A	N/A
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**	**1,438**	**813**	**115**
21	Of which STM approach	-	-	-
22	Of which IMA approach	-	-	-
22a	Of which SSTM approach	1,438	813	115
23	Capital charge for moving exposures between trading book and banking book	N/A	N/A	N/A
24	**Operational risk**	**1,120,950**	**1,133,788**	**89,676**
24a	**Sovereign concentration risk**	**N/A**	**N/A**	**N/A**
25	**Amounts below the thresholds for deduction (subject to 250% RW)**	**-**	**-**	**-**
26	**Output floor level applied**	**N/A**	**N/A**	**N/A**
27	**Floor adjustment (before application of transitional cap)**	**-**	**-**	**-**
28	**Floor adjustment (after application of transitional cap)**	**N/A**	**N/A**	**N/A**
28a	**Deduction to RWA**	**-**	**-**	**-**
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**	**9,123,872**	**8,736,162**	**729,910**

Increase in RWA for market risk under SSTM approach as of the quarter ended 30 June 2026 was mainly due to the increase in foreign exchange exposures.

CC1: Composition of regulatory capital

As at 30 June 2026		(a) Amount (HK$'000)	(b) 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	4,300,000	[e]
2	Retained earnings	(2,133,164)	
3	Disclosed reserves	29,184	
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**	**2,196,020**	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	[a] – [c]
9	Other intangible assets (net of associated deferred tax liabilities)	13,821	[b] – [d]
10	Deferred tax assets (net of associated deferred tax liabilities)	-	
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
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)	N/A	N/A
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
22	Amount exceeding the 15% threshold	N/A	N/A
23	of which: significant investments in the ordinary share of financial sector entities	N/A	N/A
24	of which: mortgage servicing rights	N/A	N/A
25	of which: deferred tax assets arising from temporary differences	N/A	N/A
26	National specific regulatory adjustments applied to CET1 capital	-	
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	-	
26c	Securitization exposures specified in a notice given by the MA	-	

CC1: Composition of regulatory capital (continued)

As at 30 June 2026		(a) Amount (HK$'000)	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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**	**13,821**	
29	**CET1 capital**	**2,182,199**	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	-	[f]
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)**	**2,182,199**	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	74,491	

CC1: Composition of regulatory capital (continued)

As at 30 June 2026		(a) Amount (HK$'000)	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
51	**Tier 2 capital before regulatory deductions**	**74,491**	
	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)**	**74,491**	
59	**Total regulatory capital (TC = T1 + T2)**	**2,256,690**	
60	**Total RWA**	**9,123,872**	
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio**	**23.9%**	
62	**Tier 1 capital ratio**	**23.9%**	
63	**Total capital ratio**	**24.7%**	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	**2.9%**	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: bank specific countercyclical capital buffer requirement	0.4%	
67	of which: higher loss absorbency requirement	0.0%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	**16.7%**	

CC1: Composition of regulatory capital (continued)

As at 30 June 2026		(a)	(b)
		Amount (HK$'000)	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	N/A	N/A
70	National Tier 1 minimum ratio	N/A	N/A
71	National Total capital minimum ratio	N/A	N/A
	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	-	
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)	N/A	N/A
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
	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)	-	
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	-	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	

CC1: Composition of regulatory capital (continued)

Notes to the Template:

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

	Description	Hong Kong basis (HK$'000)	Basel III basis (HK$'000)
9	**Other intangible assets (net of associated deferred tax liabilities)**	13,821	13,821
	Explanation 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)**	-	-
	Explanation 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)**	-	-
	Explanation For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

CC1: Composition of regulatory capital (continued)

Notes to the Template (continued)

	Description	Hong Kong basis (HK$'000)	Basel III basis (HK$'000)
19	**Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	Explanation 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)**	-	-
	Explanation 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)**	-	-
	Explanation 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.			

CC2: Reconciliation of regulatory capital to balance sheet

There is no difference between the balances reported under balance sheet in published financial statements and under regulatory scope of consolidation.

	(a) & (b)	(c)
	Balance sheet as in published financial statements (a) & Under regulatory scope of consolidation (b)	**Reference**
(HK$'000)	30-Jun-26	
Assets		
Cash and balances with banks	2,463,060	
Placements with and advances to banks	219,457	
Loans and advances to customers	5,217,097	
Investment securities measured at fair value through other comprehensive income	18,308,420	
Goodwill and intangible assets	13,821	
of which: goodwill	-	[a] – [c]
intangible assets	13,821	[b] – [d]
Fixed assets	2,322	
Other assets	595,293	
Total assets	**26,819,470**	
Liabilities		
Repurchase agreement	600,000	
Deposits from customers	23,338,340	
Other accounts and accruals	685,110	
Total liabilities	**24,623,450**	
Shareholders' Equity		
Paid-in share capital	4,300,000	
of which: amount eligible for CET1	4,300,000	[e]
Accumulated losses	(2,133,164)	
Accumulated other comprehensive income	29,184	
Total shareholders' equity	**2,196,020**	
Total liabilities and shareholders' equity	**26,819,470**	

CCA: Main features of regulatory capital instruments

		CET 1 Capital HKD Ordinary Shares[2]
1	Issuer	ZA Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong
	Regulatory treatment	
4	Transitional Basel III rules[3]	N/A
5	Post-transitional Basel III rules[4]	CET1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK$4,300 Million
9	Par value of instrument	N/A
10	Accounting classification	Equity
11	Original date of issuance	8 August 2018: 100 ordinary shares 24 August 2018: 999,999,900 ordinary shares 8 October 2019: 500,000,000 ordinary shares 16 November 2020: 600,000,000 ordinary shares 4 May 2021: 500,000,000 ordinary shares 17 August 2021: 300,000,000 ordinary shares 20 December 2021: 700,000,000 ordinary shares 25 May 2022: 250,000,000 ordinary shares 20 September 2022: 200,000,000 ordinary shares 30 December 2022: 50,000,000 ordinary shares 12 August 2024: 200,000,000 ordinary shares
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Full discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

[2] Terms and conditions of the capital instruments issued can be found in the link Terms and conditions - Ordinary share capital.
[3] Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.
[4] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

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

The following table presents the geographical breakdown of RWA in relation to private sector credit exposures as at 30 June 2026:

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	**Applicable JCCyB ratio in effect**	**RWA used in computation of CCyB ratio**	**AI-specific CCyB ratio**	**CCyB amount**
		(%)	**(HK$'000)**	**(%)**	**(HK$'000)**
1	Hong Kong SAR	0.5	3,994,067		
2	Sum		3,994,067		
3	Total		4,618,134	0.4	19,970

The geographical allocation of private sector credit exposures to the jurisdiction is determined based on the ultimate risk basis where the risk ultimately lies to the best of the knowledge and information obtained by the Bank.

LR1: Summary comparison of accounting assets against Leverage Ratio exposure measure

As at 30 June 2026

	Item	Value under the LR framework (HK$'000)
1	Total consolidated assets as per published financial statements	26,819,470
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	-
9	Adjustment for SFTs (i.e. repos and similar secured lending)	759
10	Adjustment for off-balance sheet (OBS) items (i.e. conversion to credit equivalent amounts of OBS exposures)	97,015
11	Adjustment for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(2,547)
12	Other adjustments	(10,340)
13	**Leverage ratio exposure measure**	**26,904,357**

The differences between the total balance sheet assets as reported in the financial statements and the on-balance sheet exposures set out in LR2 are being the regulatory deduction and adjustment for OBS items.

LR2: Leverage ratio

		(HK$'000)	
		30-Jun-26	**31-Mar-26**
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	26,494,243	25,978,451
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	-	-
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	-	-
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(271,292)	(242,290)
6	Less: Asset amounts deducted in determining Tier 1 capital	(13,821)	(15,766)
7	**Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)**	**26,209,130**	**25,720,395**
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)	-	-
9	Add-on amounts for PFE associated with all derivative contracts	-	-
10	Less: Exempted CCP leg of client-cleared trade exposures	-	-
11	Adjusted effective notional amount of written credit 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)**	**-**	**-**
Exposures arising from SFTs			
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	600,000	800,000
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	759	616
17	Agent transaction exposures	-	-
18	**Total exposures arising from SFTs (sum of rows 14 to 17)**	**600,759**	**800,616**
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	970,153	740,468
20	Less: Adjustments for conversion to credit equivalent amounts	(873,138)	(666,421)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(2,547)	(1,961)
22	**Off-balance sheet items (sum of rows 19 to 21)**	**94,468**	**72,086**
Capital and total exposures			
23	**Tier 1 capital**	**2,182,200**	**2,175,810**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**26,904,357**	**26,593,097**
Leverage ratio			
25 & 25a	**Leverage ratio**	**8.1%**	**8.2%**
26	**Minimum leverage ratio requirement**	**3%**	**3%**
27	**Applicable leverage buffers**	**Not applicable**	**Not applicable**

		(HK$'000)	
		30-Jun-26	**31-Mar-26**
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	1,024,668	895,626
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	600,000	800,000
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)	27,328,266	26,688,107
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)	8.0%	8.2%

The decrease in total exposure arising from SFTs is due to the decrease in the balance of repurchase agreement at the date of the period end. The increase in off-balance sheet items is due to the increase in commitment to retail customers during the period. The increase in mean value of gross assets of SFTs is due to the increase in the average balance of repurchase agreements during the quarter.

CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 30 June 2026. Loans include loans and advances to customers and related accrued interest receivables.

A credit exposure is defined as defaulted if any one of the following events have taken place:

1. Borrower is considered to be unlikely to pay its credit obligations in full, without the Bank taking action.
2. Borrower is past due for equal to or more than 90 days on any credit obligation to the Bank .

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
(HK$'000)		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	495,248	4,986,615	271,262	199,348	71,914	-	5,210,601
2	Debt securities	-	18,309,324	904	-	904	-	18,308,420
3	Off-balance sheet exposures	-	-	-	-	-	-	-
4	**Total**	495,248	**23,295,939**	**272,166**	**199,348**	**72,818**	**-**	**23,519,021**

CR2: Changes in defaulted loans and debt securities

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as at 30 June 2026:

(HK$'000)		(a) Amount
1	**Defaulted loans and debt securities at end of the previous reporting period**	**549,088**
2	Loans and debt securities that have defaulted since the last reporting period	168,087
3	Returned to non-defaulted status	(1,500)
4	Amounts written off	(58,301)
5	Other changes*	(162,126)
6	**Defaulted loans and debt securities at end of the current reporting period**	**495,248**

* Other changes include loan repayment, disposal of the impaired loans, change in market value and exchange rate difference

CR3: Overview of recognized credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognized CRM as at 30 June 2026:

(HK$'000)		(a) Exposures unsecured: carrying amount	(b1) Exposures to be secured	(b) Exposures secured by recognized collateral	(d) Exposures secured by recognized guarantees	(f) Exposures secured by recognized credit derivative contracts
1	Loans	3,304,486	1,906,115	1,036,147	869,968	-
2	Debt securities	18,308,420	-	-	-	-
3	**Total**	**21,612,906**	**1,906,115**	**1,036,147**	**869,968**	**-**
4	Of which defaulted	26,114	269,786	78,231	191,555	-

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

The following table illustrates the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 30 June 2026:

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure Classes	On-balance sheet amount (HK$'000)	Off-balance sheet amount (HK$'000)	On-balance sheet amount (HK$'000)	Off-balance sheet amount (HK$'000)	RWA (HK$ '000)	RWA density
1	Sovereign exposures	5,642,653	600,759	6,308,998	759	-	0%
2	PSE exposures	172	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
3a	Unspecified multilateral body exposures	-	-	-	-	-	-
4	Bank exposures	11,374,256	-	11,374,256	-	2,734,319	24%
4a	Qualifying non-bank financial institution exposures	83,354	-	83,354	-	41,677	50%
5	Eligible covered bond exposures	-	-	-	-	-	-
6	General corporate exposures	2,081,199	71,006	1,657,390	7,100	1,069,931	64%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	-	-	-	-
6b	Specialized lending	-	-	-	-	-	-
7	Equity exposures	-	-	-	-	-	-
7a	Significant capital investments in commercial entities	-	-	-	-	-	-
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	-	-	-	-	-	-
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	-	-	-	-	-	-
8	Retail exposures	3,238,368	899,147	2,980,071	89,915	2,278,346	74%
8a	Exposures arising from IPO financing	-	-	-	-	-	-
9	Real estate exposures	1,219,024	-	1,192,037	-	780,296	65%
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	405,420	-	403,967	-	131,470	33%

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

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure Classes	On-balance sheet amount (HK$'000)	Off-balance sheet amount (HK$'000)	On-balance sheet amount (HK$'000)	Off-balance sheet amount (HK$'000)	RWA (HK$'000)	RWA density
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	291,426	-	286,120	-	192,165	67%
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	522,178	-	501,950	-	456,661	91%
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9g	Of which: land acquisition, development and construction exposures	-	-	-	-	-	-
10	Defaulted exposures	295,900	-	295,900	-	157,583	53%
11	Other exposures	2,884,153	-	2,884,153	-	930,748	32%
11a	Cash and gold	90	-	43,010	600,000	8,584	1%
11b	Items in the process of clearing or settlement	61,679	-	61,679	-	-	0%
12	**Total**	**26,880,848**	**1,570,912**	**26,880,848**	**697,774**	**8,001,484**	**29%**

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

The following table presents a breakdown of credit risk exposures (HK$'000) under STC approach by asset classes and by risk weights as at 30 June 2026:

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign exposures	6,309,757	-	-	-	-	-	6,309,757

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
2	Public sector entity exposures	-	-	-	-	-	-	-

		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3	Multilateral development bank exposures	-		-	-	-	-	-	-

		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3a	Unspecified multilateral body exposures	-	-	-	-	-	-	-

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4	Bank exposures	7,095,318	4,121,067	-	157,871	-	-	-	-	11,374,256

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4a	Qualifying non-bank financial institution exposures	-	-	-	83,354	-	-	-	-	83,354

		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Eligible covered bond exposures	-	-	-	-	-	-	-	-	-

		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	-	-	940,619		430,887	110,188	182,796	-	-	1,664,490
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	-		-	-	-	-	-	-

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

		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6b	Specialized lending	-	-	-	-	-	-	-	-	-

		100%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures		-	-	-	-

		250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
7a	Significant capital investments in commercial entities	-	-	-	-	-

		150%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	-	-	-	-	-

		150%	Other	Total credit exposure amount (post-CCF and post-CRM)
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	-	-	-

		45%	75%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
8	Retail exposures	80,480	2,989,506	-	-	3,069,986

		0%	Other	Total credit exposure amount (post-CCF and post-CRM)
8a	Exposures arising from IPO financing	-	-	-

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

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9	Real estate exposures	-	84,931	67,312	124,077	-	77,224	-	28,765	204,147		21,658	-	383,900	-	200,023	-	-	-	-	1,192,037
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		84,931	67,312	124,077		77,224	-	28,765	-		21,658	-				-			-	403,967
9b	Of which: no loan splitting applied		-	-	-		-	-	-	-		-	-				-			-	-
9c	Of which: loan splitting applied (secured)																				
9d	Of which: loan splitting applied (unsecured)																				

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

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)				-	-		-		-			-		-		-			-	-
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-		-	204,147			-	81,973		-			-	-	286,120
9g	Of which: no loan splitting applied	-	-		-		-		-	-			-	-		-			-	-	-
9h	Of which: loan splitting applied (secured)																				
9i	Of which: loan splitting applied (unsecured)																				

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

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)											-			-			-		-	-
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-		-				-	301,927		200,023			-	-	501,950
9l	Of which: no loan splitting applied	-	-		-		-		-				-	-		-			-	-	-
9m	Of which: loan splitting applied (secured)																				
9n	Of which: loan splitting applied (unsecured)																				

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

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
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															-			-	-	-

		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures		9,744	98,559	187,597	295,900

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	281,717	-	2,602,436	2,884,153

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	600,090	-	42,920	643,010

		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)
11b	Items in the process of clearing or settlement	61,679	-	-	61,679

CR5: Credit risk exposures by asset 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	(a)	(b)	(c)	(d)
		On-balance sheet exposure (HK$'000)	Off-balance sheet exposure (pre-CCF) (HK$'000)	Weighted average CCF*	Exposure (post-CCF and post-CRM) (HK$'000)
1	Less than 40%	20,696,425	600,759	100.00%	21,297,184
2	40-70%	1,559,814	343,039	10.00%	1,594,118
3	75%	3,364,782	556,108	10.00%	3,420,393
4	85%	486,988	71,006	10.00%	494,088
5	90- 100%	674,280	-	0.00%	674,280
6	105-130%	-	-	0.00%	-
7	150%	98,559	-	0.00%	98,559
8	250%	-	-	0.00%	-
9	400%	-	-	0.00%	-
10	1,250%	-	-	0.00%	-
11	**Total exposures**	26,880,848	1,570,912	44.42%	26,978,622

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

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

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK$'000	HK$'000	HK$'000		HK$'000	HK$'000
1	SA-CCR (for derivative contracts)	-	-		1.4	-	-
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)					759	-
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	**Total**						-

Compared to 2025 Q4, the increase in the default risk exposure was due to repurchase agreement transactions.

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

	Exposure class \ Risk Weight	(a) 0%	(b) 10%	(c) 20%	(ca) 30%	(cb) 40%	(d) 50%	(e) 75%	(ea) 85%	(f) 100%	(g) 150%	(h) Others	(i) Total default risk exposure after CRM
		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	759	-	-	-	-	-	-	-	-	-	-	759
2	Public sector entity exposures	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-	-	-	-	-
5	Bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-	-	-	-
7	General corporate exposures	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total**	759	-	-	-	-	-	-	-	-	-	-	759

The component in the total counterparty default risk exposure was sovereign exposures.

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

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash - domestic currency	-	-	-	-	600,000	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	600,759
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	600,000	600,759

The collateral posted and received resulted from transaction with counterparties via repurchase agreement transaction.

CCR6: Credit-related derivatives contracts

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

CCR8: Exposures to CCPs

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

CVA risk capital charge

As at 30 June 2026, the Bank does not have any CVA risk capital charge.

Securitization exposures

As at 30 June 2026, the Bank does not have any securitization exposures.

MR3: Market risk under SSTM approach

The following table discloses the components of the market risk capital requirements calculated using the SSTM approach as at 30 June 2026:

(HK$'000)		(a)	(b)	(c)	(d)
			Options		
		Outright products	Simplified approach	Delta-plus method	Other approach
1	Interest rate exposures (general and specific risk)	-	-	-	-
2	Equity exposures (general and specific risk)	-	-	-	-
3	Commodity exposures	-	-	-	-
4	Foreign exchange (including gold) exposures	1,438	-	-	-
5	Securitization exposures	-			
6	Total	1,438	-	-	-

Decrease in foreign exchange exposures as at 30 June 2026 was mainly due to the decrease in the net long position in RMB.

ENC: Asset encumbrance

(HK$'000)	(a)	(c)	(d)
	Encumbered assets	**Unencumbered assets**	**Total**
Cash and balances with banks	-	2,463,060	2,463,060
Placement with and advances to banks	-	219,457	219,457
Loans and advances to customers	-	5,217,097	5,217,097
Investment securities measured at fair value through other comprehensive income	600,759	17,707,661	18,308,420
Intangible assets	-	13,821	13,821
Fixed assets	-	2,322	2,322
Other assets	-	595,293	595,293

As at 30 June 2026, the Bank's encumbered assets are the repurchase agreement transactions.

Cryptoasset exposures

As at 30 June 2026, the Bank does not have any cryptoasset exposures.

Loans and advances to customers

a) Sector information

The analysis of gross loans and advances to customers by industry sectors are based on the categories and definitions stated in the MA(BS)2A "Quarterly Analysis of Loans and Advances and Provisions".

(HK$'000)	As at 30 June 2026	
	Gross loans and advances to customers	% of gross loans and advances covered by collateral or other security
Loans for use in Hong Kong		
Industrial, commercial and financial:		
Property development	200,000	0%
Property investment	785,017	100%
Financial concerns	-	0%
Stockbrokers	-	0%
Wholesale and retail trade	816,327	80%
Manufacturing	162,529	80%
Transport and transport equipment	53,677	85%
Recreational activities	1,668	90%
Information technology	21,032	87%
Others	378,687	86%
Individuals		
Advance for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	-	0%
Advance for the Purchase of other residential properties	-	0%
Credit card advances	-	0%
Others	2,971,216	0%
Loans for use outside Hong Kong		
Total	5,390,153	36%

Loans and advances to customers (continued)

a) Sector information (continued)

The analysis of impaired and overdue loans and advances, impairment allowances for industry sector which constitutes not less than 10% of the Bank's total amount of loans and advances.

(HK$'000)	As at 30 June 2026			Period ended 30 June 2026	
	Impaired loans and advances	Collective provision	Specific provision	New provisions charged to profit and loss	Amounts written off
Loans for use in Hong Kong					
Industrial, commercial and financial					
Property investment	70,148	-	7,307	2,984	2,188
Wholesale and retail trade	149,604	-	36,143	6,921	12,097
Manufacturing	59,704	-	34,888	18,506	-
Transport and transport equipment	4,021	-	453	758	-
Information technology	7,239	-	987	636	-
Others	72,562	-	10,966	3,990	7,736
Individuals					
Others	44,795	-	43,249	6,870	36,280

Loans and advances to customers (continued)

a) Sector information (continued)

Overdue information of loans to individuals are as follows:

Past due period	Gross loans and advances to customers (HK$'000)
Over 3 months but up to 6 months	16,409
Over 6 months but up to 1 year	1,827
Over 1 year	7,480
Total	25,716

b) Overdue and rescheduled loans and advances to customers

a. The analysis of overdue loans and advances to customers are as follows:

Past due period	Gross carrying amounts (HK$'000)	% of gross loans and advances to customers	Specific provisions (HK$'000)
Over 3 months but up to 6 months	66,987	1.2%	23,731
Over 6 months but up to 1 year	39,233	0.7%	10,861
Over 1 year	267,667	5.0%	71,621
Total	373,887	6.9%	106,213
Market value of collateral	50,916		

Except for those that have been disclosed under (i) above, the Bank does not hold any past due exposures as at 30 June 2026.

Collateral held with respect to overdue loans and advances are properties. Where Collateral value are greater than the gross loans and advances amount, only the amount of collateral up to the gross loans and advances is included.

b. Restructured exposures as at 30 June 2026

The analysis of rescheduled loans and advances to customers, excluding those which have been overdue for more than 3 months and disclosed under b(i) above, are as follows:

Past due period	Gross carrying amounts (HK$'000)	% of gross loans and advances to customers
Over 1 months but up to 3 months	1,012	0.0%
Total	1,012	0.0%

Loans and advances to customers (continued)

c) Geographical areas

The following table shows the gross loans and advances to customers by country or geographical area in accordance with the location of counterparties after taking into account any risk transfers. Risk transfers in relation to loans and advances to customers means that the loans and advances are guaranteed by a person different from that of the customer. Major geographical segment constitutes not less than 10% of the Bank's total amount of loans and advances to customers after taking into account any recognized risk transfer.

	Gross loans and advances to customers HK$'000	Impaired loans and advances to customers HK$'000	Overdue loans and advances to customers for over 3 months HK$'000	Specific provisions HK$'000	Collective provisions HK$'000
30 June 2026					
Hong Kong	5,374,535	408,073	373,886	133,993	(71,272)
	5,374,535	**408,073**	**373,886**	**133,993**	**(71,272)**

Loans and advances to banks

No loans and advances to banks has been overdue as at 30 June 2026. No rescheduled loans and advances to banks as at 30 June 2026.

Other assets

No other assets has been overdue for more than 3 months as at 30 June 2026.

Repossessed assets

The Bank does not hold any repossessed assets as at 30 June 2026.

Off-balance sheet exposures (other than derivative transactions)

The following table shows the nominal contract amounts and RWA of off-balance sheet exposures other than derivative transactions. The information is consistent with that in the Return of Capital Adequacy Ratio submitted to the HKMA.

HK$'000	30 June 2026
Commitments that are unconditionally cancellable without prior notice	970,153
Total	**970,153**
RWA	97,015

International claims

The following illustrates the major country or geographical segment breakdown of international claims by types of counterparties which the Bank is required to disclose, of which constitute not less than 10% of the Bank's total international claims after taking into account any recognized risk transfer. International claim refers to the sum of the cross-border claims in all currencies and local claims in foreign currencies determined in accordance with the calculation methodology specified in completion instructions for the Return of International Banking Statistics (MA(BS)29A and MA(BS)29B).

(HK$ millions) As at 30 June 2026	Banks	Official Sector	Non-bank private sector: Non-bank financial institutions	Non-bank private sector: Non-financial private sector	Others	Total
Developed countries	**5,030**	**2,075**	**364**	**-**	**-**	**7,469**
- of which: United States	650	2,075	314	-	-	3,039
Offshore centres	**1,254**	**-**	**718**	**254**	**-**	**2,226**
- of which: Hong Kong	906	-	282	254	-	1,442
Developing Asia-Pacific	**4,058**	**46**	**3,095**	**308**	**-**	**7,507**
- of which: China	1,815	46	2,602	308	-	4,771

Currency risk

The Bank is exposed to foreign exchange risk, primarily United States dollar ("USD") and Renminbi ("RMB").

The Bank's exposure to foreign currency risk at the end of the reporting period, expressed in Hong Kong dollar, was as follows:

(HK$ millions)		30 June 2026		
		RMB	USD	Total
a.	Spot assets	614	13,672	14,286
b.	Spot liabilities	(614)	(8,705)	(9,319)
c.	Forward purchases	-	-	-
d.	Forward sales	-	-	-
e.	Net options position	-	-	-
f.	Net long position (i.e. sum of (a) to (e))	-	4,967	4,967

	RMB	USD	Total
Net structural position	-	-	-

Mainland activities

The following illustrates the disclosure the Bank is required to make under the prevailing Return of Mainland Activities (MA(BS)20) in respect of its Non-bank Mainland China exposures.

	As at 30 June 2026		
(HK$'000)	On-balance sheet exposure	Off-balance sheet exposure	Total
Type of counterparties			
Central government, central government-owned entities and their subsidiaries and joint ventures	216,456	-	216,456
Local governments, local government-owned entities and their subsidiaries and joint ventures	180,995	-	180,995
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	234,467	-	234,467
Other entities of central government not reported in item 1 above	-	-	-
Other entities of local governments not reported in item 2 above	-	-	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	631,918	-	631,918
Total assets after provision	26,819,470		
On-balance sheet exposures as percentage of total assets	2.4%		

Asset under security

The Bank does not have any secured liabilities and assets used as security as at 30 June 2026.

Glossary

Abbreviations	Descriptions
AI	Authorized Institution
AT1	Additional Tier 1
BCR	Banking (Capital) Rules
BDR	Banking (Disclosure) Rules
BSC	Basic Approach
CAR	Capital Adequacy Ratio
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CUSIP	Committee on Uniform Security Identification Procedures
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Banks
DTA	Deferred Tax Asset
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Effective Expected Positive Exposure
FBA	Fall-back Approach
G-SIB	Global Systemically Important Banks
HKMA	Hong Kong Monetary Authority
HKD	Hong Kong Dollar
HQLA	High Quality Liquid Assets
IMA	Internal Models Approach
IMM	Internal Models Method
IPO	Initial Public Offering
IRB	Internal Ratings-Based
ISIN	International Securities Identification Number
JCCyB	Jurisdictional Countercyclical Capital Buffer
LAC	Loss-Absorbing Capability
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
MA	Monetary Authority
MSRs	Mortgage Servicing Rights

Abbreviations	Descriptions
NSFR	Net Stable Funding Ratio
OBS	Off-Balance Sheet
OTC	Over-the-Counter
PFE	Potential Future Exposure
PSE	Public Sector Entity
RMB	Renminbi
RW	Risk Weight
RWA	Risk Weighted Amount
SA-CCR	Standardised Approach (Counterparty Credit Risk)
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
STC	Standardized (Credit Risk)
SSTM	Simplified Standardized (Market Risk)
T1	Tier 1 Capital
T2	Tier 2 Capital
USD	United States Dollar
VaR	Value at Risk