

**ZA Bank Limited**

**Regulatory Disclosure Statement**  
**For the year ended**  
**31 December 2025**

# ZA Bank Limited

## Regulatory Disclosure Statement

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## **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 31 December 2025, the Bank does not have any subsidiaries to consolidate the financial information in this regulatory disclosure statement.

**OVA: Overview of risk management**

The Bank conducts its business activities and operations by identifying, assessing, measuring, monitoring and reporting the key inherent risks. By effectively managing such risks, the Bank intends to strike a balance between the amount and types of risks the Bank is willing to take, and the level of return the Bank aims to achieve.

The Bank has a comprehensive risk governance and management framework in place to ensure the risk inherent in the business activities is being managed properly, to comply with the regulatory requirement set out by the regulators and to assess the adequacy of internal capital accordingly. These objectives are delivered through means of properly defined risk appetite in accordance with the Bank's business strategies, well-documented risk policies that established controls and limits to identify, assess, monitor and remedy the risk and formulated through clear procedures for execution of these policies.

The governance structure covers 3 layers including the Board and its subordinate committees, the senior management and the functional committees and the three lines of defense formed from risk management units.

The Board has the ultimate responsibility for overseeing the risk governance of the Bank and is responsible for ensuring an effective organizational risk management framework in place for both business and regulatory purposes. The Board has the final authority to determine the optimal risk appetite in the interest of shareholder and formulate the appropriate risk management strategy and enforce the correct risk culture within the organization. For effective management, the Board has delegated authority to several Board-level committees to carry out risk management tasks. The Board-level committees include Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("REMC") and Risk Committee ("RC"). RC is responsible for reviewing material issues escalated by management-level committee and to monitor the Bank's risk management strategies, key risk policies and risk appetite on a regular basis.

The Board has also established Executive Committee ("EXCO"), which is a management-level committee to review the overall business objectives of the Bank and business strategies and business plans. In addition, senior management also established several management-level committees under the committees delegated by the Board to oversee the governance of the Bank and provide oversight of various risk disciplines. The management-level committees include New Product Committee, Model Governance Committee ("MGC"), Disciplinary Committee, Technology and Cyber Resilience Committee, Asset & Liability Management Committee ("ALCO"), Regulatory and Financial Crime Compliance Committee, Credit Committee ("CC"), Risk Management Committee ("RMC"), Wealth Management Committee and Bancassurance Committee. They are responsible for the risk management tasks including reviewing and approving policies in accordance with the regulatory requirement and business strategies regularly, initiating new risk management strategies and measures in response to the launch of new product and services, and regulatory change and providing advice on material risk-related activities to the Board-level committee.

The Bank implements a "Three Lines of Defense" approach to ensure effective risk management across the Bank. Frontline business units act as the first line of defense for risk management and are responsible for soliciting business in compliance with the risk policies and procedures, assuring the risk level of their business within the internal risk limits.

Various risk management units represent the second line of defense which are independent of the business units and are responsible for day-to-day management tasks including identifying, assessing and monitoring the risk in the business, reporting the implementation of risk procedures and the risk profiles of the business to the functional committee and providing support to senior management for decision-making.

Internal audit acts as the third line of defense and is responsible for conducting independent checking on the adequacy of internal policies and the execution of the procedures and controls. They are also responsible for reporting to the senior management, providing recommendations to improve the internal policies and procedures.

The Bank adopts the risk approach set out by the HKMA in managing risk with eight types of principle risks including credit risk, market risk, interest rate risk, liquidity risk, operational risk, technology risk, reputation risk, and strategic risk. The Bank establishes various risk limits and indicators in the risk appetite and reports it to the senior management and the Board regularly. Any breaches on these limits is reported to the senior management and the Board, and remediation actions are to be carried out accordingly.

Our risk culture is reflected in the risk tolerance level stipulated in Risk Appetite Statement ("RAS") which specifies the limits of major risk areas. RAS is approved by the Board and fully communicated to the RC, EXCO and Core Bank Team. Its daily enforcement is regularly reviewed by RMC.

Reports of risk management are regularly reported by the respective risk management and function units to the management-level committees, RMC, EXCO and RC for reviews. Hits of Early Warning Indicators ("EWI") and breaches of internal and/or external limit will lead to risk mitigation actions submitted to appropriate management-level and the Board-level committee for approvals.

Stress testing is an essential tool for the Bank's overall risk management. The Bank regularly applies stress testing techniques to assess the risk tolerance level of the Bank under stress scenarios on individual risk disciplines covering the Bank's major portfolios and applies risk mitigation strategy and contingency plans accordingly. The Bank conducts stress testing on its loans and advances in order to understand the asset quality variation under a stressed scenario.

**OVA: Overview of risk management (continued)**

Capital Management

The Bank established the Capital Management Policy that outlines the governance structure and the capital management framework according to the HKMA's Supervisory Policy Manual ("SPM") on "Overview of Capital Adequacy Regime for Locally Incorporated Authorized Institutions" ("CA-G-1") and "Supervisory Review Process" ("CA-G-5"). The objective of policy is to maintain a strong capital position to support the Bank's business strategy and serve as a buffer to absorb losses.

The Bank implements a hierarchy of authorities to manage the capital position. The Board oversees the effectiveness of the Bank's capital framework and ensures an appropriate organization structure for capital management.

Treasury Department coordinates with the Asset and Liability Management ("ALM") team from Finance Department to implement the capital management strategy. Treasury Department is responsible for maintaining sufficient capital level which complies with the CAR while retaining flexibility to take advantage of future investment opportunities. ALM team is responsible for monitoring CAR and different capital limits including common equity tier 1 ratio ("CET 1 ratio"), Tier 1 capital ratio, total capital ratio and leverage ratio ("LR") and performing independent assessment on the Bank's capital management activities and monitoring capital position. Finance Department is responsible for reporting the limits utilization and any limit breaches to senior management. Finance Department and Treasury Department report to ALCO in relation to the monitoring of capital management.

The Bank defines a clear framework to assess and monitor the adequacy of the internal capital level, the Bank meets these objectives through the establishment of internal minimum capital requirements and a strong capital management governance framework.

The Bank maintains several risk management systems to identify, measure and monitor key areas at risk to ensure such risk are within the tolerance level. A range of key risk measures and indicators are used to ensure comprehensive review and monitoring are in place for various risk types. Such risk management systems and frameworks are used for assessing the capital adequacy including the credit, market, operational, technology and other risk management systems. Their features are outlined as follows:

1) Credit Risk

Credit risk is the potential that a borrower or counterparty will fail to meet its obligations with agreed terms. As one of the Bank's key inherent risks, credit risk exists throughout the activities of a bank, including in the banking book, and both on- and off-balance sheet transaction. The credit risk exposure principally arises from investment in debt securities, lending of personal loan, commercial and corporate loan business.

The Bank has formulated a comprehensive set of policies and procedures that outlines the governance framework and appropriate credit limits to manage and monitor the credit risk that may arise from different credit portfolios in both portfolio level and individual level. The policies cover various areas including credit risk governance structure, customer selection criteria, customer acceptance criteria and post-approval monitoring.

The overall credit risk is managed through a hierarchy of approval authorities of the Bank. CC has the highest level of credit approval authority. Credit risk Management rests with risk management which in turn reports to RMC.

The Bank established a comprehensive monitoring process and intended to manage the risk level in the credit portfolio that aligns with the Bank's risk appetite and identify any early warning signal of credit deterioration. Refer to Section CRA for more details in relation to credit risk management.

2) Market Risk

Market risk is the risk of valuation loss or reduction in expected earnings stemming from adverse fluctuations in exchange rates, interest rates, credit spread, implied volatility and cross-currency basis spreads. The risk can exist in both non-trading and trading activities. Currently, the Bank does not involve in trading book business and market risk predominantly arises from the Bank's treasury activities. The major types of market risk come into three forms, interest rate risk, currency risk and price risk, and the risk mainly comes from the Bank's debt securities portfolio held as investment and/or liquidity management.

The Bank formulated a detailed Market Risk Management Policy and Investment Management Policy that outlines the procedures and controls to manage the market risk profile.

The policy details a clear strategy to manage different types of market risk that the Bank is exposed to. A market risk framework for different types of risk is established to clearly define risk profiles to ensure it is consistent with the overall risk appetite. Risk limits are developed and reviewed, at least annually, and monitored by the Risk Management Department in conjunction with the Treasury Department.

The Board holds the ultimate responsibility for ensuring an appropriate organization structure is in place for managing market risk. Market risk oversight rests with the Risk Management Department which in turn reports to the RMC. Also, ALCO is set up and responsible for reviewing the relevant market risk metrics.

**OVA: Overview of risk management (continued)**

2) Market Risk (continued)

The Bank timely identifies, measures and mitigates the market risk of the Bank. All transactions are captured for market risk measurements. Reports regarding market risk limits are produced and reviewed regularly.

Refer to Section MRA for more details in relation to market risk management.

3) Operational Risk

Operation Risk Management (“ORM”) rests with Risk Management Department which in turn reports to RMC. The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. The Bank implements a centralized risk management framework, formulates an ORM Policy to assess and communicate operational risk and the overall effectiveness of controls across the Bank and products, and establishes Operational Resilience Framework to assess the ability to deliver critical operation through severe but plausible scenarios while supporting adherence to regulatory requirements.

By implementing the ORM framework, the Bank aims to establish minimum standards for consistent identification, measurement, monitoring, reporting and management of operational risk across the Bank. The purpose of the ORM framework is to lead to effective anticipation and mitigation of operational risk, improve operational risk loss experience, identify and assess key operational risks and design controls to mitigate identified risks, as well as to establish key risk indicators and implement process for early problem recognition and timely escalation.

The Bank has established a sound governance structure to manage its operational risk profile, which would be monitored and reported on a regular basis.

4) Technology Risk

Technology risk is the potential for technology failures such as information security issues or service outage which could significantly impact the Bank’s business activities and operation. As a digital bank, we recognize that technology risk is a key inherent risk across the Bank which should be identified, controlled and monitored with prudent and appropriate measures, and should subject to regular review and governance. The Bank has also put in place a number of risk appetite indicators to effectively manage potential technology risks on a regular basis, including system availability, number of internal, business, or customer data breach which are reviewed and reported monthly.

The Bank formulated a detailed IT Governance Policy, Technology and Cyber Risk Policy, Information Risk Policy and related procedures to govern and manage technology risks while ensuring compliance with legal and regulatory requirements. The policies outlined the roles and responsibilities of information technology governance, a continuous technology risk management process and implementation of sound practices of information technology controls to achieve effective technology risk management across the Bank and enhance information security.

The Technology & Cyber Resilience Committee holds the responsibility to oversee technology risk management and technology-related issues supported by an independent technology risk management team.

One of the key controls to technology risk management is the control of information and system security, the Bank has thus established a number of measures to manage information and system security including authentication and access control, password policy, privileged account management, system security, end-user and mobile computing and physical security. Such measures are used in conjunction with project management, change management, information technology operations management and network management to ensure technology risks are properly assessed and mitigated at multiple areas during the Bank’s business activities and operations. The Bank also adopts hybrid cloud structure to enhance cloud infrastructure resilience in supporting the Banking service and its growth. The Bank maintains a balanced approach between innovation and risk management, ensuring that the appropriate adoption of advanced technology enhances our service delivery while enable preserving our commitment to protect the interests of customers and the public.

Cyber security awareness training programs are also provided to all staff members of the Bank to enhance general awareness and understanding of technology risks and threats to cyber/ information security.

5) Other risks

Other risks such as reputation risk, strategic risk, legal risk, fraud risk etc. are overseen by different departments of the Bank. The Bank has established appropriate risk indicators for these risk types and such indicators are being reviewed at RMC on a monthly basis.

**KM1 - Key prudential ratios**

(HK\$ '000)		(a)	(b)	(c)	(d)	(e)
		31-Dec-25	30-Sep-25	30-Jun-25	31-Mar-25	31-Dec-24
<b>Regulatory capital (amount)</b>						
1 & 1a	Common Equity Tier 1 (CET1)	2,116,539	2,103,749	2,123,304	2,031,344	2,014,609
2 & 2a	Tier 1	2,116,539	2,103,749	2,123,304	2,031,344	2,014,609
3 & 3a	Total capital	2,198,780	2,182,557	2,207,371	2,114,237	2,085,380
<b>RWA (amount)</b>						
4	Total RWA	9,035,517	9,064,996	8,991,522	8,693,971	9,022,777
4a	Total RWA (pre-floor)	9,035,517	9,064,996	8,991,522	8,693,971	9,022,777
<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>						
5 & 5a	CET1 ratio (%)	23.4%	23.2%	23.6%	23.4%	22.3%
5b	CET1 ratio (%) (pre-floor ratio)	23.4%	23.2%	23.6%	23.4%	22.3%
6 & 6a	Tier 1 ratio (%)	23.4%	23.2%	23.6%	23.4%	22.3%
6b	Tier 1 ratio (%) (pre-floor ratio)	23.4%	23.2%	23.6%	23.4%	22.3%
7 & 7a	Total capital ratio (%)	24.3%	24.1%	24.5%	24.3%	23.1%
7b	Total capital ratio (%) (pre-floor ratio)	24.3%	24.1%	24.5%	24.3%	23.1%
<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>						
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 (%)	16.3%	16.1%	16.5%	16.3%	15.1%
<b>Basel III leverage ratio</b>						
13	Total leverage ratio (LR) exposure measure	24,900,585	25,605,833	24,675,902	24,840,132	22,363,830
13a	LR exposure measure based on mean values of gross assets of SFTs	25,996,586	25,742,694	25,729,437	26,511,799	23,533,395
14, 14a & 14b	LR (%)	8.5%	8.2%	8.6%	8.2%	9.0%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	8.1%	8.2%	8.3%	7.7%	8.6%
<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>						
Applicable to category 1 institution only:						
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
Applicable to category 2 institution only:						
17a	LMR (%) <sup>1</sup>	109.8%	105.8%	114.4%	100.9%	112.2%
<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>						
Applicable to category 1 institution only:						
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
Applicable to category 2A institution only:						
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

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

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

Regulatory Disclosure Statement

**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 31 December 2025:

(HK\$ '000)		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31-Dec-25	30-Sep-25	31-Dec-25
1	Credit risk for non-securitization exposures	<b>7,978,329</b>	<b>8,079,771</b>	<b>638,266</b>
2	Of which STC approach	7,978,329	8,079,771	638,266
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 approach	-	-	-
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	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
13	CIS exposures – mandate-based approach	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
14	CIS exposures – fall-back approach	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
14a	CIS exposures – combination of approaches	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
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	<b>23,238</b>	<b>1,175</b>	<b>1,859</b>
21	Of which STM approach	-	-	-
22	Of which IMM approach	-	-	-
22a	Of which SSTM approach	23,238	1,175	1,859
23	Capital charge for moving exposures between trading book and banking book	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
24	Operational risk	<b>1,033,950</b>	<b>984,050</b>	<b>82,716</b>
24a	Sovereign concentration risk	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Output floor level applied	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
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	-	-	-
<b>29</b>	<b>Total</b>	<b>9,035,517</b>	<b>9,064,996</b>	<b>722,841</b>

Decrease in total RWA as of the quarter ended 31 December 2025 was mainly due to the decrease in corporate credit risk exposures.

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

The following table shows the differences between the carrying values as reported in the Bank's financial statements following the scope of accounting consolidation and the carrying values under the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation. There is no difference between the carrying values as reported in published financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation.

	(a) & (b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements (a) & Carrying values under scope of regulatory consolidation (b)	Carrying values of items:				
		subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
As at 31 December 2025 (HK\$ '000)						
<b>Assets</b>						
Cash and balances with banks	2,330,881	2,330,881	-	-	-	-
Placements with and advances to banks	89,189	89,189	-	-	-	-
Loans and advances to customers	5,554,332	5,554,332	-	-	-	-
Investment securities measured at fair value through other comprehensive income	16,546,429	16,546,429	-	-	-	-
Intangible assets	17,708	-	-	-	-	17,708
Fixed assets	1,413	1,413	-	-	-	-
Other assets	312,695	312,695	-	-	-	-
<b>Total assets</b>	<b>24,852,647</b>	<b>24,834,939</b>	-	-	-	<b>17,708</b>
<b>Liabilities</b>						
Repurchase agreement	-	-	-	-	-	-
Deposits from customers	22,244,947	-	-	-	-	22,244,947
Other accounts and accruals	473,453	-	-	-	-	473,453
<b>Total liabilities</b>	<b>22,718,400</b>	-	-	-	-	<b>22,718,400</b>

**L12: Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
			Credit risk framework	Securitization framework	Counterparty credit risk framework	Market risk framework
As at 31 December 2025 (HK\$'000)						
1	Asset carrying value amount under scope of regulatory consolidation (as per template L11)	24,834,939	24,834,939	-	-	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template L11)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	24,834,939	24,834,939	-	-	-
4	Off-balance sheet amounts	619,915	61,992	-	-	-
5	Differences due to specific regulatory adjustments	2	2	-	-	-
6	Differences due to impairments and other differences	84,649	84,649	-	-	-
7	Exposure amounts considered for regulatory purposes	25,539,505	24,981,582	-	-	-

**L1A: Explanations of differences between accounting and regulatory exposure amounts**

Off-balance sheet amounts

Off-balance sheet amounts subject to credit risk regulatory framework includes undrawn portions of committed facilities. Credit conversion factors to the item is applied.

Differences due to impairments

The carrying value of assets in accounting is net of impairments. From the regulatory perspective, non-defaulted exposure under the STC approach is reported in gross value.

**PV1: Prudent valuation adjustments**

The following table shows a detailed breakdown of the constituent elements of valuation adjustment that have not been taken into account in the calculation of the amount of the Bank's retained earnings or other disclosed reserves. The Bank does not have any valuation adjustments as at 31 December 2025.

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

**CC1: Composition of regulatory capital**

		(a)	(b)
		Amount (HK\$ '000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 31 December 2025			
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	4,300,000	[e]
2	Retained earnings	(2,203,774)	
3	Disclosed reserves	38,021	
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	<b>CET1 capital before regulatory adjustments</b>	<b>2,134,247</b>	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	[a] - [c]
9	Other intangible assets (net of associated deferred tax liabilities)	17,708	[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)**

		(a)	(b)
		Amount (HK\$ '000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 31 December 2025			
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	<b>Total regulatory deductions to CET1 capital</b>	<b>17,708</b>	
29	<b>CET1 capital</b>	<b>2,116,539</b>	
<b>AT1 capital: instruments</b>			
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	<b>AT1 capital before regulatory deductions</b>	-	
<b>AT1 capital: regulatory deductions</b>			
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	<b>Total regulatory deductions to AT1 capital</b>	-	
44	<b>AT1 capital</b>	-	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,116,539</b>	
<b>Tier 2 capital: instruments and provisions</b>			
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	82,241	

**CC1: Composition of regulatory capital (continued)**

		(a)	(b)
		Amount (HK\$ '000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 31 December 2025			
51	<b>Tier 2 capital before regulatory deductions</b>	<b>82,241</b>	
	<b>Tier 2 capital: regulatory deductions</b>		
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 §48(1)(g) of BCR	-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	
58	<b>Tier 2 capital (T2)</b>	<b>82,241</b>	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	<b>2,198,780</b>	
60	<b>Total RWA</b>	<b>9,035,517</b>	
	<b>Capital ratios (as a percentage of RWA)</b>		
61	<b>CET1 capital ratio</b>	<b>23.4%</b>	
62	<b>Tier 1 capital ratio</b>	<b>23.4%</b>	
63	<b>Total capital ratio</b>	<b>24.3%</b>	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	<b>2.9%</b>	
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	<b>CET1 (as a percentage of RWA) available after meeting minimum capital requirements</b>	<b>16.3%</b>	

**CC1: Composition of regulatory capital (continued)**

		(a)	(b)
		Amount (HK\$ '000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
As at 31 December 2025			
	<b>National minima (if different from Basel 3 minimum)</b>		
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
	<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
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
	<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	-	
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	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	17,708	17,708
	<p><u>Explanation</u></p> <p>As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	-	-
	<p><u>Explanation</u></p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
18	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		

**CC1: Composition of regulatory capital (continued)**

Notes to the Template (continued)

	Description	Hong Kong basis (HK\$ '000)	Basel III basis (HK\$ '000)
19	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
39	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u></p> <p>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.</p>		
54	<b>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)</b>	-	-
	<p><u>Explanation</u></p> <p>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.</p>		
<p>Remarks:</p> <p>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.</p>			

**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)
	<b>Balance sheet as in published financial statements (a) &amp; Under regulatory scope of consolidation (b)</b>	<b>Reference</b>
(HK\$ '000)	31-Dec-25	
<b>Assets</b>		
Cash and balances with banks	2,330,881	
Placements with and advances to banks	89,189	
Loans and advances to customers	5,554,332	
Investment securities measured at fair value through other comprehensive income	16,546,429	
Goodwill and intangible assets	17,708	
of which: goodwill	-	[a] – [c]
intangible assets	17,708	[b] – [d]
Fixed assets	1,413	
Other assets	312,695	
<b>Total assets</b>	<b>24,852,647</b>	
<b>Liabilities</b>		
Repurchase agreement	-	
Deposits from customers	22,244,947	
Other accounts and accruals	473,453	
<b>Total liabilities</b>	<b>22,718,400</b>	
<b>Equity</b>		
Paid-in share capital	4,300,000	
of which: amount eligible for CET1	4,300,000	[e]
Accumulated losses	(2,203,774)	
Accumulated other comprehensive income	38,021	
<b>Total shareholders' equity</b>	<b>2,134,247</b>	
<b>Total liabilities and shareholders' equity</b>	<b>24,852,647</b>	

Compared to 2025 Q2, the Bank did not involve any repurchase agreement transaction at the end of 2025 Q4.

**CCA: Main features of regulatory capital instruments**

		CET 1 Capital HKD Ordinary Shares <sup>2</sup>
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
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules <sup>3</sup>	N/A
5	Post-transitional Basel III rules <sup>4</sup>	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
	<i>Coupons / dividends</i>	
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

<sup>2</sup> Terms and conditions of the capital instruments issued can be found in the link [Terms and conditions - Ordinary share capital](#).

<sup>3</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.

<sup>4</sup> 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 31 December 2025:

		(a)	(c)	(d)	(e)
	<b>Geographical breakdown by Jurisdiction (J)</b>	<b>Applicable JCCyB ratio in effect</b>	<b>RWA used in computation of CCyB ratio</b>	<b>AI-specific CCyB ratio</b>	<b>CCyB amount</b>
		(%)	(HK\$ '000)	(%)	(HK\$ '000)
1	Hong Kong SAR	0.5	4,066,775		
2	Sum		4,066,775		
3	Total		4,982,822	0.4	20,334

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 31 December 2025
	Item	Value under the LR framework (HK\$ '000)
1	Total consolidated assets as per published financial statements	24,852,647
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 securitized 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	-
37	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative contracts	-
9	Adjustment for SFTs (i.e. repos and similar secured lending)	-
10	Adjustment for off-balance sheet (OBS) items (i.e. conversion to credit equivalent amounts of OBS exposures)	61,992
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(1,587)
12	Other adjustments	(12,467)
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>24,900,585</b>

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)	
		31-Dec-25	30-Sep-25
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	25,112,560	25,061,137
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	(254,672)	(288,972)
6	Less: Asset amounts deducted in determining Tier 1 capital	(17,708)	(19,668)
7	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)</b>	24,840,180	24,752,497
<b>Exposures arising from derivative contracts</b>			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
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-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	<b>Total exposures arising from derivative contracts (sum of rows 8 to 12)</b>	-	-
<b>Exposures arising from SFTs</b>			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	800,000
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	-	832
17	Agent transaction exposures	-	-
18	<b>Total exposures arising from SFTs (sum of rows 14 to 17)</b>	-	800,832
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	619,915	540,360
20	Less: Adjustments for conversion to credit equivalent amounts	(557,923)	(486,324)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(1,587)	(1,532)
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	60,405	52,504
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>2,116,539</b>	<b>2,103,749</b>
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>24,900,585</b>	<b>25,605,833</b>

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		(HK\$ '000)	
		31-Dec-25	30-Sep-25
<b>Leverage ratio</b>			
25 & 25a	<b>Leverage ratio</b>	8.5%	8.2%
26	<b>Minimum leverage ratio requirement</b>	3%	3%
27	<b>Applicable leverage buffers</b>	Not applicable	Not applicable
<b>Disclosure of mean values</b>			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	1,096,001	936,861
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	-	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)	25,996,586	25,742,694
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)	8.1%	8.2%

The decrease in exposure arising from SFTs is due to the decrease in the balance of repurchase agreement.

### **LIQA: Liquidity risk management**

Liquidity risk is the risk that the Bank cannot meet its financial obligations when they fall due without incurring significant loss. This may be caused by market disruption or liquidity event whereby the Bank is unable to liquidate assets or to obtain funding to meet its liquidity needs. Liquidity risk arises from various areas including deposits withdrawal either on demand or at contractual maturity or repayment to matured borrowings.

The Bank aims to maintain diversified and stable funding sources with an appropriate mix of liabilities including borrowing from the interbank market and customer deposits. Appropriate amount of HQLA is held in order to obtain funding and the sources of liquefiable assets is diversified to avoid concentration on assets with similar natures. The Bank seeks to maintain a diversified and stable source of funding to avoid over-reliance on a funding category or a small group of fund providers through setting up monitoring on funding concentration and setting up appropriate funding strategy and structure in the budgeting process.

The Bank has formulated Liquidity Risk Management Policy that outlines the liquidity risk management framework according to the requirements of the HKMA's SPM on "Regulatory Framework for Supervision of Liquidity Risk" ("LM1") and "Sound Systems and Controls for Liquidity Risk Management" ("LM2"). The purpose of the policy is to ensure sufficient cash flows to meet all financial obligation and to comply with regulatory requirement.

The Bank has established a governance framework to oversee the overall liquidity risk. The Board is ultimately responsible for ensuring an effective liquidity risk management framework. The RC is delegated by the Board to establish and review the risk appetite on a regular basis of the Bank. The RMC is set up to provide guidance on the Bank's liquidity risk related activities, reviewing the liquidity risk profile of the Bank and adherence with liquidity risk limits and indicators, and is responsible for reviewing the relevant liquidity risk limits and indicators. The ALCO is responsible for reviewing relevant liquidity reports regularly, reviewing changes to liquidity profile and overseeing the development and maintenance of Contingency Funding Plan ("CFP"). The MGC is set up to review the material changes to model and assumptions.

Different functional departments work closely to implement liquidity risk management controls, to monitor the liquidity position of the Bank and to comply with regulatory requirement. Treasury Department is responsible for liquidity management but not limited to:

- Manage liquidity risk management including intraday liquidity and implement liquidity risk management strategies;
- Manage and control the funding in different currencies;
- Advise ALCO on latest market movement and expectation related to liquidity;
- Propose funding strategy and structure in the budget process for ALCO endorsement and approval; and
- Defining and implementing funds transfer pricing across all lines of business.

Finance Department is responsible for coordinating the liquidity risk disclosure process, liquidity risk reporting for senior management review, compiling regulatory reports of liquidity position and conduct assessment upon the purchase and on-going assessment of liquefiable assets of the Bank. Risk Management Department is responsible for measuring and monitoring liquidity risk, preparing relevant risk limits and indicators and advising ALCO to ensure that the risk level remains within the approved risk appetite.

The Bank has established a set of liquidity risk management limits and indicators to identify, assess, monitor and control liquidity risk, along with ongoing monitoring processes based on regulatory requirements and risk appetite. The Bank has also set up policies to govern such liquidity risk limits and indicators under regulatory requirements. The liquidity risk limits include statutory limits and internal risk limits, and these limits are reviewed and approved by the Board.

The Bank applies cash flow analysis to assess the adequacy of the bank's liquidity position under both normal and stress scenarios. The Bank seeks to maintain sufficient liquidity to cover the project cash outflow under various stress scenarios.

In case of any breaches to the statutory limits and internal risk limits, different authorized parties in the governance framework including ALCO, RMC, RC and the Board if necessary will be informed and remedial action will be executed.

The intraday cash inflows and outflows are continuously being monitored during business day to ensure payment obligation can be met at all time. The Bank holds cash or other eligible securities as intra liquidity reserve.

The Bank has established CFP which details clear strategies to identify the occurrence of a liquidity event and the operational procedures for addressing emergency funding situation so that the impact of such adverse situation to the Bank is minimized. The CFP is reviewed and approved by the Board, and revised upon changing business and market conditions.

The details of the implementation of the plan are documented including the procedures, action plans to estimate the potential funding capacity need and responsibilities of relevant parties. The plan sets out the deployable funding sources, funding measures, potential step to meet critical payment, operational procedures and the estimated time to monetize assets.

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**LIQA: Liquidity Risk Management (continued)**

The plan defines a clear set of EWIs and triggering events for activation. Finance Department is responsible for monitoring the EWIs and alert the ALCO if the EWIs are breached. Crisis management team is formed to manage the implementation of the plan. As at 31 December 2025, the Bank maintains the LMR of 100.9%.

In addition, the following tables show the Bank's on and off-balance sheet maturity profile as at 31 December 2025, broken down by maturity buckets and the resultant liquidity gaps. The below information is prepared based on the completion instructions of the MA(BS)23 Return of Liquidity Monitoring Tools.

(HK\$'000)	Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										
		Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	Balancing amount
<b>On-balance sheet liabilities</b>												
Deposits from non-bank customers												
(a) Pledged deposits	49,836	45,965	-	-	804	3,067	-	-	-	-		
(b) Demand, savings and current account deposits	11,177,085	11,177,085										
(c) Term, call and notice deposits	11,018,026	537,636	1,213,309	3,420,623	2,955,971	1,862,956	1,027,531	-	-	-		
Amount payable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-	-
Other Liabilities	732,367	-	119,837	305,968	2,515	-	38,580	-	-	-	-	265,467
Capital and reserves	2,134,247	-	-	-	-	-	-	-	-	-	-	2,134,247
<b>Total on-balance sheet liabilities</b>	<b>2,511,561</b>	<b>11,760,686</b>	<b>1,333,146</b>	<b>3,726,591</b>	<b>2,959,290</b>	<b>1,866,023</b>	<b>1,066,111</b>	-	-	-	-	<b>2,399,714</b>
<b>Total off-balance sheet liabilities</b>	<b>369,844</b>	<b>1,933</b>	<b>341,075</b>	<b>26,836</b>	-	-	-	-	-	-	-	-
<b>On-balance sheet assets</b>												
Currency notes and coins	90	90	-	-	-	-	-	-	-	-	-	-
Due from MA for a/c of Exchange Fund	1,573,124	1,573,124	-	-	-	-	-	-	-	-	-	-
Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
Due from banks	846,860	756,891	777	89,192	-	-	-	-	-	-	-	-
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)												
Readily monetizable	15,252,325	15,252,325										
Not readily monetizable	1,294,103		-	249,987	284,828	214,218	360,174	147,727	-	24,627	12,542	-
Loans and advances to non-bank customers	5,799,821	28,093	129,900	348,623	820,753	437,495	556,803	862,750	582,141	682,140	731,061	620,062
Other assets	345,238	-	75,872	40,957	-	-	7,397	-	-	-	-	221,012
<b>Total on-balance sheet assets</b>	<b>25,111,561</b>	<b>17,610,523</b>	<b>206,549</b>	<b>728,759</b>	<b>1,105,581</b>	<b>651,713</b>	<b>924,374</b>	<b>1,010,477</b>	<b>582,141</b>	<b>706,767</b>	<b>743,603</b>	<b>841,074</b>
<b>Contractual maturity mismatch</b>		5,847,904	(1,467,672)	(3,024,668)	(1,853,709)	(1,214,310)	(141,737)	1,010,477	582,141	706,767	743,603	
<b>Cumulative contractual maturity mismatch</b>		5,847,904	4,380,232	1,355,564	(498,145)	(1,712,455)	(1,854,192)	(843,715)	(261,574)	445,193	1,188,796	

### **CRA: General information about credit risk**

Credit risk is the potential that a borrower or counterparty will fail to meet its obligations with agreed terms. Credit risk exists throughout the activities of a bank, including in the banking book and both on- and off-balance sheet transaction. The credit risk exposure principally arises from investment in debt securities, lending of personal loan, commercial and corporate loan business.

The Bank has formulated a comprehensive set of policies and procedures that outlines the governance framework and appropriate credit limits to manage and monitor the credit risk that may arise from different credit portfolios in both portfolio level and individual level. The policies cover various areas including credit risk governance structure, customer selection criteria, customer acceptance criteria and post-approval monitoring. The principal objectives of such mechanism are:

- To analyze the credit risks of various credit portfolios, geographic locations of borrowers and types of loans, etc.;
- To forecast and monitor any changes in the credit rating and risk return dynamics in each credit portfolio;
- To evaluate the components and allocations of the credit portfolios regularly and make timely adjustments in case of changes in the economic environment/industry situations; and
- To implement effective capital and resources allocation over different types of credit-related activities, mainly through the re-balancing and controlling of the portfolios and the migration of the overall portfolio's credit risk hedging.

The overall credit risk is managed through a hierarchy of approval authorities of the Bank. CC has the highest level of credit approval authority. Credit risk management rests with risk management which in turn reports to RMC and the Board for monitoring of credit risk.

Internal Audit is responsible for conducting regular independent review on the credit risk management framework and monitoring.

The Bank established a comprehensive monitoring process and intended to manage the risk level in the credit portfolio that aligns with the Bank's risk appetite and identify any early warning signal of credit deterioration. Various metrics are adopted to assess and monitor the quality of credit exposure in both acquisition stage and post-approval stage.

Accounts are classified into different risk levels based on their latest credit status and history. For loan facilities that miss the scheduled payment are managed separately with proper follow-up action.

In addition to the condition of the customers, the quality of credit exposure may deteriorate due to adverse economic environment. The Bank monitors the performance of key macro-economic indicators. The Bank also applies stress testing technique periodically to assess the vulnerability of the credit portfolio under adverse market condition. Ad hoc stress assessment will also be conducted when market seems to deteriorate.

The quality of the overall credit portfolio is assessed and monitored monthly by a few key indicators such as expected credit loss ratio at portfolio level. Senior management of the Bank is alerted if the indicators breach the limit defined in risk appetite. Remedial action may be taken if necessary.

The Bank also aims at holding a credit portfolio that has diversified characteristics to minimize the concentration risk. The Bank identifies credit concentration risk by nature of products, geography, customer, counterparty and industry. The Bank is currently with simple business strategy and operations, the limits are largely with the financial institutions and trading counterparty by following the statutory limitations on large exposures and risk concentrations limits. Concentration risk of retail loan business is inherently diversified and loans to commercial credit are granular in nature also.

**CR1: Credit quality of exposures**

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 31 December 2025. 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)
		Defaulted exposures	Non- defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
(HK\$ '000)								
1	Loans	549,088	5,251,287	254,640	174,018	80,622	-	5,545,735
2	Debt securities	-	16,548,674	2,246	-	2,246	-	16,546,428
3	Off-balance sheet exposures	-	-	-	-	-	-	-
4	<b>Total</b>	<b>549,088</b>	<b>21,799,961</b>	<b>256,886</b>	<b>174,018</b>	<b>82,868</b>	<b>-</b>	<b>22,092,163</b>

## **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 31 December 2025:

(HK\$ '000)		(a)
		Amount
1	<b>Defaulted loans and debt securities at end of the previous reporting period (30 June 2025)</b>	<b>649,075</b>
2	Loans and debt securities that have defaulted since the last reporting period	50,634
3	Returned to non-defaulted status	(3,932)
4	Amounts written off	(120,997)
5	Other changes*	(25,692)
6	<b>Defaulted loans and debt securities at end of the current reporting period (31 December 2025)</b>	<b>549,088</b>

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

## **CRB: Additional disclosure related to credit quality of exposures**

As at 31 December 2025, the Bank has exposure in retail banking, commercial and corporate banking segment.

A financial instrument or loan is defined as credit-impaired when one or more the following events that have a major adverse impact on the estimated future cash flows of the financial instrument or loan have taken place:

- Major financial difficulties of a borrower, guarantor or issuer;
- A breach of contract resulting in default or past due event;
- A Borrower, guarantor or issuer is bankrupted or wound up;
- A borrower is deceased for retail exposure;
- A financial instrument or loan is reported as sub-standard, doubtful or loss in accordance with the HKMA's requirements; or
- An absence of an active market for a security because of its own financial and non-financial difficulties.

In general, all financial instruments and loans and advances which are past due for equal to or more than 90 days are classified as credit-impaired. The approach adopted by the Bank for determining provisions are set out in Note 3 of the Bank's Financial Statements for the year ended 31 December 2025.

Rescheduled loans and advances are those in which concessions on interest or principal have been provided to a borrower in a way these loans are offered on "non-commercial" terms to the Bank.

The following tables show the breakdown of the Bank's exposures by geographical areas, industry and residual maturity as at 31 December 2025. Any non-significant segment (i.e. constitutes less than 10% of the Bank's total RWA for credit risk after taking into account any recognized CRM) is disclosed on an aggregated basis under the category "Others".

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

(i) Breakdown of credit risk exposures as at 31 December 2025 by industry sector, geographical region and residual maturity

HK\$'000	Gross carrying amounts	Of which:		
		Impaired exposures	Amounts written-off	Impairment allowances
<b>Credit risk exposure – by geographical areas</b>				
Hong Kong	8,041,196	549,088	189,278	174,018
China	2,257,515	-	-	-
United States	3,617,197	-	-	-
Others	8,433,141	-	-	-
Total	22,349,049	549,088	189,278	174,018
<b>Credit risk exposure – by industry sector</b>				
Banks and financial institutions	11,625,861	-	-	-
Official sector	3,974,781	-	-	-
Public Sector Entity	148,790	-	-	-
Non-bank private sector				
<i>Financial concerns</i>	799,242	-	-	-
<i>Individuals</i>	2,863,285	37,826	91,098	36,523
<i>Others</i>	2,937,090	511,262	98,180	137,495
Total	22,349,049	549,088	189,278	174,018
<b>Credit risk exposure – by remaining maturity</b>				
Up to and including one year	18,335,257			
Over 1 year and up to and including 2 years	1,446,029			
Over 2 years	2,250,064			
Undated or overdue	317,699			
Total	22,349,049			

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

(ii) Aging analysis of accounting past due exposures as at 31 December 2025

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	37,606	0.6%	21,842
Over 6 months but up to 1 year	159,384	2.7%	24,839
Over 1 year	293,639	5.1%	119,631
Total	490,629	8.5%	166,312
Market value of collateral	189,065		

Except for those that have been disclosed under (ii) above, the Bank does not hold any past due exposures as at 31 December 2025.

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.

(iii) Restructured exposures as at 31 December 2025

	Gross carrying amounts (HK\$'000)	
	Impaired	Not impaired
Rescheduled loans and advances	17,751	6,395

Except for those that have been disclosed under (iii) above, the Bank does not hold any other rescheduled loans and advances to customers.

### **CRC: Qualitative disclosures related to credit risk mitigation**

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

Credit policy is set to mitigate the potential credit risk with the approval process involving identification of borrower, source of repayment and loan purpose, etc. The Bank also takes personal or corporate guarantee as other risk mitigants where necessary. The details related to credit risk mitigation can be found in note 3.1 (i) of the 2025 financial statements.

### **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 31 December 2025:

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
(HK\$ '000)						
1	Loans	3,180,168	2,365,567	1,444,488	921,079	-
2	Debt securities	16,546,428	-	-	-	-
3	<b>Total</b>	<b>19,726,596</b>	<b>2,365,567</b>	<b>1,444,488</b>	<b>921,079</b>	<b>-</b>
4	Of which defaulted	1,304	373,766	205,853	162,665	

Decrease in the secured exposures as at 31 December 2025 mainly due to less secured loans were granted in the wholesale loan portfolio

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

The Bank uses the following external credit assessment institutions ("ECAIs") to calculate its capital adequacy requirements under the STC approach prescribed in the BCR:

- Moody's Investors Service
- Standard & Poor's Ratings Services
- Fitch Ratings

ECAI is used on the following exposure classes:

- Sovereign exposures
- Public sector entity ('PSE') exposures
- Bank exposures
- Corporate exposures

The process used to map ECAIs issuer ratings or ECAIs issue specific ratings in the banking book is consistent with those prescribed in the Part 4 of the BCR.

**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 31 December 2025:

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
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	5,547,843	-	6,297,257	-	-	0%
2	PSE exposures	148,783	-	148,783	-	29,757	20%
3	Multilateral development bank exposures	-	-	-	-	-	-
3a	Unspecified multilateral body exposures	-	-	-	-	-	-
4	Bank exposures	11,194,035	-	11,194,035	-	2,969,088	27%
4a	Qualifying non-bank financial institution exposures	59,655	-	59,655	-	29,828	50%
5	Eligible covered bond exposures	-	-	-	-	-	-
6	General corporate exposures	2,722,074	123,272	2,268,156	12,327	1,443,550	63%
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	3,165,830	496,643	2,872,425	49,665	2,170,362	74%
8a	Exposures arising from IPO financing	-	-	-	-	-	-
9	Real estate exposures	1,503,954	-	1,489,264	-	939,057	63%

**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
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	524,038	-	524,038	-	163,554	31%
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)	372,354	-	371,214	-	240,589	65%
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)	607,562	-	594,012	-	534,914	90%
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	375,071	-	375,071	-	274,176	73%
11	Other exposures	181,627	-	181,627	-	119,991	66%
11a	Cash and gold	90	-	12,691	-	2,520	20%
11b	Items in the process of clearing or settlement	20,626	-	20,626	-	-	-
<b>12</b>	<b>Total</b>	<b>24,919,588</b>	<b>619,915</b>	<b>24,919,590</b>	<b>61,992</b>	<b>7,978,329</b>	<b>32%</b>

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

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 31 December 2025:

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)			
1	Sovereign exposures	6,297,257	-	-	-	-	-	6,297,257			
		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)			
2	Public sector entity exposures	-	148,783	-	-	-	-	148,783			
		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	5,334,204	5,138,343	-	721,488	-	-	-	-	11,194,035	
		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
4a	Qualifying non-bank financial institution exposures	-	-	-	59,655	-	-	-	-	59,655	
		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	-	-	1,326,408		616,938	129,970	207,167	-	-	2,280,483
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	70,684	2,851,406	-	-					2,922,090
		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	-	132,829	66,041	204,480	-	58,720	-	38,656	299,770		23,312	-	465,432	-	200,024	-	-	-	-	-	1,489,264
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		132,829	66,041	204,480		58,720	-	38,656	-		23,312	-				-				-	524,038
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)	-	-		-		-		-	299,770				-	71,444	-				-	-	371,214
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)	-	-											-	393,988	200,024			-	-	-	594,012
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		85,143	126,022	163,906	375,071

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	93,575	-	88,052	181,627

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	90	-	12,601	12,691

		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)
11b	Items in the process of clearing or settlement	20,626	-	-	20,626

**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%	17,607,212	-	0.00%	17,607,212
2	40 - 70%	2,565,536	331,563	10.00%	2,598,693
3	75%	3,451,836	165,080	10.00%	3,468,344
4	85%	583,075	123,272	10.00%	595,402
5	90 - 100%	585,909	-	0.00%	585,909
6	105 -130%	-	-	0.00%	-
7	150%	126,022	-	0.00%	126,022
8	250%	-	-	0.00%	
9	400%	-	-	0.00%	
10	1,250%	-	-	0.00%	
11	<b>Total exposures</b>	24,919,590	619,915	10.00%	24,981,582

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

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

Counterparty credit risk is the risk of a counterparty defaulting before the final settlement of the transaction, typically representing uncertain exposures that can fluctuate over time arising from the movement of underlying market factors. The Bank's objective in managing counterparty credit risk is to ensure that the relevant businesses are appropriately managed and controlled within the Bank's risk management framework. For example, our pre-settlement risk exposure is controlled and regularly monitored against the relevant risk appetite limit which is set as a percentage to the Bank's Tier 1 capital. The Bank also sets credit limits to manage the overall credit risk exposures to counterparty groups. These limits are approved through the formal credit assessment procedures outlined in the Bank's credit policies.

The Bank has established policies for counterparty credit risk management and has defined risk appetite for its counterparty credit risk exposure. Our risk appetite is reviewed annually and approved by the Board. Further controlling action(s) will be taken when necessary. Currently, the Bank only engages in Repo transactions with the HKMA and has not entered into any derivative transactions.

**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 ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM	RWA
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000
1	SA-CCR (for derivative contracts)	-	-		1.4	-	-
1a	CEM	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					-	-
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	<b>Total</b>						-

Compared to 2025 Q2, the decreased in default risk exposure was due to no repurchase agreement transaction at the end of 2025 Q4.

**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)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	(i)
		0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-	-
2	Public sector entity exposures	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-	-	-	-	-
5	Bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-	-	-	-
7	General corporate exposures	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
11	<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-

At the end of 2025 Q2, the total counterparty default risk exposure was sovereign exposures. At the end of 2025 Q4, there is nil counterpart default risk exposure.

**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	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

At the end of 2025 Q2, the collateral posted and received resulted from transaction with counterparties via repurchase agreement transaction. At the end of 2025 Q4, there is no repurchase agreement transaction.

**CCR6: Credit-related derivatives contracts**

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

**CCR8: Exposures to CCPs**

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

**CVA risk capital charge**

As at 31 December 2025, the Bank does not have any CVA risk capital charge.

**Securitization exposures**

As at 31 December 2025 the Bank does not have any securitization exposures.

**MRA: Qualitative disclosures related to market risk**

Market risk is the risk of valuation loss or reduction in expected earnings stemming from adverse fluctuations in exchange rates, interest rates, credit spread, implied volatility and cross-currency basis spreads. The risk can exist in both non-trading and trading activities. Currently, the Bank does not involve in trading book business and market risk predominantly arises from the Bank's treasury activities. The major types of market risk come into three forms, interest rate risk, currency risk and price risk, and the risk mainly comes from the Bank's debt securities portfolio held as investment and/or liquidity management.

The Bank has formulated Market Risk Management Policy and Investment Management Policy that outline the governance structure and measurements and controls of market risk in the Bank.

The policy details a clear strategy to manage different types of market risk that the Bank is exposed to. A market risk framework for different types of risk is established to clearly define risk profiles to ensure it is consistent with the overall risk appetite. Risk limits are developed and reviewed, at least annually, and monitored by the Risk Management Department in conjunction with the Treasury Department. Price risk in transactions and open positions is monitored by the risk limits established.

The Board is ultimately responsible for ensuring an appropriate organization structure is in place for managing market risk. Market risk oversight rests with the Risk Management Department which in turn reports to the RMC.

The Bank timely identifies, measures, monitors and controls the market risk of the Bank. Market risk is daily monitored by Treasury and Risk Management Department. All transactions are captured for market risk measurements. Reports regarding market risk limits are produced and reviewed regularly.

As at 31 December 2025, the Bank has currency risk exposure. Refer to Section Currency risk for more details in relation to currency risk exposure.

**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 31 December 2025:

(HK\$ '000)		(a)	(b)	(c)	(d)
		Outright products	Simplified approach	Delta-plus method	Options 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	23,238	-	-	-
5	Securitization exposures	-			
6	Total	23,238	-	-	-

Increase in foreign exchange exposures as at 31 December 2025 was mainly due to the increase in the net long position in RMB.

**IRRBA: Interest rate risk in banking book**

## Regulatory Disclosure Statement

Interest rate risk in banking book (“IRRBB”) refers to the risk to the Bank resulting from adverse movements in interest rates that affects the banking book positions of the Bank. The Bank currently does not engage in trading book business. Interest rate risk arises from banking activities including lending and taking deposit with differing repricing maturities and interest rates; also, the impact from the treasury investment securities portfolio and other treasury related activities. Excessive interest rate risk can pose significant adverse impact to both bank’s capital adequacy and earning.

The Bank has formulated the IRRBB Management Policy to govern the management framework which details the governance structure, the key measurement metrics and the reporting and monitoring responsibility. The IRRBB Management Policy is reviewed and approved by the Board.

The Board is ultimately responsible for ensuring appropriate organizational structure for IRRBB management. RC is delegated by the Board to establish and review the risk appetite statements on a regular basis and approve the remedial action plan after the Risk Limit is triggered. The RMC is delegated by the RC and is responsible for providing governance on Bank’s IRRBB related exposure and approve the remedial action plan after the Early Warning Indicators (“EWIs”) is triggered. The RMC is set up also for reviewing relevant risk limits and material changes in risk profile. A management committee namely ALCO is set up for overseeing IRRBB of the Bank, this includes providing advice on IRRBB related issue, reviewing the IRRBB profile of the Bank and discussing remedial actions in case of any breaches of the EWIs or risk limits and reviewing of the IRRBB Management Policy for Board approval. The MGC is set up to review the material changes to model and assumptions.

The Bank measures and monitors IRRBB with two key metrics, Economic Value Sensitivity (“EVS”) and Earning at Risk (“EaR”). The two metrics, EVS and EaR, measures the IRR exposures on economic value of equity (“EVE”) perspective and on earning perspective (“NII”) which aims to provide a more comprehensive view on the IRRBB profile of the Bank. The risk limits and EWIs are set up based on the two metrics. Risk Management Department is responsible for monitoring and measuring IRRBB metrics and reporting the risk limits utilization to ALCO and RMC monthly.

The potential mitigation actions mainly relate to market operations and balance sheet restructuring, these include rebalancing of repricing gap through management strategy on time deposits and other liabilities and disposal of marketable securities.

The Bank adopts stress testing techniques to assess the vulnerability to losses regularly due to interest rate change in the six stress scenarios specified in the HKMA’s SPM “Interest Rate Risk in the Banking Book” (“IR-1”).

The Bank has conducted behavioral assumption analyses for non-maturity deposit and retail unsecured installment loan, the analysis is used in calculation of IRRBB metrics where applicable. The Bank conducts independent periodic review of the IRRBB assessment process to ensure its integrity and accuracy.

### Key modelling and parametric assumptions used in calculating EVE and NII includes:

- (i) For EVE, commercial margins and other spread components have been excluded from the cash flows used in the computation and discount rate used;
- (ii) The average and longest repricing maturity of non-maturity deposits is 1 day;
- (iii) Customer loans follow contractual maturity for interest rate risk monitoring with no repayment assumption under IRRBB;
- (iv) Except for retail step-up deposits which are subject to early redemption risk, no redemption risk from customer deposits is assumed.

**IRRBB1: Quantitative information on interest rate risk in banking book**

(HK\$'millions)		(a)	(b)	(c)	(d)
		<b>ΔEVE</b>		<b>ΔNII</b>	
	<b>Period</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>	<b>31-Dec-25</b>	<b>31-Dec-24</b>
1	Parallel up	150	178	57	70
2	Parallel down	-	-	(56)	(68)
3	Steeper	-	-		
4	Flattener	96	106		
5	Short rate up	141	165		
6	Short rate down	-	-		
7	<b>Maximum</b>	150	178	57	70
	<b>Period</b>	<b>31-Dec-25</b>		<b>31-Dec-24</b>	
8	<b>Tier 1 capital</b>	2,117		2,015	

The decrease in delta NII and delta EVE are primarily driven by the Bank's increased deployment into shorter-tenor assets.

**ORA: General information on operational risk framework**

Operation Risk Management (“ORM”) rests with Risk Management Department which in turn reports to RMC. The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. The Bank implements a centralized risk management framework, formulating an ORM Policy to assess and communicate operational risk and the overall effectiveness of controls across the Bank and products.

By implementing the ORM framework, the Bank aims to establish minimum standards for consistent identification, measurement, monitoring, reporting and management of operational risk across the Bank. The purpose of the ORM framework is to lead to effective anticipation and mitigation of operational risk, improve operational risk loss experience, identify and assess key operational risks and design controls to mitigate identified risks, as well as to establish key risk indicators and implement process for early problem recognition and timely escalation.

To complement the ORM framework, the Bank has established the Operational Resilience Framework to assess the ability to deliver critical operation through severe but plausible scenarios while supporting adherence to regulatory requirements. Other supporting policies and frameworks include Business Continuity Management Policy, Third Party Risk Management Policy and Outsourcing Risk Management Policy. Robust controls have been implemented and are timely and regularly reviewed and assessed to ensure continued operational soundness and control effectiveness.

Operational risk reports including Operational Losses, Risk Appetite Limit, Key Risk Indicators, updates on Operational Risk and Operational Resilience Implementation are reported to RMC on a timely and regular basis. Higher level summaries that highlight material issues and significant control gaps are further reported to RC for the Board's attention to ensure they have a clear view of key risks, major incidents, and overall risk trends. These reports support effective oversight and help ensure operations remain within the approved risk appetite.

The Bank implements the Basel III revised operational risk capital framework and calculates the Operational risk capital ('ORC') using the standardized approach. ORC is calculated by multiplying the Business Indicator Component (BIC) and Internal Loss Multiplier (ILM).

Overall, the Bank has maintained a sound governance structure to manage its operational risk profile, supported by regular monitoring and reporting to ensure effective risk oversight.

**OR1: Historical losses**

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		31-Dec-2025	31-Dec-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016	Average
<b>Using HKD200,000 threshold</b>												
1	Total amount of operational losses net of recoveries (no exclusions) (HK\$ '000)	360	1,893	706	0	7,863	0	0	-	-	-	1,546
2	Total number of operational risk losses	1	1	2	0	1	0	0	-	-	-	1
3	Total amount of excluded operational risk losses (HK\$ '000)	0	0	0	0	0	0	0	-	-	-	-
4	Total number of exclusions	0	0	0	0	0	0	0	-	-	-	-
5	Total amount of operational losses net of recoveries and net of excluded losses (HK\$ '000)	360	1,893	706	0	7,863	0	0	-	-	-	1,546
<b>Using HKD1 million threshold</b>												
6	Total amount of operational losses net of recoveries (no exclusions) (HK\$ '000)	0	1,893	0	0	7,863	0	0	-	-	-	1,394
7	Total number of operational risk losses	0	1	0	0	1	0	0	-	-	-	0
8	Total amount of excluded operational risk losses (HK\$ '000)	0	0	0	0	0	0	0	-	-	-	-
9	Total number of exclusions	0	0	0	0	0	0	0	-	-	-	-
10	Total amount of operational losses net of recoveries and net of excluded losses (HK\$ '000)	0	1,893	0	0	7,863	0	0	-	-	-	1,394
<b>Details of operational risk capital charge calculation</b>												
11	Are losses used to calculate the ILM (yes/no)?	No										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	No										
13	Loss event threshold: HKD200,000 or HKD 1 million for the operational risk capital charge calculation if applicable	Not applicable										

**OR2: Business indicator and business indicator components breakdown**

The following table discloses the business indicator (BI) and a breakdown of its components, which inform the operational risk capital charge calculation.

(HK\$ '000)		(a)	(b)	(c)
	BI and its subcomponents	31-Dec-25	31-Dec-24	31-Dec-23
1	Interest, leases and dividend component	443,398		
1a	Interest and leases income	1,092,158	978,995	559,247
1b	Interest and leases expenses	423,501	490,038	296,940
1c	Interest earning assets	25,069,037	20,897,106	13,153,635
1d	Dividend income	-	-	-
2	Services component	205,092		
2a	Fee and commission income	246,241	153,063	145,325
2b	Fee and commission expenses	82,420	64,398	57,568
2c	Other operating income	-	-	-
2d	Other operating expenses	44,728	15,049	10,869
3	Financial component	40,807		
3a	Net P&L on trading book	-	-	-
3b	Net P&L on banking book	56,178	39,981	26,261
4	BI	689,297		
5	Business indicator component (BIC)	82,716		

**Disclosure on the BI:**

(HK\$ '000)		(a)
6a	BI gross of excluded divested businesses and activities	N/A
6b	Reduction in BI due to excluded divested businesses and activities	N/A

**OR3: Minimum operational risk capital requirement**

(HK\$ '000)		(a)
1	Business indicator component (BIC)	82,716
2	Internal loss multiplier (ILM)	1
3	Minimum operational risk capital requirement	82,716
4	Total RWA for operational risk	1,033,950

**ENC: Asset encumbrance**

(HK\$ '000)	(a)	(c)	(d)
	<b>Encumbered assets</b>	<b>Unencumbered assets</b>	<b>Total</b>
Cash and balances with banks	-	2,330,881	2,330,881
Placement with and advances to banks	-	89,189	89,189
Loans and advances to customers	-	5,554,332	5,554,332
Investment securities measured at fair value through other comprehensive income	-	16,546,429	16,546,429
Intangible assets	-	17,708	17,708
Fixed assets	-	1,413	1,413
Other assets	-	312,695	312,695

Compared to 2025 Q2, the decrease in encumbered assets and increased in unencumbered assets was due to no repurchase agreement transaction at the end of 2025 Q4.

**Segmental information**

(a) Segmental information by class of business

During the year of 2025, the principal activities of the Bank are to provide banking services to its customers in Hong Kong. Please refer to the Statement of Comprehensive Income and Statement of Financial Position in the Financial Statements of the Bank for the details of operating assets and profit or loss information of this major business activity.

(b) Segmental information by booking location

The business operations of the Bank are in Hong Kong during the year of 2025.

**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 31 December 2025	
	Gross loans and advances to customers	% of gross loans and advances covered by collateral or other security
<b><i>Loans for use in Hong Kong</i></b>		
Industrial, commercial and financial:		
Property development	200,000	0.0%
Property investment	1,070,583	99.5%
Financial concerns	-	-
Stockbrokers	-	-
Wholesale and retail trade	913,560	81.0%
Manufacturing	168,923	74.4%
Transport and transport equipment	67,769	87.0%
Recreational activities	1,944	90.0%
Information technology	25,800	85.2%
Others	416,780	86.4%
Individuals		
Advance for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	-	-
Advance for the Purchase of other residential properties	-	-
Credit card advances	-	-
Others	2,848,765	0.0%
<b><i>Loans for use outside Hong Kong</i></b>		
Total	5,714,124	41.5%

**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 31 December 2025			Year ended 31 December 2025	
	Impaired loans and advances	Collective provision	Specific provision	New provisions charged to profit and loss	Amounts written off
<b>Loans for use in Hong Kong</b>					
Industrial, commercial and financial					
Property Investment	142,410	-	4,492	6,757	-
Wholesale and retail trade	151,630	-	44,603	30,630	22,608
Manufacturing	28,000	-	20,628	10,887	39,090
Others	90,280	-	14,505	11,604	36,482
Individuals					
Others	36,531	-	35,271	7,959	91,098

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	18,663
Over 6 months but up to 1 year	5,638
Over 1 year	12,359
Total	36,660

**b) 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.

31 December 2025	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
	<u>5,704,753</u>	<u>454,386</u>	<u>426,397</u>	<u>(120,324)</u>	<u>(79,837)</u>

ZA Bank Limited

Regulatory Disclosure Statement

**Loans and advances to banks**

No loans and advances to banks has been overdue as at 31 December 2025. No rescheduled loans and advances to banks as at 31 December 2025.

**Other assets**

No other assets has been overdue for more than 3 months as at 31 December 2025.

**Reposessed assets**

The Bank does not hold any reposessed assets as at 31 December 2025.

**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	31 December 2025
Commitments that are unconditionally cancellable without prior notice	619,915
<b>Total</b>	<b>619,915</b>
RWA	37,779

## ZA Bank Limited

### Regulatory Disclosure Statement

#### 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 31 December 2025	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non- financial private sector		
<b>Developed countries</b>	<b>6,134</b>	<b>2,908</b>	<b>423</b>	-	-	<b>9,465</b>
- of which: United States	376	2,908	372	-	-	3,656
<b>Offshore centres</b>	<b>747</b>	<b>40</b>	<b>785</b>	<b>267</b>	-	<b>1,839</b>
<b>Developing Asia-Pacific</b>	<b>3,257</b>	<b>100</b>	<b>928</b>	<b>528</b>	-	<b>4,813</b>
- of which: China	1,639	100	250	528	-	2,517

#### 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)	31 December 2025		
	RMB	USD	Total
a. Spot assets	321	11,853	12,174
b. Spot liabilities	(339)	(6,868)	(7,207)
c. Forward purchases	-	-	-
d. Forward sales	-	-	-
e. Net options position	-	-	-
f. Net long position (i.e. sum of (a) to (e))	(18)	4,985	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.

(HK\$ '000)	As at 31 December 2025		Total
	On-balance sheet exposure	Off-balance sheet exposure	
<b>Type of counterparties</b>			
Central government, central government-owned entities and their subsidiaries and joint ventures	206,080	-	206,080
Local governments, local government-owned entities and their subsidiaries and joint ventures	496,771	-	496,771
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	353,950	-	353,930
Other entities of central government not reported in item 1 above	-	-	-
Other entities of local governments not reported in item 2 above	15,712	-	15,712
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	<u>1,072,513</u>	<u>-</u>	<u>1,072,513</u>
Total assets after provision	<u>24,852,647</u>		
On-balance sheet exposures as percentage of total assets	<u>4.3%</u>		

**Asset under security**

The Bank does not have any secured liabilities and assets used as security as at 31 December 2025.

**REMA: Remuneration policy**

**Disclosure of Remuneration Policy**

The Board has delegated responsibility to the Remuneration Committee (“REMC”) to oversee the design and operation of the Bank’s remuneration system. The REMC shall comprise of no fewer than three members, including at least two Independent Non-executive Directors (“INED”). In 2025, the bank held once REMC meeting in September 2025 for overseeing the remuneration related matters for the Bank.

The REMC is independent of management and the main responsibilities of the Committee include but not limited to:

- Provide recommendation to the Board the remuneration packages for Chief Executive (“CE”) and Alternate Chief Executive (“ACE”), including fixed pay, variable pay and sign-on bonus (if any);
- Review and approve the remuneration packages, including fixed pay, variable pay and sign-on bonus (if any) for senior management and key personnel (excluding CE and ACE) and the variable remuneration of the Bank as specified;
- Review and approve the annual salary review increment percentage and/or discretionary bonus pool proposals; and
- Conduct review on the Remuneration Policy and its implementation annually or when necessary.

The Human Resources Department develops the Remuneration Policy and related practices based on pay trends and pay levels in the comparable market. The REMC reviews and the Board approves the policy. The policy is applied to all employees who are employed under the contract of service of the Bank.

The Bank defines senior management as those persons responsible for oversight of the Bank’s firm-wide strategy or activities or those of the Bank’s material business lines (e.g. CE and ACE, and other senior executives with a role who report directly to the CE), managers as defined in section 2 of the Banking Ordinance. Key personnel are defined as the individual employees whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposure on behalf of the Bank, such as Executive Officer or Responsible Officer as registered with regulatory authority and oversee the regulated activities.

**General Principles**

The Remuneration Policy is designed to reward employees competitively in a manner that supports the achievement of the Bank’s long-term strategic objectives whilst attracting and retaining the best people by rewarding high levels of performance. The Bank has set out several guiding principles of the policy as follows:

- Remuneration and reward frameworks are developed in a manner to encourage employee behavior while supporting the Bank’s risk tolerance, risk management framework, long-term financial soundness, corporate culture and values, as well as to support and reinforce the achievement of the Bank’s vision and strategy.
- The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- The Bank shall remunerate all employees fairly and reasonably in return for the requisite levels of competence and performance.
- The Bank shall measure its remuneration practices against local market the use of remuneration surveys and through benchmarking with other similar institutions.
- Remuneration and reward offerings should demonstrate sufficient flexibility to meet both the need of individual and those of the Bank whilst complying with relevant legal and regulatory requirements.
- The Bank shall entrench a culture of performance-driven remuneration for the purpose of encouraging achievement of performance targets aligned with the interest of the Bank’s stakeholders. The Bank also adopt a culture of risk-adjusted remuneration. Deterioration on risk factors, breaches of risk limits and/or compliance events will have an effect on the remuneration to ensure business units and individuals are not rewarded for taking on excessive risks.
- The Board may exercise discretion to adjust the amount of variable remuneration (where applicable) to protect financial soundness of the Bank.

**REMA: Remuneration policy (continued)**

**Remuneration Structure**

The Bank's remuneration package comprises fixed remuneration and variable remuneration to motivate, reward and retain both high individual contribution and sound team performance. The proportion and amount of fixed and variable remuneration shall vary according to employees' seniority, roles and responsibilities within the Bank as well as the Bank's past year's performance, coming year's prospect and the risks associated.

Fixed remuneration refers to base salary and directors' fee. Variable remuneration comprises discretionary bonus, incentive and equity-related instruments. Discretionary bonus refers to the remuneration distributed when the Bank's achievement meets or exceeds the pre-determined yearly target, in order to motivate eligible employees meeting performance targets set by relevant business units as well as demonstrated ethical behaviors and adherence to corporate values. Incentive refers to a risk-based and performance-driven reward to employee's achievements, which is usually paid monthly, quarterly or half-yearly towards their pre-set shorter-term qualitative and quantitative goals. Equity-related instruments refers to the shares or share options for designated senior management, directors, key personnel and staff members with significant contribution and outstanding performance to the Bank.

**Employees' performance measurements and the award of variable remuneration**

The Bank adopts a culture of performance-driven remuneration and would reward employees by directly linking pay to performance outcomes. The fulfilment of performance criteria includes both financial and non-financial factors including the overall short-term and long-term performance of the Bank, performance of the relevant business units or strategic projects, contribution of individual employees, core competencies of individual employees, behavior principles adherence of the individual employees and management discretion.

On top of the financial and non-financial performance factors, the Bank has put in place a risk modifier and incorporated into the performance management system to take into account any risk factors such as its asset quality, liquidity position, business environments and compliance event and its impact as a final adjustment over and above the performance with regards to the risk tolerance level of the Bank's risk appetite and risk management framework.

The award of remuneration to CE and ACE should be subject to the recommendation by REMC for the Board's approval. The award of remuneration to senior management and key personnel (excluding CE and ACE) should be subject to the REMC's approval, as delegated by the Board. Remuneration of risk control personnel shall be in accordance with their performance objectives and commensurate with their key role in the Bank, and should be remunerated independent of the performance of the business areas which they oversee.

**Deferral arrangements**

The deferral period and vesting conditions will apply for discretionary bonus exceeding a certain multiple of monthly base salary or a certain amount with deferral arrangement as set out in the Remuneration Policy. The deferral of the payment of a portion of variable remuneration will allow employees' performance (including the associated risks) to be observed and validated over a period before the payment is actually made.

The deferral remuneration should generally be subject to fulfilment and validation of the pre-defined performance conditions. The vesting period and vesting conditions should be determined by the Board (or as delegated to the REMC) and reviewed as appropriate. If the vesting conditions are not fulfilled in any year during the vesting period, all or part of the unvested portion of the deferred remuneration should be foregone ("clawed-back"). Claw-back would also apply to circumstances where any performance measurement was based on data which is later proven to have been manifestly misstated, or later established that there has been fraud or other malfeasance on the part of the relevant employee, or violations by the employee of internal control policies.

**On-going monitoring of the remuneration system**

The Board holds the ultimate responsibility for overseeing the formulation and implementation of the Remuneration Policy, systems and related control processes. The REMC conducts review on the policy and its implementation on an annual basis or when necessary to ensure that the policy remains adequate and effective and that the operation of the remuneration system is consistent with the intended purpose and long-term interest of the Bank, while in consistent with the principles set out under the HKMA' SPM on "Corporate Governance of Locally Incorporated Authorized Institutions" ("CG-1") and CG-5 and other legal or regulatory requirements. Internal audit would provide support in such review process, and the REMC could also engage independent consultants to assist in the review if deemed necessary. Remuneration outcomes, risk measurements, and risk outcomes should be reviewed for consistency with intentions, and any material weaknesses which are identified, shall be reported to the REMC and the Board, with the support of internal audit as appropriate.

**REM1: Remuneration awarded during financial year**

Total value of remuneration in 2025 is set out in the table below:

Remuneration amount and quantitative information (HK\$ '000)		Senior management and Key Personnel	
1	Number of employees	21	
2	Fixed remuneration <sup>5</sup>	Total fixed remuneration	25,499
3		Of which: cash-based	25,499
4		Of which: deferred	
5		Of which: shares or other share-linked instruments	
6		Of which: deferred	
7		Of which: other forms	
8		Of which: deferred	
9		Variable remuneration <sup>6</sup>	Total variable remuneration
10	Of which: cash-based		9,502
11	Of which: deferred		3,543
12	Of which: shares or other share-linked instruments <sup>7</sup>		9,393
13	Of which: deferred		9,393
14	Of which: other forms		
15	Of which: deferred		
<b>16</b>	<b>Total remuneration</b>	<b>44,394</b>	

<sup>5</sup> Fixed remuneration includes base salary, cash allowance and pension contribution where applicable.

<sup>6</sup> The forms of variable remuneration and the proportion deferred are based on the seniority, role and responsibilities of employees and their level of total variable compensation.

<sup>7</sup> The values of share options granted in 2025 are based on the fair value of the shares of a subsidiary of ZhongAn Online P&C Insurance Co., Ltd on 31 December 2025. The values are for indicative purpose only.

**REM2: Special payments**

Total value of special payments paid to senior management and key personnel is set out in the table below:

(HK\$'000)		(a)	(b)	(c)	(d)	(e)	(f)
Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
1	Senior management and key personnel	-	-	1	100	-	-

**REM3: Deferred remuneration**

Total value of deferred and retained remuneration of senior management and key personnel is set out in the table below:

(HK\$ '000)

Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
1	Senior management and Key Personnel					
2	Cash	2,609	2,609	(504)		(852)
3	Shares	16,073	16,073	(9,303)		(6,971)
4	Cash-linked instruments					
5	Other					
6	Total	18,682	18,682	(9,807)		(7,823)

All shares issued in 2025 are under the arrangement of deferral. Also, the total value in above table covered the deferred remuneration for 2022, 2023 and 2024.

**Corporate governance**

According to the HKMA's SPM on CG-1, the Board should review the structure, size and composition (including the skills, knowledge and experience) of the Board and its specialized committees at least annually and make recommendations on any proposed changes to the Board to complement the Bank's corporate strategy. The Bank has been in material compliance with the HKMA's SPM on CG-1.

Below lists out the directors' profile, roles, functions and composition of the Board of Directors (the "Board") and Board-level committees (the "Board Committees").

**a. Board of Directors**

The members of the Board during the financial year and up to the date of this report were:

***Chairman and Non-Executive Director***

Mr. OU Yaping

***Executive Directors***

Mr. NG Chung Ho (appointed as Chief Executive on 27 March 2025)

Mr. IU Man Chung (resigned as Executive Director and ceased as Chief Executive on 27 March 2025)

***Non-Executive Directors***

Mr. OU Jin Yi Hugo

Mr. XIAO Feng

Mr. XU Wei

***Independent Non-Executive Directors***

Mr. CHEN Jianghe (appointed on 27 March 2025)

Mr. LO Kin Ching Joseph

Mr. ZHANG Shengman

Mr. ZHU Qi

**Corporate governance (continued)**

**a. Board of Directors (continued)**

**Mr. OU Yaping**

**Chairman and Non-Executive Director**

Mr. OU was appointed as the Chairman and a Non-Executive Director of the Bank and ZhongAn Financial Services Limited (“ZhongAn Financial”), the direct controlling shareholder of the Bank, in February 2019.

Mr. OU is a Non-Executive Director and a member of the Strategy and Investment Decision Committee of ZhongAn Online P&C Insurance Co., Ltd (“ZhongAn Online”, HKEx Stock Code: 6060), a majority shareholder controller of the Bank. Mr. OU has over 30 years of experience in investing and corporate management.

Mr. OU served as the Chairman of the Board of Directors of ZhongAn Online between November 2013 and December 2023. He also served as the Chairman and Executive Director of Z Fin Limited (formerly known as Sinolink Worldwide Holdings Limited, “Z Fin”, HKEx Stock Code: 1168), a minority shareholder controller of the Bank, between December 1997 and August 2013 and he has served as its Non-Executive Director from August 2013 to May 2024. Mr. OU has been the Chairman of Cnhooray Internet Technology Co. Ltd since 2000. He is the Chairman and Director of ZA Life Limited. Mr. OU is the father of Mr. OU Jin Yi Hugo who is also a Non-Executive Director of the Bank.

Mr. OU obtained a Bachelor’s degree of Engineering Management from the Beijing Institute of Technology in the PRC.

**Mr. NG Chung Ho (Appointment as Chief Executive on 27 March 2025)**

**Executive Director and Chief Executive**

Mr. NG was appointed as Executive Director of the Bank and ZhongAn Financial in September 2022 and became the Chief Executive of the Bank on 27 March 2025. He served as General Manager, Retail Banking of the Bank from April 2023 to March 2025. Mr. NG served as an Alternate Chief Executive of the Bank from February 2021 to March 2025 and the Co-Head of Retail Banking of the Bank from October 2019 to April 2023.

As a founding member of the Bank since 2018, Mr. NG has contributed his broad banking experience in formulating the innovation and digital strategy and product roadmap, as well as enhancing customer journeys, to the growth and development of the bank. Mr. NG currently leads the retail business at the Bank including strategic planning, product roadmap and go-to-market strategies. Mr. NG has more than 15 years of relevant experience in financial institutions with banking and insurance exposures and extensive experience across digital banking, credit card, payment and marketing. Prior to joining the Bank, Mr. NG served as several senior positions in DBS Bank (Hong Kong) Limited from 2007 to 2018.

Mr. NG obtained a Bachelor’s degree in Creative Media from City University of Hong Kong and a Master’s degree in Advertising and Marketing from University of Leeds, United Kingdom.

**Mr. IU Man Chung (Resignation of Executive Director and Cessation of Chief Executive on 27 March 2025)**

**Executive Director and Chief Executive**

Mr. IU was appointed as Executive Director and Chief Executive of the Bank and ZhongAn Financial in February 2023 and served until March 2025.

Mr. IU joined ZhongAn Technology International Group Limited (“ZA International”), the intermediate controlling shareholder of the Bank, as Chief Strategy Officer in February 2022, and served as the Chief Risk Officer of the Bank from August 2022 to February 2023. Mr. IU possesses more than 20 years relevant experience in banking and financial institutions, and he has over two decades of solid experience in banking and finance, ranging from risk management, sales and marketing to the development of innovative FinTech products. Prior to joining the Bank, Mr. IU was an Alternate Chief Executive of Airstar Bank Limited in January 2020, and he has served as Chief Executive from October 2020 to January 2022. Before that, Mr. IU held several senior management positions in various global and local financial institutions, including GE Capital (Hong Kong) Ltd, PrimeCredit Ltd, Vantasia Holdings Limited, Standard Chartered Bank and China CITIC Bank International Ltd.

Mr. IU obtained a Bachelor of Business Administration (Hons) from the City University of Hong Kong with major in Quantitative Analysis and minor in Psychology.

ZA Bank Limited

Regulatory Disclosure Statement

## **Corporate governance (continued)**

### **a. Board of Directors (continued)**

#### **Dr. XIAO Feng**

Non-Executive Director

Dr. XIAO was appointed as a Non-Executive Director of the Bank and ZhongAn Financial in August 2018. He is a member of Audit Committee of the Bank.

Dr. XIAO is the Chairman and Chief Executive Officer of HashKey Group and oversees and leads the Hashkey Group's activities and strategic direction. He currently also serves as Vice Chairman of China Wanxiang Holding and Chairman of Shanghai Wanxiang Blockchain, and a Non-Executive Director of RD Wallet Technologies Limited. With more than 25 years of experience in the securities and asset management industry, he was previously Co-Founder and Vice Chairman of Bosera Asset Management, one of the largest asset management companies in Mainland China.

Dr Xiao holds a PhD in Economics from China Nankai University.

#### **Mr. OU Jin Yi Hugo**

Non-Executive Director

Mr. Hugo OU was appointed as a Non-Executive Director of the Bank and ZhongAn Financial in August 2018. He is the member of Risk Committee and Nomination Committee of the Bank.

Mr. Hugo OU is a Non-Executive Director and a member of the Nomination and Remuneration Management Committee of ZhongAn Online. Mr. Hugo OU has been a Non-Executive Director of Z Fin since January 2016. He is a Director of ZhongAn Technologies International Group Limited ("ZATI"), as well as a Director of ZAKC Limited, ZA International Financial Services Limited, ZhongAn Digital Asset Group Limited, Peak3 (Hong Kong) Limited (formerly known as ZA Tech Global Limited), Peak3 (Cayman) Limited (formerly known as ZA Tech Global (Cayman) Limited), Nova Technology Ltd., Nova Technology International Limited and Nova Technology (Wuxi) Co., Ltd. (暖哇科技(無錫)有限公司) (formerly known as Shanghai Nuanwa Technology Co., Ltd. (上海暖哇科技有限公司)). He worked as an associate at Thrive Capital from August 2015 to August 2016 and also served as manager of the planning and development department of Z Fin from 2010 to 2015. Mr. Hugo OU is a son of Mr. Ou Yaping who is the Chairman of the Bank.

Mr. Hugo OU obtained a Bachelor's degree in East Asian Studies from Princeton University.

#### **Mr. XU Wei**

Non-Executive Director

Mr. XU was appointed as a Non-Executive Director of the Bank and ZhongAn Financial in November 2023. He is a member of Remuneration Committee of the Bank.

Mr. XU is the President and Director of ZATI, and he is also the Chief Executive Officer of ZA Life Limited, a fully digital insurer. Mr. XU Wei has over 10 years of experience in internet product development and management, he previously served as a founding member of Google China's product management team.

Mr. XU obtained an MBA degree from Tsinghua University and a Master's degree in Computer Science from Beijing University of Posts and Telecommunications.

ZA Bank Limited

Regulatory Disclosure Statement

**Corporate governance (continued)**

**a. Board of Directors (continued)**

**Mr. CHEN Jianghe (Appointment as Independent Non-Executive Director on 27 March 2025)**

**Independent Non-Executive Director**

Mr. CHEN was appointed as Independent Non-Executive Director of the Bank and ZhongAn Financial in March 2025. He is the member of Risk Committee, Nomination Committee and Remuneration Committee of the Bank since March 2025.

Mr. CHEN has been the Chief Executive of China Merchants Bank Hong Kong Branch ("CMBHK") from January 2015 to January 2023 and he served as senior advisor of CMBHK from January 2023 to August 2024. Mr. CHEN also served as CMBHK's agent for service of process in Hong Kong from January 2015 to March 2024. Mr. CHEN has over 30 years of experience in the banking and finance industry. Prior to transferring to become the Chief Executive of CMB Hong Kong Branch, he had been served several senior positions in CMB Shenzhen Head Office and Dalian Branch, Bank of China Luxembourg Branch, Shenyang Branch and Seoul Branch.

Mr. CHEN graduated with a bachelor's degree in finance from Hunan College of Finance and Economics and obtained a master's degree in international finance from Graduate School of PBC (now known as Tsinghua University PBC School of Finance). He was a Senior Economist as qualified by the Bank of China in 1995.

**Mr. LO Kin Ching Joseph**

**Independent Non-Executive Director**

Mr. LO was appointed as Independent Non-Executive Director of the Bank and ZhongAn Financial in September 2019. He is the Chairperson of Audit Committee and a member of Remuneration Committee of the Bank.

Mr. LO has been serving as Independent Non-executive Director of Esprit Holdings Limited (HKEx Stock Code: 330) and RD Wallet Technologies Limited, and he is also a Director of Hong Kong Design Centre Limited. He has 40 years of professional experience in providing auditing, financial advisory, restructuring, insolvency, mergers and acquisitions and initial public offering services. Mr. LO joined Deloitte Touche Tohmatsu ("Deloitte") in 1980 and was a partner since 1988 until his retirement in 2016, he was Chairman of Deloitte Hong Kong from 2006 to 2014 and Chairman of Deloitte China from 2008 to 2014.

Mr. LO is a Chartered Certified Accountant, Fellow of the Association of Chartered Certified Accountants, United Kingdom, and a Certified Public Accountant, and fellow member of the Hong Kong Institute of Certified Public Accountants.

**Corporate governance (continued)**

**a. Board of Directors (continued)**

**Mr. ZHANG Shengman**

Independent Non-Executive Director

Mr. ZHANG was appointed as Independent Non-Executive Director of the Bank and ZhongAn Financial in August 2018. He is the Chairperson of Nomination Committee and Remuneration Committee as well as a member of Risk Committee of the Bank.

Mr. ZHANG has been an Independent Non-Executive Director of Fosun International Limited (HKEx Stock Code: 656). He has also been a Non-executive Director of Seazen Group Limited (HKEx Stock Code: 1030) and the Non-Executive Chairman of Well Link Bank, a fully licensed commercial bank registered in Macau. Mr. Zhang has over 30 years of experience in banking and finance industry. From 1987 to 1993, Mr. Zhang worked in the PRC Ministry of Finance last as deputy director. He served several senior positions in the World Bank from 1994 to 2005. Mr. ZHANG joined Citigroup Inc. (NYSE Stock Code C) and held senior positions from 2006 to 2016. In addition, Mr. ZHANG was a Non-Executive Director of the Hong Kong Securities and Futures Commission from 2007 to 2010.

Mr. ZHANG received a Bachelor's degree in English literature Fudan University and a Master's degree in public administration from University of the District of Columbia, USA.

**Mr. ZHU Qi**

Independent Non-Executive Director

Mr. ZHU was appointed as Independent Non-Executive Director of the Bank and ZhongAn Financial in September 2022. He is the Chairperson of Risk Committee and a member of Audit Committee and Nomination Committee of the Bank.

Mr. ZHU has been serving as an Independent Non-executive Director of Great Eagle Holdings Limited (HKEx Stock Code: 41) and China Merchants China Direct Investments Limited (HKEx Stock Code: 133). Mr. Zhu has extensive experience in banking and finance industry. Mr. Zhu had been the Chairman and an Executive Director of CMB Wing Lung Bank Limited ("CMB Wing Lung") from September 2019 to January 2022 and he had been the Chief Executive Officer and Executive Director of CMB Wing Lung from September 2008 to June 2019. He had been the Deputy General Manager and General Manager of Industrial and Commercial Bank of China, Hong Kong Branch and the Director, Managing Director and Chief Executive Officer of Industrial and Commercial Bank of China (Asia) Limited from 1995 to 2008.

Mr. ZHU graduated with a Bachelor's degree in Economics from Dongbei University of Finance and Economics and obtained a Master's degree in Economics from Zhongnan University of Finance and Economics.

**Corporate governance (continued)**

**b. Board and Board Committees**

**(i) Board**

The Board of Directors

The Board is accountable for the Bank's governance and overall performance. Among other all responsibilities, the Board is ultimately responsible for the following key responsibilities, among others, mainly include:

- To set and oversee the objectives of the Bank and the strategies for achieving those objectives within the applicable legal and regulatory framework;
- To oversee capital adequacy assessment process, capital and liquidity planning, including the relevant compliance policies and internal control systems;
- To establish and oversee risk governance, including approval of risk appetite statement;
- To appoint and oversight of senior management;
- To set corporate values and standards;
- To establish and oversee the implementation and operation of effective policies to identify actual and potential conflicts of interest;
- To ensure effective audit functions; and
- To ensure an appropriate degree of transparency in respect of the structure, operation and risk management of the Bank.

The Board shall at least comprise of one Non-executive Director ("NED"), three Independent Non-executive Directors ("INEDs") and one Executive Director ("ED"). The Board currently comprises of nine members: one ED, four NEDs and four INEDs. During 2025, the Board held four meetings.

**Corporate governance (continued)**

**b. Board and Board Committees (continued)**

**(ii) Board Committees**

Audit Committee

AC shall have the following key non-executive responsibilities, powers, authorities and discretions:

- To monitor the integrity of the financial statements of the Bank;
- To review the financial and accounting policies and practices of the Bank;
- To appoint a suitably qualified Head of Internal Audit, to review the performance of the Head of Internal Audit, to review and approve the annual remuneration of the internal audit function;
- To monitor the effectiveness of the internal audit function, and to ensure the internal audit function has appropriate standing within the Bank;
- To make recommendations to the Board on the appointment, reappointment and removal of the external auditor;
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- To consider any findings of major investigations of internal control as delegated by the Board or on the committee's initiative and assess management's response; and
- To review annually the audit charter, audit plan, committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes.

The members of AC shall comprise of no less than three members from the Board appointed by the Board and the majority of the AC members should be INED. The chairperson of the AC should be an INED with a background in accounting, banking or other relevant financial industry. To ensure independence, the chairperson of the AC should not also be the chair of the Board or of any other committee. AC currently comprises of two INEDs and one NED. During 2025, four AC meetings were held.

Nomination Committee (NC)

NC shall have the following key responsibilities, powers, authorities and discretions, mainly include:

- To lead the process for Board appointments and for identifying and nominating for the Bank's approval;
- To identify individuals suitably qualified to become members of senior management and selecting or making recommendations to the Board on the selection of, individuals nominated for senior management positions (based on the role and its responsibilities and the knowledge, experience and competence with the role requires);
- To ensure the directors and Board Committees' members have the skills, experience and knowledge to fulfill their duties on an ongoing basis;
- To promote the effectiveness of the Board and the Board Committees through annual self-assessment of the Board and the Board Committees;
- To review the structure, size and composition (including the skills, knowledge and experience) of the Board;
- To approve appointments to the position of manager and senior management; and
- To appoint, employ or retain professional advisers.

The members of NC shall comprise of no fewer than three directors of the Bank, and the majority of the members should be INEDs. The chairperson of NC should be an INED. NC currently comprises of three INEDs and one NED. During 2025, one NC meeting was held.

Remuneration Committee (REMC)

REMC is authorized by the Board to obtain legal, remuneration or other professional advice as it shall deem appropriate and shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference of remuneration consultants to advise it on all aspects of remuneration. Please refer to section REMA for the roles and responsibilities and composition of REMC. REMC currently comprises of three INEDs and one NED, During 2025, one REMC meeting was held.

**Corporate governance (continued)**

**b. Board and Board Committees (continued)**

**(ii) Board Committees (continued)**

Risk Committee (RC)

RC is delegated by the Board to oversee the Bank's risk management strategies over all risks. Types of risks covered by RC include but not limited to the following: credit risk, interest rate risk, legal and regulatory compliance risk, liquidity and capital risk, market risk, operational risk, financial crime risk, reputation risk, strategic risk, business continuity risk, technology and cyber resilience risk and climate risk.

RC shall have the following key non-executive responsibilities, powers, authorities and discretions, mainly include:

- To review and recommend for the Board's approval the Bank's risk appetite;
- To review and recommend for the Board's approval the Bank's risk management strategies taking into consideration the risk appetite and other risk related matters;
- To review and recommend for the Board's approval the Bank's risk management framework and risk governance framework including their appropriateness, effectiveness and independence of risk management functions;
- To review and recommend for the Board's approval the Bank's Risk Management Policy;
- To review and monitor the Bank's risk profiles taking into consideration the Bank's risk appetite and the prevailing and forward-looking aspects of risk exposures;
- To review the robustness of the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") and recommend for the Board's approval the capital buffer derived from the ICAAP;
- To review the regulatory updates on risk management related issues and consider their material implications to the Bank's risk appetite and risk profiles;
- To oversee the implementation of risk management policies and the compliance with the respective statutory rules and regulations; and
- To report any significant risk management issues to the Board.

RC established Risk Management Committee, which established the management-level committees including Model Governance Committee, CC and New Product Committee.

The members of RC shall comprise of no less than three members from the Board appointed by the Board and the majority of the RC members should be INED of the Bank. RC currently comprises of three INEDs and one NED. During 2025, four RC meetings were held.

**(iii) The Chief Executive ("CE") and the Executive Committee ("EXCO")**

The Board has delegated the authority to CE to act on behalf of the Board in the management of the Bank. The CE is responsible for implementation of the Bank's strategy and in carrying out the Board's directions, managing the Bank's businesses and driving performance and it also responsible for the overall management and day-to-day operations within the framework of policies of the Bank, as well as leading and chairing the EXCO.

The Board has established EXCO, which is a management-level committee to review the overall business objectives of the Bank and business strategies and business plans, including day-to-day operations and administration of the Bank within the framework of the Bank's policies, its terms of reference and such other directives as the Board any determine from time to time.

EXCO has the responsibility to oversee and monitor matters reported or escalated by six management-level committees including Regulatory and Financial Crime Compliance Committee; ALCO, Technology and Cyber Resilience Committee, Wealth Management Committee, Bancassurance Committee and Disciplinary Committee.

**Glossary**

<b>Abbreviations</b>	<b>Descriptions</b>
AI	Authorized Institution
ALCO	Asset and Liability Management
ALM	Asset and Liability Committee
AT 1	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
CE	Chief Executive
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Banks
DTA	Deferred Tax Asset
EaR	Earning at Risk
ECAI	External Credit Assessment Institution
ECL	Expected Credit Loss
EL	Expected Loss
EXCO	Executive Committee
EVE	Economic Value of Equity
EVS	Economic Value Sensitivity
EWI	Early warning indicators
FBA	Fall-back Approach
FX	Foreign Exchange
G-SIB	Global Systemically Important Banks
HKMA	Hong Kong Monetary Authority
HQLA	High Quality Liquid Assets
IMM	Internal Models Method
INED	Independent Non-executive Directors
IRB	Internal Ratings-Based

<b>Abbreviations</b>	<b>Descriptions</b>
IR-1	Interest Rate Risk in the Banking Book
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
LTA	Look-through Approach
MA	Monetary Authority
MBA	Mandate-based Approach
MSRs	Mortgage servicing rights
NII	Net Interest Income
NMDs	Non-maturity deposits
NSFR	Net Stable Funding Ratio
OBS	Off-balance sheet
ORM	Operational Risk Management
PFE	Potential Future Exposure
PSE	Public Sector Entity
RAS	Risk Appetite Statement
RMC	Risk Management Committee
RC	Risk Committee
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
SPM	Supervisory Policy Manual
STC	Standardized (Credit Risk)
STM	Standardized (Market Risk)
T1	Tier 1 Capital
T2	Tier 2 Capital
TC	Total regulatory capital