

AIRSTAR BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

30 June 2025

(Unaudited)

AIRSTAR BANK LIMITED
REGULATORY DISCLOSURE STATEMENT (Unaudited)

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1. INTRODUCTION

Purpose

The information contained in this document is for Airstar Bank Limited ("the Bank") and should be read in conjunction with the Bank's Interim Report 2025. The Bank's Interim Report and the Regulatory Disclosure Statement, taken together, comply with the Banking (Disclosure) Rules ("BDR") made under section 60A of the Banking Ordinance and the disclosure templates issued by the Hong Kong Monetary Authority ("HKMA").

These banking disclosures are governed by the Bank's disclosure policy, which has been approved by 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 policies.

The Regulatory Disclosure Statement includes majority of the information required under the BDR. The remainder of the disclosure requirements are covered in the Interim Report which can be found in the Financial Reports section of our website, www.airstarbank.com.

Basis of preparation

The Bank's Regulatory Disclosure Statement at 30 June 2025 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision. The disclosures are made in accordance with the latest BDR, including those under the Basel III final reform package which took effect on 1 January 2025, issued by the HKMA.

The approaches used in calculating the Bank's regulatory capital and risk-weighted assets ("RWA") are in accordance with the Banking (Capital) Rules ("BCR"). The Bank uses the standardized (credit risk) approach to calculate its credit risk for its non-securitization exposures. For counterparty credit risk, the Bank uses the standardized (counterparty credit risk) approach to calculate its default risk exposures. For market risk, the Bank uses the simplified standardized approach to calculate its market risk capital charge. For operational risk, the Bank uses the standardized approach to calculate its operational risk capital charge.

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

Basis of consolidation

The Bank does not have any subsidiaries to consolidate the financial information in this Regulatory Disclosure Statement and its Interim Report 2025.

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2. TEMPLATE KM1: KEY PRUDENTIAL RATIOS

		As at 30 Jun 2025 HK\$'000	As at 31 Mar 2025 HK\$'000	As at 31 Dec 2024 HK\$'000	As at 30 Sep 2024 HK\$'000	As at 30 Jun 2024 HK\$'000
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	534,963	594,554	634,494	720,454	785,955
2 & 2a	Tier 1	534,963	594,554	634,494	720,454	785,955
3 & 3a	Total capital	549,213	609,435	650,432	734,603	800,346
	RWA (amount)					
4	Total RWA	1,370,972	1,277,674	1,376,627	1,329,158	1,245,719
4a	Total RWA (pre-floor)	1,370,972	1,277,674	N/A	N/A	N/A
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)	39.02%	46.53%	46.09%	54.20%	63.09%
5b	CET1 ratio (%) (pre-floor ratio)	39.02%	46.53%	N/A	N/A	N/A
6 & 6a	Tier 1 ratio (%)	39.02%	46.53%	46.09%	54.20%	63.09%
6b	Tier 1 ratio (%) (pre-floor ratio)	39.02%	46.53%	N/A	N/A	N/A
7 & 7a	Total capital ratio (%)	40.06%	47.70%	47.25%	55.27%	64.25%
7b	Total capital ratio (%) (pre-floor ratio)	40.06%	47.70%	N/A	N/A	N/A
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.32%	0.35%	0.34%	0.71%	0.77%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	2.82%	2.85%	2.84%	3.21%	3.27%
12	CET1 available after meeting the AI's minimum capital requirements (%)	27.02%	34.53%	34.09%	42.20%	51.09%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	3,034,554	3,136,283	3,192,435	2,644,801	2,623,707
13a	LR exposure measure based on mean values of gross assets of SFTs	3,034,554	3,136,283	N/A	N/A	N/A
14, 14a & 14b	LR (%)	17.63%	18.96%	19.87%	27.24%	29.96%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	17.63%	18.96%	N/A	N/A	N/A
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institutions 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 institutions only:					
17a	LMR (%) ¹	131.98%	147.59%	225.19%	260.58%	201.22%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

The movement in marketable debt securities held, interbank placements and loans and advances to customers were the major drivers leading to the changes in CET1 ratio, Tier 1 ratio, total capital ratio and leverage ratio across the reporting periods. Combined with the movement of due from Exchange Fund and customer deposits were the major drivers of the movement of average LMR across the reporting periods.

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

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3. TEMPLATE OV1: OVERVIEW OF RISK-WEIGHTED ASSETS

The following table sets out the Bank's RWA and the corresponding minimum capital requirements by risk types.

		RWA		Minimum capital requirements
		As at 30 Jun 2025	As at 31 Mar 2025	As at 30 Jun 2025
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	1,285,456	1,190,454	102,836
2	Of which STC approach	1,285,456	1,190,454	102,836
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	833	-	67
7	Of which SA-CCR approach	833	-	67
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	833	-	67
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A	N/A
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	-	-	-
13	CIS exposures – mandate-based approach	-	-	-
14	CIS exposures – fall-back approach	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC – IRBA	-	-	-
18	Of which SEC – ERBA (including IAA)	-	-	-
19	Of which SEC – SA	-	-	-
19a	Of which SEC – FBA	-	-	-
20	Market risk	250	4,675	20
21	Of which STM approach	-	-	-
22	Of which IMA	-	-	-
22a	Of which SSTM approach	250	4,675	20
23	Capital charge for moving exposures between trading book and banking book	-	-	-
24	Operational risk	83,600	84,100	6,688
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Output floor level applied	N/A	N/A	N/A
27	Floor adjustment (before application of transitional cap)	N/A	N/A	N/A
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	Deduction to RWA	-	(1,555)	-
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	(1,555)	-
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
29	Total	1,370,972	1,277,674	109,678

Total RWA increased by HK\$93 million since last quarter was mainly driven by RWA increase in and loans and advances to customers, partially offset by RWA decrease in marketable debt securities held and interbank placement.

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4. COMPOSITION OF REGULATORY CAPITAL

4.1 Template CC2: Reconciliation of Regulatory Capital to Balance Sheet

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at 30 Jun 2025	As at 30 Jun 2025	
	HK\$'000	HK\$'000	
Assets			
Balances with banks	207,915	207,915	
Placement with banks	58,550	58,550	
Investment in securities	1,782,148	1,782,148	
<i>of which: Impairment allowances eligible for inclusion in Tier 2 capital</i>		(25)	[1]
Loans and advances to customers	916,422	916,422	
<i>of which: Impairment allowances eligible for inclusion in Tier 2 capital</i>		(14,225)	[2]
Prepayment and other assets	48,608	48,608	
Property and equipment	510	510	
Right-of-use assets	13,819	13,819	
Intangible assets	47,302	47,302	[3]
Total assets	3,075,274	3,075,274	
Liabilities			
Deposits from customers	2,371,565	2,371,565	
Other payables and accruals	104,941	104,941	
Lease liabilities	13,085	13,085	
Make good provision	3,418	3,418	
Total liabilities	2,493,009	2,493,009	
Equity			
Share capital	1,940,000	1,940,000	
<i>of which: amount eligible for CET1</i>		1,940,000	[4]
Other reserves	36,320	36,320	[5]
<i>of which: Regulatory reserve for general banking risks</i>		-	[6]
Accumulated losses	(1,394,055)	(1,394,055)	[7]
Total equity	582,265	582,265	

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4.2 Template CC1: Composition of Regulatory Capital

		Amount	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		As at 30 Jun 2025	
		HK\$'000	
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,940,000	[4]
2	Retained earnings	(1,394,055)	[7]
3	Disclosed reserves	36,320	[5]
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	CET1 capital before regulatory deductions	582,265	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	47,302	[3]
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	-	[6]
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	

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4.2 Template CC1: Composition of Regulatory Capital (continued)

		Amount	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		As at 30 Jun 2025	
		HK\$'000	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	Total regulatory deductions to CET1 capital	47,302	
29	CET1 capital	534,963	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
36	AT1 capital before regulatory deductions	-	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	-	
45	Tier 1 capital (T1 = CET1 + AT1)	534,963	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	14,250	[1] + [2] + [6]
51	Tier 2 capital before regulatory deductions	14,250	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	

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4.2 Template CC1: Composition of Regulatory Capital (*continued*)

		Amount	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		As at 30 Jun 2025	
		HK\$'000	
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	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	14,250	
59	Total regulatory capital (TC = T1 + T2)	549,213	
60	Total RWA	1,370,972	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	39.02%	
62	Tier 1 capital ratio	39.02%	
63	Total capital ratio	40.06%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.82%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.32%	
67	of which: higher loss absorbency requirement	N/A	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	27.02%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	N/A	N/A
70	National Tier 1 minimum ratio	N/A	N/A
71	National Total capital minimum ratio	N/A	N/A
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A

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4.2 Template CC1: Composition of Regulatory Capital (*continued*)

		Amount	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
		As at 30 Jun 2025	
		HK\$'000	
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	14,250	
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	14,250	
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	-	

Notes to the Template

	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
9	Other intangible assets (net of associated deferred tax liabilities)	47,302	47,302
	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		

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4.3 Table CCA: Main features of regulatory capital instruments

		Quantitative / qualitative information
		As at 30 Jun 2025
1	Issuer	Airstar Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	Hong Kong Law
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules	Not applicable
5	Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	HKD1,940 million
9	Par value of instrument	Not applicable
10	Accounting classification	Shareholders' equity
11	Original date of issuance	13 July 2018 issued 300 million ordinary shares 24 July 2018 issued 1,200 million ordinary shares 24 May 2024 issued 1,183,775,814 ordinary shares
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Not applicable
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable

Full terms and conditions

[Ordinary shares](#)

5. COUNTERCYCLICAL CAPITAL BUFFER

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

The following table provides an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the Bank's CCyB ratio.

			As at 30 Jun 2025			
	Geographical breakdown by Jurisdiction (J)	Footnotes	(a)	(c)	(d)	(e)
			Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
			%	HK\$'000	%	HK\$'000
1	Hong Kong, China		0.500	688,629		
	Sum	1		688,629		
	Total	2		1,082,621	0.318	4,360

1 This represents the sum of RWA for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.

2 The total RWA used in the computation of the CCyB ratio in column (c) represents the total RWA for the private sector credit exposures in all jurisdictions to which the bank is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero. The CCyB amount in column (e) represents the total RWA multiplied by the AI-specific CCyB ratio in column (d).

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6. LEVERAGE RATIO

6.1 Template LR1: Summary comparison of accounting assets against leverage ratio (“LR”) exposure measure

		As at 30 Jun 2025
		Value under the LR framework
	Item	HK\$'000
1	Total consolidated assets as per published financial statements	3,075,274
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	N/A
5	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative contracts	4,164
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)	3,010
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	-
12	Other adjustments	(47,894)
13	Leverage ratio exposure measure	3,034,554

The differences between the total balance sheets reported in financial statements and leverage ratio are related to regulatory deduction.

6.2 Template LR2: Leverage ratio

		As at 30 Jun 2025	As at 31 Mar 2025
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	3,094,956	3,209,605
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	(20,274)	(21,661)
6	Less: Asset amounts deducted in determining Tier 1 capital	(47,302)	(54,492)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	3,027,380	3,133,452
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (whether applicable net of eligible cash variation margin and/or with bilateral netting)	827	-
9	Add-on amounts for PFE associated with all derivative contracts	3,337	-
10	Less: Exempted CCP leg of client-cleared trade exposures	-	-
11	Adjusted effective notional amount of written credit-related derivative contracts	-	-

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6.2 Template LR2: Leverage ratio (continued)

		As at 30 Jun 2025	As at 31 Mar 2025
		HK\$'000	HK\$'000
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	-	-
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)	4,164	-
Exposures arising from SFTs			
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total exposures arising from SFTs	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	30,103	28,311
20	Less: Adjustments for conversion to credit equivalent amounts	(27,093)	(25,480)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	-	-
22	Off-balance sheet items	3,010	2,831
Capital and total exposures			
23	Tier 1 capital	534,963	594,554
24	Total exposures (sum of rows 7, 13, 18 and 22)	3,034,554	3,136,283
Leverage ratio			
25 & 25a	Leverage ratio	17.63%	18.96%
26	Minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	N/A	N/A
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
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	-	-
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)	3,034,554	3,136,283
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)	17.63%	18.96%

The decrease in leverage ratio as of the quarter ended 30 June 2025 was mainly contributed by the decrease in Tier 1 capital due to operating loss incurred during the reporting period.

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7. CREDIT RISK

7.1 Template CR1: Credit quality of exposures

Loans are generally referred to as any on-balance sheet exposures included as credit risk for non-securitization exposures, covering exposures to customers, banks, sovereigns and others. Cash items and non-financial assets are excluded.

Bank identifies the exposures as “default” if the exposure is past due for more than 90 days or the borrower is unlikely to pay in full for the credit obligations to the Bank.

		As at 30 Jun 2025 HK\$'000						
		(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		
1	Loans	7,478	1,244,209	20,249	6,024	14,225	-	1,231,438
2	Debt securities	-	1,795,967	25	-	25	-	1,795,942
3	Off-balance sheet exposures	-	-	-	-	-	-	-
4	Total	7,478	3,040,176	20,274	6,024	14,250	-	3,027,380

7.2 Template CR2: Changes in defaulted loans and debt securities

		As at 30 Jun 2025 HK\$'000
1	Defaulted loans and debt securities at end of the previous reporting period (31 Dec 2024)	13,701
2	Loans and debt securities that have defaulted since the last reporting period	7,738
3	Returned to non-defaulted status	(9,101)
4	Amounts written off	(4,415)
5	Other changes	(445)
6	Defaulted loans and debt securities at end of the current reporting period (30 Jun 2025)	7,478

For the period ended 30 June 2025, the Bank's defaulted loans decreased to HK\$7.5 million by 45.4% (31 December 2024: HK\$13.7 million). Other changes mainly includes loan repayment.

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7.3 Template CR3: Overview of recognized credit risk mitigation

		As at 30 Jun 2025 HK\$'000				
		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
1	Loans	1,231,438	-	-	-	-
2	Debt securities	1,795,942	-	-	-	-
3	Total	3,027,380	-	-	-	-
4	Of which defaulted	1,454	-	-	-	-

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

		As at 30 Jun 2025					
		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	671,124	-	671,124	-	2,874	-
2	Public sector entity exposures	18,010	-	18,010	-	3,602	20%
3	Multilateral development bank exposures	-	-	-	-	-	-
3a	Unspecified multilateral body exposures	-	-	-	-	-	-
4	Bank exposures	735,495	-	735,495	-	182,030	25%
4a	Qualifying non-bank financial institution exposures	64,025	-	64,025	-	19,190	30%
5	Eligible covered bond exposures	-	-	-	-	-	-
6	General corporate exposures	574,015	-	574,015	-	265,811	46%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	486,023	-	486,023	-	221,814	46%
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	931,609	30,103	931,609	3,010	763,870	82%
8a	Exposures arising from IPO financing	-	-	-	-	-	-
9	Real estate exposures	-	-	-	-	-	-
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-

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

		As at 30 Jun 2025					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount HK\$'000	Off-balance sheet amount HK\$'000	On-balance sheet amount HK\$'000	Off-balance sheet amount HK\$'000	RWA HK\$'000	RWA density %
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-
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)	-	-	-	-	-	-
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	1,454	-	1,454	-	2,181	150%
11	Other exposures	45,898	-	45,898	-	45,898	100%
11a	Cash and gold	-	-	-	-	-	-
11b	Items in the process of clearing or settlement	-	-	-	-	-	-
12	Total	3,041,630	30,103	3,041,630	3,010	1,285,456	42%

Compared to 31 December 2024, total credit risk exposure as at 30 June 2025 decreased by HK\$152 million, while total RWA increased by HK\$11 million. The reduction in total credit risk exposures was primarily due to the combined effect of decrease in due from Exchange Fund, and marketable debt securities held, and partially offset by an increase in loans and advances to customers.

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

1		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Sovereign exposures	656,752	14,372	-	-	-	-	671,124		
2		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Public sector entity exposures	-	18,010	-	-	-	-	18,010		
3		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Multilateral development bank exposures	-		-	-	-	-	-	-	
3a		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Unspecified multilateral body exposures	-	-	-	-	-	-	-		
4		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
	Bank exposures	403,719	323,010	-	8,766	-	-	-	-	735,495
4a		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
	Qualifying non-bank financial institution exposures	172	63,853	-	-	-	-	-	-	64,025
5		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
	Eligible covered bond exposures	-	-	-	-	-	-	-	-	-

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

		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	90,968	-	458,674		24,373	-	-	-	-	574,015
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	90,968	-	370,682		24,373	-	-	-	-	486,023

		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	67,901	533,614	333,104	-	934,619

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

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

		0 %	20 %	25 %	30 %	35 %	40 %	45 %	50 %	60 %	65 %	70 %	75 %	85 %	90 %	100 %	105 %	110 %	150 %	Other	Total credit exposure amount (post-CCF and post-CRM)
9	Real estate exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9b	Of which: no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9c	Of which: loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9d	Of which: loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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7.5 Template 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)
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-		-	-			-	-		-			-	-	-
9g	Of which: no loan splitting applied	-	-		-		-		-	-			-	-		-			-	-	-
9h	Of which: loan splitting applied (secured)																				
9i	Of which: loan splitting applied (unsecured)																				
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)											-			-			-		-	-
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-		-				-	-		-			-	-	-
9l	Of which: no loan splitting applied	-	-		-		-		-				-	-		-			-	-	-
9m	Of which: loan splitting applied (secured)																				
9n	Of which: loan splitting applied (unsecured)																				

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7.5 Template 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		-	1,454	-	1,454

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	45,898	-	-	45,898

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	-	-	-	-

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

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7.5 Template 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 (STC version)

	Risk Weight	As at 30 Jun 2025 HK\$'000			
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF	Exposure (post-CCF and post-CRM)
1	Less than 40%	1,570,856	-	N/A	1,570,856
2	40-70%	534,887	4,542	10%	535,341
3	75%	556,425	15,622	10%	557,987
4	85%	-	-	N/A	-
5	90- 100%	378,008	9,939	10%	379,002
6	105-130%	-	-	N/A	-
7	150%	1,454	-	N/A	1,454
8	250%	-	-	N/A	-
9	400%	-	-	N/A	-
10	1,250%	-	-	N/A	-
11	Total exposures	3,041,630	30,103		3,044,640

Compared with 31 December 2024, total credit risk exposures decreased by HK\$163 million which was mainly due to the decrease in due from Exchange Fund, and marketable debt securities held, and partially offset by an increase in loans and advances to customers.

8. COUNTERPARTY CREDIT RISK

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

		As at 30 Jun 2025 HK\$'000					
		Replacement cost	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)	591	2,383		1.4	4,164	833
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	Total						833

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

			As at 30 Jun 2025 In HK\$'000										
	Risk Weight Exposure class	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-		-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-		-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-		-	-
4	Unspecified multilateral body exposures												
5	Bank exposures	-	-	4,164	-	-	-	-	-	-		-	4,164
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-		-	-
7	General corporate exposures	-	-	-	-	-	-	-	-	-		-	-
8	Retail exposures	-	-	-	-	-	-	-	-	-		-	-
9	Defaulted exposures	-	-	-	-	-	-	-	-	-		-	-
10	Other exposures	-	-	-	-	-	-	-	-	-		-	-
11	Total	-	-	4,164	-	-	-	-	-	-		-	4,164

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

	As at 30 Jun 2025 In HK\$'000					
	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		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

8.4 Template CCR6: Credit-related derivatives contracts

	As at 30 Jun 2025 HK\$'000	
	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

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8.5 Template CCR8: Exposures to CCPs

		As at 30 Jun 2025 HK\$'000	
		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		-
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	-	-
3	(i) OTC derivative transactions	-	-
4	(ii) Exchange-traded derivative contracts	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	-	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

9. SECURITIZATION EXPOSURES

There were no securitization exposures as at 30 June 2025 and 31 December 2024.

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10. MARKET RISK

10.1 Template MR3: Market risk under SSTM approach

		As at 30 Jun 2025 HK\$'000			
			Options		
		Outright products	Simplified approach	Delta-plus method	Other approach
1	Interest rate exposures (general and specific risk)	-	-	-	-
2	Equity exposures (general and specific risk)	-	-	-	-
3	Commodity exposures	-	-	-	-
4	Foreign exchange (including gold) exposures	20	-	-	-
5	Securitization exposures	-			
6	Total	20	-	-	-

11. CONTINGENT LIABILITIES AND COMMITMENTS

		As at 30 Jun 2025 HK\$'000	
		Notional amount	RWA
Direct credit substitutes		-	-
Transaction-related contingencies		-	-
Trade-related contingencies		-	-
Note issuance and revolving underwriting facilities		-	-
Forward asset purchases, amounts owing on partly paid-up shares and securities, forward forward deposits placed and asset sales with recourse		-	-
Other commitments			
-	Which are unconditionally cancellable	30,103	2,370
-	With an original maturity of not more than one year	-	-
-	With an original maturity of more than one year	-	-
Total		30,103	2,370

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12. INTERNATIONAL CLAIMS

The country risk exposures in the table below are prepared according to the locations and types of the counterparties as defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk.

International claims attributable to individual countries or areas not less than 10% of the Bank's total international claims, after recognized risk transfer, are shown as follows:

	As at 30 Jun 2025					
	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Developed Countries	394	422	144	-	-	960
of which: Australia	195	-	-	-	-	195
of which: United States	59	422	144	-	-	625
Developing Asia and Pacific	238	14	191	237	-	680
of which: China	238	14	191	237	-	680

13. LOANS AND ADVANCES TO CUSTOMERS

13.1 Loans and advances to customers by loan usage

The analysis of the Bank's gross loans and advances to customers by loan usage and the corresponding balances covered by collateral are as follows:

	As at 30 Jun 2025	
	Outstanding balance	% of gross advances covered by collateral
	HK\$'000	%
Loans and advances for use in Hong Kong		
Industrial, commercial and financial:		
- Property development	-	-
- Property investment	-	-
- Financial concerns	-	-
- Stockbrokers	-	-
- Wholesale and retail trade	-	-
- Manufacturing	-	-
- Transport and transport equipment	-	-
- Recreational activities	-	-
- Information technology	-	-
- Others	-	-
Individuals:		
- Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	-	-
- Loans for the purchase of other residential properties	-	-
- Credit card advances	-	-
- Other private purposes	936,671	70
Gross loans and advances for use in Hong Kong	936,671	70
Trade financing	-	-
Gross loans and advances for use outside Hong Kong	-	-
Gross loans and advances to customers	936,671	70

Analysis of impaired and overdue loans and advances, specific and collective provisions for the individual loan usage category which accounted for 10% or more of the Bank's advances to customers:

	As at 30 Jun 2025			
	Impaired loans and advances to customers	Specific provisions	Collective provisions	Overdue loans and advances for more than 3 months
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Individuals - other private purposes	7,461	6,012	-	3,709
Total	7,461	6,012	-	3,709

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13.2 Loans and advances to customers by geographical area

The analysis of the Bank's gross advances to customers by geographical area is based on the location of the counterparty after taking into account the transfer of risk. In general, transfer of risk applies if the claim is guaranteed by a party in a country which is different from that of the counterparty.

	As at 30 Jun 2025
	Total
	HK\$'000
Hong Kong, China	787,236
Mainland China	149,435
Total	936,671

Analysis of impaired advances, impairment allowances for loans and advances which accounted for 10% or more of the Bank's gross advances to customers:

	As at 30 Jun 2025			
	Impaired loans and advances to customers	Specific provisions	Collective provisions	Overdue loans and advances for more than 3 months
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong, China	7,461	6,012	-	3,709
Total	7,461	6,012	-	3,709

14. OVERDUE AND RESCHEDULED ASSETS

14.1 Overdue loans and advances to customers

The overdue loans and advances of the Bank are analyzed as follows:

	As at 30 Jun 2025	
		% of gross loans and advances to customers
Overdue loans and advances	HK\$'000	%
more than three months but not more than six months	3,709	0.40
more than six months but not more than one year	-	-
more than one year	-	-
Total	3,709	0.40
Individual impairment allowances made in respect of the above overdue loans and advances	2,994	
Current market value of collateral held against the covered portion of the above overdue loans and advances	-	
Covered portion of the above overdue loans and advances	-	
Uncovered portion of the above overdue loans and advances	3,709	

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14.2 Rescheduled advances

The rescheduled loans and advances of the Bank (excluding those which have been overdue for over three months and reported in section 14.1 above) are analyzed as follows:

	As at 30 Jun 2025	
		% of gross loans and advances to customers
	HK\$'000	%
Rescheduled loans and advances	12,300	1.31

14.3 Repossessed assets

There were no repossessed assets of the Bank as at 30 June 2025.

14.4 Overdue and rescheduled amounts relating to placings with and advances to banks and other assets

There were no impaired, overdue or rescheduled placings with and advances to banks, nor overdue or rescheduled other assets as at 30 June 2025.

15. MAINLAND ACTIVITIES

The table below summarizes the non-bank Mainland China exposure of the Bank, categorized by types of counterparties:

Types of Counterparties		As at 30 Jun 2025 HK\$'000		
		On-balance sheet exposure	Off-balance sheet exposure	Total
(1)	Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	78,524	-	78,524
(2)	Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
(3)	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	256,456	735	257,191
(4)	Other entities of central government not reported in part (1) above	-	-	-
(5)	Other entities of local governments not reported in part (2) above	-	-	-
(6)	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
(7)	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total		334,980	735	335,715
Total assets after provisions		3,076,401		
On-balance sheet exposures as percentage of total assets		10.89%		

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16. CURRENCY RISK

The net positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position in all foreign currencies.

	As at 30 Jun 2025 HK\$m	
	USD	Total foreign currencies
Spot assets	1,406	1,469
Spot liabilities	(1,500)	(1,574)
Forward purchases	137	150
Forward sales	(5)	(7)
Net long (short) position	38	38

There were no foreign currency structural positions and option positions as at 30 June 2025.

17. ASSET ENCUMBRANCE

The following table shows the carrying amount as reported in the financial statements for encumbered and unencumbered assets.

	Encumbered assets	Unencumbered assets	Total
	As at 30 Jun 2025	As at 30 Jun 2025	As at 30 Jun 2025
	HK\$'000	HK\$'000	HK\$'000
Investment in securities	-	1,782,148	1,782,148
Assets other than Investment in securities	-	1,293,126	1,293,126
Total assets	-	3,075,274	3,075,274

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18. ABBREVIATIONS

Abbreviations	Brief Description
AI	Authorized Institutions
AT1	Additional Tier 1 Capital
Bank	Airstar Bank Limited
BSC	Basic Approach
BCR	Banking (Capital) Rules
BDR	Banking (Disclosure) Rules
Board	Board of Director
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorized Institution
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
FBA	Fall-Back Approach
G-SIB	Global Systemically Important Authorized Institution
HKMA	Hong Kong Monetary Authority
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
IMA	Internal Models Approach
IMM (CCR)	Internal Models (Counterparty Credit Risk) Approach
IRB	Internal Ratings-Based Approach
JCCyB	Jurisdictional Countercyclical Capital Buffer
JVs	Joint Ventures
LAC	Loss-absorbing Capacity
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
MA	Monetary Authority
MBA	Mandate-based Approach
N/A	Not Applicable
NSFR	Net Stable Funding Ratio
OBS	Off-Balance Sheet
OTC	Over-The-Counter
PFE	Potential Future Exposure
PRC	People's Republic of China
PSE	Public Sector Entities
RW	Risk Weighted
RWA	Risk Weighted Assets
SA-CCR	Standardized (Counterparty Credit Risk) Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-back Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
STC	Standardized (Credit Risk) Approach
STM	Standardized (Market Risk) Approach
SSTM	Simplified Standardized Approach
T1	Tier 1 Capital

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19. ABBREVIATIONS (*continued*)

Abbreviations	Brief Description
T2	Tier 2 Capital
TC	Total Capital
VaR	Value at Risk