

AIRSTAR BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

30 September 2025

(Unaudited)

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AIRSTAR BANK LIMITED
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1. INTRODUCTION

Purpose

The information contained in this document is for Airstar Bank Limited ("the Bank") and is prepared in accordance with the Banking (Disclosure) Rules ("BDR") made under section 60A of the Banking Ordinance and 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 of Directors. 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.

Basis of preparation

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.

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2. TEMPLATE KM1: KEY PRUDENTIAL RATIOS

		As at 30 Sep 2025 HK\$'000	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
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	971,565	534,963	594,554	634,494	720,454
2 & 2a	Tier 1	971,565	534,963	594,554	634,494	720,454
3 & 3a	Total capital	985,506	549,213	609,435	650,432	734,603
	RWA (amount)					
4	Total RWA	2,034,702	1,370,972	1,277,674	1,376,627	1,329,158
4a	Total RWA (pre-floor)	2,034,702	1,370,972	1,277,674	N/A	N/A
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)	47.75%	39.02%	46.53%	46.09%	54.20%
5b	CET1 ratio (%) (pre-floor ratio)	47.75%	39.02%	46.53%	N/A	N/A
6 & 6a	Tier 1 ratio (%)	47.75%	39.02%	46.53%	46.09%	54.20%
6b	Tier 1 ratio (%) (pre-floor ratio)	47.75%	39.02%	46.53%	N/A	N/A
7 & 7a	Total capital ratio (%)	48.43%	40.06%	47.70%	47.25%	55.27%
7b	Total capital ratio (%) (pre-floor ratio)	48.43%	40.06%	47.70%	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 (%)	0.31%	0.32%	0.35%	0.34%	0.71%
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 (%)	2.81%	2.82%	2.85%	2.84%	3.21%
12	CET1 available after meeting the AI's minimum capital requirements (%)	35.75%	27.02%	34.53%	34.09%	42.20%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	4,215,638	3,034,554	3,136,283	3,192,435	2,644,801
13a	LR exposure measure based on mean values of gross assets of SFTs	4,216,188	3,034,554	3,136,283	N/A	N/A
14, 14a & 14b	LR (%)	23.05%	17.63%	18.96%	19.87%	27.24%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	23.04%	17.63%	18.96%	N/A	N/A
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institution only:					
17a	LMR (%) ¹	136.01%	131.98%	147.59%	225.19%	260.58%
	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

Capital injection of HK\$500 million contributed to the increase in CET1 capital, Tier 1 capital and total regulatory capital as of 30 Sep 2025. Other than this, 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 Sep 2025 HK\$'000	As at 30 Jun 2025 HK\$'000	As at 30 Sep 2025 HK\$'000
1	Credit risk for non-securitization exposures	1,940,814	1,285,456	155,265
2	Of which STC approach	1,940,814	1,285,456	155,265
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	2,250	833	180
7	Of which SA-CCR approach	2,250	833	180
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	2,250	833	180
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	900	250	72
21	Of which STM approach	-	-	-
22	Of which IMA	-	-	-
22a	Of which SSTM approach	900	250	72
23	Capital charge for moving exposures between trading book and banking book	-	-	-
24	Operational risk	88,488	83,600	7,079
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	-	-	-
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
29	Total	2,034,702	1,370,972	162,776

Total RWA increased by HK\$664 million since last quarter was mainly driven by RWA increase in marketable debt securities held, interbank placements and loans and advances to customers.

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4. TEMPLATE LR2: LEVERAGE RATIO

		As at 30 Sep 2025 HK\$'000	As at 30 Jun 2025 HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	4,257,663	3,094,956
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	(17,250)	(20,274)
6	Less: Asset amounts deducted in determining Tier 1 capital	(40,620)	(47,302)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	4,199,793	3,027,380
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)	408	827
9	Add-on amounts for PFE associated with all derivative contracts	11,110	3,337
10	Less: Exempted CCP leg of client-cleared trade exposures	-	-
11	Adjusted effective notional amount of written credit-related derivative contracts	-	-
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	-	-
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)	11,518	4,164
Exposures arising from SFTs			
14	Gross amount of 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 (sum of rows 14 to 17)	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	43,269	30,103
20	Less: Adjustments for conversion to credit equivalent amounts	(38,942)	(27,093)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	-	-
22	Off-balance sheet items (sum of rows 19 to 21)	4,327	3,010
Capital and total exposures			
23	Tier 1 capital	971,565	534,963
24	Total exposures (sum of rows 7, 13, 18 and 22)	4,215,638	3,034,554
Leverage ratio			
25 & 25a	Leverage ratio	23.05%	17.63%
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	550	-

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4. Template LR2: Leverage ratio (*continued*)

		As at 30 Sep 2025 HK\$'000	As at 30 Jun 2025 HK\$'000
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)	4,216,188	3,034,554
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)	23.04%	17.63%

Leverage ratio increased during the quarter, primarily driven by a HK\$500 million capital injection that resulted in a higher Tier 1 capital. This impact was partly offset by the increased balance sheet size during the quarter.

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5. ABBREVIATIONS

Abbreviations	Brief Description
AI	Authorized Institutions
Bank	Airstar Bank Limited
BCR	Banking (Capital) Rules
BDR	Banking (Disclosure) Rules
BSC	Basic Approach
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorized Institution
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
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
N/A	Not Applicable
NSFR	Net Stable Funding Ratio
PFE	Potential Future Exposure
RW	Risk Weight
RWA	Risk Weighted Assets
SA-CCR	Standardized (Counterparty Credit Risk) Approach
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
STC	Standardized (Credit Risk) Approach
STM	Standardized (Market Risk) Approach
SSTM	Simplified Standardized Approach