



# ELE BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

31 December 2025

(Unaudited)

**ELE BANK LIMITED**  
**REGULATORY DISCLOSURE STATEMENT (Unaudited)**

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## **1. INTRODUCTION**

### **Purpose**

The information contained in this document is for Ele Bank Limited ("the Bank") (formerly known as "Airstar Bank Limited") and should be read in conjunction with the Bank's Financial Statements for the year ended 31 December 2025. The Bank's Financial Statements 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 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.

The Regulatory Disclosure Statement includes majority of the information required under the BDR. The remainder of the disclosure requirements are covered in the Financial Statements for the year ended 31 December 2025 which can be found in the Financial Reports section of our website, [www.elebank.com](http://www.elebank.com).

### **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.elebank.com](http://www.elebank.com).

### **Basis of consolidation**

The Bank does not have any subsidiaries to consolidate the financial information in this Regulatory Disclosure Statement and its Financial Statements for the year ended 31 December 2025.

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**2. TEMPLATE KM1: KEY PRUDENTIAL RATIOS**

		As at 31 Dec 2025	As at 30 Sep 2025	As at 30 Jun 2025	As at 31 Mar 2025	As at 31 Dec 2024
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<b>Regulatory capital (amount)</b>					
1 & 1a	Common Equity Tier 1 (CET1)	922,273	971,565	534,963	594,554	634,494
2 & 2a	Tier 1	922,273	971,565	534,963	594,554	634,494
3 & 3a	Total capital	934,005	985,506	549,213	609,435	650,432
	<b>RWA (amount)</b>					
4	Total RWA	2,528,524	2,034,702	1,370,972	1,277,674	1,376,627
4a	Total RWA (pre-floor)	2,528,524	2,034,702	1,370,972	1,277,674	N/A
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5 & 5a	CET1 ratio (%)	36.47%	47.75%	39.02%	46.53%	46.09%
5b	CET1 ratio (%) (pre-floor ratio)	36.47%	47.75%	39.02%	46.53%	N/A
6 & 6a	Tier 1 ratio (%)	36.47%	47.75%	39.02%	46.53%	46.09%
6b	Tier 1 ratio (%) (pre-floor ratio)	36.47%	47.75%	39.02%	46.53%	N/A
7 & 7a	Total capital ratio (%)	36.94%	48.43%	40.06%	47.70%	47.25%
7b	Total capital ratio (%) (pre-floor ratio)	36.94%	48.43%	40.06%	47.70%	N/A
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.30%	0.31%	0.32%	0.35%	0.34%
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 (%)	2.80%	2.81%	2.82%	2.85%	2.84%
12	CET1 available after meeting the AI's minimum capital requirements (%)	24.47%	35.75%	27.02%	34.53%	34.09%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	4,845,337	4,215,638	3,034,554	3,136,283	3,192,435
13a	LR exposure measure based on mean values of gross assets of SFTs	4,845,321	4,216,188	3,034,554	3,136,283	N/A
14, 14a & 14b	LR (%)	19.03%	23.05%	17.63%	18.96%	19.87%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	19.03%	23.04%	17.63%	18.96%	N/A
	<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>	163.18%	136.01%	131.98%	147.59%	225.19%
	<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

Capital injection of HK\$500 million contributed to the increase in CET1 capital, Tier 1 capital and total regulatory capital as of 30 September 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.

<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.

### **3. OVERVIEW OF RISK MANAGEMENT**

#### **3.1 TABLE OVA: OVERVIEW OF RISK MANAGEMENT**

The overall risk management approach of the Bank is governed by its Enterprise Risk Management Framework (“ERMF”). The ERMF provides a high-level risk management structure and processes that the Bank adopts to identify, assess, manage and monitor all types of risks faced by the Bank in achieving its strategic objectives. The objectives of the ERMF are to ensure a consistent risk management approach; to support a strong risk culture; to promote risk awareness and sound operational and strategic decision-making; and to ensure that the Bank’s risk taking activities are within the risk appetite approved by the Board of Directors (“Board”).

#### **Risk Governance**

The Bank’s risk governance model includes executive and non-executive governance committees, delegated authorities to individuals and an escalation path for material risks and issues.

The Board has overall ultimate responsibility for the risk related matters of the Bank. It approves the Bank’s Risk Appetite Statement, setting the ‘Tone from the Top’ to embed a strong risk culture within the Bank.

The Board delegates non-executive responsibility for risk oversight to the Risk Committee (“RC”). The Audit Committee is delegated with oversight responsibility for independent review on the overall risk management framework.

The Board delegates day-to-day management responsibilities to the Chief Executive who chairs the Management Committee (“MANCO”), which is an executive-level committee providing recommendation and advice to the Chief Executive in discharge of his responsibilities to the Board. Specific accountabilities are further delegated to sub-committees including Credit Committee (“CC”), Asset and Liability Management Committee (“ALCO”), Legal and Compliance Committee (“LCM”) and Information Technology and Operational Risk Committee (“ITORC”). The Chief Risk Officer (“CRO”) is granted authority and accountability to make decisions to risk-related matters considered at the CC while the executive accountability for Legal, Regulatory Compliance, Financial Crime and Fraud risks resides with the Head of Compliance who chairs the LCM.

Material risks and issues considered at CC, ALCO, LCM and ITORC should be escalated to the Risk Committee and/or the Board for adequate awareness, challenge and decisions.

#### **Roles and responsibilities**

The Bank adopts the 3 Lines of Defense (“LOD”) model to define the roles and responsibilities of different functions and individuals in risk management, based on the activities performed. It applies to all risk types. The model delineates management accountabilities and responsibilities for risk management and control environment with each LOD, thereby creating a robust control environment to manage risks.

The first LOD has ownership for risks and controls. It comprises Risk Owners and Control Owners. The first LOD may sit within Business units or other functions and is accountable for identifying, assessing, managing and reporting risk from frontline positions and ensure their business activities are in line with the Bank’s approved risk appetite, policies and risk limits.

### **3.1 TABLE OVA: OVERVIEW OF RISK MANAGEMENT (continued)**

The second LOD reviews and challenges activities of the first LOD to ensure they have met the minimum requirements set out in the relevant policies and procedures. The second LOD comprises CRO and Risk Stewards who typically sit within Risk Management Department and Legal and Compliance Department.

The third LOD is Internal Audit. It provides independent assurance to the senior management, Audit Committee and the Board on the effectiveness of risk management framework including design and implementation of processes and controls.

#### **Risk Appetite**

Risk Appetite is defined as the level and types of risk that the Bank is willing to accept in achieving its strategic objectives. It is formally articulated in the Bank's Risk Appetite Statement ("RAS") approved by the Board. The RAS consists of both qualitative statements and quantitative metrics, covering all material risk types. The qualitative statements outline the Bank's core principles in dealing with and managing such risks and, where appropriate, supplemented by quantitative metrics with thresholds to support monitoring and embedding of Risk Appetite.

The Bank's RAS is embedded, or operationalized, in the Bank's risk management framework, through policies, procedures, limits, controls and/or key indicators to guide day-to-day operations and inform business decision-making.

#### **Risk Management and Reporting Systems**

The risk management process and management information reporting systems are in place to ensure material risks of the Bank are properly identified, measured, monitored and reported in different level of governance committee. Appropriate methodologies/techniques are adopted to support business development under Board approved risk appetite, together with evolving regulatory standards. Risk management systems of specific risk types are introduced, including policies and procedures, with risk metrics and applicable limits are properly documented to ascertain compliance of internal and regulatory requirements.

#### **Risk Profile**

Currently, the Bank is principally engaged in deposits and lending business, funded by retail deposits and shareholder equity. The Bank's excess funding resources are being deployed for Treasury investment as part of the overall asset and liability management.

Below set out material risks inherent from the Bank's business.

#### **Credit Risk**

Credit risk is defined as the risk of financial loss from a borrower or counterparty who fails to meet its obligations in accordance with agreed terms. It exists in both the trading and banking book and both on and off the balance sheet. The Bank's credit risk principally arises from its lending and treasury activities.

### **3.1 TABLE OVA: OVERVIEW OF RISK MANAGEMENT (continued)**

The Bank has formulated comprehensive policies and procedures which laid down governance structure and the approaches on credit risk identification, assessment, control and reporting.

Refer to section CRA for more details in relation to Credit Risk Management of the Bank.

#### **Market Risk (Including IRRBB)**

Market risk is defined as the risk of loss arising from adverse movements in market factors, e.g. exchange rates, interest rates, credit spread, equity price, etc. Currently, the Bank does not have any trading book exposures as mandated by its RAS. Market risk predominately arises from movements in interest rates and exchange rates on the Bank's Balance Sheet and managed by Treasury.

Interest rate risk in the banking book ("IRRBB") refers to impact to the Bank's capital and earning arising from adverse movements in interest rates that affect the Bank's banking book positions. The risk arises from the mismatches of repricing frequency of banking book assets and liabilities.

The Bank has established Market Risk Management Policy, Interest Rate Risk Management Policy and Treasury Products and Investment Policy which set out the approaches to measure, monitor and control market risk; and particularly, internal guidelines in relation to the investment activities carried out by Treasury function.

Refer to section MRA and IRRBBA for more details related to Market Risk and IRRBB respectively.

#### **Liquidity Risk**

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligation as they fall due or requires additional cost in meeting such obligation. This may be caused by the adverse market conditions or liquidity dry up under which the Bank is unable to obtain funding or to liquidate the assets, unless with material haircut, to meet the liquidity needs.

The Bank has established Liquidity and Funding Risk Management Policy which defines the governance framework, roles and responsibilities of different parties as well as monitoring limits and metrics for liquidity risk management of the Bank.

Refer to section LIQA for more details related to Liquidity Risk of the Bank.

#### **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal process, people and systems or external events. Operational risk arises from day to day operations or external events and is relevant to every aspect of the Bank.

The Bank has established and implemented an Operational Risk Management Framework which provides a comprehensive framework to identifying and managing operational risks. The framework defines roles and responsibilities across three lines of defense, Risk and Control Self-assessment process, issue and controls management as well as a comprehensive Key Risk Indicators for on-going monitoring and reporting.

**3.1 TABLE OVA: OVERVIEW OF RISK MANAGEMENT (continued)**

Monitoring report of Key Risk Indicators, material events and issues as well as material outstanding issues are submitted to ITORC for senior management review and oversight.

Refer to section ORA for more details related to Operational Risk of the Bank.

**Stress Testing**

As an integral part of the Bank's risk management process, stress tests on principal risk are regularly performed, where appropriate, to identify the potential weaknesses of the Bank's business profile and associated risk positions. Stress testing methodologies and techniques, e.g. sensitivity tests, scenario analysis, are adopted to assess the potential impact on the Bank's financial positions, including capital adequacy, profitability and liquidity. Appropriate management actions will be prompted, whenever necessary to mitigate the risks.

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**3.2 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 31 Dec 2025	As at 30 Sep 2025	As at 31 Dec 2025
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	2,427,293	1,940,814	194,183
2	Of which STC approach	2,427,293	1,940,814	194,183
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	128	2,250	10
7	Of which SA-CCR approach	128	2,250	10
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	115	2,250	9
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A	N/A
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	-	-	-
13	CIS exposures – mandate-based approach	-	-	-
14	CIS exposures – fall-back approach	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC – IRBA	-	-	-
18	Of which SEC – ERBA (including IAA)	-	-	-
19	Of which SEC – SA	-	-	-
19a	Of which SEC – FBA	-	-	-
20	Market risk	1,425	900	114
21	Of which STM approach	-	-	-
22	Of which IMA	-	-	-
22a	Of which SSTM approach	1,425	900	114
23	Capital charge for moving exposures between trading book and banking book	-	-	-
24	Operational risk	99,563	88,488	7,965
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	2,528,524	2,034,702	202,281

Total RWA increased by HK\$494 million since last quarter was mainly driven by RWA increase in marketable debt securities held and loans and advances to customers, partially offset by the RWA decrease in due from banks.

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4. LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

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

	As at 31 Dec 2025 HK\$'000						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	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		
<b>Assets</b>							
Balances with banks	322,835	322,835	322,835	-	-	-	-
Placement with banks	-	-	-	-	-	-	-
Investment in securities	2,257,375	2,257,375	2,257,375	-	-	-	-
Loans and advances to customers	2,188,512	2,188,512	2,188,512	-	-	-	-
Prepayment and other assets	56,384	56,384	56,341	43	-	-	-
Property and equipment	161	161	161	-	-	-	-
Right-of-use assets	9,768	9,768	9,768	-	-	-	-
Intangible assets	34,507	34,507	-	-	-	-	34,507
<b>Total Assets</b>	<b>4,869,542</b>	<b>4,869,542</b>	<b>4,834,992</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>34,507</b>
<b>Liabilities</b>							
Deposits from customers	3,779,705	3,779,705	-	-	-	-	3,779,705
Other payables and accruals	120,076	120,076	-	401	-	-	119,675
Lease liabilities	9,563	9,563	-	-	-	-	9,563
Make good provision	3,418	3,418	-	-	-	-	3,418
<b>Total Liabilities</b>	<b>3,912,762</b>	<b>3,912,762</b>	<b>-</b>	<b>401</b>	<b>-</b>	<b>-</b>	<b>3,912,361</b>

4.2 Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		As at 31 Dec 2025 HK\$'000				
		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
credit risk framework	securitization framework		counterparty credit risk framework	market risk framework		
1	<b>Asset carrying value amount under scope of regulatory consolidation (as per template LI1)<sup>1</sup></b>	4,835,035	4,834,992	-	43	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1) <sup>2</sup>	401	-	-	401	-
3	Total net amount under regulatory scope of consolidation	4,834,634	4,834,992	-	(358)	-
4	Off-balance sheet amounts	9,539	9,539	-	-	-
5	Differences due to consideration of provision	11,732	11,732	-	-	-
6	Differences due to potential exposures for counterparty credit risk	1,147	-	-	1,147	-
7	Exposure amounts considered for regulatory purposes	<b>4,857,052</b>	<b>4,856,263</b>	<b>-</b>	<b>789</b>	<b>-</b>

<sup>1</sup> The amount shown in column (a) is equal to column (b) less column (g) in Total assets row in template LI1

<sup>2</sup> The amount shown in column (a) is equal to column (b) less column (g) in Total liabilities row in template LI1

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**4.3 Table LIA: Explanations of differences between accounting and regulatory exposure amounts**

The main differences between accounting values and amounts considered for regulatory purpose are as follow:

- (i) Off-balance sheet items under regulatory purpose are converted into credit equivalent amount through the use of credit conversion factors (“CCFs”);
- (ii) Carrying amounts reported in financial statements are net of stage 1, 2 and 3 provisions, whereas exposure amount under regulatory purpose are net of stage 3 provision only;
- (iii) Counterparty credit risk exposures under regulatory purpose not only include the current exposures but also the potential exposures.

**4.4 Template PV1: Prudent valuation adjustments**

The following table provides a detailed breakdown of the constituent elements of valuation adjustments. There were no valuation adjustments as of 31 December 2025.

		As at 31 Dec 2025 HK\$'000							
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
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>	-	-	-	-	-	-	-	-

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5. COMPOSITION OF REGULATORY CAPITAL

5.1 Template CC2: Reconciliation of Regulatory Capital to Balance Sheet

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at 31 Dec 2025	As at 31 Dec 2025	
	HK\$'000	HK\$'000	
<b>Assets</b>			
Balances with banks	322,835	322,835	
Placement with banks	-	-	
Investment in securities	2,257,375	2,257,375	
<i>of which: Impairment allowances eligible for inclusion in Tier 2 capital</i>		(5)	[1]
Loans and advances to customers	2,188,512	2,188,512	
<i>of which: Impairment allowances eligible for inclusion in Tier 2 capital</i>		(11,727)	[2]
Prepayment and other assets	56,384	56,384	
Property and equipment	161	161	
Right-of-use assets	9,768	9,768	
Intangible assets	34,507	34,507	[3]
<b>Total assets</b>	<b>4,869,542</b>	<b>4,869,542</b>	
<b>Liabilities</b>			
Deposits from customers	3,779,705	3,779,705	
Other payables and accruals	120,076	120,076	
Lease liabilities	9,563	9,563	
Make good provision	3,418	3,418	
<b>Total liabilities</b>	<b>3,912,762</b>	<b>3,912,762</b>	
<b>Equity</b>			
Share capital	2,440,000	2,440,000	
<i>of which: amount eligible for CET1</i>		2,440,000	[4]
Reserves	43,874	38,722	[5]
<i>of which: Regulatory reserve for general banking risks</i>		-	[6]
Accumulated losses	(1,527,094)	(1,521,942)	[7]
<b>Total equity</b>	<b>956,780</b>	<b>956,780</b>	

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**5.2 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 31 Dec 2025	
		HK\$'000	
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	2,440,000	[4]
2	Retained earnings	(1,521,942)	[7]
3	Disclosed reserves	38,722	[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	<b>CET1 capital before regulatory deductions</b>	956,780	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	34,507	[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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**5.2 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 31 Dec 2025	
		HK\$'000	
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>	34,507	
29	<b>CET1 capital</b>	922,273	
<b>AT1 capital: instruments</b>			
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	<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>	922,273	
<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	11,732	[1] + [2] + [6]
51	<b>Tier 2 capital before regulatory deductions</b>	11,732	
<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)	-	

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**5.2 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 31 Dec 2025	
		HK\$'000	
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>	-	
58	<b>Tier 2 capital (T2)</b>	11,732	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	934,005	
60	<b>Total RWA</b>	2,528,524	
<b>Capital ratios (as a percentage of RWA)</b>			
61	<b>CET1 capital ratio</b>	36.47%	
62	<b>Tier 1 capital ratio</b>	36.47%	
63	<b>Total capital ratio</b>	36.94%	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	2.80%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.30%	
67	of which: higher loss absorbency requirement	N/A	
68	<b>CET1 (as a percentage of RWA) available after meeting minimum capital requirements</b>	24.47%	
<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)	11,732	

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**5.2 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 31 Dec 2025	
		HK\$'000	
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	11,732	
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	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	34,507	34,507
	<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>		

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

		Quantitative / qualitative information
		As at 31 Dec 2025
1	Issuer	Ele 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)	HKD2,440 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 1,184 million ordinary shares 16 September 2025 issued 2,067 million 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](#)

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**6. COUNTERCYCLICAL CAPITAL BUFFER**

**6.1 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 31 Dec 2025				
		(a)	(c)	(d)	(e)	
	Geographical breakdown by Jurisdiction (J)	Footnote	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	1,290,536		
2	Spain		0.500	28,528		
	Sum	1		1,319,064		
	<b>Total</b>	2		<b>2,215,182</b>	<b>0.298</b>	<b>7,535</b>

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).

**7. LEVERAGE RATIO**

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

		As at 31 Dec 2025
		Value under the LR framework
	Item	HK\$'000
1	Total consolidated assets as per published financial statements	4,869,542
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	789
9	Adjustment for SFTs (i.e. repos and similar secured lending)	17
10	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	9,539
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	-
12	Other adjustments	(34,550)
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>4,845,337</b>

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

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**7.2 Template LR2: Leverage ratio**

		As at 31 Dec 2025	As at 30 Sep 2025
		HK\$'000	HK\$'000
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	4,884,067	4,257,663
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	(14,568)	(17,250)
6	Less: Asset amounts deducted in determining Tier 1 capital	(34,507)	(40,620)
7	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)</b>	<b>4,834,992</b>	<b>4,199,793</b>
<b>Exposures arising from derivative contracts</b>			
8	Replacement cost associated with all derivative contracts (whether applicable net of eligible cash variation margin and/or with bilateral netting)	-	408
9	Add-on amounts for PFE associated with all derivative contracts	789	11,110
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>789</b>	<b>11,518</b>
<b>Exposures arising from SFTs</b>			
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	-
17	Agent transaction exposures	-	-
18	<b>Total exposures arising from SFTs (sum of rows 14 to 17)</b>	<b>17</b>	-
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	95,392	43,269
20	Less: Adjustments for conversion to credit equivalent amounts	(85,853)	(38,942)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	-	-
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>9,539</b>	<b>4,327</b>
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>922,273</b>	971,565
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>4,845,337</b>	4,215,638
<b>Leverage ratio</b>			
25 & 25a	<b>Leverage ratio</b>	<b>19.03%</b>	23.05%
26	<b>Minimum leverage ratio requirement</b>	<b>3.00%</b>	3.00%
27	<b>Applicable leverage buffers</b>	<b>N/A</b>	N/A
<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	<b>1</b>	550

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**7.2 Template LR2: Leverage ratio (continued)**

		<b>As at 31 Dec 2025</b>	<b>As at 30 Sep 2025</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
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)	<b>4,845,338</b>	4,216,188
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)	<b>19.03%</b>	23.04%

The decrease in leverage ratio as of the quarter ended 31 December 2025 was mainly contributed by the decrease in Tier 1 capital due to operating loss and increased balance sheet size incurred during the reporting period.

## 8. LIQUIDITY

### 8.1 Table LIQA: Liquidity Risk Management

#### Overview

Liquidity Risk is the risk that the Bank does not have sufficient financial resources to meet its obligation as they fall due or requires additional costs in meeting such obligation. This may be caused by the adverse market conditions or liquidity dry up under which the Bank is unable to obtain funding or to liquidate the assets, unless with significant haircut, to meet the liquidity needs.

#### Governance

The Bank has established the Liquidity and Funding Risk Management Policy which sets out the approaches for liquidity and funding risk management and oversight in accordance with the requirements stipulated in the HKMA SPM LM-1 “Regulatory Framework for Supervision of Liquidity Risk” and LM-2 “Sound Systems and Controls for Liquidity Risk Management”. The Policy aims to ensure that the Bank maintains adequate level of liquidity and cash flows to meet all contractual obligations, maintains diversified funding base and fulfills the relevant regulatory liquidity requirements.

The policy defines the governance framework, roles and responsibilities of different parties, together with monitoring limits and metrics for liquidity risk management of the Bank.

The Board is ultimately responsible for the overall liquidity management and asset and liability management. ALCO is delegated with executive responsibility to manage liquidity risk, in particular, responsible for reviewing relevant liquidity reports, reviewing material changes to liquidity risk models and assumptions, overseeing the development and maintenance of Contingency Funding Plan (“CFP”).

The Bank sets up various risk measures, including Liquidity Maintenance Ratio (“LMR”), and Loan to Deposit ratio, to identify emerging risks in liquidity risk positions and potential funding needs. The internal limits for such liquidity measures are established, with sufficient buffer to regulatory minimum requirements to ensure the on-going compliance. Monitoring results of liquidity risk metrics are presented to ALCO on a monthly basis and to the RC on a quarterly basis.

As at 31 December 2025, the Bank maintained the following liquidity related ratio well above the HKMA required level.

	<b>As at 31 Dec 2025</b>
Liquidity Maintenance Ratio	128.89%
Loan to Deposit ratio	58.29%

#### Cash flow projection and stress testing

The Bank conducts cash flow analysis and projection to identify funding needs arising from balance sheet items in specific time frame. The cash flow analysis covers both normal and stress scenarios to obtain a comprehensive view of cash flow positions and maturity profile of the balance sheet for ensuring sufficient liquidity can be maintained and informing necessary actions in advance when needed. According to HKMA SPM LM-2, three stress scenarios (institution specific, market-wide and combined) are designed and employed where the Bank is required to maintain positive net cash flow.

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

The table below analyses the Bank's maturity profile as at 31 December 2025, breaking down on- and off-balance sheet items by maturity buckets and the resultant liquidity gaps based on the completion instructions of MA(BS)23 Return on Liquidity Monitoring Tools.

	Contractual maturity of cash flows and securities flows arising from the relevant items						
	As at 31 Dec 2025						
	In HK\$'000						
Total amount	Next day	Less than 1 month	Over 1 month up to 3 months	Over 3 months up to 1 year	Over 1 year	Undated	
<b>On-balance sheet liabilities</b>							
Deposits from non-bank customers							
(a) Pledged deposits	-	-	-	-	-	-	-
(b) Demand, savings and current account deposits	1,425,608	1,425,608					
(c) Term, call and notice deposits	2,374,877	37,620	329,485	429,537	1,578,235	-	
Amount payable arising from derivative contracts	401	-	295,685	-	-	-	
Other liabilities	111,876	11,103	160	89,004	9,372	2,237	-
Capital and reserves	956,780	-	-	-	-	-	956,780
<b>Total liabilities</b>	<b>4,869,542</b>	<b>1,474,331</b>	<b>625,330</b>	<b>518,541</b>	<b>1,587,607</b>	<b>2,237</b>	<b>956,780</b>
<b>On-balance sheet assets</b>							
Amount receivable arising from derivative contracts	43	-	295,307	-	-	-	-
Due from MA for a/c of Exchange Fund	197,134	197,134	-	-	-	-	-
Due from banks	125,701	125,701	-	-	-	-	-
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)							
Readily monetizable	2,257,141	2,257,141					
Loans and advances to non-bank customers	2,211,043	15,966	63,129	129,810	1,931,117	66,631	4,390
Other assets	68,280	4,271	164	366	6,215	2,255	55,009
<b>Total Assets</b>	<b>4,859,342</b>	<b>2,600,213</b>	<b>358,600</b>	<b>130,176</b>	<b>1,937,332</b>	<b>68,886</b>	<b>59,399</b>
<b>Off-balance sheet obligations</b>							
Irrevocable loan commitments or facilities granted	95,392	95,392	-	-	-	-	-
<b>Total Off-balance sheet obligations</b>	<b>95,392</b>	<b>95,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contractual Maturity Mismatch<sup>(i)</sup></b>		<b>1,030,490</b>	<b>(266,730)</b>	<b>(388,365)</b>	<b>349,725</b>	<b>66,649</b>	
<b>Cumulative Contractual Maturity Mismatch<sup>(i)</sup></b>		<b>1,030,490</b>	<b>763,760</b>	<b>375,395</b>	<b>725,120</b>	<b>791,769</b>	

<sup>(i)</sup> Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has been funded.

## **8.1 Table LIQA: Liquidity Risk Management (*continued*)**

### **Funding Strategy**

The Bank's major source of funding are retail customer deposits and shareholders' funds. Funding strategy takes into consideration of bank structure of assets and liabilities, optimization of loan to deposit ratio, as well as interbank funding facilities, to establish a more balanced and stable deposit profile. Meanwhile, for the Bank's resilience to liquidity stress, adequate cushions of unencumbered, high quality liquid assets are maintained for the bank to obtain funding to meet liquidity needs at all times.

### **Contingency Funding Plan**

As an integral part of the Bank's liquidity and funding risk management framework, the CFP is established, in accordance with HKMA's requirements stipulated in SPM LM-2, to facilitate the Bank in addressing liquidity shortfalls in emergency situations proactively, including idiosyncratic and market wide liquidity stress events. A set of early warning indicators are utilised, covering both internal and external factors, for monitoring potential threats, at an early stage, towards the Bank's liquidity profile.

Should there be any breach of early warning indicators, immediate investigation will be conducted and escalated to ALCO for further consideration on remedial action, if applicable, and the potential activation of the CFP.

A Liquidity Crisis Management Team, chaired by the Chief Executive, will be formed to implement the CFP, including formulating strategies and actions, facilitating internal/external coordination and communication, arranging and allocating appropriate resources on handling the liquidity stress event.

Drill testing on the CFP is conducted, at least annually, to demonstrate the availability and operational feasibility of the funding options and the CFP is subject to regular review in order to accommodate any changes in business environment.

## **9. CREDIT RISK**

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

#### **Overview**

Credit Risk is defined as the risk of financial loss from a borrower or counterparty who fails to meet its obligations in accordance with agreed terms. It exists in both the trading and banking book and both on and off the balance sheet. The Bank's credit risk principally arises from its lending and treasury activities.

#### **Governance**

The Bank has established policies and procedures, outlining the governance framework and requirements in identifying, measuring, monitoring, controlling and reporting the credit risk arising from its business. The credit risk exposure mainly arises from personal lending and debt securities investments. The approach on credit risk management, including the credit underwriting criteria and credit monitoring process which take into account of credit quality, debt capacity, industries etc., aligns with the business strategy and risk appetite of the Bank as well as the relevant regulatory requirements. Management reports on credit risk exposures and credit quality are circulated periodically to senior management for credit risk monitoring.

The Board represents the highest authority of the Bank's credit risk management. CC is delegated with the executive responsibility for overseeing and monitoring the credit risk arising from retail and treasury transactions, including but not limited to approval of respective risk management policies. This includes, setting of relevant policies and procedures; monitoring the credit quality and associated risk profile to ensure alignment with risk appetite and compliance with regulatory requirements; and reviewing the appropriateness credit approval authority being delegated by different governance body. Furthermore, CC is also delegated to approve large credit facilities subject to size of exposure limit. Internal Audit Department provides independent assurance on the overall effectiveness on the Bank's credit risk management framework, including the control processes.

Credit approval limit operates through a hierarchy approach on authority delegation. The Board delegates the credit approval authority limits to Chief Executive with the power of sub-delegation to Chief Risk Officer. Credit approvers are empowered by Chief Risk Officer on the credit approval authority limit.

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**9.2 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.

The 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 31 Dec 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	3,557	2,568,733	14,563	2,836	11,727	.	2,557,727
2	Debt securities	-	2,267,341	5	-	5	.	2,267,336
3	Off-balance sheet exposures	-	-	-	-	-	.	-
<b>4</b>	<b>Total</b>	<b>3,557</b>	<b>4,836,074</b>	<b>14,568</b>	<b>2,836</b>	<b>11,732</b>	<b>.</b>	<b>4,825,063</b>

**9.3 Template CR2: Changes in defaulted loans and debt securities**

		As at 31 Dec 2025
		HK\$'000
1	Defaulted loans and debt securities at end of the previous reporting period (30 Jun 2025)	7,478
2	Loans and debt securities that have defaulted since the last reporting period	5,114
3	Returned to non-defaulted status	(2,224)
4	Amounts written off	(6,361)
5	Other changes	(450)
6	Defaulted loans and debt securities at end of the current reporting period (31 Dec 2025)	3,557

For the period ended 31 December 2025, the Bank's defaulted loans decreased to HK\$3.6 million by 52.4% (30 June 2025: HK\$7.5 million). Other changes mainly includes loan repayment.

**9.4 Table CRB: Additional disclosure related to credit quality of exposures**

In order to meet the impairment measurement requirement under HKFRS 9, a forward-looking expected credit loss (“ECL”) model is adopted to measure impairment allowance. It estimates the expected credit losses at reporting date based on either an estimate of 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in the credit risk of the financial instrument since initial recognition.

Financial instruments are classified into three stages using up-to-date information at reporting date to determine whether 12-month ECL or lifetime ECL is used:

**ELE BANK LIMITED****REGULATORY DISCLOSURE STATEMENT (Unaudited)****9.4 Table CRB: Additional disclosure related to credit quality of exposures (continued)**

Stage 1: Financial instruments that are not considered to have significant increase in credit risk since initial recognition or low credit risk at reporting date are classified in Stage 1 and are evaluated for impairment using 12-month ECL.

Stage 2: Financial instruments that are considered to have significant increase in credit risk since initial recognition but not credit-impaired are classified in Stage 2. Financial instruments classified in Stage 2 are evaluated using lifetime ECL.

Stage 3: Financial instruments, which are credit-impaired, are classified in Stage 3. Financial instruments classified in Stage 3 are evaluated using lifetime ECL.

The calculation of ECL incorporates forward-looking information that several key macroeconomic factors and their forecast are included in the ECL model. Taking into account of different potential economic condition, probability weighted ECL under possible outcomes of different economic scenario is measured.

Rescheduled loans refer to loans: (i) that have been restructured and re-negotiated between borrowers and the Bank because of a deterioration in the financial position of the borrower or of the inability of the borrower to meet the original repayment schedule and (ii) for which the revised repayment terms, either of interest or the repayment period, are non-commercial to the Bank.

Additional information on the credit quality of exposures are provided in sections 9.4.1 to 9.4.7 below to supplement the quantitative information provided under templates CR1 and CR2 as at 31 December 2025.

**9.4.1 CRB1: Exposures by geographical location**

	<b>Gross carrying amounts at 31 Dec 2025 HK\$'000</b>
Hong Kong, China	2,227,970
Mainland China	1,121,269
Others <sup>1</sup>	1,490,392
<b>Total</b>	<b>4,839,631</b>

<sup>1</sup> "Others" constitutes segment less than 10% of total RWA and is disclosed on aggregated basis.

**9.4.2 CRB2: Exposures by industry**

	<b>Gross carrying amounts at 31 Dec 2025 HK\$'000</b>
Bank	792,508
Official sector	945,895
Non-bank private sector	
- Financial concerns	778,611
- Individuals	2,211,043
Others <sup>1</sup>	111,574
<b>Total</b>	<b>4,839,631</b>

<sup>1</sup> "Others" constitutes segment less than 10% of total RWA and is disclosed on aggregated basis.

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**9.4.3 CRB3: Exposures by residual maturity**

	Gross carrying amounts As at 31 Dec 2025 HK\$'000
Up to 1 year	3,649,496
More than 1 year up to 5 years	1,145,823
More than 5 years	1,545
Unrated or overdue	42,767
<b>Total</b>	<b>4,839,631</b>

**9.4.4 CRB4: Impaired exposures and related allowances and write-offs by geographical location**

	As at 31 Dec 2025		
	Impaired Exposures HK\$'000	Specific Provision HK\$'000	Write-offs HK\$'000
Hong Kong, China	3,557	2,836	10,777
<b>Total</b>	<b>3,557</b>	<b>2,836</b>	<b>10,777</b>

**9.4.5 CRB5: Impaired exposures and related allowances and write-offs by industry**

	As at 31 Dec 2025		
	Impaired Exposures HK\$'000	Specific Provision HK\$'000	Write-offs HK\$'000
Loans and advances to customers			
- Individuals	3,557	2,836	10,777
<b>Total</b>	<b>3,557</b>	<b>2,836</b>	<b>10,777</b>

**9.4.6 CRB6: Aging analysis of accounting past due unimpaired exposures**

Past due unimpaired exposures are those loans where customers have failed to make payments in accordance with the contractual terms of their facilities. Exposures past due for more than 90 days are considered impaired.

	As at 31 Dec 2025			
	Up to 30 days HK\$'000	31 – 60 days HK\$'000	61 – 90 days HK\$'000	Total HK\$'000
Loans and advances to customers				
- Individuals	1,810	806	623	3,239
<b>Total</b>	<b>1,810</b>	<b>806</b>	<b>623</b>	<b>3,239</b>

**9.4.7 CRB7: Breakdown of restructured exposures between impaired and unimpaired**

	As at 31 Dec 2025 HK\$'000
Impaired	3,023
Not impaired	7,955
<b>Total</b>	<b>10,978</b>

**9.5 Table CRC: Qualitative disclosures related to credit risk mitigation**

The Credit Risk Management Policy sets out the approach on credit risk mitigation of the Bank.

As of 31 December 2025, the Bank does not have any credit risk exposures that possess recognized collaterals or guarantees as credit risk mitigation.

**9.6 Template CR3: Overview of recognized credit risk mitigation**

		As at 31 Dec 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	2,557,727	-	-	-	-
2	Debt securities	2,267,336	-	-	-	-
<b>3</b>	<b>Total</b>	<b>4,825,063</b>	-	-	-	-
4	Of which defaulted	721	-	-	-	-

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

The Bank adopts the standardized approach for assessing the capital adequacy of credit risk exposure, as mandated by BCR, according to the credit rating announced by recognized External Credit Assessment Institutions (“ECAIs”), i.e. Moody’s Investors Services; Standard & Poor’s Rating Services and Fitch Ratings to determine the risk-weight of the following exposures, if applicable:

1. Sovereign;
2. Public sector entity;
3. Bank;
4. Securities Firm; and
5. Corporate.

The mapping process of ECAI issuer ratings or ECAI issue specific ratings is consistent with requirements within Part 4 of BCR.

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

		As at 31 Dec 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	945,895	-	945,895	-	8,947	1%
2	Public sector entity exposures	11,390	-	11,390	-	2,278	20%
3	Multilateral development bank exposures	-	-	-	-	-	-
3a	Unspecified multilateral body exposures	-	-	-	-	-	-
4	Bank exposures	792,508	-	792,508	-	190,970	24%
4a	Qualifying non-bank financial institution exposures	255,973	-	255,973	-	76,974	30%
5	Eligible covered bond exposures	-	-	-	-	-	-
6	General corporate exposures	592,400	-	592,400	-	286,117	48%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	504,370	-	504,370	-	235,356	47%
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	2,207,486	95,409	2,207,486	9,539	1,823,023	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)	-	-	-	-	-	-
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)	-	-	-	-	-	-

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

Exposure classes		As at 31 Dec 2025					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		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 %
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	721	-	721	-	1,082	150%
11	Other exposures	37,902	-	37,902	-	37,902	100%
11a	Cash and gold	-	-	-	-	-	-
11b	Items in the process of clearing or settlement	2,449	-	2,449	-	-	-
12	<b>Total</b>	<b>4,846,724</b>	<b>95,409</b>	<b>4,846,724</b>	<b>9,539</b>	<b>2,427,293</b>	<b>50%</b>

Compared to 30 June 2025, total credit risk exposure as at 31 December 2025 increased by HK\$1.87 billion, while total RWA increased by HK\$1.14 billion. The increase in total credit risk exposures was primarily due to the increase in due from Exchange Fund, marketable debt securities held, and loans and advances to customers.

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**9.9 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	901,159	44,736	-	-	-	-	<b>945,895</b>		
2		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Public sector entity exposures	-	11,390	-	-	-	-	<b>11,390</b>		
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	467,827	324,681	-	-	-	-	-	-	<b>792,508</b>
4a		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
	Qualifying non-bank financial institution exposures	208	254,753	-	1,012	-	-	-	-	<b>255,973</b>
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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**9.9 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	65,077	-	496,315		24,255	-	6,753	-	-	<b>592,400</b>
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	65,077	-	408,285		24,255	-	6,753	-	-	<b>504,370</b>

		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	201,080	1,133,633	882,312	-	<b>2,217,025</b>

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**9.9 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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**9.9 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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**9.9 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			721	-	<b>721</b>

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	37,902	-	-	<b>37,902</b>

		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		2,449	-	<b>2,449</b>

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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 31 Dec 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%	2,072,280	-	N/A	<b>2,072,280</b>
2	40-70%	697,286	11,210	10%	<b>698,407</b>
3	75%	1,151,349	65,410	10%	<b>1,157,888</b>
4	85%	-	-	N/A	-
5	90- 100%	925,088	18,789	10%	<b>926,967</b>
6	105-130%	-	-	N/A	-
7	150%	721	-	N/A	<b>721</b>
8	250%	-	-	N/A	-
9	400%	-	-	N/A	-
10	1,250%	-	-	N/A	-
11	<b>Total exposures</b>	<b>4,846,724</b>	<b>95,409</b>		<b>4,856,263</b>

Compared with 30 June 2025, total credit risk exposures decreased by HK\$1.81 billion which was mainly due to the increase in due from Exchange Fund, marketable debt securities held, and loans and advances to customers.

## 10. COUNTERPARTY CREDIT RISK

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

#### Overview

Counterparty Credit Risk (“CCR”) is the bilateral risk of loss to a transaction from counterparty default before the final settlement of the transaction with a positive economic value at the time of default. Due to the uncertainty of underlying market factors, market value movement of the transaction can vary over time and either be positive or negative, which therefore creates a bilateral risk towards both parties.

#### Governance

The Bank has adopted the standardized (counterparty credit risk) approach (“SA-CCR”) as described in BCR for measuring the exposure of CCR. Limits for CCR are established and enforced, as an integral part of overall credit limit, through formal credit approval procedures to control and monitor the limit utilization of different counterparties.

As of 31 December 2025, based on the existing International Swap and Derivatives Association (“ISDA”) agreement and Credit Support Annexes (“CSA”) signed with the counterparties, there is no impact on collateral amount that the Bank would be required to provide given a credit rating downgrade.

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

		As at 31 Dec 2025 HK\$'000					
		Replacement cost	PFE	Effective EPE	Alpha ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)	-	411		1.4	575	115
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					17	13
4	Comprehensive approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	<b>Total</b>						<b>128</b>

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

		As at 31 Dec 2025 In HK\$'000											
	Risk Weight	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	-	-	575	-	-	-	-	-	-	-	-	575
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-	-	-	-
7	General corporate exposures	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	17	-	-	-	-	17
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
11	<b>Total</b>	-	-	<b>575</b>	-	-	-	<b>17</b>	-	-	-	-	<b>592</b>

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

	As at 31 Dec 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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**10.5 Template CCR6: Credit-related derivatives contracts**

	As at 31 Dec 2025 HK\$'000	
	(a)	(b)
	Protection bought	Protection sold
<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)	-	-

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**10.6 Template CCR8: Exposures to CCPs**

		As at 31 Dec 2025 HK\$'000	
		(a)	(b)
		Exposure after CRM	RWA
<b>1</b>	<b>Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)</b>		-
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	-	-
<b>11</b>	<b>Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)</b>		-
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	-	-

**11. SECURITIZATION EXPOSURES**

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

**12. CREDIT VALUATION ADJUSTMENT RISK**

**12.1 Table CVAA: Qualitative disclosures related to CVA risk**

The Bank has established systems and procedure on CVA calculation which fulfils regulatory requirements put forward in HKMA SPM MR-2. Products and counterparties generating counterparty credit risk are captured in CVA calculations, and CVA calculation readiness will be assessed on new financial instruments when product launch.

As of 31 December 2025, most of the CVA risk was coming from short-term funding FX swap with a single counterparty Bank in the Bank's banking book and the exposure was relatively small. Thus, the Bank does not have any plan to conduct CVA stress testing nor hedge the CVA risk.

The Bank adopts the approach to set the CVA risk capital charge as 100% of the capital charge for counterparty credit risk.

### 13. MARKET RISK

#### 13.1 Table MRA: Qualitative disclosures related to market risk

##### Overview

Market Risk is defined as the risk of loss arising from adverse movements in market factors, e.g. exchange rates, interest rates, credit spread, equity price, etc. Currently, the Bank does not have any trading book exposures as mandated by its RAS. Market risk predominately arises from movements in interest rates and exchange rates on the Bank's Balance Sheet and managed by Treasury.

##### Governance

The Bank has established Market Risk Management Policy, Interest Rate Risk Management Policy and Treasury Products and Investment Policy which set out the approaches to measure and monitor market risk; and particularly, internal guidelines in relation to the investment activities carried out by Treasury respectively. The governance framework for market risk management and treasury investment activities are defined in the policies, together with responsibilities of different parties and various limits for control and monitor the risk associated.

The Board is ultimately responsible for the overall market risk and treasury investment management to ensure the risks are properly identified, measured and monitored by different level of parties. ALCO represents senior management oversight and monitoring on market risk and treasury investment related exposure.

Market risk limits are defined in different dimensions, such as price sensitivity and open positions for foreign currencies, to monitor and control the market risk associated with business activities of the Bank. In addition, Treasury is required to prepare and submit the Treasury Investment Proposal, as mandated by Treasury Products and Investment Policy, for ALCO review and approval. The performance and risk on Treasury investment portfolio will be presented in monthly ALCO meeting where the monitoring result on market risk related metrics will be presented in ALCO and RC.

#### 13.2 Template MR3: Market risk under SSTM approach

		As at 31 Dec 2025 HK\$'000			
		Outright products	Options		
			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	114	-	-	-
5	Securitization exposures	-			
6	Total	114	-	-	-

## **14. INTEREST RATE RISK IN BANKING BOOK**

### **14.1 Table IRRBBA: Interest Rate Risk in the Banking Book**

#### **Overview**

Interest Rate Risk in the Banking Book refers to impact to the Bank's capital and earning arising from adverse movements in interest rates affecting the Bank's banking book positions. The risk arises from the mismatches of repricing frequency of banking book assets and liabilities.

#### **Governance**

The Bank has formulated Interest Rate Risk Management Policy which outlines the governance framework on IRRBB management according to the requirements stipulated in HKMA IR-1 – Interest Rate Risk in the Banking Book ("IR-1") and the Bank's RAS. The Board is ultimately responsible for ensuring effective interest rate risk management of the Bank. ALCO is responsible for senior management risk oversight in relation to interest rate risk management and monitoring. Internal Audit provides independent assurance to senior management, Audit Committee and the Board on the effectiveness of IRRBB management framework.

The interest rate risk impact on capital and earnings is measured by Economic Value of Equity ("EVE") sensitivity and Net Interest Income ("NII") respectively, which are introduced with applicable limits to measure and monitor the interest rate risk exposure of the Bank. Stress tests are also conducted, following the requirements in IR-1, to assess the vulnerability to loss in stressed market conditions. Regular monitoring of IRRBB risk profile are prepared and presented for review in ALCO and RC.

As of 31 December 2025, no hedging on IRRBB exposure was applied for the Bank.

#### **Key Assumptions**

For the implementation of IRRBB standards, assumptions are required to capture the customer behaviour for the following products reflecting the impact from product characteristics and market conditions. Customer behavior analysis and recalibration, major stress testing assumptions are approved by ALCO, as mandated by Interest Rate Risk Management Policy, for IRRBB risk metrics calculation and monitoring.

Key assumptions and approaches, subject to regular review, adopted for IRRBB monitoring and oversight includes:

#### **1. Non-maturity deposits ("NMD")**

NMD are liabilities of the Bank without specific maturity which the depositors can withdraw at any time. The Bank places NMD at the earliest date on which the interest rate can be adjusted, i.e., overnight.

**14.1 Table IRRBBA: Interest Rate Risk in Banking Book (continued)**

2. Retail term deposits and retail fixed rate loans with behavioural optionality

Cash flows of the retail term deposits and retail fixed rate loans are subject to early redemption or early prepayment risk which the customers have options, if exercised, that will alter the timing of cash flows. In the case of the term deposits, customers may have options to withdraw their deposit before the scheduled date; and for the fixed rate loan, customers may have options to prepay the loan. Customer behaviour on these products are analysed to estimate the baseline withdrawal rate and redemption rate, together with the scenario-dependent scalars, for analyzing the respective cash flow in different scenarios.

Same set of assumptions are applied for both internal monitoring and regulatory reporting purposes. For EVE sensitivity calculation, commercial margins and spread components have been included in the cash flows used in the computation and discounted by risk free rate. The Bank applies the methodology prescribed in IR-1 for aggregating the exposure across different major currencies comprising HKD, USD and any other foreign currency that accounts for 5% or more of the Bank's total on-balance sheet interest rate-sensitive position in all currencies.

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

(HK\$m)		(a)	(b)	(c)	(d)
		$\Delta$ EVE		$\Delta$ NII	
	Period	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
1	Parallel up	30	41	21	2
2	Parallel down	7	-	(21)	(2)
3	Steeper	6	-		
4	Flattener	11	15		
5	Short rate up	22	29		
6	Short rate down	9	-		
7	<b>Maximum</b>	<b>30</b>	<b>41</b>	<b>21</b>	<b>2</b>
	<b>Period</b>	<b>31 Dec 2025</b>		<b>31 Dec 2024</b>	
8	<b>Tier 1 capital</b>	<b>922</b>		<b>634</b>	

As of 31 December 2025, the most adverse of the six interest rate scenarios with regard to  $\Delta$ EVE was the 'Parallel up' scenario, resulting in a change of the economic value of equity of negative HK\$30 million, representing a reduction of 3.25% of tier 1 capital, which is well below the regulatory outlier test of 15% of tier 1 capital. The  $\Delta$ EVE reduced by HK\$11 million by comparing December 2025 with December 2024. The changes were mainly driven by change in balance sheet composition.

As of 31 December 2025, the most adverse of the two parallel interest rate scenarios with regard to  $\Delta$ NII over the next 12 months was the 'Parallel down' scenario resulting in a potential change of the net interest income of negative HK\$21 million, representing a reduction of 2.28% of tier 1 capital. The  $\Delta$ NII increased by HK\$19 million, comparing December 2025 with December 2024. The changes were mainly driven by change in balance sheet composition.

## **15. OPERATIONAL RISK**

### **15.1 Table ORA: General information on operational risk framework**

The Bank has established and implemented an Operational Risk Management Framework which provides a comprehensive framework to identifying and managing operational risks. The framework defines roles and responsibilities across three lines of defense, Risk and Control Self-assessment process, issue and controls management as well as a comprehensive Key Risk Indicators for on-going monitoring and reporting.

The Bank adopts the 3 LOD model to define the roles and responsibilities of different functions and individuals in risk management, based on the activities performed. It applies to all risk types. The model delineates management accountabilities and responsibilities for risk management and control environment with each LOD, thereby creating a robust control environment to manage risks.

The first LOD has ownership for risks and controls. It comprises Risk Owners and Control Owners. The first LOD may sit within Business units or other functions and is accountable for identifying, assessing, managing and reporting risk from frontline positions and ensure their business activities are in line with the Bank's approved risk appetite, policies and risk limits.

The second LOD reviews and challenges activities of the first LOD to ensure they have met the minimum requirements set out in the relevant policies and procedures. The second LOD comprises CRO and Risk Stewards who typically sit within Risk Management Department and Legal and Compliance Department.

The third LOD is Internal Audit. It provides independent assurance to the senior management, Audit Committee and the Board on the effectiveness of risk management framework including design and implementation of processes and controls.

The Bank computes operational risk capital using the Revised Standardized Approach for Operational Risk. As such, the Bank maintains operational risk capital equivalent to 12.5 times of the Operational Risk Regulatory Capital ("ORC"). ORC is determined by multiplying the Business Indicator Component ("BIC") and the Internal Loss Multiplier ("ILM"). The Bank relies on its financial reporting system and automated tools to calculate both BIC and ILM.

The Bank's 3 LOD provide regular operational risk reporting to senior management and to the board of directors, ensuring that risk exposures and control gaps are identified, escalated, and addressed in a timely manner.

Monitoring report of Key Risk Indicators, material events and issues as well as material outstanding issues are submitted to Information Technology and Operational Risk Committee for senior management review and oversight.

Risk Appetite is defined as the level and types of risk that the Bank is willing to accept in achieving its strategic objectives. It is formally articulated in the Bank's RAS approved by the Board. The Bank's RAS is embedded, or operationalized, in the Bank's operational risk management framework, through policies, procedures, limits, controls and/or key indicators to guide day-to-day operations and inform business decision-making.

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**15.2 Table OR1: Historical losses**

		As at 31 Dec 2025	As at 31 Dec 2024	As at 31 Dec 2023	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2020	Average
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Using HKD200,000 threshold</b>								
1	Total amount of operational losses net of recoveries (no exclusions)	-	-	-	-	-	-	-
2	Total number of operational risk losses	-	-	-	-	-	-	-
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	-
4	Total number of exclusions	-	-	-	-	-	-	-
5	Total amount of operational losses net of recoveries and net of excluded losses	-	-	-	-	-	-	-
<b>Using HKD1 million threshold</b>								
6	Total amount of operational losses net of recoveries (no exclusions)	-	-	-	-	-	-	-
7	Total number of operational risk losses	-	-	-	-	-	-	-
8	Total amount of excluded operational risk losses	-	-	-	-	-	-	-
9	Total number of exclusions	-	-	-	-	-	-	-
10	Total amount of operational losses net of recoveries and net of excluded losses	-	-	-	-	-	-	-
<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	N/A						

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

		As at 31 Dec 2025	As at 31 Dec 2024	As at 31 Dec 2023
		HK\$'000	HK\$'000	HK\$'000
BI and its subcomponents				
1	Interest, leases and dividend component	57,590		
1a	Interest and leases income	146,675	109,776	92,986
1b	Interest and leases expenses	65,466	59,028	52,173
1c	Interest earning assets	3,789,484	2,567,365	2,223,501
1d	Dividend income	-	-	-
2	Services component	4,693		
2a	Fee and commission income	12,106	1,674	299
2b	Fee and commission expenses	3,537	453	-
2c	Other operating income	-	-	-
2d	Other operating expenses	1	-	-
3	Financial component	4,093		
3a	Net P&L on trading book	-	-	-
3b	Net P&L on banking book	3,804	(4,991)	3,485
4	BI	66,376		
5	Business indicator component (BIC)	7,965		

**Disclosure on the BI:**

		As at 31 Dec 2025 HK\$'000
6a	BI gross of excluded divested businesses and activities	N/A
6b	Reduction in BI due to excluded divested businesses and activities	N/A

**15.4 Table OR3: Minimum operational risk capital requirement**

		As at 31 Dec 2025 HK\$'000
1	Business indicator component (BIC)	7,965
2	Internal loss multiplier (ILM)	1
3	Minimum operational risk capital requirement	7,965
4	Total RWA for operational risk	99,563

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**16. CONTINGENT LIABILITIES AND COMMITMENTS**

	As at 31 Dec 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	95,392	7,288
- With an original maturity of not more than one year	-	-
- With an original maturity of more than one year	-	-
<b>Total</b>	<b>95,392</b>	<b>7,288</b>

**17. INTERNATIONAL CLAIMS**

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

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 31 Dec 2025					Total HK\$m
	Banks HK\$m	Official Sector HK\$m	Non-bank private sector		Others HK\$m	
			Non-bank financial institutions HK\$m	Non-financial private sector HK\$m		
Developed Countries	332	435	318	-	-	<b>1,085</b>
of which: United States	32	435	131	-	-	<b>598</b>
Developing Asia and Pacific	250	45	113	710	-	<b>1,118</b>
of which: Mainland China	250	45	113	710	-	<b>1,118</b>
Developing Africa and Middle East	156	-	230	-	-	<b>386</b>

## 18. LOANS AND ADVANCES TO CUSTOMERS

### 18.1 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 31 Dec 2025	
	Outstanding balance	% of gross advances covered by collateral
	HK\$'000	%
<b>Loans and advances for use in Hong Kong</b>		
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	-	-
- Others private purposes	2,203,074	92
<b>Gross loans and advances for use in Hong Kong</b>	<b>2,203,074</b>	<b>92</b>
Trade financing	-	-
Gross loans and advances for use outside Hong Kong	1	100
<b>Gross loans and advances to customers</b>	<b>2,203,075</b>	<b>92</b>

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 31 Dec 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	3,536	2,821	12	523
<b>Total</b>	<b>3,536</b>	<b>2,821</b>	<b>12</b>	<b>523</b>

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**18.2 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 31 Dec 2025
	Total
	HK\$'000
Hong Kong, China	1,581,761
Mainland China	621,314
<b>Total</b>	<b>2,203,075</b>

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 31 Dec 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	3,536	2,821	12	523
<b>Total</b>	<b>3,536</b>	<b>2,821</b>	<b>12</b>	<b>523</b>

**18.3 Loans and advances to customers of provision movements during the year**

	As at 31 Dec 2025	
	Charged to profit and loss during the year	Impaired loans Write-off during the year
	HK\$'000	HK\$'000
<b>Loans and advances to customers</b>		
Hong Kong, China		
- Individuals - other private purposes	1,592	(10,777)
<b>Total</b>	<b>1,592</b>	<b>(10,777)</b>

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**19. OVERDUE AND RESCHEDULED ASSETS**

**19.1 Overdue loans and advances to customers**

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

	As at 31 Dec 2025	
	HK\$'000	% of gross loans and advances to customers
<b>Overdue loans and advances</b>		
more than three months but not more than six months	523	0.02
more than six months but not more than one year	-	-
more than one year	-	-
<b>Total</b>	<b>523</b>	<b>0.02</b>
Individual impairment allowances made in respect of the above overdue loans and advances	418	
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	523	

**19.2 Rescheduled Advances**

The rescheduled loans and advances of the Bank (excluding those which have been overdue for over three months and reported in section 19.1 above) are analyzed as follows:

	As at 31 Dec 2025	
	HK\$'000	% of gross loans and advances to customers
Rescheduled loans and advances	10,978	0.50

**19.3 Repossessed assets**

There were no repossessed assets of the Bank as at 31 December 2025.

**19.4 Overdue other assets**

There were no impaired, overdue or rescheduled placings with and advances to banks, nor overdue or rescheduled other assets as at 31 December 2025.

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**20. 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 31 Dec 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")	-	-	-
(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	703,935	16,046	<b>719,981</b>
(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	-	-	-
<b>Total</b>		<b>703,935</b>	<b>16,046</b>	<b>719,981</b>
<b>Total assets after provisions</b>		<b>4,870,573</b>		
<b>On-balance sheet exposures as percentage of total assets</b>		<b>14.45%</b>		

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**21. 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 31 Dec 2025	
	HK\$m	
	USD	Total foreign currencies
Spot assets	1,760	1,866
Spot liabilities	(1,664)	(1,762)
Forward purchases	117	118
Forward sales	(172)	(180)
<b>Net long (short) position</b>	<b>41</b>	<b>42</b>

There were no foreign currency structural positions and option positions as at 31 December 2025.

**22. ASSET UNDER SECURITY**

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

**23. SEGMENTAL INFORMATION**

The Bank's core business activity in 2025 was retail banking and there was only one reportable segment. Therefore, no additional reportable segment and geographical information were presented.

**24. 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 31 Dec 2025	As at 31 Dec 2025	As at 31 Dec 2025
	HK\$'000	HK\$'000	HK\$'000
Investment in securities	-	2,257,375	<b>2,257,375</b>
Assets other than Investment in securities	-	2,612,167	<b>2,612,167</b>
<b>Total assets</b>	-	<b>4,869,542</b>	<b>4,869,542</b>

## **25. REMUNERATION**

### **25.1 Table REMA: Remuneration policy**

#### **Mechanism**

The Remuneration Policy of the Bank is designed to encourage employee behaviour that supports the Bank's risk management framework, corporate values and long-term financial soundness. It is in line with the objectives, business strategies and long-term goals of the Bank and is structured in a way that does not encourage excessive risk-taking by employees but allows the Bank to attract and retain employees with relevant skills, knowledge and expertise to discharge their specific functions.

The Policy addresses the remuneration of the following personnel in particular.

- 1) Senior Management who are responsible for oversight of the Bank's firm-wide strategy or activities or those of the Bank's material business lines (including, but not limited to, executive directors, the chief executive, and other senior executives).
- 2) Key Personnel whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Bank.
- 3) Groups of employees whose activities in the aggregate may expose the Bank to material amounts of risk and who are subject to the same or similar incentive arrangements.
- 4) Staff within risk control functions including, but not limited to, risk management, financial control, compliance, legal and internal audit functions.

The Board is ultimately responsible for overseeing the formulation and implementation of the Bank's remuneration policy, systems and related control process. In exercising such oversight, the Board ensures that the Bank's remuneration system is appropriate and consistent with the Bank's culture, long-term business and risk appetite, performance and control environment, legal or regulatory requirements as well as overall safety and soundness. The Board's judgements and decisions relating to remuneration arrangements are taken independently of the management and in the best interests of the Bank.

The Board approves the remuneration packages (and any subsequent adjustments) of the Bank's Senior Management and Key Personnel. This approval can, except for the remuneration packages of the chief executive and the alternate chief executive(s), be delegated to the Board's Nomination and Remuneration Committee ("NRC").

#### The NRC

- makes recommendations in respect of remuneration policy and practices to the Board;
- exercises competent and independent judgement on remuneration policies and practices and the incentives thereby created for managing risk, capital and liquidity; and
- reports any material issues in relation to the Bank's remuneration system to the Board.

The Human Resources Department of the Bank presents proposals on the remuneration policy, remuneration review as well as the arrangement of variable remuneration to the NRC for review and approval at least annually.

To avoid possible undue influence from business units, risk control personnel are compensated in a manner that is independent of the performance of the business areas which they oversee. Management of business units is not able to determine the remuneration of personnel in the risk control functions.

## **22.1 Table REMA: Remuneration policy (*continued*)**

### **Structure of Remuneration**

Remuneration packages typically consist of fixed and variable remuneration. The Bank seeks to achieve an appropriate balance between these elements in accordance with the employees' role, responsibilities, seniority and activities. The proportion of variable remuneration to the total remuneration is generally expected to increase in line with the seniority and responsibility of an employee such that a substantial proportion of the remuneration of the Senior Management and Key Personnel is paid in the form of variable remuneration.

In restraining the risk-taking incentives of Senior Management and Key Personnel whose activities could have a material impact on the overall financial performance of the Bank, the payment of a substantial proportion of their variable remuneration in the form of shares could be effective in aligning incentives with risk and longer term value creation.

### **Performance Measurement for Variable Remuneration**

The award of variable remuneration depends on the fulfilment of certain pre-determined and assessable performance criteria including both financial (including, but not limited to, profit and loss, market share, intake of new customers, etc.) and non-financial factors so that the quality of the performance of employees in the overall course of their employment (and not solely their financial performance) can be assessed as an integral part of their performance measurement and hence be appropriately reflected in their awards of variable remuneration.

Performance in relation to non-financial factors such as adherence to risk management policies, compliance with legal, regulatory and ethical standards, results of internal audit reviews, adherence to corporate values, and customer satisfaction forms a significant part of the overall performance measurement of employees, given that poor performance in these factors can be indicative of significant risks to the Bank. For employees who play a role in supervising other staff within the Bank, additional non-financial factors are also considered (e.g. assessing their oversight responsibilities in relation to the management and mitigation of risks, and the risk of misconduct). Adverse performance in non-financial factors, where appropriate, should override outstanding financial achievements, and be reflected by a reduction to, or elimination of, any variable remuneration.

### **Deferral of Variable Remuneration**

As some of the risks to which the Bank is exposed and the outcomes of such risks can only be adequately measured or observed over the longer term, deferral of the payment of a portion of variable remuneration allows employees' performance, including the associated risks, to be observed and validated over a period of time before payment is actually made and the adjustment of the amount to be paid will enable the remuneration ultimately received by employees to more accurately reflect risk and risk outcomes. Generally, the proportion of variable remuneration made subject to deferment would be expected to increase in line with the seniority and responsibility of the relevant employees.

Deferred variable remuneration is paid in the form of shares which vest over a period of 4 years. Shares are awarded subject to the performance of eligible employees. The shares will lapse upon termination of employment.

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**25.2 Template REM1: Remuneration awarded during financial year**

The following table summarized quantitative information on remuneration for the financial year ended 31 December 2025.

Remuneration amount and quantitative information			As at 31 Dec 2025	
			In HK\$'000	
			Senior management	Key personnel
1	Fixed remuneration	Number of employees	10	5
2		Total fixed remuneration	15,201	3,916
3		Of which: cash-based	15,201	3,916
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	Number of employees	10	5
10		Total variable remuneration	8,120	993
11		Of which: cash-based	6,764	993
12		Of which: deferred	1,911	-
13		Of which: shares or other share-linked instruments	1,356	-
14		Of which: deferred	1,094	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	<b>Total remuneration</b>		<b>23,321</b>	<b>4,909</b>

**25.3 Template REM2: Special payments**

The following table summarized quantitative information on special payment for the financial year ended 31 December 2025.

Special payments		As at 31 Dec 2025					
		In HK\$'000					
		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	-	-	-	-	-	-
2	Key personnel	-	-	-	-	-	-

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**25.4 Template REM3: Deferred remuneration**

The following table summarized quantitative information on deferred and retained remuneration for the financial year ended 31 December 2025.

		As at 31 Dec 2025				
		In 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					
2	Cash	5,733	-	-	-	1,911
3	Shares	3,382	-	-	-	2,061
4	Cash-linked instruments	-	-	-	-	-
5	Other	-	-	-	-	-
6	Key personnel					
7	Cash	-	-	-	-	-
8	Shares	-	-	-	-	-
9	Cash-linked instruments	-	-	-	-	-
10	Other	-	-	-	-	-
11	<b>Total</b>	<b>9,115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,972</b>

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**26. ABBREVIATIONS**

<b>Abbreviations</b>	<b>Brief Description</b>
ALCO	Asset and Liability Management Committee
AT1	Additional Tier 1 Capital
Bank	Ele Bank Limited
BSC	Basic Approach
BI	Business Indicator
BIC	Business Indicator Component
BCR	Banking (Capital) Rules
BDR	Banking (Disclosure) Rules
Board	Board of Director
CC	Credit Committee
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
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
CRO	Chief Risk Officer
CSA	Credit Support Annexes
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorized Institution
ECAIs	External Credit Assessment Institutions
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
ERMF	Enterprise Risk Management Framework
EVE	Economic Value of Equity
FBA	Fall-Back Approach
G-SIB	Global Systemically Important Authorized Institution
HKFRS	Hong Kong Financial Reporting Standards
HKMA	Hong Kong Monetary Authority
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
ILM	Internal Loss Multiplier
IMA	Internal Models Approach
IMM (CCR)	Internal Models (Counterparty Credit Risk) Approach
IR-1	Interest Rate Risk in the Banking Book
IRB	Internal Ratings-Based Approach
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swap and Derivatives Association
ITORC	Information Technology and Operational Risk Committee
JCCyB	Jurisdictional Countercyclical Capital Buffer
JVs	Joint Ventures
LAC	Loss-absorbing Capacity
LCM	Legal and Compliance Committee
LCR	Liquidity Coverage Ratio
LM-1	Regulatory Framework for Supervision of Liquidity Risk
LM-2	Sound Systems and Controls for Liquidity Risk Management
LMR	Liquidity Maintenance Ratio
LOD	Line of Defense
LR	Leverage Ratio
MA	Monetary Authority
MANCO	Management Committee
MSRs	Mortgage servicing rights
N/A	Not Applicable
NII	Net Interest Income

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**26. ABBREVIATIONS (continued)**

<b>Abbreviations</b>	<b>Brief Description</b>
NMD	Non-maturity deposits
NRC	Nomination and Remuneration Committee
NSFR	Net Stable Funding Ratio
OBS	Off-Balance Sheet
ORC	Operational Risk Regulatory Capital
OTC	Over-The-Counter
PFE	Potential Future Exposure
PRC	People's Republic of China
PSE	Public Sector Entities
RAS	Risk Appetite Statement
RC	Risk Committee
RMC	Risk Management Committee
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
SPM	Supervisory Policy Manual
STC	Standardized (Credit Risk) Approach
STM	Standardized (Market Risk) Approach
SSTM	Simplified Standardized Approach
T1	Tier 1 Capital
T2	Tier 2 Capital
TC	Total Capital
VaR	Value at Risk