



上海商業銀行
SHANGHAI COMMERCIAL BANK

REGULATORY DISCLOSURES

As at 30 June 2026
(Unaudited)



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SHANGHAI COMMERCIAL BANK LIMITED

(All amounts in HK dollar thousands unless otherwise stated)

The following disclosures are prepared under regulatory scope of consolidation to comply with the Banking (Disclosure) Rules and are not audited.

1 KEY PRUDENTIAL RATIOS

		30 June 2026	31 March 2026	31 December 2025	30 September 2025	30 June 2025
Regulatory capital (amount)						
1 & 1a	Common Equity Tier 1 (CET1)	37,885,084	37,329,802	36,604,045	36,120,469	35,914,608
2 & 2a	Tier 1	37,885,084	37,329,802	36,604,045	36,120,469	35,914,608
3 & 3a	Total capital	42,133,425	41,546,371	40,776,278	40,293,773	40,143,946
Risk Weighted Amounts (RWA)						
4	Total RWA	140,452,720	137,064,391	134,102,176	135,517,581	139,971,549
4a	Total RWA (pre-floor)	140,452,720	137,064,391	134,102,176	135,517,581	139,971,549
Risk-based regulatory capital ratios (as a percentage of RWA)						
5 & 5a	CET1 ratio (%)	27.0%	27.2%	27.3%	26.7%	25.7%
5b	CET1 ratio (%) (pre-floor ratio)	27.0%	27.2%	27.3%	26.7%	25.7%
6 & 6a	Tier 1 ratio (%)	27.0%	27.2%	27.3%	26.7%	25.7%
6b	Tier 1 ratio (%) (pre-floor ratio)	27.0%	27.2%	27.3%	26.7%	25.7%
7 & 7a	Total capital ratio (%)	30.0%	30.3%	30.4%	29.7%	28.7%
7b	Total capital ratio (%) (pre-floor ratio)	30.0%	30.3%	30.4%	29.7%	28.7%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.32%	0.33%	0.34%	0.33%	0.33%
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 (%)	2.8%	2.8%	2.8%	2.8%	2.8%
12	CET1 available after meeting the AI's minimum capital requirements (%)	21.0%	21.2%	21.3%	20.7%	19.7%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	231,437,004	235,031,042	230,451,324	233,365,846	232,639,558
13a	LR exposure measure based on mean values of gross assets of SFTs	231,435,736	234,753,385	230,606,759	232,574,542	232,661,536
14, 14a & 14b	LR (%)	16.4%	15.9%	15.9%	15.5%	15.4%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	16.4%	15.9%	15.9%	15.5%	15.4%
Liquidity Coverage Ratio (LCR)/Liquidity Maintenance Ratio (LMR)						
	Applicable to category 1 institutions only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institutions only:					
17a	LMR (%)	84.7%	84.8%	83.7%	82.3%	76.5%
Net Stable Funding Ratio (NSFR)/Core Funding Ratio (CFR)						
	Applicable to category 1 institutions 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 institutions only:					
20a	CFR (%)	273.2%	271.3%	282.6%	308.4%	295.6%

2 CAPITAL STRUCTURE AND ADEQUACY

The calculation of the capital adequacy ratio as at 30 June 2026 is based on the Banking (Capital) Rules (“BCR”). The capital adequacy ratio represents the consolidated ratio of the Bank’s Hong Kong offices and its branches outside Hong Kong, Shacom Property (CA), Inc., Shacom Property (NY), Inc., Shacom Property Holdings (BVI) Limited, Shacom Investment Limited, Shacom Assets Investments Limited, Right Honour Investments Limited, Glory Step Westpoint Investments Limited, Silver Wisdom Westpoint Investments Limited, Shacom Insurance Brokers Limited, KCC 23F Limited, KCC 25F Limited, and KCC 26F Limited computed in accordance with Section 3C(1) of the BCR.

For accounting purposes, the basis of consolidation is described in Note 5 to the Group Interim Financial Disclosure Statement.

The Group uses the standardized (credit risk) approach, standardized (market risk) approach, revised standardized approach and reduced basic credit valuation adjustment (“CVA”) approach under BCR for credit risk, market risk, operational risk and CVA risk respectively. The Group operates subsidiaries in different countries where capital is governed by local rules and there may be restrictions on the transfer of funds or regulatory capital between members of the Group.

The table below shows the balance sheet based on accounting scope of consolidation and the regulatory scope of consolidation, and the reconciliation of the capital components from balance sheet based on regulatory scope of consolidation to the Composition of Regulatory Capital as at 30 June 2026.

Reconciliation of regulatory capital to balance sheet

	Balance sheet as in published financial statements as at 30 June 2026	Under regulatory scope of consolidation as at 30 June 2026	Reference
Assets			
Cash and balances with banks	30,960,747	30,959,033	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(837)	(1)
Placements with and advances to banks	37,961,135	37,961,135	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(1,045)	(2)
Loans and advances to customers	70,087,051	70,087,051	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(662,922)	(3)
Financial assets at fair value through profit or loss	177,263	121,835	
<i>of which: insignificant capital investments in financial sector entities exceeding 10% threshold</i>	–	3,838	(4)
Derivative financial instruments	519,350	519,350	
Investment securities at fair value through other comprehensive income	77,007,684	76,748,994	
<i>of which: insignificant capital investments in financial sector entities exceeding 10% threshold</i>	–	1,089,094	(5)
Investment securities at amortized cost	4,252,332	4,252,332	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(10)	(6)
Properties for sale	121,370	121,370	
Investments in associates and joint venture	381,612	43,000	
Investments in and amounts due from subsidiaries	–	296,609	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(40,963)	(7)

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Reconciliation of regulatory capital to balance sheet (Continued)

	Balance sheet as in published financial statements as at 30 June 2026	Under regulatory scope of consolidation as at 30 June 2026	Reference
Properties and equipment	2,344,342	2,345,066	
Investment properties	1,068,764	1,068,764	
Intangible assets	89,126	112,615	(8)
Current income tax assets	256,678	256,678	
Deferred income tax assets	1,110,107	1,116,054	(9)
Other assets	2,790,998	2,717,365	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	(6,605)	(10)
Total assets	229,128,559	228,727,251	
Liabilities			
Deposits and balances from banks	5,989,328	5,989,328	
Deposits from customers	173,394,762	173,394,762	
Derivative financial instruments	446,015	446,015	
Amounts due to subsidiaries	–	456,262	
Subordinated debts	2,724,744	2,724,744	(11)
Other liabilities	4,461,808	4,314,141	
<i>of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital</i>	–	51,280	(12)
Current income tax liabilities	250,837	244,389	
Deferred income tax liabilities	11,991	11,947	
Total liabilities	187,279,485	187,581,588	
Equity			
Share capital	2,000,000	2,000,000	(13)
Retained earnings	28,325,883	27,788,449	(14)
Reserves	11,387,565	11,357,214	
<i>of which: accumulated other comprehensive income/(loss), other than regulatory reserve</i>	–	10,419,426	(15)
<i>regulatory reserve</i>	–	937,788	(16)
Non-controlling interests in equity	135,626	–	
Total equity	41,849,074	41,145,663	
Total equity and liabilities	229,128,559	228,727,251	

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)**Composition of regulatory capital**

The Composition of Regulatory Capital as at 30 June 2026 is shown below:

		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	2,000,000	(13)
2	Retained earnings	27,788,449	(14)
3	Disclosed reserves	11,357,214	(15) + (16)
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	–	
6	CET1 capital before regulatory deductions	41,145,663	
CET1 capital: regulatory deductions			
7	Valuation adjustments	1,190	
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	112,615	(8)
10	Deferred tax assets (net of associated deferred tax liabilities)	1,116,054	(9)
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)	1,092,932	(4) + (5)
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)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	937,788	
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	937,788	(16)
26c	Securitization exposures specified in a notice given by the Monetary Authority	–	

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)**Composition of regulatory capital (Continued)**

		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e	Capital shortfall of regulated non-bank subsidiaries	–	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28	Total regulatory deductions to CET1 capital	3,260,579	
29	CET1 capital	37,885,084	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	–	
31	of which: classified as equity under applicable accounting standards	–	
32	of which: classified as liabilities under applicable accounting standards	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	
36	AT1 capital before regulatory deductions	–	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	–	
38	Reciprocal cross-holdings in AT1 capital instruments	–	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
41	National specific regulatory adjustments applied to AT1 capital	–	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–	
43	Total regulatory deductions to AT1 capital	–	
44	AT1 capital	–	
45	Tier 1 capital (T1 = CET1 + AT1)	37,885,084	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	2,724,744	(11)
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	1,523,597	
51	Tier 2 capital before regulatory deductions	4,248,341	

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)**Composition of regulatory capital (Continued)**

		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	–	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	–	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as “section 2 institution” under §2(1) of Schedule 4F to BCR only)	–	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	National specific regulatory adjustments applied to Tier 2 capital	–	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	–	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within BCR §48(1) (g)	–	
57	Total regulatory adjustments to Tier 2 capital	–	
58	Tier 2 capital (T2)	4,248,341	
59	Total regulatory capital (TC = T1 + T2)	42,133,425	
60	Total RWA	140,452,720	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	27.0%	
62	Tier 1 capital ratio	27.0%	
63	Total capital ratio	30.0%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.8%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: bank specific countercyclical capital buffer requirement	0.32%	
67	of which: higher loss absorbency requirement	–	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	21.0%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)**Composition of regulatory capital (Continued)**

		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	3,897,801	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	494,209	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	1,701,450	(12) + (16) – (1) – (2) – (3) – (6) – (7) – (10)
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	1,523,597	
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	–	

Note to the template:

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

Row No.	Description	Hong Kong basis	Basel III basis
10	Deferred tax assets (“DTA”) (net of associated deferred tax liabilities)	1,116,054	–
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 10 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for mortgage servicing rights, 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.		
Remarks: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)**Main features of regulatory capital instruments**

The main features of regulatory capital instruments as at 30 June 2026 are shown below. Full terms and conditions are published in the Bank's website of <http://www.shacombank.com.hk> and are accessible via the following direct link: <http://www.shacombank.com.hk/eng/about/regulatory/20260630.jsp>

		Ordinary shares	Subordinated notes due 2033
1	Issuer	Shanghai Commercial Bank Limited	Shanghai Commercial Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	ISIN: XS2531672892
3	Governing law(s) of the instrument	Laws of Hong Kong	English Law, except that the subordination provisions shall be governed by the laws of Hong Kong.
	Regulatory treatment		
4	Transitional Basel III rules	N/A	N/A
5	Basel III rules	Common Equity Tier 1	Tier 2
6	Eligible at solo*/group/solo and group	Solo and Group	Solo and Group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Other Tier 2 instruments
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	HK\$2,000 million	HK\$2,725 million
9	Par value of instrument	N/A	US\$350 million
10	Accounting classification	Shareholders' equity	Liability-amortized cost
11	Original date of issuance	1951, 1968, 1969, 1970, 1972, 1973, 1975, 1979, 1981, 1985, 1988, 1990, 1991, 1996, 2000	28 February 2023
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	28 February 2033
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	One-off call date: 28 February 2028. Additional optional redemption in whole at 100% of principal amount with accrued interest for taxation reasons, tax deductions reasons and regulatory reasons. Redemption amount subject to adjustment following occurrence of a Non-Viability Event. Redemption subject to prior written consent of the HKMA.
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons/dividends		
17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	N/A	6.375% p.a. Fixed until 28 February 2028 and thereafter reset to a new fixed rate equal to the sum of the then prevailing U.S. Treasury Rate and the Spread at Pricing.
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step-up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Cumulative

2 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)**Main features of regulatory capital instruments (Continued)**

		Ordinary shares	Subordinated notes due 2033
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down feature	No	Yes
31	If write-down, write-down trigger(s)	N/A	The earlier of the HKMA notifying the issuer in writing: (i) that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable or (ii) that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.
32	If write-down, full or partial	N/A	May be in part or in full
33	If write-down, permanent or temporary	N/A	Permanent
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A	The rights of the holders will, in the event of the winding up of the Bank, rank (i) subordinate and junior in right of payment to, and of all claims of, (a) all unsubordinated creditors of the Issuer (including its depositors), and (b) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Notes or rank senior to the Notes by operation of law or contract; (ii) pari passu in right of payment to and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of, (a) the holders of Junior Obligations, and (b) holders of Tier 1 Capital Instruments of the Issuer.
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A

Footnote:

* Include solo-consolidated

3 OVERVIEW OF RWA

The table below shows the breakdowns of RWA for various risks as at 30 June 2026 and 31 March 2026 and the minimum capital requirements as at 30 June 2026 which are calculated by multiplying the Group's RWA by 8%.

		RWA		Minimum capital requirements
		30 June 2026	31 March 2026	30 June 2026
1	Credit risk for non-securitization exposures	110,281,081	107,845,036	8,822,487
2	Of which STC approach	110,281,081	107,845,036	8,822,487
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	–	–	–
5c	Of which cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR	–	–	–
6	Counterparty credit risk and default fund contributions	608,551	701,686	48,684
7	Of which SA-CCR approach	606,319	700,839	48,506
7a	Of which CEM	–	–	–
8	Of which IMM(CCR) approach	–	–	–
8a	Of which method for group 2b cryptoasset derivative contracts	–	–	–
9	Of which others	2,232	847	178
10	CVA risk	411,200	479,863	32,896
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	9,133,925	7,969,150	730,714
21	Of which STM approach	9,133,925	7,969,150	730,714
22	Of which IMA	–	–	–
22a	Of which SSTM approach	–	–	–
23	Capital charge for moving exposures between trading book and banking book	–	–	–
24	Operational risk	9,019,850	9,055,363	721,588
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	10,998,113	11,013,293	879,849
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	140,452,720	137,064,391	11,236,218

4 COUNTERCYCLICAL CAPITAL BUFFER (“CCyB”) RATIO

CCyB ratio is calculated as the weighted average of the applicable jurisdictional CCyB (“JCCyB”) ratio effective at the date for which the determination is made, in respect of the jurisdictions (including Hong Kong) where the Bank has private sector credit exposures. The weight to be attributed to a given jurisdiction’s applicable CCyB ratio is the ratio of the Bank’s aggregate RWA for its private sector credit exposures (in both the banking book and the trading book) in that jurisdiction where the location of the exposures is determined as far as possible on an ultimate risk basis to the sum of the Bank’s aggregate RWA across all jurisdictions in which the Bank has private sector credit exposures.

Key drivers for the changes in exposure amounts include asset quality, credit growth and credit portfolio. The applicable JCCyB ratio for Hong Kong is determined by the Hong Kong Monetary Authority based on the Initial Reference Calculator that is transparently calculated and made public, while the applicable JCCyB ratio in respect of a given jurisdiction outside Hong Kong may differ from the JCCyB ratio as determined by the relevant authority in that jurisdiction if the Hong Kong Monetary Authority has determined and announced the application of a higher or lower rate.

The following table shows the CCyB ratio, the geographical breakdown of the RWA in relation to private sector credit exposures that are relevant to the calculation of CCyB ratio and which have an applicable JCCyB ratio greater than zero as at 30 June 2026.

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
		%	HK\$’000	%	HK\$’000
1	Hong Kong SAR	0.50%	50,339,092		
2	Australia	1.00%	3,958		
3	Belgium	1.00%	5,016		
4	Chile	0.50%	124		
5	France	1.00%	52		
6	Germany	0.75%	83		
7	Ireland	1.50%	93,476		
8	Luxembourg	0.50%	79,133		
9	Netherlands	2.00%	1,043		
10	Norway	2.50%	2		
11	Saudi Arabia	1.00%	167,537		
12	South Africa	1.00%	8		
13	South Korea	1.00%	158,489		
14	Spain	0.50%	13		
15	Sweden	2.00%	23,679		
16	United Arab Emirates	0.50%	2,122		
17	United Kingdom	2.00%	271,745		
	Sum		51,145,572		
	Total		83,392,003	0.32%	449,449

5 LEVERAGE RATIO

The leverage ratio ("LR") represents the consolidated ratio computed in the same regulatory consolidation basis as the capital adequacy ratio. The table below presents the summary comparison of accounting assets against leverage ratio exposure measure as at 30 June 2026.

Item	Value under the LR framework
1 Total consolidated assets as per published financial statements (before adjustments for specific and collective provisions)	230,835,850
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(401,308)
3 Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference	–
4 Adjustments for temporary exemption of central bank reserves	Not applicable
5 Adjustment for fiduciary assets 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	657,352
9 Adjustment for SFTs (i.e. repos and similar secured lending)	2,136
10 Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	5,310,844
11 Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(1,707,291)
12 Other adjustments	(3,260,579)
13 Leverage ratio exposure measure	231,437,004

The leverage ratios as at 30 June 2026 and 31 March 2026 are shown below:

	30 June 2026	31 March 2026
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	229,412,215	231,252,905
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 assets other than money received under SFTs that are recognized as an asset	–	–
5 Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(1,656,011)	(1,750,640)
6 Less: Asset amounts deducted in determining Tier 1 capital	(3,260,579)	(3,726,590)
7 Total on-balance sheet exposures (excluding derivative contracts and SFTs)	224,495,625	225,775,675
Exposures arising from derivative contracts		
8 Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	93,853	208,647
9 Add-on amounts for PFE associated with all derivative contracts	1,082,849	1,288,636

5 LEVERAGE RATIO (CONTINUED)

		30 June 2026	31 March 2026
10	Less: Exempted CCP leg of client-cleared trade exposures	–	–
11	Adjusted effective notional amount of written credit-related derivative contracts	–	–
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	–	–
13	Total exposures arising from derivative contracts	1,176,702	1,497,283
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	502,977	501,130
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
16	CCR exposure for SFT assets	2,136	1,130
17	Agent transaction exposures	–	–
18	Total exposures arising from SFTs	505,113	502,260
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	27,837,089	31,754,396
20	Less: Adjustments for conversion to credit equivalent amounts	(22,526,245)	(24,439,723)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(51,280)	(58,849)
22	Off-balance sheet items	5,259,564	7,255,824
Capital and total exposures			
23	Tier 1 capital	37,885,084	37,329,802
24	Total exposures	231,437,004	235,031,042
Leverage ratio			
25 & 25a	Leverage ratio	16.4%	15.9%
26	Minimum leverage ratio requirement	3.0%	3.0%
27	Applicable leverage buffers	Not applicable	Not applicable
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	501,709	223,473
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	502,977	501,130
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)	231,435,736	234,753,385
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)	16.4%	15.9%

Abbreviations:

CCP: Central counterparty

CCR: Counterparty credit risk

PFE: Potential future exposure

SFT: Securities financing transactions

6 CREDIT RISK

(a) Credit quality of exposures as at 30 June 2026

	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
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	3,633,970	67,954,413	1,501,332	838,410	662,922	–	70,087,051
2	Debt securities	–	75,908,822	10	–	10	–	75,908,812
3	Off-balance sheet exposures	9,957	6,993,103	19,390	–	19,390	–	6,983,670
4	Total	3,643,927	150,856,338	1,520,732	838,410	682,322	–	152,979,533

Defaulted exposures correspond to the secured and unsecured portions of defaulted exposures as defined in BCR §51(1) or claims past due for more than 90 days.

(b) Changes in defaulted loans and debt securities

	Amount
1 Defaulted loans and debt securities at end of the previous reporting period	3,956,367
2 Loans and debt securities that have defaulted since the last reporting period	601,669
3 Returned to non-defaulted status	–
4 Amounts written off	(221,658)
5 Other changes*	(702,408)
6 Defaulted loans and debt securities at end of the current reporting period	3,633,970

* Other changes include loan repayment and exchange rate difference.

(c) Overview of recognized credit risk mitigation as at 30 June 2026

	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	64,636,144	5,450,907	907,650	557,230	–
2 Debt securities	75,908,812	–	–	–	–
3 Total	140,544,956	5,450,907	907,650	557,230	–
4 Of which defaulted	2,787,926	7,634	1,674	1,513	–

6 CREDIT RISK (CONTINUED)

(d) Credit risk exposures and effects of recognized credit risk mitigation – for STC approach as at 30 June 2026

Exposure classes		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	10,365,702	–	10,375,011	–	61	0%
2	Public sector entity exposures	5,599,103	500,000	6,145,546	200,000	1,269,109	20%
3	Multilateral development bank exposures	1,147,174	–	1,147,174	–	–	0%
3a	Unspecified multilateral body exposures	288,173	–	288,173	–	57,635	20%
4	Bank exposures	113,749,115	1,429,529	113,749,115	571,812	28,286,372	25%
4a	Qualifying non-bank financial institution exposures	1,665,252	397,888	1,665,252	39,789	762,810	45%
5	Eligible covered bond exposures	–	–	–	–	–	–
6	General corporate exposures	30,218,190	15,081,034	29,947,559	2,904,139	25,544,680	78%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	–	–	–	–	–	–
6b	Specialized lending	–	–	–	–	–	–
7	Equity exposures	–	–	–	–	–	–
7a	Significant capital investments in commercial entities	–	–	–	–	–	–
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	–	–	–	–	–	–
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	–	–	–	–	–	–
8	Retail exposures	2,609,622	6,290,930	2,378,222	690,928	2,661,790	87%
8a	Exposures arising from IPO financing	–	–	–	–	–	–
9	Real estate exposures	47,902,413	4,075,127	46,941,317	894,930	42,647,093	89%
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	6,695,022	1,529,171	6,153,902	611,668	2,168,972	32%
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	1,395,227	–	1,395,227	–	599,979	43%

6 CREDIT RISK (CONTINUED)

(d) Credit risk exposures and effects of recognized credit risk mitigation – for STC approach as at 30 June 2026
(Continued)

Exposure classes		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	2,709,258	32,191	2,704,279	11,321	2,137,117	79%
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	7,260,776	6,994	7,150,547	2,798	5,956,482	83%
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	22,683,519	2,466,154	22,403,555	262,294	21,120,734	93%
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	4,670,434	–	4,665,474	–	6,998,211	150%
9g	Of which: land acquisition, development and construction exposures	2,488,177	40,617	2,468,333	6,849	3,665,598	148%
10	Defaulted exposures	2,971,867	62,582	2,971,867	9,245	4,435,893	149%
11	Other exposures	4,492,930	–	4,492,930	–	4,492,930	100%
11a	Cash and gold	586,276	–	1,493,651	–	122,703	8%
11b	Items in the process of clearing or settlement	504,950	–	504,950	–	5	0%
12	Total	222,100,767	27,837,090	222,100,767	5,310,843	110,281,081	48%

6 CREDIT RISK (CONTINUED)

(e) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2026

		0%	10%	15%	20%	25%	30%	35%	40%	45%	50%	65%
1	Sovereign exposures	10,374,706			305						–	
2	Public sector entity exposures	–			6,345,546						–	
3	Multilateral development bank exposures	1,147,174					–				–	
3a	Unspecified multilateral body exposures				288,173		–				–	
4	Bank exposures				68,217,178		42,044,694		–		4,059,055	
4a	Qualifying non-bank financial institution exposures				425,554		626,482		–		–	
5	Eligible covered bond exposures		–	–	–	–	–	–			–	
6	General corporate exposures				1,666,395		–				10,625,070	
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a				–		–				–	
6b	Specialized lending				–						–	
7	Equity exposures											
7a	Significant capital investments in commercial entities											
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities											
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates											
8	Retail exposures									484,306		
8a	Exposures arising from IPO financing	–										

6 CREDIT RISK (CONTINUED)

(e) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2026 (Continued)

		75%	80%	85%	100%	130%	150%	250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign exposures				–		–				–	10,375,011
2	Public sector entity exposures				–		–				–	6,345,546
3	Multilateral development bank exposures				–		–				–	1,147,174
3a	Unspecified multilateral body exposures				–		–				–	288,173
4	Bank exposures	–			–		–				–	114,320,927
4a	Qualifying non-bank financial institution exposures	653,005			–		–				–	1,705,041
5	Eligible covered bond exposures				–						–	–
6	General corporate exposures	1,660,174		1,642,162	17,257,897		–				–	32,851,698
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	–		–	–		–				–	–
6b	Specialized lending	–	–		–	–	–				–	–
7	Equity exposures							–	–		–	–
7a	Significant capital investments in commercial entities							–	–	–	–	–
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities						–	–	–		–	–
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates						–				–	–
8	Retail exposures	568,718			2,006,627						9,499	3,069,150
8a	Exposures arising from IPO financing										–	–

6 CREDIT RISK (CONTINUED)

(e) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2026 (Continued)

		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%
9	Real estate exposures	–	2,273,274	765,730	2,856,842	132,940	403,890	472,678	275,897	1,448,083	
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		2,273,274	765,730	2,209,846		403,890	78,763	275,897	–	
9b	Of which: no loan splitting applied		2,273,274	765,730	2,209,846		403,890	78,763	275,897	–	
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)				646,996	132,940		393,915		25,805	
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–		–		–		–	1,422,278	
9g	Of which: no loan splitting applied	–	–		–		–		–	1,422,278	
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)										
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										

6 CREDIT RISK (CONTINUED)

(e) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2026 (Continued)

		70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9	Real estate exposures	4,184,735	3,175,550	5,246,610	2,672,580	15,733,796	71,770	1,036,559	7,046,305	39,008	47,836,247
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	740,529	-				-			17,641	6,765,570
9b	Of which: no loan splitting applied	740,529	-				-			17,641	6,765,570
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)		102,434		-		71,770			21,367	1,395,227
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		-	63,726		1,229,596			-	-	2,715,600
9g	Of which: no loan splitting applied		-	63,726		1,229,596			-	-	2,715,600
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)	3,444,206			2,672,580			1,036,559		-	7,153,345
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		3,073,116	5,182,884		14,409,849			-	-	22,665,849
9l	Of which: no loan splitting applied		3,073,116	5,182,884		14,409,849			-	-	22,665,849
9m	Of which: loan splitting applied (secured)										
9n	Of which: loan splitting applied (unsecured)										
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)								4,665,474	-	4,665,474
9p	Of which: land acquisition, development and construction exposures					94,351			2,380,831	-	2,475,182

6 CREDIT RISK (CONTINUED)

(e) Credit risk exposures by exposure classes and by risk weights – for STC approach as at 30 June 2026 (Continued)

		0%	20%	50%	100%	150%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures				63,093	2,914,766		3,253	2,981,112
11	Other exposures				4,492,930		-	-	4,492,930
11a	Cash and gold	994,714			28,644			470,293	1,493,651
11b	Items in the process of clearing or settlement	504,926	24					-	504,950

Exposure amounts and CCFs applied to off-balance sheet exposures, categorized based on risk bucket of converted exposures (STC version)

	Risk weight	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1	Less than 40%	138,383,731	1,930,282	40%	139,155,844
2	40–70%	20,859,480	5,502,506	20%	21,975,081
3	75%	5,691,348	3,032,826	12%	6,057,447
4	85%	6,030,292	4,837,641	18%	6,888,772
5	90–100%	40,076,335	12,419,383	18%	42,255,567
6	105–130%	1,114,604	11,253	29%	1,117,828
7	150%	9,944,977	103,199	16%	9,961,071
8	250%	-	-	-	-
9	400%	-	-	-	-
10	1250%	-	-	-	-
11	Total exposures	222,100,767	27,837,090	19%	227,411,610

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

7 COUNTERPARTY CREDIT RISK

(a) Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches as at 30 June 2026

		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)	125,988	753,481		1.4	1,231,257	606,319
1a	CEM (for derivative contracts)	–	–		1.4	–	–
1b	Method for group 2b cryptoasset derivative contracts	–	–		1.4	–	–
2	IMM (CCR) approach			–	–	–	–
3	Simple approach (for SFTs)					505,112	2,232
4	Comprehensive approach (for SFTs)					–	–
5	VaR (for SFTs)					–	–
6	Total						608,551

(b) Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach as at 30 June 2026

Risk Weight		0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
Exposure class													
1	Sovereign exposures	2,136	–	–	–	–	–	–	–	–	–	–	2,136
2	Public sector entity exposures	–	–	–	–	–	–	–	–	–	–	–	–
3	Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–	–
4	Unspecified multilateral body exposures	–	–	–	–	–	–	–	–	–	–	–	–
5	Bank exposures	–	–	642,589	80,371	–	–	–	–	–	–	–	722,960
6	Qualifying non-bank financial institution exposures	–	–	68,259	–	–	–	–	–	–	–	–	68,259
7	General corporate exposures	–	–	–	–	–	–	–	–	239,878	–	–	239,878
8	Retail exposures	–	–	–	–	–	–	2,976	–	200,160	–	–	203,136
9	Defaulted exposures	–	–	–	–	–	–	–	–	–	–	–	–
10	Other exposures	500,000	–	–	–	–	–	–	–	–	–	–	500,000
11	Total	502,136	–	710,848	80,371	–	–	2,976	–	440,038	–	–	1,736,369

7 COUNTERPARTY CREDIT RISK (CONTINUED)**(c) Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs) as at 30 June 2026**

		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		
1	Cash – domestic currency	–	–	–	1,926	500,000	–
2	Cash – other currencies	–	145,885	–	104,570	–	–
3	Debt securities	–	–	–	–	–	502,136
4	Total	–	145,885	–	106,496	500,000	502,136

(d) Credit-related derivatives contracts

The Group did not have any credit-related derivatives contracts as at 30 June 2026.

(e) Exposures to CCPs

The Group did not have any exposures to CCPs as at 30 June 2026.

8 CVA RISK**CVA risk under reduced basic CVA approach as at 30 June 2026**

		Components	CVA risk capital charge under the reduced basic CVA approach
1	Aggregation of systematic components of CVA risk	93,387	
2	Aggregation of idiosyncratic components of CVA risk	22,538	
3	Total		32,896

9 MARKET RISK**Market risk under STM approach as at 30 June 2026**

		Market risk capital charges under STM approach
1	General interest rate risk	16,377
2	Equity risk	–
3	Commodity risk	5,713
4	Foreign exchange risk	708,042
5	Credit spread risk (non-securitization)	146
6	Credit spread risk (securitization: non-correlation trading portfolio (“CTP”))	–
7	Credit spread risk (securitization: CTP)	–
8	Standardized default risk charge (“SA-DRC”) (non-securitization)	413
9	SA-DRC (securitization: non-CTP)	–
10	SA-DRC (securitization: CTP)	–
11	Group 2a cryptoasset exposures	–
12	Residual risk add-on	23
13	Total	730,714

10 ASSET ENCUMBRANCE

The encumbered and unencumbered assets on the balance sheet as at 30 June 2026 are shown below.

	Encumbered assets*	Unencumbered assets	Total
Balances and placements with and advances to banks	338,755	68,581,413	68,920,168
Loans and advances to customers	–	70,087,051	70,087,051
Investment securities	4,696,450	76,304,876	81,001,326
Other assets	106,497	8,612,209	8,718,706
Total	5,141,702	223,585,549	228,727,251

* Assets that the Group is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other limitations.

11 NON-BANK MAINLAND EXPOSURES

The Bank	30 June 2026			31 December 2025		
	On-balance sheet exposures	Off-balance sheet exposures	Total	On-balance sheet exposures	Off-balance sheet exposures	Total
Types of counterparties						
1. Central government, central government-owned entities and their subsidiaries and joint ventures	712,408	41,582	753,990	793,331	3,629	796,960
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	280,536	–	280,536	74,907	–	74,907
3. PRC nationals residing in Chinese Mainland or other entities incorporated in Chinese Mainland and their subsidiaries and joint ventures	8,232,011	305,005	8,537,016	7,597,418	623,084	8,220,502
4. Other entities of central government not reported in item 1 above	448,997	–	448,997	448,292	–	448,292
5. Other entities of local governments not reported in item 2 above	–	–	–	–	–	–
6. PRC nationals residing outside Chinese Mainland or entities incorporated outside Chinese Mainland where the credit is granted for use in Chinese Mainland	3,176,916	440,179	3,617,095	3,276,708	324,836	3,601,544
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Chinese Mainland exposures	359,075	2	359,077	550,382	5	550,387
Total	13,209,943	786,768	13,996,711	12,741,038	951,554	13,692,592
Total assets after provisions	223,601,814			222,019,814		
On-balance sheet exposures as percentage of total assets	5.91%			5.74%		

12 CURRENCY CONCENTRATIONS

As at 30 June 2026

Equivalent in Hong Kong dollars	Spot assets	Spot liabilities	Forward purchases	Forward sales	Net options position	Net long/ (short) position	Net structural position
US Dollars	85,561,000	(89,272,000)	59,251,000	(50,832,000)	747,000	5,455,000	6,980,000
Pound Sterling	5,218,000	(5,284,000)	2,990,000	(3,186,000)	382,000	120,000	3,000
Euro Dollars	1,183,000	(1,231,000)	5,496,000	(4,382,000)	(842,000)	224,000	–
Renminbi	14,468,000	(13,462,000)	6,441,000	(7,353,000)	–	94,000	4,701,000
Canadian Dollars	1,135,000	(1,128,000)	427,000	(92,000)	(137,000)	205,000	–
Australian Dollars	3,565,000	(3,567,000)	1,692,000	(1,410,000)	(150,000)	130,000	–
Other currencies and gold	6,037,000	(1,591,000)	6,713,000	(10,111,000)	–	1,048,000	–
	117,167,000	(115,535,000)	83,010,000	(77,366,000)	–	7,276,000	11,684,000

As at 31 December 2025

Equivalent in Hong Kong dollars	Spot assets	Spot liabilities	Forward purchases	Forward sales	Net options position	Net long/ (short) position	Net structural position
US Dollars	86,374,000	(90,536,000)	49,976,000	(37,240,000)	(832,000)	7,742,000	6,817,000
Pound Sterling	5,373,000	(5,424,000)	796,000	(737,000)	–	8,000	3,000
Euro Dollars	1,115,000	(1,169,000)	4,176,000	(4,543,000)	409,000	(12,000)	–
Renminbi	13,957,000	(12,913,000)	3,783,000	(4,908,000)	–	(81,000)	5,202,000
Canadian Dollars	1,381,000	(1,382,000)	299,000	(372,000)	–	(74,000)	–
Australian Dollars	4,043,000	(4,040,000)	2,015,000	(2,009,000)	–	9,000	–
Other currencies and gold	6,709,000	(1,589,000)	7,411,000	(12,699,000)	423,000	255,000	–
	118,952,000	(117,053,000)	68,456,000	(62,508,000)	–	7,847,000	12,022,000

The net options position is calculated based on the delta-weighted positions of all foreign exchange option contracts.

The above disclosure is based on the significance of the Group's foreign currency exposures of the current period.