Livi Bank

Unaudited Regulatory Disclosure Statement

For the year ended
31 December 2025

Livi Bank Limited

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1 Introduction

Unaudited Regulatory Disclosure Statement

This Unaudited Regulatory Disclosure Statement should be read in conjunction with the 2025 Audited Financial Statements ("financial statements"). The financial statements and this Regulatory Disclosure Statement taken together comply with the Banking (Disclosure) Rules ("Rules") under section 60A of the Banking Ordinance.

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 approach to determine the content, appropriateness and frequency of the disclosures, the approach to ensure the relevance and adequacy of the disclosures, and the internal control over the process for making the disclosures. The disclosures have been subject to independent review in accordance with the disclosure policy.

Prior period disclosures as required by the Banking (Disclosure) Rules are available on our website: www.livibank.com.

Basis of preparation and consolidation

The capital ratios were calculated in accordance with the Banking (Capital) Rules ("BCR") of the Hong Kong Banking Ordinance. In calculating the risk weighted amounts, the Bank adopted the Standardized (Credit Risk) Approach and the Simplified Standardized (Market Risk) Approach for credit risk and market risk respectively. For operational risk, the capital requirement is calculated using Business Indicator to calculate the operational risk capital charge.

At 31 December 2025, the Bank does not have any subsidiaries.

Livi Bank Limited

2 Key Prudential Ratios (KM1)

The following table sets out an overview of the Bank's key prudential ratios.

		(a) At 31 December 2025 HK$'000	(b) At 30 September 2025 HK$'000	(c) At 30 June 2025 HK$'000	(d) At 31 March 2024 HK$'000	(e) At 31 December 2024 HK$'000
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	926,094	892,680	886,807	855,506	857,517
2 & 2a	Tier 1	1,725,170	1,691,756	1,685,883	1,654,582	1,656,593
3 & 3a	Total capital	1,757,425	1,724,183	1,720,991	1,685,790	1,681,159
	RWA (amount)					
4	Total RWA[2]	2,855,044	2,846,068	3,038,632	2,705,839	2,192,177
4a	Total RWA (pre-floor)	2,855,044	2,846,068	3,038,632	2,705,839	
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)[1]	32.4%	31.4%	29.2%	31.6%	39.1%
5b	CET1 ratio (%) (pre-floor ratio)	32.4%	31.4%	29.2%	31.6%	
6 & 6a	Tier 1 ratio (%)[1]	60.4%	59.4%	55.5%	61.1%	75.6%
6b	Tier 1 ratio (%) (pre-floor ratio)	60.4%	59.4%	55.5%	61.1%	
7 & 7a	Total capital ratio (%)[1]	61.6%	60.6%	56.6%	62.3%	76.7%
7b	Total capital ratio (%) (pre-floor ratio)	61.6%	60.6%	56.6%	62.3%	
	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 (%)	0.5%	0.5%	0.5%	0.5%	0.5%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total AI-specific CET1 buffer requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
12	CET1 available after meeting the AI's minimum capital requirements (%)	27.1%	23.4%	21.2%	23.6%	31.1%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	7,034,349	7,135,016	6,902,594	6,545,265	5,913,050
13a	LR exposure measure based on mean values of gross assets of SFTs	7,034,349	7,135,016	6,902,594	6,545,265	
14, 14a &14b	LR (%)[3]	24.5%	23.7%	24.4%	25.3%	28.0%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	24.5%	23.7%	24.4%	25.3%	
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institutions only:					
15	Total high quality liquid assets (HQLA)	NA	NA	NA	NA	NA
16	Total net cash outflows	NA	NA	NA	NA	NA
17	LCR (%)	NA	NA	NA	NA	NA
	Applicable to category 2 institutions only:					
17a	LMR (%)[#4]	129.6%	120.6%	119.0%	152.3%	163.3%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institutions only:					
18	Total available stable funding	NA	NA	NA	NA	NA
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR (%)	NA	NA	NA	NA	NA
	Applicable to category 2A institutions only:					
20a	CFR (%)	NA	NA	NA	NA	NA

2 Key Prudential Ratios (KM1) (continued)

[1] Increase in CET1%, Tier 1% and Total CAR% as of 31 December 2025 was driven by higher capital resulting from operating profit in Q4 2025 and lower CET1 deductions following a decrease in intangible assets.

[2] Please refer to note 3 for the key drivers of changes in total RWA.

[3] Please refer to note 7 for the key drivers of changes in the leverage ratio.

[4] Increase in average LMR was mainly due to an increase in liquefiable assets and decrease in qualifying liabilities in Q4 2025.

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

3 Overview of risk management and RWA

a. Overview of risk management (OVA)

Note 28 of the 2025 financial statements sets out a description of risk management objectives and policies and how the Board of Directors and senior management assess and manage risks, enabling users to gain a clear understanding of the risk appetite in relation to the main activities and all significant risks.

b. Overview of risk-weighted amount ("RWA") (OV1)

The following table sets out an overview of capital requirements in terms of a detailed breakdowns of RWAs for various risks.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		At 31 December 2025 HK$'000	At 30 September 2025 HK$'000	At 31 December 2025 HK$'000
1	**Credit risk for non-securitization exposures**[1]	**2,580,431**	**2,594,130**	**206,434**
2	Of which STC approach	2,580,431	2,594,130	206,434
2a	Of which BSC approach	–	–	–
3	Of which foundation IRB approach	–	–	–
4	Of which supervisory slotting criteria approach	–	–	–
5	Of which advanced IRB approach	–	–	–
5a	Of which retail IRB approach	–	–	–
5b	Of which specific risk-weight approach	–	–	–
6	**Counterparty credit risk and default fund contributions**	**–**	**–**	**–**
7	Of which SA-CCR approach	–	–	–
7a	Of which CEM	–	–	–
8	Of which IMM(CCR) approach	–	–	–
9	Of which others	–	–	–
10	**CVA risk**	**–**	**–**	**–**
11	Equity positions in banking book under the simple risk-weight method and internal models method	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**[2]	**–**	**–**	**–**
21	Of which STM approach	–	–	–
22	Of which IMA	–	–	–
22a	Of which SSTM approach	–	–	–
23	Capital charge for moving exposures between trading book and banking book	N/A	N/A	N/A
24	**Operational risk**[3]	**274,613**	**251,938**	**21,969**
24a	Sovereign concentration risk	–	–	–
25	**Amounts below the thresholds for deduction (subject to 250% RW)**	**–**	**–**	**–**
26	**Output floor level applied**	**–**	**–**	**–**

3 Overview of risk management and RWA (continued)

b. Overview of risk-weighted amount (“RWA”) (OV1) (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		At 31 December 2025 HK$'000	At 30 September 2025 HK$'000	At 31 December 2025 HK$'000
27	**Floor adjustment (before application of transitional cap)**	**–**	**–**	**–**
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**	**2,855,044**	**2,846,068**	**228,404**

[1] Decrease in credit risk for non-securitization exposures as of 31 December 2025 was primarily due to the decrease in retail loan portfolio.
[2] Since the end of March 2024, the Bank has been exempted under section 22(1) of the BCR from the requirement to calculate market risk under section 17.
[3] Increase in operational risk exposure was driven by higher net interest income and fee income in Q4 2025.

4 Linkages between financial statements and regulatory exposures

a. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1)

The following table sets out an information on assets and liabilities to enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation.

	(a) & (b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements (a) & carrying values under scope of regulatory consolidation (b)	Carrying values of items:				
At 31 December 2025		subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Assets	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash and balances with banks	473,102	473,102	-	-	-	-
Placements with banks	315,234	315,234	-	-	-	-
Financial investments	3,259,004	3,259,004	403,605	-	-	-
Loans and advances to customers	2,885,086	2,885,086	-	-	-	-
Property, plant and equipment	22,891	22,891	-	-	-	-
Intangible assets	49,691	-	-	-	-	49,691
Prepayments and other assets	49,534	49,534	-	-	-	-
Total assets	**7,054,542**	**7,004,851**	**403,605**	**-**	**-**	**49,691**
Liabilities						
Customer deposits	3,474,868	-	-	-	-	3,474,868
Balances from banks	1,300,000	-	-	-	-	1,300,000
Repurchase agreement	400,000	-	400,000	-	-	-
Lease liabilities	18,004	-	-	-	-	18,004
Other liabilities and provisions	86,809	-	-	-	-	86,809
Total liabilities	**5,279,681**	**-**	**400,000**	**-**	**-**	**4,879,681**

4 Linkages between financial statements and regulatory exposures (continued)

b. Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2)

	(a)	(b)	(c)	(d)	(e)
		Items subject to:			
	Total	Credit risk framework	Securitization framework	Counterparty credit risk framework	Market risk framework
1 Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	7,004,851	7,004,851	-	403,605	-
2 Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	400,000	-	-	400,000	-
3 Total net amount under regulatory scope of consolidation	6,604,851	7,004,851	-	3,605	-
4 Off-balance sheet amounts	268,412	26,841	-	-	-
5 Differences due to consideration of provisions	36,945	36,945	-	-	-
6 Differences due to CRM and others	-	-	-	2,018	-
7 Exposure amounts considered for regulatory purposes	**6,910,208**	**7,068,637**	**-**	**5,623**	**-**

c. Explanations of differences between accounting and regulatory exposure amounts (LIA)

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 value of assets reported in the financial statements are net of provisions, whereas exposure amounts under regulatory purposes are net of specific provision only.

4 Linkages between financial statements and regulatory exposures (continued)

d. Prudent valuation adjustments (PV1)

The following table sets out a detailed breakdown of the constituent elements of valuation adjustment. The Bank does not have prudential valuation adjustment as of 31 December 2025.

		(a)	(b)	(c)	(d)	(e)	**(f)**	(g)	(h)
		Equity	Interest rates	FX	Credit	Commodities	**Total**	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	-	-	-	-	-	**-**	-	-
2	*Mid-market value*	-	-	-	-	-	**-**	-	-
3	*Close-out costs*	-	-	-	-	-	**-**	-	-
4	*Concentration*	-	-	-	-	-	**-**	-	-
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	**Total adjustments**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

5 Composition of regulatory capital

a. Composition of regulatory capital (CC1)

The following table sets out a breakdown of the constituent elements of Total regulatory capital.

At 31 December 2025		(a) HK$'000	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note 5b) (CC2)
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	3,792,000	(3)
2	Retained earnings	(2,820,166)	(4)
3	Disclosed reserves	3,951	(5)
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	**CET1 capital before regulatory deductions**	**975,785**	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	(1)
9	Other intangible assets (net of associated deferred tax liabilities)	49,691	(2)
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)	-	

5 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

At 31 December 2025		(a) HK$'000	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note 5b) (CC2)
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
22	Amount exceeding the 15% threshold	N/A	N/A
23	of which: significant investments in the ordinary share of financial sector entities	N/A	N/A
24	of which: mortgage servicing rights	N/A	N/A
25	of which: deferred tax assets arising from temporary differences	N/A	N/A
26	National specific regulatory adjustments applied to CET1 capital	-	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	
26b	Regulatory reserve for general banking risks	-	
26c	Securitization exposures specified in a notice given by the MA	-	
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**	49,691	
29	**CET1 capital**	**926,094**	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	799,076	(6)
31	of which: classified as equity under applicable accounting standards	799,076	
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)	-	

5 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

At 31 December 2025		(a) HK$'000	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note) 5b (CC2)
36	**AT1 capital before regulatory deductions**	**799,076**	
	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**	799,076	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,725,170**	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	32,255	
51	**Tier 2 capital before regulatory deductions**	**32,255**	
	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)	-	

5 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

At 31 December 2025	(a) HK$'000	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note) 5b (CC2)
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)**	**32,255**	
59 **Total regulatory capital (TC = T1 + T2)**	**1,757,425**	
60 **Total RWA**	**2,855,044**	
Capital ratios (as a percentage of RWA)		
61 **CET1 capital ratio**	**32.4%**	
62 **Tier 1 capital ratio**	**60.4%**	
63 **Total capital ratio**	**61.6%**	
64 **Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	**3.0%**	
65 of which: capital conservation buffer requirement	2.5%	
66 of which: bank specific countercyclical capital buffer requirement	0.5%	
67 of which: higher loss absorbency requirement	0.0%	
68 CET1 (as a percentage of RWA) available after meeting minimum capital requirements	**27.1%**	
National minima (if different from Basel 3 minimum)		
69 National CET1 minimum ratio	N/A	N/A
70 National Tier 1 minimum ratio	N/A	N/A
71 National Total capital minimum ratio	N/A	N/A

5 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

At 31 December 2025		(a) HK$'000	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation in (note) 5b (CC2)
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
	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)	-	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	-	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	

5 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

(Notes) to the template:

(Elements where a more conservative definition has been applied in the BCR relative to that set out in the Basel III capital standards.)

Description	At 31 December 2025 Hong Kong basis HK$'000	 Basel III basis HK$'000
9. Other intangible assets (net of associated deferred tax liabilities)	49,691	49,691

Explanation
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 .

10. Deferred tax assets (net of associated deferred tax liabilities)	–	–

Explanation
As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.

5 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

	At 31 December 2025	
	Hong Kong basis	Basel III basis
Description	HK$'000	HK$'000
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)	-	-

Explanation

For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business . Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i. e . the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.

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)	-	-

Explanation

For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business . Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i. e . the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.

5 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

Description	At 31 December 2025 Hong Kong basis HK$'000	Basel III basis HK$'000
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)	-	-

Explanation

The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i. e . the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.

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)	-	-

Explanation

The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller . Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.

5 Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1) (continued)

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.

abbreviations:
CET1: Common Equity Tier 1
AT1: Additional Tier 1

(Note:)
Cross-references 1 to 6 are referenced to Reconciliation of regulatory capital to balance sheet (CC2).

b. Reconciliation of regulatory capital to balance sheet (CC2)

	(a) Balance sheet as in published financial statements (At 31 December 2025) HK$'000	(b) Under regulatory scope of consolidation (At 31 December 2025) HK$'000	(c) Cross reference to (note 5a) (CC1)
Assets			
Cash and balances with banks	473,102	473,102	
Placements with banks	315,234	315,234	
Financial investments	3,259,004	3,259,004	
Loans and advances to customers	2,885,086	2,885,086	
Property, plant and equipment	22,891	22,891	
Intangible assets	49,691	49,691	
of which: goodwill	-	-	(1)
of which: other intangible assets	49,691	49,691	(2)
Prepayments and other assets	49,534	49,534	
Total assets	**7,054,542**	**7,054,542**	

5 Composition of regulatory capital (continued)

b. Reconciliation of regulatory capital to balance sheet (CC2) (continued)

	(a) Balance sheet as in published financial statements (At 31 December 2025) HK$'000	(b) Under regulatory scope of consolidation (At 31 December 2025) HK$'000	(c) Cross reference to (note 5a) (CC1)
Liabilities			
Customer deposits	3,474,868	3,474,868	
Balances from banks	1,300,000	1,300,000	
Repurchase agreement	400,000	400,000	
Lease liabilities	18,004	18,004	
Other liabilities and provisions	86,809	86,809	
Total liabilities	**5,279,681**	**5,279,681**	
Equity			
Share capital	3,792,000	3,792,000	
of which: amount eligible for CET1	3,792,000	3,792,000	(3)
Other equity instruments – AT1	799,076	799,076	
of which: amount eligible for Tier 1	799,076	799,076	(6)
Reserves	(2,816,215)	(2,816,215)	
of which: Accumulated losses	(2,820,166)	(2,820,166)	(4)
of which: FVOCI reserve	3,951	3,951	(5)
Total equity	**1,774,861**	**1,774,861**	
Total liabilities and equity	**7,054,542**	**7,054,542**	

c. Main features of regulatory capital instruments (CCA)

The full terms and conditions of the Bank's capital instruments can be found in the Regulatory Disclosures section of our website, www.livibank.com.

5 Composition of regulatory capital (continued)

c. Main features of regulatory capital instruments (CCA) (continued)

(i) Ordinary Shares

1	Issuer	Livi Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
	Regulatory treatment	
4	Transitional Basel III rules[1]	N/A
5	Basel III rules[2]	Common Equity Tier 1
6	Eligible at solo / group / solo & group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	HKD3,792 Million
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	21 March 2019 (300,000,000) 24 May 2019 (2,200,000,000) 29 April 2022 (300,000,000) 21 September 2023 (992,000,000)
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinated capital securities in (ii) of the main features table
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Footnote:

[1] Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules.

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules.

5 Composition of regulatory capital (continued)

c. Main features of regulatory capital instruments (CCA) (continued)

(ii) Perpetual non-cumulative capital securities

1	Issuer	Livi Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
	Regulatory treatment	
4	Transitional Basel III rules[1]	N/A
5	Basel III rules[2]	Additional Tier 1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated Additional Tier 1 loan (the “AT1 loan”)
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	HKD799 Million
9	Par value of instrument	HKD800 Million
10	Accounting classification	Shareholders’ equity
11	Original date of issuance	5 May 2023
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional Early Repayment Date: 5 May 2028
16	Subsequent call dates, if applicable	Any Interest Payment Date thereafter
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	9 .8 per cent per annum payable in arrears five years after the Drawdown Date and every five years thereafter
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)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	Contractual write-down at point of non-viability of borrower. Contractual recognition of HKMA statutory powers under FIRO
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A

5 Composition of regulatory capital (continued)

c. Main features of regulatory capital instruments (CCA) (continued)

(ii) Perpetual non-cumulative capital securities (continued)

35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	In the case of a winding-up of the Borrower, claims against the Borrower in respect of the AT1 Loan shall be subordinated to the claims of all Relevant Creditors. Accordingly, in the case of a winding-up of the Borrower, claims in respect of the AT1 Loan will only be satisfied after the claims of Relevant Creditors. "Relevant Creditors" means any depositors, general creditors of the Borrower and any subordinated creditors of the Borrower (including any creditors in respect of Tier 2 capital instruments) other than those whose claims are expressed to rank pari passu or junior to the claims of Bank of China (Hong Kong) Limited under the AT1 Loan.
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Footnote:

[1] Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules.

[2] Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules.

6 Macroprudential supervisory measures

Geographical distribution of credit exposures used in countercyclical capital buffer (CCyB1)

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

At 31 December 2025

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	**Applicable JCCyB ratio in effect (%)**	**RWA used in computation of CCyB ratio HK$'000**	**AI-specific CCyB ratio (%)**	**CCyB amount HK$'000**
1	Hong Kong SAR	0.5%	2,150,358		
2	Mainland China	0.0%	2,163		
3	United States	0.0%	5,785		
4	Sum[1]		2,158,306		
5	**Total[2]**		**2,158,306**	**0.498%**	**10,752**

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

[2] The total RWAs used in the computation of the CCyB ratio in column (c) represents the total RWAs 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.

7 Leverage ratio

a. Summary comparison of accounting assets against leverage ratio exposure measure (LR1)

The following table reconciles the total assets in the published financial statements to the LR exposure measure.

	At 31 December 2025	(a) Value under the LR framework HK$'000
1	Total consolidated assets as per published financial statements	7,054,542
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 securitised 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 recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	–
7	Adjustments for eligible cash pooling transactions	–
8	Adjustments for derivative contracts	–
9	Adjustment for SFTs (i.e. repos and similar secured lending)	3,605
10	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	26,841
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(948)
12	Other adjustments[2]	(49,691)
13	**Leverage ratio exposure measure**	7,034,349

[1] The differences between the total balance sheet assets as reported in the financial statements and the on-balance sheet exposures set out in LR2 are being the regulatory deduction and adjustment for OBS items.

[2] Other adjustments mainly represent the intangible assets deducted in determining Tier 1 capital. These are excluded for deriving the leverage ratio exposure in accordance with the 'Leverage Ratio Framework' issued by the HKMA.

7 Leverage ratio (continued)

b. Leverage ratio (LR2)

The following table sets out a detailed breakdown of the components of the LR denominator.

		(a) At 31 December 2025 HK$'000	(b) At 30 September 2025 HK$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral) [1]	7,113,944	7,254,136
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	–	–
3	Less: Deductions of receivable assets for cash variation margin provided under derivative contracts	–	–
4	Less: Adjustment for securities 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 [5]	(59,402)	(77,999)
6	Less: Asset amounts deducted in determining Tier 1 capital [2]	(49,691)	(67,965)
7	**Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)** [1]	**7,004,851**	**7,108,172**
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)	–	–
9	Add-on amounts for PFE associated with all derivative contracts	–	–
10	Less: Exempted CCP leg of client-cleared trade exposures	–	–
11	Adjusted effective notional amount of written credit-related derivative contracts	–	–
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PPE of written credit-related derivative contracts	–	–
13	**Total exposures arising from derivative contracts (sum of rows 8 to 12)**	**–**	**–**
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	–	–
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
16	CCR exposure for SFT assets [4]	3,605	–
17	Agent transaction exposures	–	–
18	**Total exposures arising from SFTs (sum of rows 14 to 17)**	**3,605**	**–**
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount [3]	268,412	272,826
20	Less: Adjustments for conversion to credit equivalent amounts	(241,571)	(245,543)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(948)	(439)
22	**Off-balance sheet items (sum of rows 19 to 21)**	**25,893**	**26,844**
Capital and total exposures			
23	**Tier 1 capital**	1,725,170	1,691,756
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	7,034,349	7,135,016
Leverage ratio			
25& 25a	**Leverage ratio**	**24.5%**	**23.7%**
26	**Minimum leverage ratio requirement**	**3.0%**	**3.0%**
27	**Applicable leverage buffers**	**N/A**	**N/A**

7 Leverage ratio (continued)

b. Leverage ratio (LR2) (continued)

		(a) At 31 December 2025 HK$'000	(b) At 30 September 2025 HK$'000
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
30& 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	**7,034,349**	**7,135,016**
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)	**24.5%**	**23.7%**

[1] Decrease in on-balance sheet exposures was primary driven by the decrease in financial investments.
[2] Decrease in asset amount deducted in Tier 1 capital was mainly from less intangible assets as at year end.
[3] Decrease in off-balance sheet commitment was due to the decrease in loan commitment.
[4] Increase in exposures arising from SFTs was due to the balance of repurchase agreement.
[5] Decrease in adjustments for specific and collective provisions is due to the decrease of provision of loans and advances.

8 Liquidity risk management (LIQA)

Liquidity risk is defined as the risk that the Bank does not have available sufficient financial resources, in the short, medium or long term, to meet its obligations, or can only access those resources at excessive cost.

The Bank's liquidity risk management framework is governed by the Board-approved policies and its liquidity risk management objective is to effectively manage the liquidity of on- and off-balance sheet items with reasonable cost based on the liquidity risk appetite to achieve sound operation and sustainable profitability. The Bank builds and maintains deposits, and obtains funding from the interbank market when needed to diversify the funding source. Whenever necessary, the Bank could improve the liquidity position by taking mitigation actions including, but not limited to, obtaining funding through repurchase agreements. The Bank has also formulated a contingency funding plan, which includes the triggers and activation arrangement, that is tested regularly.

In accordance with the Bank's corporate governance principles, the Board and the Board Risk Committee, senior management and functional departments or units perform their duties and responsibilities to manage the Bank's liquidity risk. The Board, with the assistance from the Board Risk Committee, assumes the ultimate responsibility of liquidity risk management. The Asset & Liability Committee is a dedicated senior management sub-committee for discussing liquidity risk-related issues. Treasury Team is responsible for centrally managing intraday liquidity and funding sources on both a daily and forward-looking basis. Risk Management Department is the main responsible unit in managing liquidity risk, assisting senior management in performing their day-to-day duties, as well as independently monitoring the liquidity risk profile and compliance of internal policies and limits. Regular risk reports are submitted to the senior management, the Board Risk Committee and the Board.

The Bank sets up indicators and limits to identify, measure, monitor and control liquidity risk. These limits are subject to appropriate internal approval and are monitored regularly.

The Bank also conducts regular liquidity stress-testing under different stress scenarios. Stress test is part of liquidity risk management framework to ensure sufficient liquidity to cover projected cash outflows in stress situations.

8 Liquidity risk management (LIQA) (continued)

The following table provides the details of Livi's maturity Profile covering on-and off-balance sheet items, broken down into maturity buckets and the resultant liquidity gap.

	2025						
(Balance in HKD '000)	Within 1 month	1 – 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Balancing amount	Total
On-balance sheet assets							
Due from MA for a/c of Exchange Fund	426,106	-	-	-	-	-	426,106
Balances and placements with banks	368,891	-	-	-	-	-	368,891
Financial Investments	3,261,118	-	-	-	-	-	3,261,118
Loans and advances to customers	33,490	150,426	555,665	1,494,455	2,106	714,122	2,950,264
Other assets	3,284	18,823	10,251	3,875	134	72,753	109,120
Total on-balance sheet assets	**4,092,889**	**169,249**	**565,916**	**1,498,330**	**2,240**	**786,875**	**7,115,499**
On-balance sheet liabilities							
Customer deposits	1,725,086	1,313,566	455,202	-	-	-	3,493,854
Balances from banks	1,305,899	-	195	1,853	2,055	-	1,310,002
Repurchase agreement	400,000	-	-	-	-	-	400,000
Other liabilities	30,282	25,867	1,108	16,816	550	254	74,877
Capital & reserves	-	-	-	-	-	1,774,681	1,774,681
Total on-balance sheet liabilities	**3,461,267**	**1,339,433**	**456,505**	**18,669**	**2,605**	**1,774,935**	**7,053,414**
Off-balance sheet claims							
Other off-balance sheet claims	-	-	-	-	-	1,000,000	1,000,000
Off-balance sheet obligations							
Other off-balance sheet obligations	-	-	-	-	-	-	-
Total off-balance sheet claims and obligations	**-**	**-**	**-**	**-**	**-**	**1,000,000**	**1,000,000**
Funding Gaps							
Contractual Maturity Mismatch	**631,622**	**(1,170,184)**	**109,411**	**1,479,661**	**(365)**		
Cumulative Contractual Maturity Mismatch	**631,622**	**(538,562)**	**(429,151)**	**1,050,510**	**1,050,145**		

8 Liquidity risk management (LIQA) (continued)

	2024						
(Balance in HKD '000)	Within 1 month	1 – 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Balancing amount	Total
On-balance sheet assets							
Due from MA for a/c of Exchange Fund	234,406	-	-	-	-	-	234,406
Balances and placements with banks	429,992	-	-	-	-	-	429,992
Financial Investments	3,205,982	-	-	-	-	-	3,205,982
Loans and advances to customers	55,519	83,122	396,826	763,546	1,956	746,341	2,047,310
Other assets	4,253	14,922	18,959	1,764	-	102,608	142,506
Total on-balance sheet assets	**3,930,152**	**98,044**	**415,785**	**765,310**	**1,956**	**848,949**	**6,060,196**
On-balance sheet liabilities							
Customer deposits	1,255,432	1,430,077	247,963	-	-	-	2,933,472
Balances from banks	1,004,769	-	-	-	-	-	1,004,769
Repurchase agreement	200,000	-	-	-	-	-	200,000
Other liabilities	35,943	22,176	10,879	-	-	106,096	175,094
Capital & reserves	-	-	-	-	-	1,748,440	1,748,440
Total on-balance sheet liabilities	**2,496,144**	**1,452,253**	**258,842**	**-**	**-**	**1,854,536**	**6,061,775**
Off-balance sheet claims							
Other off-balance sheet claims	-	-	-	-	-	500,000	500,000
Off-balance sheet obligations							
Other off-balance sheet obligations	-	-	-	-	-	-	-
Total off-balance sheet claims and obligations	**-**	**-**	**-**	**-**	**-**	**500,000**	**500,000**
Funding Gaps							
Contractual Maturity Mismatch	**1,434,008**	**(1,354,209)**	**156,943**	**765,310**	**1,956**		
Cumulative Contractual Maturity Mismatch	**1,434,008**	**79,799**	**236,742**	**1,002,052**	**1,004,008**		

9 Credit risk for non-securitization exposures

a. General information about credit risk (CRA)

Credit risk management aims to maximise the Bank's risk-adjusted rate of return by properly controlling the Bank's credit risk exposure. Credit risk is the potential for loss due to the failure of a counterparty to meet its obligations to pay the Bank in accordance with agreed terms. Credit exposures arises from both the banking and trading books of the Bank, and exists throughout the lending, trading and investment activities, including both on- and off-balance sheet transactions.

The Bank's credit risk management structure comprises of the Board of Directors (the "Board") and its standing Board Risk Committee ("BRC"), Risk Management and Internal Control Committee ("RMC"), Credit Committee, senior management (including the Chief Executive, Alternate Chief Executive and Chief Risk Officer ("CRO")), credit risk related front, middle and back offices as well as internal audit.

The Board is the highest decision-making authority responsible for the Bank's overall risk management. The Board delegates its supervisory responsibility to the BRC for overseeing the Bank's credit risk management. On the other hand, the RMC, led by CRO, supervises and directs the management of credit risk. Credit Committee is responsible for evaluating, reviewing and making decisions on credit submissions. Senior management ensures that credit risk management complies with supervisory requirements. Under this framework, the Bank formulates policies and procedures to identify, measure, assess, monitor, control, and report on credit risk. The development of above is based on significant level of review of business activities and strategies of the Bank and covers identified material risks, both financial and non-financial and in line with the requirements from regulatory guidelines and statutory standards. The risk management policies and guidelines are reviewed and enhanced regularly in response to market changes, statutory requirements and effectiveness of risk management processes.

The Bank segregates duties of credit risk management among different risk functions and units in compliance with the principle of three lines of defence. The Bank's front office acts as the first line of defence of risk management, and is responsible for credit initiation along established risk management policies and procedures. Credit Risk Management Department, acting as the second line of defence, is responsible for implementing credit risk strategies approved by the BRC, and developing appropriate policies and procedures for the Bank's credit activities. The second line of defence works closely with other units, for example, the Legal and Compliance Department to ensure the Bank's compliance with applicable laws and regulations; and internal audit acts as the third line of defence and strives to conduct independent reviews on the comprehensiveness, effectiveness and compliance of credit risk management framework.

The credit risk management function reports regularly to management committees and senior management on the Bank's credit risk profile, credit portfolio performance and credit quality, risk concentration and large exposures monitoring, credit risk appetite, impairment allowance assessment and estimation for provisioning and credit risk stress testing results.

9 Credit risk for non-securitization exposures (continued)

b. Credit quality of exposures (CR1)

The following table sets out an overview of the credit quality of on- and off-balance sheet exposures

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Gross carrying amounts of			Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	
	Defaulted Exposures	Non-defaulted exposures	Allowances/ Impairments	Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		Net values (a+b-c)
At 31 December 2025	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1 Loans	35,096	2,915,283	58,683	22,457	36,226	-	2,891,696
2 Debt securities	-	3,273,376	739	-	739	-	3,272,637
3 Off-balance sheet exposures	-	268,412	948	-	948	-	267,464
4 Total	**35,096**	**6,457,071**	**60,370**	**22,457**	**37,913**	**-**	**6,431,797**

c. Changes in defaulted loans and debt securities (CR2)

The following table sets out information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs.

	(a)
	HK$'000
1 **Defaulted loans and debt securities at end of the previous reporting period (30 June 2025)**	**33,671**
2 Loans and debt securities that have defaulted since the last reporting period	48,377
3 Returned to non-defaulted status	(2,084)
4 Amounts written off	(44,911)
5 Other changes	43
6 **Defaulted loans and debt securities at end of the current reporting period (31 December 2025)**	**35,096**

The defaulted loans increased during the second half of 2025 was mainly from SME loans portfolio.

9 Credit risk for non-securitization exposures (continued)

d. Additional disclosure related to credit quality of exposures (CRB)

The Bank maintains credit exposures across retail lending to individuals, lending to small and medium-sized enterprise and large corporates, as well as exposures to sovereigns, banks and financial institutions, non-bank financial institutions and corporate through its investment portfolio. The Bank has established policies governing the classification, measurement, monitoring and control of credit quality across all exposure type.

The Bank defines “past due” exposures as those for which contractual payments have not been made by the schedule due date. An “impaired asset” refers to a financial instrument or loan for which one or more events that have a major adverse impact on the estimated future cash flows have taken place, including:

- Deterioration in the borrower’s or guarantor’s integrity, willingness to repay, or internal credit rating;
- Adverse financial conditions, such as weakened profitability, liquidity stress, or deterioration in overall financial standing;
- Poor repayment behaviour, including recurring past-due instalments or failure to meet principal or interest obligation;
- Material deterioration in guarantor credit strength or negative external credit information; or
- A financial instrument or loan is reported as sub-standard, doubtful or loss in accordance with the HKMA’s requirement.

“Restructured exposure” refers to loans that have undergone a renegotiation of repayment terms – such as extensions of tenor, revised instalment schedules or other concessionary adjustments – due to a deterioration in the borrower’s financial condition or their inability to meet the original repayment schedule. Such restructurings are granted only after a thorough credit assessment and are aimed at mitigating and controlling the related credit risks.

In accordance with the IFRS 9 ECL framework, which incorporates both quantitative risk parameters and forward-looking macroeconomic considerations, the Bank makes credit loss provision on a timely basis to reflect changes in credit risk, and the underlying models used in the ECL computation process are regularly reviewed to ensure ongoing robustness and relevance. Details for determining accounting provisions for credit expected losses can be referred to notes 2.2(f) of the 2025 financial statements.

The following table sets out an additional qualitative and quantitative information on the credit quality of exposures to supplement the quantitative information provided under templates CR1 and CR2.

I. Exposures by geographical location (CRB1)

	At 31 December 2025	*Gross carrying amount HK$’000*	*Impaired exposures HK$’000*	*Impairment allowances HK$’000*	*Write-offs HK$’000*
1	Hong Kong	4,868,934	35,096	22,457	98,835
2	China	1,324,167	-	-	-
3	United States	299,066	-	-	-
4	**Total**	6,492,167	35,096	22,457	98,835

9 Credit risk for non-securitization exposures (continued)

d. Additional disclosure related to credit quality of exposures (CRB) (continued)

II. Exposures by Industry (CRB2)

	At 31 December 2025	*Gross carrying amount HK$'000*	*Impaired exposures HK$'000*	*Impairment allowances HK$'000*	*Write-offs HK$'000*
1	Financial concerns	3,273,376	-	-	-
2	Industrial, commercial and financial	2,601,423	15,866	3,227	46,365
3	Individuals	617,368	19,230	19,230	52,470
4	**Total**	6,492,167	35,096	22,457	98,835

III. Exposures by residual maturity (CRB3)

	At 31 December 2025	*Repayable on demand to 1 year HK$'000*	*Due between 1 year to 5 years HK$'000*	*Due after 5 years HK$'000*	*Total HK$'000*
1	Loans	651,347	2,286,132	12,900	2,950,379
2	Debt securities	3,142,046	131,330	-	3,273,376
3	Off-balance sheet exposures	268,412	-	-	268,412
4	**Total**	4,061,805	2,417,462	12,900	6,492,167

IV. Aging analysis of accounting past due exposures (CRB4)

		Gross Carrying amount HK$'000
(a)	1 - 3 months	14,934
(b)	3 - 6 months	7,891
(c)	6 months - 1 year	-
(d)	Over 1 year	-

V. Breakdown of restructured exposures (CRB5)

	HK$'000
Impaired	12,693
Non impaired	-
	12,693

9 Credit risk for non-securitization exposures (continued)

e. Qualitative disclosures related to credit risk mitigation (CRC)

The Bank has in place policies and procedures with respect to potential counterparty default risk. The Bank adopts the netting approach which is consistent with the Banking (Capital) Rules and recognised netting is only to be applied pursuant to a valid bilateral netting agreement.

The Bank allowed credit risk mitigation from guarantee given by public sector entities as of 31 December 2025.

f. Overview of recognized credit risk mitigation (CR3)

The following table sets out the extent of credit risk exposures covered by different types of recognized CRM.

		(a)	(b)	(c)	(d)	(e)
At 31 December 2025		Exposures unsecured: carrying amount HK$'000	Exposures to be secured HK$'000	Exposures secured by recognized collateral HK$'000	Exposures secured by recognized guarantees HK$'000	Exposures secured by recognized credit derivative contracts HK$'000
1	Loans	2,241,290	650,406	-	650,406	-
2	Debt securities	3,272,637	-	-	-	-
3	**Total**	5,513,927	650,406	-	650,406	-
4	Of which defaulted	-	12,639	-	12,639	-

g. Qualitative disclosures on use of ECAI ratings under STC approach (CRD)

The Bank uses the external credit assessment institutions ("ECAI") ratings from Moody's Investors Service and Fitch Ratings for its credit risk management under STC approach. The Bank makes use of the ECAI ratings for credit assessment of counterparties, limit approval, limit setting and monitoring.

The Bank performs the ECAI issuer ratings mapping to determine the risk weights for its sovereign, bank and FI, NBFI and corporate exposures in the banking book in accordance with the Banking (Capital) Rules.

9 Credit risk for non-securitization exposures (continued)

h. Credit risk exposures and effects of recognized credit risk mitigation – for STC approach (CR4)

The following table sets out the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of capital requirements. RWA density provides a synthetic metric on riskiness of each portfolio.

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	On-balance sheet amount HK$'000	Off-balance sheet amount HK$'000	On-balance sheet amount HK$'000	Off-balance sheet amount HK$'000	RWA HK$'000	RWA density %
1	Sovereign exposures	2,299,750	5,623	2,950,315	5,623	-	0%
2	Public sector entity exposures	200,382	-	200,382	-	40,076	20%
3	Multilateral development bank exposures	-	-	-	-	-	-
3a	Unspecified multilateral body exposures	-	-	-	-	-	-
4	Bank exposures	1,530,619	-	1,530,619	-	422,125	28%
4a	Qualifying non-bank financial institution exposures	-	-	-	-	-	-
5	Eligible covered bond exposures	-	-	-	-	-	-
6	General corporate exposures	2,012,119	4,144	1,501,076	414	1,330,247	89%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	-	-	-	-
6b	Specialized lending	-	-	-	-	-	-

9 Credit risk for non-securitization exposures (continued)

h. Credit risk exposures and effects of recognized credit risk mitigation – for STC approach (CR4) (continued)

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	On-balance sheet amount HK$'000	Off-balance sheet amount HK$'000	On-balance sheet amount HK$'000	Off-balance sheet amount HK$'000	RWA HK$'000	RWA density %
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	491,848	264,268	364,965	26,427	293,544	75%
8a	Exposures arising from IPO financing	-	-	-	-	-	-
9	Real estate exposures	442,469	-	442,469	-	442,469	100%
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)	-	-	-	-	-	-

9 Credit risk for non-securitization exposures (continued)

h. Credit risk exposures and effects of recognized credit risk mitigation – for STC approach (CR4) (continued)

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	On-balance sheet amount HK$'000	Off-balance sheet amount HK$'000	On-balance sheet amount HK$'000	Off-balance sheet amount HK$'000	RWA HK$'000	RWA density %
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	442,469	-	442,469	-	442,469	100%
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	12,639	-	-	-	-	-
11	Other exposures	51,970	-	51,970	-	51,970	100%
11a	Cash and gold	-	-	-	-	-	-
11b	Items in the process of clearing or settlement	-	-	-	-	-	-
12	**Total**	7,041,796	274,035	7,041,796	32,465	2,580,431	37%

9 Credit risk for non-securitization exposures (continued)

i. Credit risk exposures by exposure classes and by risk weights – for STC approach (CR5)

The following table sets out a breakdown of credit risk exposures by exposures classes and by risk weights (corresponding to the classification of exposures according to the approaches used).

At 31 December 2025
Amount in HK$'000

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
1	Sovereign exposures	2,955,938	-	-	-	-	-	2,955,938

		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
2	Public sector entity exposures	-	200,382	-	-	-	-	200,382

		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3	Multilateral development bank exposures	-		-	-	-	-	-	-

		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
3a	Unspecified multilateral body exposures	-	-	-	-	-	-	-

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4	Bank exposures	370,607	1,160,012	-	-	-	-	-	-	1,530,619

		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
4a	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-

		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Eligible covered bond exposures	-	-	-	-	-	-	-	-	-

9 Credit risk for non-securitization exposures (continued)

i. Credit risk exposures by exposure classes and by risk weights – for STC approach (CR5) (continued)

At 31 December 2025
Amount in HK$'000

		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	-	-	31,153		563,812	98,092	808,433	-	-	1,501,490
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	-	-	-		-	-	-	-	-	-

		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	-	391,392	-	-	391,392

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

9 Credit risk for non-securitization exposures (continued)

i. Credit risk exposures by exposure classes and by risk weights – for STC approach (CR5) (continued)

At 31 December 2025
Amount in HK$'000

		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	-	-	-	-	-	-	-	-	-		-	-	-	-	442,469	-	-	-	-	442,469
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)				-	-		-		-			-		-		-			-	-
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)																				

9 Credit risk for non-securitization exposures (continued)

i. Credit risk exposures by exposure classes and by risk weights – for STC approach (CR5) (continued)

At 31 December 2025
Amount in HK$'000

		0 %	20 %	25 %	30 %	35 %	40 %	45 %	50 %	60 %	65 %	70 %	75 %	85 %	90 %	100 %	105 %	110 %	150 %	Other	Total credit exposure amount (post-CCF and post-CRM)
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)											-			-			-		-	-
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-		-				-			442,469			-	-	442,469
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															-			-	-	-

9 Credit risk for non-securitization exposures (continued)

i. Credit risk exposures by exposure classes and by risk weights – for STC approach (CR5) (continued)

At 31 December 2025
Amount in HK$'000

		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures		-	-	-	-

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	51,970	-	-	51,970

		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)
11b	Items in the process of clearing or settlement	-	-	-	-

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures.

	Risk Weight	(a) On-balance sheet exposure HK$'000	(b) Off-balance sheet exposure (pre-CCF) HK$'000	(c) Weighted average CCF HK$'000	(d) Exposure (post-CCF and post-CRM) HK$'000
1	Less than 40%	4,030,751	5,623	0%	4,686,939
2	40-70%	31,153	-	0%	31,153
3	75%	1,055,660	264,268	10%	955,204
4	85%	575,725	4,144	10%	98,092
5	90- 100%	1,335,868	-	0%	1,302,872
6	105-130%	-	-	0%	-
7	150%	12,639	-	0%	-
8	250%	-	-	0%	-
9	400%	-	-	0%	-
10	1,250%	-	-	0%	-
11	**Total exposures**	**7,041,796**	**274,035**	**10%**	**7,074,261**

10 Counterparty credit risk

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

The Bank's objective to counterparty credit risk management is to ensure credit risk is properly managed and controlled within the general credit risk management framework. The Bank has in place relevant policy that covers the identification, measurement, control and monitoring of counterparty credit risk.

The Bank only engages in Repo transactions and has not entered into any derivative transactions.

The Bank generally avoid entering transactions involving general/specific wrong-way risk.

b. Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches (CCR1)

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
	At 31 December 2025	HK$'000	HK$'000	HK$'000		HK$'000	HK$'000
1	SA-CCR approach (for derivative contracts)	-	-		1.4	-	-
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					5,623	-
5	VaR (for SFTs)					-	-
6	**Total**						-

10 Counterparty credit risk (continued)

c. Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights – for STC approach (CCR3)

At 31 December 2025

	Risk Weight / Exposure class	(a) 0%	(b) 10%	(c) 20%	(ca) 30%	(cb) 40%	(d) 50%	(e) 75%	(ea) 85%	(f) 100%	(g) 150%	(h) Others	(i) Total default risk exposure after CRM
		HK$'000											
1	Sovereign exposures	5,623	-	-	-	-	-	-	-	-	-	-	5,623
2	Public sector entity exposures	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-	-	-	-	-
5	Bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-	-	-	-
7	General corporate exposures	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total**	**5,623**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,623**

d. Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs) (CCR5)

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
At 31 December 2025	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash - domestic currency	-	-	-	-	400,000	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	403,605
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**400,000**	**403,605**

10 Counterparty credit risk (continued)

e. Credit-related derivatives contracts (CCR6)

At 31 December 2025	(a) Protection bought HK$'000	(b) Protection sold HK$'000
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

f. Exposures to CCPs (CCR8)

	At 31 December 2025	(a) Exposure after CRM HK$'000	(b) RWA HK$'000
1	**Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)**		-
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	-	-
3	(i) OTC derivative transactions	-	-
4	(ii) Exchange-traded derivative contracts	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	-	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)**		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

11 Credit valuation adjustment risk

a. Qualitative disclosures related to CVA risk (CVAA)

The Bank currently has no derivative transactions, securities financing transactions (SFTs), or other exposures that give rise to CVA risk under the regulatory framework. As a result, the Bank does not have any CVA capital charge.

b. Additional qualitative disclosures for AI using standardized CVA approach (CVAB)

The Bank did not use standardized CVA approach to calculate CVA risk capital charges.

c. CVA risk under standardized CVA approach (CVA3)

The following table provides the components used for the calculation of CVA risk capital charge under the standardized CVA approach.

		(a)	(b)
At 31 December 2025		CVA risk capital charge under the standardized CVA approach	Number of counterparties
1	Interest rate risk	-	
2	Foreign exchange risk	-	
3	Reference credit spread risk	-	
4	Equity risk	-	
5	Commodity risk	-	
6	Counterparty credit spread risk	-	
7	**Total (sum of rows 1 to 6)**	-	-

The Bank has no CVA risk exposures as of 31 December 2025.

d. Risk-weighted amount flow statements of CVA risk exposures (CVA4)

The following table sets out the flow statement explaining variations in RWA for CVA risk determined under the standardized CVA approach.

		(a)
		HK$'000
1	**Total RWA for CVA risk at 30 September 2025**	**-**
2	**Total RWA for CVA risk at 31 December 2025**	**-**

The Bank has no CVA risk exposure as of 31 December 2025 and 30 September 2025.

12 Market risk

a. Qualitative disclosures related to market risk (MRA)

Market risk is the risk of loss in the Bank's on- and off- balance sheet positions resulting from adverse movements in market prices and rates. The Bank manages market risk according to the Bank's risk appetite and pre-defined strategy, supported by a well-established risk management regime and related measures. The Bank does not have trading book business as of 31 December 2025.

In accordance with the Bank's corporate governance principles, the Board and the Board Risk Committee, senior management and functional units perform their duties and responsibilities to manage the Bank's market risk. The Board, with the assistance from the Board Risk Committee, assumes the ultimate responsibility of market risk management. The Asset & Liability Committee is a dedicated senior management sub-committee for discussing market risk-related issues. Risk Management Department is the main responsible unit in managing market risk, assisting senior management in performing their day-to-day duties, as well as independently monitoring the market risk profile and compliance of internal policies and limits. Regular risk reports are submitted to the senior management, the Board Risk Committee and the Board.

The Bank sets up indicators and limits to identify, measure, monitor and control market risk. These limits are subject to appropriate internal approval and are monitored regularly. As of 31 December 2025, the bank is exempted under scetion 22(1) of the Banking (Capital) Rules BCR from the market risk capital charge under section 17.

13 Interest rate risk in banking book

a. Interest rate risk in banking book – risk management objectives and policies (IRRBBA)

Interest rate risk in the banking book ("IRRBB") means the risk to a bank's earnings and economic value arising from movements in interest rate and term structures of the bank's asset and liability position. The major types of interest rate risk exposed to the Bank are:

- Gap risk: changes in the interest rates on instruments of different maturities.
- Basis risk: imperfect correlation between changes in the rates earned and paid on different instruments with otherwise similar repricing characteristics; and
- Option risk: exercise of interest rate option derivatives or optional elements embedded in assets, liabilities and/or off-balance sheet instruments which could alter the level and timing of corresponding cash flows.

In accordance with the Bank's corporate governance principles, the Board and the Board Risk Committee, senior management and functional units perform their duties and responsibilities to manage the Bank's interest rate risk. The Board, with the assistance from the Board Risk Committee, assumes the ultimate responsibility of interest rate risk management. The Asset & Liability Committee is a dedicated senior management sub-committee for discussing interest rate risk-related issues and market conditions. Risk Management Department is the main responsible unit in managing interest rate risk, assisting senior management in performing their day-to-day duties, as well as independently monitoring the interest rate risk profile and compliance of internal policies and limits. Internal Audit, as the third line of defence, independently assesses the effectiveness of internal controls over IRRBB management.

The Bank sets up indicators and limits to identify, measure, monitor and control interest rate risk. These limits, including but not limited to sensitivity limits, are subject to appropriate internal approval and are monitored at least on a monthly basis. The Bank's IRRBB exposures are managed mainly through asset-liability structure adjustment. Change in Net Interest Income ("∆NII") and Economic Value of Equity ("∆EVE") assess the impact of interest rate movement on the Bank's net interest income and Tier 1 capital respectively. The calculation of ∆NII and ∆EVE follows the requirements as stipulated in the HKMA's SPM IR-1, including the application of the standardised interest rate shock scenarios: two scenarios for ∆NII and six scenarios for ∆EVE.

Key modelling and parametric assumptions used in the calculation of ∆NII and ∆EVE in Template IRRBB1: Quantitative information on interest rate risk in banking book include:

(i) For ∆EVE, the Bank includes commercial margins and other spread components in the cash flows and discounts them at risk-free rates;

(ii) The average and longest repricing maturity of non-maturity deposits is 1 day;

(iii) Prepayment rates of customer loans are determined based on the Bank's historical data;

(iv) The calculation includes 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, but ∆EVE does not allow offsetting across different currencies.

13 Interest rate risk in banking book (continued)

b. Quantitative information on interest rate risk in banking book (IRRBB1)

The following table sets out an information on the changes in economic value of equity and net interest income under each of the prescribed interest rate shock scenarios in respect of its interest rate exposures arising from banking book positions. For ease of reference, positive values indicate losses under the respective scenarios.

	(in HK$'000)	(a)	(b)	(c)	(d)
		ΔEVE		ΔNII	
	Period	**At 31 December 2025**	**At 31 December 2024**	**At 31 December 2025**	**At 31 December 2024**
1	Parallel up	19,610	17,582	1,981	5,515
2	Parallel down	–	17	(1,938)	(5,378)
3	Steepener	–	–		
4	Flattener	19,587	22,692		
5	Short rate up	23,845	29,122		
6	Short rate down	–	–		
7	**Maximum**	23,845	29,122	1,981	5,515
	Period	**At 31 December 2025**		**At 31 December 2024**	
8	**Tier 1 capital**		1,725,170		1,656,593

As at 31 December 2025, the maximum loss in the economic value of equity is HK$24 million under the "Short rate up" scenario. The change is significantly below 15% of the Bank's Tier 1 capital. The maximum loss in projected net interest income is HK$2 million under the "parallel up" scenario. Compared with 2024, the increase in USD loan and debt securities with short repricing tenors resulted in a lower delta NII. Meanwhile, the repricing gap of total assets and liabilities decreased, which led to a decrease in delta EVE.

14 Securitization exposures – Qualitative disclosures related to securitization exposure (SECA)

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

15 Remuneration

a. Remuneration policy (REMA)

Nomination & Remuneration Committee

The Bank has established its Nomination & Remuneration Committee with written terms of reference in compliance with the requirements of the Supervisory Policy Manual Module CG-5 on "Guideline on a Sound Remuneration System" (the "Guideline") issued by the Hong Kong Monetary Authority (the "HKMA"). The members of the Committee shall be appointed by the Board of Directors. There are five members in the Remuneration Committee and three of them are Independent Non-executive Directors and two are Directors.

The Nomination & Remuneration Committee oversees & maneuvers the Bank's reward system, reviews and makes recommendations to the Board of Directors (the "Board") of the Bank on the overall remuneration policy, specific remuneration packages and compensation arrangement relating to the appointment and termination of the Directors, Chief Executive, senior management and key personnel[1], and for the formulation of the remuneration policy applicable to all employees of the Bank.

Design and structure of the remuneration process

The Board has delegated responsibility to the Nomination & Remuneration to oversee the formulation, maintenance and implementation of the Remuneration Policy.

The Nomination and Remuneration Committee reviews and recommends the remuneration packages of key senior management personnel of the Bank in accordance with the authorities and responsibilities as stipulated in its terms of reference to the Board of the Bank for approval.

Remuneration review is submitted to the Board of the Bank by the Nomination & Remuneration Committee for approval each year.

The Nomination & Remuneration Committee of the Bank also works closely with the Audit Committee, Board Risk Committee and other dedicated committees and departments to (i) review if there are any material non-compliance issues in relation to internal policy and statutory requirements and make adjustments to payments of remuneration whenever necessary, and (ii) decide upon the appraisal system which fairly measures the performance of each key personnel, and make changes to the system when necessary to meet the changing needs of the Bank .

Regular compliance monitoring is imposed to review the management and operation of the remuneration system.

[1] As defined in the CG-5 Guideline on a Sound Remuneration System issued by the HKMA, senior management are those who are responsible for oversight of either the Bank's company-wide strategy or activities or those of the Bank's material business lines. Key Personnel are individual employees 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.

15 Remuneration (continued)

a. Remuneration policy (REMA) (continued)

Employees performance management and entitlement of variable remuneration

The Bank uses a comprehensive performance measurement framework that incorporates both financial and non-financial performance in determining the size and allocation of variable remuneration. The financial metrics link the variable remuneration to the profits, revenue and other performance measures of the Bank as a whole, and the contribution of business units or departments and an individual employee to the Bank as well. The applicable and material risks associated with the activities of employees, the cost and quantity of capital required to support the risks taken, and the cost and quantity of liquidity risk in the conduct of business are also taken into consideration. The non-financial metrics capture the performance on qualitative aspects such as the compliance with risk management policies, adherence to legal, regulatory and ethical standards; customer satisfaction; and effectiveness and efficiency of supporting operations. Given the importance in both financial achievements and non-financial factors, poor performance will result in reduction of or elimination to the variable remuneration. Adverse performance in non-financial factors will override outstanding financial achievement, and thus, the employee’s performance can be assessed comprehensively.

The remuneration of the employees within the risk control function, including those performing risk management, accounts, audit, compliance and credit management functions, etc, is determined by the performance of individual employees and is independent of the business they oversee. The performance factors of the appraisees in carrying out their core job responsibilities under their respective job functions are assessed in the performance appraisals. Appropriate remuneration will be recommended based on the results of the appraisals annually.

Deferral arrangements

The remuneration package consists of fixed and variable remuneration which are offered in cash. Fixed remuneration refers to basic salary and other fixed income while variable remuneration refers to discretionary bonus. The remuneration packages are determined by taking into consideration the evaluation of the job’s responsibilities and contribution, the market pay levels for benchmark positions, and employee’s performance. The level of remuneration and the proportion of variable remuneration to fixed remuneration of senior management and key personnel are linked to their level of responsibility undertaken and contribution to business performance and enhancements of efficiency and effectiveness of operations.

When the amount of variable remuneration payout exceeds a predetermined percentage or amount of the annual fixed remuneration of the employee, a deferment period of 3 years will be imposed in order to align the incentive awards to be granted to an individual employee with the long-term value creation and the time horizons of risk. The deferred remuneration will be vested gradually over the 3-year deferment period and no faster than on a pro-rata basis. To conform to the spirit of the Guideline and not to undermine the risk management advantage by applying deferment of variable remuneration, if there is any deferred remuneration, hedging exposures in respect of the unvested portion of deferred remuneration by any trading, investment or other financial activities will be restricted.

15 Remuneration (continued)

a. Remuneration policy (REMA) (continued)

Deferral arrangements (continued)

Subject to the decision of the Nomination & Remuneration Committee in accordance with the internal guidelines, the deferred remuneration will be forfeited and/or clawed back when it is later established that the data on which the performance measurement for a particular year was based is subsequently proven to have been manifestly misstated; or it is later established that the employee concerned has committed fraud or other malfeasance, or violated any legislation, code or internal control policies of the Bank; or there has been a significant downward restatement of the financial performance of the Bank; or the employment of the employee is terminated.

The award of variable remuneration to the senior management, key personnel and risk-taking employees is subject to the aforesaid deferral mechanism which will be reviewed by the Nomination & Remuneration Committee at least annually and subject to change when necessary.

Ongoing monitoring of the remuneration system

The Bank adopted the Remuneration Policy in compliance with the Guideline and requirements of the Supervisory Policy Manual Module CG-5 on “Guideline on a Sound Remuneration System” (the “Guideline”) issued by the Hong Kong Monetary Authority (the “HKMA”).

The Remuneration Policy and related practices of the Bank was initiated by the Human Resources Department and reviewed by the Management Committee. After the proposed Remuneration Policy is endorsed by the Management Committee, it will be submitted to the Nomination and Remuneration Committee for review and approved by the Board. The Human Resources Department also reviews and keeps abreast of the legal and regulatory requirements from time to time, and liaises with risk control units including risk management, financial management and compliance functions to strike a balance among sufficient staff motivation, sound remuneration packages and prudent risk management. Any findings and recommendations to be incorporated into the Remuneration Policy will be put forth to the Nomination & Remuneration Committee for consideration. Having discussed and reviewed by the Nomination & Remuneration Committee, the revisions to the Remuneration Policy will be recommended to the Board for approval.

The Bank’s Remuneration Policy encourages employee behaviour that supports the Bank’s risk tolerance, risk management framework and long-term financial soundness. The policy is established and implemented in line with the objectives, business strategies and long-term goals of the Bank and formulated in a way that will not encourage excessive risks taking by employees but allows the Bank to attract and retain employees with relevant skills, knowledge, and expertise to discharge their specific functions. The Bank has considered the risks, including market, credit, liquidity, and operational risks, when implementing the remuneration measures, which are closely monitored by various management committees and working groups.

15 Remuneration (continued)

b. Remuneration awarded during financial year (REM1)

	Remuneration amount and quantitative information		*2025 Senior management & Key personnel (HKD '000)*	*2024 Senior management & Key personnel (HKD '000)*
1	Fixed remuneration	Number of employees	7	5
2		Total fixed remuneration	11,419	12,591
3		Of which: cash-based	11,419	12,591
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	6	3
10		Total variable remuneration	4,309	2,825
11		Of which: cash-based	4,309	2,825
12		Of which: deferred	970	945
13		Of which: shares or other share-linked instruments	–	–
14		Of which: deferred	–	–
15		Of which: other forms	–	–
16		Of which: deferred	–	–
17	**Total remuneration**		**15,728**	**15,416**

15 Remuneration (continued)

c. Special payments (REM2)

Special payments (HKD'000)	2025 Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management & Key personnel	–	–	–	–	–	–

Special payments (HKD'000)	2024 Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management & Key personnel	–	–	–	–	–	–

d. Deferred remuneration (REM3)

Deferred and retained remuneration (HKD'000)	2025 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 & Key Personnel					
2 Cash	3,616	3,616	–	–	945
3 Shares	–	–	–	–	–
4 Cash-linked instruments	–	–	–	–	–
5 Other	–	–	–	–	–
6 Total	**3,616**	**3,616**	**–**	**–**	**945**

15 Remuneration (continued)

d. Deferred remuneration (REM3) (continued)

	2024				
Deferred and retained remuneration (HKD'000)	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 & Key Personnel					
2 Cash	2,822	2,822	1,390	–	1,390
3 Shares	–	–	–	–	–
4 Cash-linked instruments	–	–	–	–	–
5 Other	–	–	–	–	–
6 Total	**2,822**	**2,822**	**1,390**	**–**	**1,390**

16 Operational risk

a. General information on operational risk framework (ORA)

Operational Risk Management ("ORM") rests with Risk Management Department which in turn reports to RMC. The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal process, people, systems and 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 identify, assess, monitor, manage and report operational risk. The framework defines roles and responsibilities across three lines of defense, Key Risk and Control Self-assessment("KCSA"), Key Risk Indicator("KRI"), and Incident Management for on-going monitoring and reporting, aiming at effective anticipation and mitigation of operational risk, improving operational risk loss experience.

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

b. Historical losses (OR1)

With reference to completion instructions for the HKMA Return of Capital Adequacy Ratio, a reporting institution should report only the impacts of an operational loss event where the amount of losses after deduction of recoveries over the institution's reporting window is more than or equal to HK$200,000. The Bank has assessed operational loss events during the reporting period and confirmed that no events meet this materiality threshold.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		At 31 December										
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	Average
		HKD'000										
Using HKD200,000 threshold												
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	–	–	–	–	–	–	–	–	–	–	–
Using HKD1 million threshold												
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	–	–	–	–	–	–	–	–	–	–	–

16 Operational risk (continued)

b. Historical losses (OR1) (continued)

Details of operational risk capital charge calculation	
Are losses used to calculate the ILM (yes/no)?	No
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
Loss event threshold: HKD200,000 or HKD 1 million for the operational risk capital charge calculation if applicable	HKD200,000

c. Business indicator and business indicator components breakdown (OR2)

	BI and its subcomponents	(a) 2025 HKD'000	(b) 2024 HKD'000	(c) 2023 HKD'000
1	Interest, leases and dividend component	131,936		
1a	Interest and leases income	324,974	294,669	184,614
1b	Interest and leases expenses	92,942	80,603	77,011
1c	Interest earning assets	6,991,120	5,915,701	4,684,699
1d	Dividend income	–	–	–
2	Services component	48,476		
2a	Fee and commission income[1]	92,585	18,702	31,765
2b	Fee and commission expenses[2]	6,284	17,268	20,506
2c	Other operating income	2,120	256	–
2d	Other operating expenses	–	–	–
3	Financial component	2,667		
3a	Net P&L on trading book	–	–	–
3b	Net P&L on banking book	1,317	(2,323)	4,361
4	BI	183,079		
5	Business indicator component (BIC)	21,969		

Disclosure on the BI:

		(a) HKD'000
6a	BI gross of excluded divested businesses and activities	183,079
6b	Reduction in BI due to excluded divested businesses and activities	–

[1] Increase in fee and commission income for 2025 was driven by higher FinTech Solutions.

[2] Decrease in fee and commission expense for 2025 was due to less payment fee expense.

16 Operational risk (continued)

d. Minimum operational risk capital requirement (OR3)

		(a)
	At 31 December 2025	HKD'000
1	Business indicator component (BIC)	21,969
2	Internal loss multiplier (ILM)	1
3	Minimum operational risk capital requirement	21,969
4	Total RWA for operational risk	274,613

17 Asset encumbrance (ENC)

The following table provides the amount of encumbered and unencumbered assets.

	(a)	(c)	(d)
	Encumbered assets	Unencumbered assets	Total
At 31 December 2025	HK$'000	HK$'000	HK$'000
Cash and balances with banks	-	473,102	473,102
Placements with banks	-	315,234	315,234
Financial investments	403,605	2,855,399	3,259,004
Loans and advances to customers	-	2,885,086	2,885,086
Property, Plant and equipment	-	22,891	22,891
Intangible assets	-	49,691	49,691
Prepayments and other assets	-	49,534	49,534
Total on-balance sheet assets	403,605	6,650,937	7,054,542

As at 31 December 2025, the Bank's encumbered assets increased was due to repurchase agreement increased.

18 International claims

International claims are on-balance sheet exposures of counterparties based on the location of those counterparties after taking into account the transfer of risk.

Recognized risk transfer refers to the reduction of exposure to a particular country by an effective transfer of credit risk to a different country. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated.

International claims on individual countries or segments, after risk transfer, amounting to 10% or more of the aggregated international claims are shown as below:

At 31 December 2025	*Banks* HK$'000	*Official sector* HK$'000	*Non-bank financial institution* HK$'000	*Non-financial private sector* HK$'000	*Total* HK$'000
Developed countries					
– *of which United States*	-	299,066	5,785	-	304,851
Offshore centres					
– *of which Hong Kong*	66,353	-	-	553,054	619,407
Developing Asia and Pacific					
– *of which China*	1,364,383	156,701	1,822	341	1,523,247

19 Loans and advances to customers and banks

a. Loans and advances to customers

Sector and Geographical information

The following analysis of the gross loans and advances to customers by industry sector is based on the categories with reference to the completion instructions for the HKMA return of loans and advances. The geographical location of the gross loans and advances to customers is based on the locations of the counterparties, after taking into account the transfer of risk. For the loans and advances to customer guaranteed by a party situated in a location different from the customer, the risk will be transferred to the location of the guarantor.

19 Loans and advances to customers and banks (continued)

a. Loans and advances to customers (continued)

Gross Loans and advances in Hong Kong and for use in Hong Kong	Outstanding balance HKD'000	Impaired advances to customers HKD'000	Balance covered by collateral / other security HKD'000	Specific provision HKD'000	Collective provision HKD'000
	As at 31 December 2025				
Industrial, commercial and financial					
– Property development	291,160	-	-	-	648
– Property investment	400,066	-	-	-	2,076
– Wholesale and retail trade	370,245	4,754	-	1,947	5,146
– Manufacturing	263,173	2,069	-	1	220
– Transport and transport equipment	221,109	-	-	-	345
– Information technology	150,067	-	-	-	178
– Others	891,332	8,921	-	1,114	7,778
Individuals					
– Others	355,909	18,978	-	18,978	19,544
	2,943,061	34,722	-	22,040	35,935

For those industry sectors constituting not less than 10% of the Bank's gross loans and advances to customers, the amounts of new impairment allowances charged to the income statement, and classified or impaired loans written off during the year are shown below:

Gross Loans and advances in Hong Kong and for use in Hong Kong	New impairment charged to income statement HKD'000	Impaired loans and advances written off HKD'000
	2025	
Industrial, commercial and financial		
– Property investment	2,057	–
– Wholesale and retail trade	12,460	17,247
– Others	3,692	5,526
Individuals		
– Others	29,356	49,954
	47,565	72,727

19 Loans and advances to customers and banks (continued)

a. Loans and advances to customers (continued)

Overdue loans and advances to customers

Gross loans and advances to customers which have been overdue with respect to either principal or interest for period of:

	As at 31 December 2025	
	HK$'000	% of total loans and advances
– 6 months or less but over 3 months	7,235	0.24%
– 1 year or less but over 6 months	9,613	0.33%
– over 1 year	-	-
	16,848	0.57%
Rescheduled loans and advances to customers, excluding those which have been overdue for more than 3 months	12,693	0.43%

b. Loans and advances to banks

The Bank does not have any loans and advances to banks as of 31 December 2025.

20 Repossessed assets

The Bank does not hold any repossessed assets as of 31 December 2025 and 31 December 2024.

21 Mainland activities

	At 31 December 2025		
	On-balance sheet exposure HK$'000	Off-balance sheet exposure HK$'000	Total HK$'000
(i) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	–	–	–
(ii) Local governments, local government-owned entities and their subsidiaries and JVs	–	–	–
(iii) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,163	–	2,163
(iv) Other entities of central government not reported in item (i) above	–	–	–
(v) Other entities of local governments not reported in item (ii) above	–	–	–
(vi) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	–	–	–
(vii) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
Total	2,163	–	2,163
Total assets after provision	7,068,457		
On-balance sheet exposures as percentage of total assets	0.03%		

22 Off-balance sheet exposures – Contingent liabilities and commitments

	At 31 December 2025 HK$'000
Contractual or notional amounts	
Direct credit substitutes	–
Transaction-related contingencies	–
Trade-related contingencies	–
Forward asset purchases	–
Forward forward deposits placed	–
Other commitments:	
which are not unconditionally cancellable:	–
with original maturity of not more than one year	–
with original maturity of more than one year	–
which are unconditionally cancellable	268,412
	268,412
Credit risk weighted amount	20,172

Decrease in off-balance sheet exposures was mainly from loan & advances to customers.

23 Foreign exchange risk

The currency risk arising from the Bank's operations for those individual currencies which each constitute more than 10% of the total net positions in all foreign currencies are as follows:

	At 31 December 2025	
	US Dollars	*Chinese Renminbi*
	HK$'000	HK$'000
Spot assets	1,603,236	183,062
Spot liabilities	683,760	195,902
Forward purchases	-	-
Forward sales	-	-
Net long/(short) non-structural position	919,476	(12,840)

The Bank does not have structural FX position as of 31 December 2025.

Acronyms

AI	Authorised institution
ALCO	Asset and Liability Committee
AT1	Additional tier 1
Bank	Livi Bank Limited
BCR	Banking (Capital) Rules
BSC	Basic approach
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CCyB	Countercyclical capital buffer
CEM	Current exposure method
CET1	Common equity tier 1
CIS	Collective investment scheme
CRM	Credit risk mitigation
CVA	Credit valuation adjustment
D-SIB	Domestic systematically important authorised institution
DTAs	Deferred tax assets
EL	Expected loss
FBA	Fall-back approach
G-SIB	Global systematically important authorised institution
HKMA	Hong Kong Monetary Authority
IMM	Internal models approach
IMM (CCR)	Internal models (counterparty credit risk) approach
IRB	Internal ratings-based approach
JCCyB	Jurisdictional countercyclical capital buffer
LAC	Loss-absorbing Capacity
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
LTA	Look through approach
MBA	Mandate-based approach
MSRs	Mortgage servicing rights
N/A	Not applicable
PFE	Potential future exposure
PRC	People's Republic of China
PSE	Public sector entity
RW	Risk-weight
RWA	Risk-weighted asset/risk-weighted amount
S	Securitization
SA-CCR	Standardised approach for counterparty credit risk
SEC-ERBA	Securitization external ratings-based approach
SEC-FBA	Securitization full back approach
SEC-IRBA	Securitization internal ratings-based approach
SEC-SA	Securitization standardised approach
SFT	Securities financing transaction
STC	Standardised (credit risk) approach
STM	Standardised (market risk) approach

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