中信银行(国际)
CHINA CITIC BANK INTERNATIONAL

2026 Interim Results Highlights

Financial Performance

- **Operating income** was HK$6.12 billion, representing a year-on-year increase of 4.1%. Net interest income stood at HK$4.06 billion, with the net interest margin at 1.50%. Non-interest income was HK$2.06 billion.
- **Operating expenses** amounted to HK$2.27 billion, down 4.1% year-on-year. Cost-to-income ratio fell by 3.2 percentage points to 37.1%.
- **Impaired loan ratio** as of the end of June 2026 was 1.63%, down 13 basis points from the end of 2025.
- **Profit for the period** reached HK$2.16 billion, up 3.2% year-on-year.
- **Total assets** rose by 11.2% from the end of 2025 to HK$612.55 billion. Customer loans (including trade bills) grew by 7.0% to HK$263.39 billion. Total deposits (including certificates of deposit) increased by 2.8% to HK$438.53 billion.
- **Capital adequacy ratio** and **CET1 capital ratio** met regulatory requirements at 20.2% and 14.9% respectively.

Core Businesses

Wholesale banking business maintained a steady operating foundation, with customer deposits and loans continuing to expand, growing by 14.7% and 8.2% respectively compared to the end of 2025. Profit before taxation for the period was affected by active, forward-looking risk management; however, the resulting improvements in asset quality and risk resilience have built up substantial momentum for sustained long-term growth and profitability growth. In the first half of 2026, the number of completed capital market settlement transactions rose by 52.4%, with the IPO receiving bank business firmly ranking among the top three in the market. Securities services business continued to achieve breakthroughs, with assets under custody reaching HK$822.33 billion as of the end of June 2026, representing an 11.1% increase compared to the end of 2025. Structured finance business demonstrated strong resilience against a backdrop of contracting market transaction volumes. In the first half of 2026, the Group firmly maintained its position among the market leaders and moved up the rankings in the London Stock Exchange – Hong Kong & Macau Syndicated Loan Market – Mandated Lead Arranger & Bookrunner League Table.

Treasury and global markets business further expanded its scale and market competitiveness, driving a remarkable 81.2% year-on-year increase in profit before taxation. In the first half of 2026, a total of 88 public bond issuances were completed, representing participation in an aggregate issuance size of US$31.92 billion. Notably, challenges arising from a contracting Chinese offshore public bond market were successfully overcome, with participation volume defying the market contraction to grow by 8.9% year-on-year. In private placement financing, a competitive edge was consolidated in areas such as large-denomination certificates of deposit and commercial paper, with 342 issuances completed for a combined volume of US$22.14 billion. Offshore RMB and "Southbound Connect" business continued to maintain an industry-leading position. According to the DMI Chinese Offshore RMB Bond Underwriting League Table, the Group ranked first across the entire market. A number of benchmark projects were successfully completed during the period, including assisting the Government of the Hong Kong Special Administrative Region and The Hong Kong Mortgage Corporation Limited in issuing offshore RMB bonds of RMB12 billion and RMB3 billion respectively.

Personal and business banking business focused on enhancing quality and driving operational efficiency, driving a 17.1% year-on-year increase in profit before taxation. The Group continued to strengthen its distinctive competitive advantages in wealth management, precisely matching customers' diversified asset allocation needs, boosting year-on-year wealth management-related income by approximately 20%. Simultaneously, leveraging the integrated "dual-centre" private banking service model across Hong Kong and Singapore, the wealth management demands of high-net-worth customers were efficiently met, resulting in a year-on-year revenue increase of over 30% for the private banking business. A multi-pronged approach was adopted to optimise the asset and liability structure, driving a 15.9% increase in current and savings account balances compared to the end of 2025. A focus on mortgage, wealth management, and personal lending yielded year-on-year growth in new drawdowns of 38.4% for mortgages and 178.1% for wealth management loans, while the personal loan balance was lifted by 12.2% compared to the end of 2025. Digital financial service support for SMEs was comprehensively upgraded, accelerating the penetration rate of the "Business inMotion" platform.

BUSINESS REVIEW AND OUTLOOK

In the first half of 2026, intensified geopolitical conflicts exacerbated disruptions to global supply chains and heightened volatility in energy prices. Ongoing trade frictions and uncertain interest rate trends further clouded global economic growth. Conversely, Chinese Mainland's economy achieved steady growth, whilst Hong Kong accelerated its integration into the national development strategy. Elevating its status as an international financial centre and global trade hub, Hong Kong surpassed Switzerland to become the world's largest cross-border wealth management centre. Amidst this complex and volatile operating environment, Hong Kong banking sector continued to demonstrate robust operational resilience alongside improving asset quality. China CITIC Bank International Limited ("CNCBI") and its subsidiaries (together "the Group") continued to leverage the unique advantages of CITIC Group's backing. Through deepened collaboration with the parent bank, China CITIC Bank Corporation Limited ("CNCB"), and by anchoring its role as the primary offshore business platform and principal channel for cross-border synergy, the "124" action plan was solidly advanced. Adhering to the core themes of "stability" and "innovation", integration and collaboration were driven whilst quality and efficiency were optimised. By seizing cross-border financial opportunities, the release of growth potential and momentum generated by a deepening business transformation was accelerated. Consequently, both operating income and profit for the period reached record highs for the first half of 2026.

FINANCIAL REVIEW

In the first half of 2026, the Group's operating income reached a new milestone, climbing 4.1% year-on-year to HK$6.12 billion, whilst profit for the period rose by 3.2% to HK$2.16 billion. Driven by an expanding asset base alongside the Group's continuous optimisation of funding costs and capital structure, net interest income increased by 13.1% to HK$4.06 billion, with the net interest margin standing at 1.50%. Non-interest income amounted to HK$2.06 billion, representing a moderate decline from the same period last year. This contraction was driven primarily by market volatility, which lowered treasury-related income and gains on the disposal of financial investments; however, robust performance in investment products and insurance sales effectively mitigated the downward pressure on non-interest income.

The Group continued to tighten its control over operating costs by adhering to a spending policy that balances "targeted support with disciplined restraint". Through more proactive, meticulous, and effective resource allocation, operating expenses were reduced by 4.1% year-on-year to HK$2.27 billion, whilst the cost-to-income ratio improved by 3.2 percentage points to 37.1%.

The Group enhanced its asset quality control, further strengthening its risk resilience. As of the end of June 2026, the impaired loan ratio fell by 13 basis points from the end of 2025 to 1.63%, whilst the provision coverage ratio stood at 107.4%.

The Group strengthened its dynamic asset and liability management, continuously improving capital efficiency whilst steadily expanding its asset scale. As of the end of June 2026, total assets rose by 11.2% from the end of 2025 to HK$612.55 billion. Customer loans (including trade bills) increased by 7.0% to HK$263.39 billion, whilst customer deposits (including certificates of deposit) grew by 2.8% to HK$438.53 billion. The loan-to-deposit ratio stood at 60.1%, continuing to maintain a healthy level.

The Group maintained ample liquidity, with its total capital ratio, Tier 1 capital ratio, Common Equity Tier 1 capital ratio, and liquidity indicators all comfortably meeting regulatory requirements. Simultaneously, the Group dynamically managed its capital resource allocation to continually optimise its capital structure, lower funding costs, and solidify its capital base. On 22 July 2026, the Group broke new ground by issuing the industry's first dual-currency offshore CNH and USD Additional Tier 1 Capital Securities ("AT1"), achieving a total aggregate issuance size equivalent to approximately US$600 million. Furthermore, on 29 July 2026, the Group completed the scheduled redemption of an existing US$600 million AT1.

BUSINESS REVIEW

Wholesale Banking Business

The wholesale banking business maintained a steady operating foundation, with customer deposits and loans continuing their expansionary path to grow by 14.7% and 8.2% respectively compared to the end of 2025. This balance sheet expansion, combined with the Group's proactive optimisation of its asset structure, successfully drove year-on-year growth in net interest income. Concurrently, the Group intensified forward-looking risk management, accelerating non-performing asset disposal and active de-risking. While these aggressive provisioning efforts placed temporary pressure on profit before taxation for the period, the resulting improvements in asset quality and risk resilience have built up substantial momentum for sustained long-term growth and profitability growth.

Capital market settlement business maintained its market-leading position. In the first half of 2026, the number of completed transactions rose by 52.4%, with the IPO receiving bank business firmly ranking among the top three in the market. Backed by a continuously refined product suite and enhanced digital capabilities, a brand-new Cash Management Service Platform was officially launched. This platform provides customers with a one-stop global cash management solution covering three core services: Notional Cash Pooling, corporate payment and receiving services, and global account management. Simultaneously, an online corporate account opening system was introduced, further optimising operating account services.

Securities services business continued to achieve breakthroughs, with assets under custody reaching HK$822.33 billion as of the end of June 2026, representing an 11.1% increase compared to the end of 2025. Within this segment, securities under custody and bond trustee volumes grew by 14.8% and 6.0% respectively. The business maintained a secure competitive advantage in its "Southbound Bond Connect" custody operations, earning recognition through multiple market awards.

Structured finance business demonstrated strong resilience against a backdrop of contracting market transaction volumes. In the first half of 2026, the Group firmly maintained its position among the market leaders and moved up the rankings in the London Stock Exchange – Hong Kong & Macau Syndicated Loan Market – Mandated Lead Arranger & Bookrunner League Table.

Treasury and Markets Business

Treasury and global markets business further expanded its scale and market competitiveness, driving a remarkable 81.2% year-on-year increase in profit before taxation.

Trading and investment business achieved strong returns alongside a stellar market reputation. The Group continued to enrich its risk management tools, such as foreign exchange and interest rate hedging, whilst increasing the supply of wealth management products. These initiatives helped customers seamlessly navigate market volatility and better capture cross-border wealth opportunities, driving double-digit year-on-year revenue growth for the trading and investment segment. Furthermore, the Group's professional capabilities and innovative strength received widespread market recognition, as evidenced by multiple professional awards won across foreign exchange trading, fixed-income cross-border trading and market making, as well as financial innovation, fully demonstrating its industry-leading position.

Debt capital markets business continued to outperform the market. In the first half of 2026, a total of 88 public bond issuances were completed, representing participation in an aggregate issuance size of US$31.92 billion. Notably, challenges arising from a contracting Chinese offshore public bond market were successfully overcome, with participation volume defying the market contraction to grow by 8.9% year-on-year. In private placement financing, a competitive edge was consolidated in areas such as large-denomination certificates of deposit and commercial paper, with 342 issuances completed for a combined volume of US$22.14 billion. Furthermore, one-stop, end-to-end comprehensive service capabilities were further enhanced, leading initiatives that successfully helped multiple large institutions secure upgrades to their entity or debt credit ratings.

Offshore RMB and "Southbound Connect" business continued to maintain an industry-leading position. In the first half of 2026, according to the DMI Chinese Offshore RMB Bond Underwriting League Table, the Group ranked first across the entire market. A number of benchmark projects were successfully completed during the period, including assisting the Government of the Hong Kong Special Administrative Region and The Hong Kong Mortgage Corporation Limited in issuing offshore RMB bonds of RMB12 billion and RMB3 billion respectively.

Personal and Business Banking Business

Personal and business banking business focused on enhancing quality and driving operational efficiency, driving a 17.1% year-on-year increase in profit before taxation.

Distinctive competitive advantages in wealth management continued to be strengthened. By enhancing the full value chain across investment research, product selection, and asset allocation, a comprehensive "Investment + Insurance" multi-dimensional financial product suite was built to precisely match customers' diversified asset allocation needs, boosting year-on-year wealth management-related income by approximately 20%. Simultaneously, tiered and segmented customer operations were deepened. Leveraging the integrated "dual-centre" private banking service model across Hong Kong and Singapore, the wealth management demands of high-net-worth customers were efficiently met, resulting in a year-on-year revenue increase of over 30% for the private banking business.

A multi-pronged approach was adopted to optimise the asset and liability structure. Multi-dimensional advancements were made across core businesses such as payroll services, Motion deposits, and payment and settlements, driving a 15.9% increase in current and savings account balances compared to the end of 2025. Focusing on mortgage lending, wealth management loans, and personal lending, dedicated mortgage partnerships were established with major property developers. Concurrently, a co-branded card was launched in collaboration with a renowned retail platform to build a consumer scenario ecosystem. These initiatives drove a year-on-year increase in new mortgage and wealth management loan drawdowns of 38.4% and 178.1% respectively, whilst the personal loan balance grew by 12.2% from the end of 2025.

Strategic cooperation was deepened with chambers of commerce, innovation and technology industries, commodity exchanges, and major local corporate groups to acquire high-quality SME customers in batches. Digital financial service support for SMEs was comprehensively upgraded, accelerating the penetration rate of the "Business inMotion" platform.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group attaches great importance to risk governance and continues to invest resources to ensure a sound and robust risk governance mechanism, a stable and efficient risk management framework and internal control system, and more comprehensive risk early-warning, prevention, and resolution capabilities. Currently, the implemented risk management system complies with Basel III standards, and the deployed risk management enhancement measures persistently meet the latest regulatory requirements. In terms of credit risk, a prudent credit policy continues to be implemented, with various credit risk assessments and post-lending monitoring measures executed, loan portfolio reviews and stress tests actively conducted, and the impacts and potential risks of the external environment on asset quality and financial conditions continuously assessed to take appropriate risk mitigation measures on a timely basis. Regarding climate risk management, the 2025 climate-related financial information disclosure report was successfully published, continuing the disclosure of Scope 1, 2, and 3 emissions in compliance with regulatory requirements on climate-related information disclosures. With respect to operational resilience, full compliance with the regulatory requirements of the Hong Kong Monetary Authority has been achieved, marking a smooth transition into normalised operations.

The Group continuously promotes a culture of compliance and strengthens compliance education for all employees, with a focus on codes of conduct and business ethics to enhance employee risk awareness and response capabilities. In the first half of 2026, departmental synergies were driven to effectively discharge duties across the "three lines of defence", ensuring operations are conducted in accordance with laws and regulations. Furthermore, close communication was maintained with regulatory authorities to keep abreast of industry developments and regulatory trends, whilst resources were actively invested to promote the application of RegTech. Through the optimisation of monitoring mechanisms, capabilities to precisely identify and prevent financial crime risks were comprehensively enhanced. Looking ahead, resources will continue to be deployed to upgrade data and technology capabilities, drive process optimisation, and stay closely aligned with regulatory developments, supporting business growth whilst maintaining high compliance standards. During the period, law enforcement actions were efficiently supported, earning the "Exemplary Efforts in Upstream Scam Intervention Award" presented by the Hong Kong Police Force.

FINTECH TRANSFORMATION

The Group steadily advanced its digital and intelligent transformation, leveraging technology to fully empower business expansion, robust operations, and internal risk control.

In the first half of 2026, the construction of a next-generation core system officially commenced. In tandem, the development of a self-developed and self-controllable unified payment and clearing platform progressed on schedule to interface with the Cross-border Interbank Payment System (CIPS), fully automating and centralizing clearing operations. Furthermore, synergies and system integration with CNCB were further deepened, achieving the standardisation and consolidation of financial market quotation channels; this effectively optimised resource allocation and further enhanced onshore-offshore integrated transactional efficiency. Active participation was also directed towards the e-CNY interconnectivity initiatives between the Chinese Mainland and Hong Kong, with the Group becoming one of the first offshore participating banks on the Cross-border e-CNY Transfer Services (CBETS) platform.

On another front, the successful creation of a universal connectivity platform for fund distributors marked a full-scale digital and intelligent transformation from traditional workflows, driving the expansion of custody and overall business scale. Concurrently, the development of foundational artificial intelligence capabilities and applications advanced. The Group also joined the regulatory authorities' "GenA.I. Sandbox++" initiative and actively planned an enterprise-level large language model platform. Driven by the continuous reinforcement of data governance and data value exploration, the data lake ingestion rate rose significantly to 84.7% as of the end of June 2026, providing robust data support for bank-wide digital risk controls and refined decision-making.

ESG AND SUSTAINABLE DEVELOPMENT

The Group is deeply committed to the principles of high-quality sustainable development, organically integrating its Environmental, Social, and Governance (ESG) strategy into daily operations and core decision-making. In the first half of 2026, a comprehensive focus was placed on green finance innovation, advancing social well-being, and achieving corporate governance excellence. These efforts drove the successful fulfillment of various annual ESG targets alongside the long-term sustainable development vision, demonstrating a steadfast commitment to creating long-term value for all stakeholders.

Significant breakthroughs were achieved across the sustainable finance sector. During the period, multiple green and sustainable finance awards were again at The Asset's "Triple A Sustainable Finance Awards 2026". As of the end of June 2026, the outstanding balance of green and sustainable finance related loans grew by 23.1% from the end of 2025 to a record high of HK$24.03 billion. A total of 20 offshore green, social, and sustainability bond underwriting projects were successfully executed, totalling approximately US$6.02 billion; notably, this marked the first time the role of sustainability advisor was undertaken for an offshore social bond issuance. Furthermore, green operating principles were deeply woven into daily operations. Nearly a quarter of the branch network has been upgraded to ESG branches, whilst the digitalisation of more business processes has deeply ingrained a "green work culture" into the daily routines of all employees.

The Group views its employees as the core driving force for sustainable development, whilst actively fulfilling its corporate social responsibilities. In terms of employee care, the Group is dedicated to fostering a comprehensive focus on physical and mental well-being, building a family-friendly workplace via a diverse range of activities that have seen the Group recognised as an "Employer of the Year" for multiple years. In terms of community service, partnerships were formed with local non-profit organisations in the first half of 2026 to fund the "Building Tomorrow Together" programme, improving the home environment for more than 200 underprivileged families with school-aged children in the Sham Shui Po district. At the same time, over 400 employees were successfully mobilised to participate in community volunteer services, benefiting more than 21,000 citizens and demonstrating a steadfast commitment to conveying the trademark "CITIC warmth" to society.

OUTLOOK

In the second half of the year, the Hong Kong banking sector continues to face a complex operating environment characterised by both opportunities and challenges. On the global front, ongoing regional military conflicts may disrupt global energy supplies and financial markets, thereby creating greater uncertainty into the Federal Reserve's rate-reduction trajectory. Regarding the Chinese Mainland, the economy is well-positioned to achieve its full-year growth targets and secure a strong start to the "15th Five-Year Plan", supported by resilient economic fundamentals, an increasingly optimised trade structure, and precisely targeted macroeconomic control policies. Locally, Hong Kong's economy is projected to achieve moderate growth of 2.5% to 3.5% for the year, driven by improving consumer sentiment and a stabilising property market, whilst strong demand related to artificial intelligence is expected to further bolster local trade and financial activities. Furthermore, the upcoming release of Hong Kong's first-ever "Five-Year Plan" will unlock extensive business opportunities for the banking sector.

Under the guidance and support of CITIC Group and CNCB, the Group will continue to adhere to the high-quality development path - "anchored in stability, founded on risk management, and driven by quality". In the second half of the year, the Group will fully align with national, regional, and Hong Kong development plans. Leveraging its position as CNCB's primary offshore business platform for international expansion, the Group will integrate deeply into the CITIC ecosystem, whilst comprehensively deepening synergies and driving efficiency improvements. To achieve its full-year operating targets, the Group will adopt a multi-pronged approach to ensure the steady growth of various financial and operational indicators. This will include continuously cultivating diversified non-interest income streams, implementing more flexible interest margin management to navigate interest rate cycles, optimising business and customer structures, establishing a fully aligned risk management framework, and reinforcing a solid foundation for compliant operations. Simultaneously, the Group will actively pursue meticulous cost controls and enhance the strategic management efficiency of its subsidiaries, ensuring a steady, long-term improvement in overall operational performance.

Looking ahead, the Group will maintain its strategic focus, closely aligning short-term operating performance with its medium-to long-term strategic pillars. While remaining committed to strengthening and expanding its core advantages in cross-border finance and deepening its footprint across the Greater Bay Area, the Group will rigorously enhance asset quality management, intensifying efforts directed towards non-performing asset disposal and active de-risking to ensure the balance sheet remains robust and resilient. On the front of technological innovation, the development of a next-generation core banking system will be steadily advanced, leveraging digital transformation to drive a comprehensive upgrade of core businesses, thereby reinforcing a solid foundation for compliant, stable, and sustainable long-term operations.

Though the journey ahead spans thousands of miles, relentless progression ensures the destination will be reached. Under the leadership of CITIC Group and CNCB, with the strong support of all sectors of society and the joint efforts of all employees, the Group will capitalise on this momentum to write a new chapter and embark on an unyielding new journey. Standing at a new starting point marked by the inaugural year of the nation's "15th Five-Year Plan", we will proactively align with national strategies, continuously contribute to consolidating Hong Kong's position as an international financial centre, and support the city's integration into and service towards the nation's overall development, thereby creating greater value for all stakeholders.

中信银行(国际)
CHINA CITIC BANK INTERNATIONAL

CHINA CITIC BANK INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

ANNOUNCEMENT OF 2026 INTERIM RESULTS

The Board of Directors of China CITIC Bank International Limited ("the Bank") is pleased to announce the unaudited consolidated results of CNCBI and its subsidiaries ("the Group") for the six months ended 30 June 2026. The interim financial report is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standards on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2026	2025
	Note	***HK$'000***	*HK$'000*
Interest income	*3*	**9,652,342**	9,827,900
Interest expense	*4*	**(5,588,984)**	(6,236,506)
Net interest income		**4,063,358**	3,591,394
Fee and commission income		**1,668,948**	1,405,233
Fee and commission expense		**(142,147)**	(122,402)
Net fee and commission income	*5*	**1,526,801**	1,282,831
Net trading income	*6*	**524,663**	848,808
Net loss on financial instruments mandatorily classified at fair value through profit or loss		**(15,953)**	(3,852)
Net gain on disposal of financial investments at fair value through other comprehensive income	*15(b)*	**14,938**	155,609
Other operating income	*7*	**9,066**	8,216
Operating income		**6,122,873**	5,883,006
Operating expenses	*8*	**(2,271,569)**	(2,369,445)
Operating profit before impairment		**3,851,304**	3,513,561
Expected credit losses on financial instruments	*9*	**(1,401,343)**	(1,122,114)
Impairment losses reversed/(charged) on other assets		**2,500**	(2,500)
Impairment losses		**(1,398,843)**	(1,124,614)
Operating profit		**2,452,461**	2,388,947
Net (loss)/gain on disposal of property and equipment and intangible assets		**(955)**	882
Revaluation loss on investment properties	*18*	**(4,680)**	(37,417)
Profit before taxation		**2,446,826**	2,352,412
Income tax	*10*	**(286,780)**	(258,748)
Profit for the period		**2,160,046**	2,093,664

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Profit for the period	**2,160,046**	2,093,664
Other comprehensive income for the period		
Items that will be reclassified subsequently to consolidated income statement when specific conditions are met		
Exchange differences on translation of financial statements of foreign operations	**63,090**	53,036
Financial investments at fair value through other comprehensive income		
– change in the fair value of debt instruments	**(931,656)**	789,426
– transfer to income statement on disposal	**(14,938)**	(155,609)
– transfer to income statement on impairment	**12,888**	10,332
– deferred tax related to the above	**154,608**	(99,897)
	(779,098)	544,252
Items that will not be reclassified subsequently to consolidated income statement		
Financial investments at fair value through other comprehensive income		
– change in fair value of equity instruments	**(8,662)**	11,597
– deferred tax related to the above	**1,429**	(1,913)
	(7,233)	9,684
Other comprehensive income for the period	**(723,241)**	606,972
Total comprehensive income for the period	**1,436,805**	2,700,636

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2026** *HK$'000*	At 31 December 2025 *HK$'000*
ASSETS			
Cash and balances with banks and central banks	*12*	**15,073,384**	15,405,173
Placements with and advances to banks	*13*	**67,779,867**	73,308,217
Financial assets held under resale agreements	*14*		
– at fair value through profit or loss		**7,952,762**	1,464,430
– at amortised cost		**2,329,142**	6,704,716
Derivative financial instruments	*16(b)*	**13,469,089**	11,476,874
Financial investments			
– at fair value through profit or loss	*15(a)*	**4,848,567**	2,833,452
– at fair value through other comprehensive income	*15(b)*	**214,910,102**	180,779,469
– at amortised cost	*15(c)*	**1,932,771**	–
Loans and advances to customers and other accounts			
– at fair value through profit or loss	*17(a)*	**–**	16,604,542
– at amortised cost	*17(a)*	**281,822,340**	239,708,506
Right-of-use assets	*19*	**573,973**	665,351
Property and equipment	*18*		
– Investment properties		**408,006**	412,686
– Other premises and equipment		**592,082**	639,332
Intangible assets	*20*	**431,952**	495,856
Deferred tax assets	*26(b)*	**426,861**	110,455
Total Assets		**612,550,898**	550,609,059
LIABILITIES AND EQUITY			
Liabilities			
Deposits and balances of banks and other financial institutions		**10,120,369**	13,042,402
Deposits from customers	*21*	**438,305,300**	425,918,634
Financial liabilities at fair value through profit or loss	*22*	**77,664**	56,289
Financial assets sold under repurchase agreements	*23*		
– at fair value through profit or loss		**264,800**	200,280
– at amortised cost		**55,674,196**	16,095,576
Derivative financial instruments	*16(b)*	**12,841,713**	11,416,145
Certificates of deposit issued	*24*	**227,319**	776,894
Debt securities issued	*25*	**1,418,469**	968,366
Current tax liabilities	*26(a)*	**668,423**	329,008
Deferred tax liabilities	*26(b)*	**2,526**	71,696
Other liabilities	*27*	**27,333,757**	17,180,134
Lease liabilities		**723,186**	814,885
Loan capital	*28*	**3,906,164**	3,875,155
Total Liabilities		**551,563,886**	490,745,464
Equity			
Share capital	*29(a)*	**18,404,013**	18,404,013
Reserves		**33,247,603**	32,124,186
Total shareholders' equity		**51,651,616**	50,528,199
Other equity instruments	*30*	**9,335,396**	9,335,396
Total Equity		**60,987,012**	59,863,595
Total Equity and Liabilities		**612,550,898**	550,609,059

Approved and authorised for issue by the Board of Directors on 25 August 2026.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

	Share capital HK$'000	Capital reserve HK$'000	General reserve HK$'000	Exchange differences reserve HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Statutory reserve HK$'000	Regulatory general reserve HK$'000	Retained profits HK$'000	Total reserves HK$'000	Other equity instruments HK$'000	Total equity HK$'000
At 1 January 2026	**18,404,013**	**3,771**	**100,000**	**(87,586)**	**425,046**	**750,082**	**79,779**	**348,247**	**30,504,847**	**32,124,186**	**9,335,396**	**59,863,595**
Amendments to HKFRS 9	–	–	–	–	–	–	–	–	(124,543)	(124,543)	–	(124,543)
Restated total equity at the beginning of the financial year	**18,404,013**	**3,771**	**100,000**	**(87,586)**	**425,046**	**750,082**	**79,779**	**348,247**	**30,380,304**	**31,999,643**	**9,335,396**	**59,739,052**
Changes in equity for the six months ended 30 June 2026:												
– Profit for the period	–	–	–	–	–	–	–	–	2,160,046	2,160,046	–	2,160,046
– Other comprehensive income for the period	–	–	–	63,090	–	(786,331)	–	–	–	(723,241)	–	(723,241)
Total comprehensive income for the period	–	–	–	**63,090**	–	**(786,331)**	–	–	**2,160,046**	**1,436,805**	–	**1,436,805**
Transfer from/(to) retained profits	–	–	–	–	–	–	680	6,955	(7,635)	–	–	–
Distribution payment for Additional Tier 1 Capital Securities ("AT1 Capital Securities")	–	–	–	–	–	–	–	–	(188,845)	(188,845)	–	(188,845)
At 30 June 2026	**18,404,013**	**3,771**	**100,000**	**(24,496)**	**425,046**	**(36,249)**	**80,459**	**355,202**	**32,343,870**	**33,247,603**	**9,335,396**	**60,987,012**
At 1 January 2025	18,404,013	3,771	100,000	(166,630)	368,371	61,721	74,433	311,067	27,875,989	28,628,722	9,335,396	56,368,131
Changes in equity for the six months ended 30 June 2025:												
– Profit for the period	–	–	–	–	–	–	–	–	2,093,664	2,093,664	–	2,093,664
– Other comprehensive income for the period	–	–	–	53,036	–	553,936	–	–	–	606,972	–	606,972
Total comprehensive income for the period	–	–	–	53,036	–	553,936	–	–	2,093,664	2,700,636	–	2,700,636
Transfer from/(to) retained profits	–	–	–	–	–	–	–	9,633	(9,633)	–	–	–
Distribution payment for Additional Tier 1 Capital Securities ("AT1 Capital Securities")	–	–	–	–	–	–	–	–	(187,817)	(187,817)	–	(187,817)
At 30 June 2025	18,404,013	3,771	100,000	(113,594)	368,371	615,657	74,433	320,700	29,772,203	31,141,541	9,335,396	58,880,950
At 1 July 2025	18,404,013	3,771	100,000	(113,594)	368,371	615,657	74,433	320,700	29,772,203	31,141,541	9,335,396	58,880,950
Changes in equity for the six months ended 31 December 2025:												
– Profit for the period	–	–	–	–	–	–	–	–	954,190	954,190	–	954,190
– Other comprehensive income for the period	–	–	–	26,008	56,675	134,425	–	–	–	217,108	–	217,108
Total comprehensive income for the period	–	–	–	26,008	56,675	134,425	–	–	954,190	1,171,298	–	1,171,298
Transfer from/(to) retained profits	–	–	–	–	–	–	5,346	27,547	(32,893)	–	–	–
Distribution payment for AT1 Capital Securities	–	–	–	–	–	–	–	–	(188,653)	(188,653)	–	(188,653)
At 31 December 2025	18,404,013	3,771	100,000	(87,586)	425,046	750,082	79,779	348,247	30,504,847	32,124,186	9,335,396	59,863,595

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2026	2025
	Note	***HK$'000***	*HK$'000*
Net cash flows (used in)/generated from operating activities	*31(a)*	**(701,960)**	7,726,095
Cash flows generated from/(used in) investing activities			
Dividends received from equity securities		**1,360**	1,500
Proceeds from disposal of property and equipment		**67**	83
Purchase of property and equipment and intangible assets		**(33,343)**	(124,154)
Net cash flows used in investing activities		**(31,916)**	(122,571)
Cash flows used in financing activities			
Distribution paid on AT1 Capital Securities		**(188,845)**	(187,817)
Payment of lease liabilities	*31(c)(ii)*	**(123,896)**	(139,496)
Interest paid on loan capital		**(117,523)**	(117,757)
Net cash flows used in financing activities		**(430,264)**	(445,070)
Net (decrease)/increase in cash and cash equivalents		**(1,164,140)**	7,158,454
Cash and cash equivalents at 1 January		**57,667,103**	66,966,266
Exchange differences in respect of cash and cash equivalents		**375,057**	922,341
Cash and cash equivalents at 30 June	*31(b)*	**56,878,020**	75,047,061

NOTES TO THE INTERIM FINANCIAL REPORT – UNAUDITED
(Expressed in Hong Kong dollars unless otherwise indicated)

(1) BASIS OF PREPARATION

The interim financial report of China CITIC Bank International Limited ("CNCBI") and all its subsidiaries ("the Group") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It also contains the disclosure information required under the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority ("HKMA"). The interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2025 which have been prepared in accordance with all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the HKICPA, and the requirements of the Hong Kong Companies Ordinance.

The preparation of the interim financial report that conforms with HKAS 34 requires that management make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

The financial information relating to the year ended 31 December 2025 that is included in the interim financial report for the six months ended 30 June 2026 as comparative information does not constitute the Group's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Group has delivered the financial statements for the year ended 31 December 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Group's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

(2) NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED BY THE GROUP

The HKICPA has issued a number of amendments of HKFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to HKFRS9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments,* are relevant to the Group's financial statements. The impacts of adopting these amendments are discussed below.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*

The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an optional exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled in cash using an electronic payment system, provided that specific criteria are met. The Group has not elected to apply the exception for the derecognition of trade payables settled in cash through certain electronic payment systems.

The amendments introduce new disclosures for disposals of investments in equity instruments designated at FVOCI, and for financial instruments not measured at FVPL which contain contractual terms that could change the amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event that does not relate directly to changes in basic lending risks and costs.

For the assessment of whether a financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, the amendments clarify the assessment of interest and introduce an additional test for the financial assets with contingent features, for example environmental, social or governance ("ESG")-linked features. The amendments also clarify the difference between financial assets with non-recourse features and contractually linked instruments which may then change the applicable assessments.

(2) NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED BY THE GROUP (CONTINUED)

The Group has applied the amendments retrospectively. As permitted by the transition requirements, the Group has not restated prior periods. The following table summarises the classification and measurement impact as at 1 January 2026. The carrying amount of the financial assets and financial liabilities due to changes in their measurements under HKFRS 9 are disclosed as follows:

	At 31 December 2025 Carrying amount *HK$'000*	**Changes due to amendments to HKFRS 9** ***HK$'000***	**At 1 January 2026 Carrying amount** ***HK$'000***
ASSETS			
Cash and balances with banks and central banks	15,405,173	**–**	**15,405,173**
Placements with and advances to banks	73,308,217	**–**	**73,308,217**
Financial assets held under resale agreements			
– at fair value through profit or loss	1,464,430	**–**	**1,464,430**
– at amortised cost	6,704,716	**–**	**6,704,716**
Derivative financial instruments	11,476,874	**–**	**11,476,874**
Financial investments			
– at fair value through profit or loss	2,833,452	**–**	**2,833,452**
– at fair value through other comprehensive income	180,779,469	**–**	**180,779,469**
Loans and advances to customers and other accounts			
– at fair value through profit or loss	16,604,542	**(16,604,542)**	**–**
– at amortised cost	239,708,506	**16,456,212**	**256,164,718**
Right-of-use assets	665,351	**–**	**665,351**
Property and equipment			
– Investment properties	412,686	**–**	**412,686**
– Other premises and equipment	639,332	**–**	**639,332**
Intangible assets	495,856	**–**	**495,856**
Deferred tax assets	110,455	**9,221**	**119,676**
Total Assets	550,609,059	**(139,109)**	**550,469,950**
LIABILITIES AND EQUITY			
Liabilities			
Deposits and balances of banks and other financial institutions	13,042,402	**–**	**13,042,402**
Deposits from customers	425,918,634	**–**	**425,918,634**
Financial liabilities at fair value through profit or loss	56,289	**–**	**56,289**
Financial assets sold under repurchase agreements			
– at fair value through profit or loss	200,280	**–**	**200,280**
– at amortised cost	16,095,576	**–**	**16,095,576**
Derivative financial instruments	11,416,145	**–**	**11,416,145**
Certificates of deposit issued	776,894	**–**	**776,894**
Debt securities issued	968,366	**–**	**968,366**
Current tax liabilities	329,008	**(14,566)**	**314,442**
Deferred tax liabilities	71,696	**–**	**71,696**
Other liabilities	17,180,134	**–**	**17,180,134**
Lease liabilities	814,885	**–**	**814,885**
Loan capital	3,875,155	**–**	**3,875,155**
Total Liabilities	490,745,464	**(14,566)**	**490,730,898**
Equity			
Share capital	18,404,013	**–**	**18,404,013**
Reserves	32,124,186	**(124,543)**	**31,999,643**
Total shareholders' equity	50,528,199	**(124,543)**	**50,403,656**
Other equity instruments	9,335,396	**–**	**9,335,396**
Total Equity	59,863,595	**(124,543)**	**59,739,052**
Total Equity and Liabilities	550,609,059	**(139,109)**	**550,469,950**

Except for the above, there are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

(3) INTEREST INCOME

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Listed securities	**2,021,087**	1,385,969
Unlisted securities	**1,781,152**	1,548,918
Balances and placements with banks and advances to banks	**1,118,227**	1,692,980
Financial assets held under resale agreements	**19,131**	63,885
Advances and other accounts	**4,712,745**	5,136,148
Interest income on financial assets	**9,652,342**	9,827,900
Of which:		
Interest income on financial assets measured at amortised cost	**5,852,125**	6,910,248
Interest income on financial assets measured at fair value through other comprehensive income	**3,800,217**	2,917,652
	9,652,342	9,827,900

(4) INTEREST EXPENSE

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Deposits from customers	**4,288,934**	5,393,936
Deposits from banks and other financial institutions	**244,627**	331,999
Financial assets sold under repurchase agreements	**888,661**	342,247
Certificates of deposit issued	**15,816**	33,477
Debt securities issued	**16,500**	738
Lease liabilities	**15,376**	16,857
Loan capital issued	**119,070**	117,252
Interest expense on financial liabilities measured at amortised cost	**5,588,984**	6,236,506

(5) NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Fee and commission income		
Loans, overdrafts and facilities fees	**152,155**	180,592
Trade finance and bills commission	**36,073**	41,101
Custody services and investment fund	**50,760**	36,304
Debt capital markets	**48,825**	64,241
Card-related income	**26,805**	27,351
Investment and structured investment products	**473,239**	337,627
Insurance brokerage	**801,699**	629,347
Account services, remittance and others	**79,392**	88,670
	1,668,948	1,405,233
Fee and commission expense	**(142,147)**	(122,402)
	1,526,801	1,282,831
Of which:		
Net fee and commission income (other than the amounts included in determining the effective interest rate) relating to financial assets and liabilities not at fair value through profit or loss:		
– Fee and commission income	**215,033**	249,044
– Fee and commission expense	**(8,555)**	(13,666)
	206,478	235,378

(6) NET TRADING INCOME

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Net gains from dealing in foreign currencies	**164,826**	605,118
Net gains from financial investments at fair value through profit or loss	**2,869**	70,810
Net gains from other dealing activities	**210,694**	38,444
Net hedging gain on fair value hedges	**(2,851)**	1,758
Net interest income on trading activities		
– Listed	**37,386**	30,887
– Unlisted	**111,739**	101,791
	524,663	848,808

(7) OTHER OPERATING INCOME

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Dividend income		
– Unlisted investment	**1,360**	1,500
Rental income from investment properties	**5,148**	4,769
Other net gain	**2,558**	1,947
	9,066	8,216

(8) OPERATING EXPENSES

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
(a) Staff costs		
Salaries and other staff costs	**1,449,792**	1,488,858
Retirement costs	**86,647**	86,120
	1,536,439	1,574,978
(b) Depreciation and amortisation		
Depreciation – property and equipment *(note 18)*	**57,612**	72,509
Depreciation – right-of-use assets *(note 19)*	**108,045**	118,662
Amortisation – intangible assets *(note 20)*	**87,145**	101,561
	252,802	292,732
(c) Other operating expenses		
Property and equipment expenses (excluding depreciation)	**211,108**	218,411
Auditor's remuneration		
– Audit fee	**3,186**	3,365
– Assurance related services fee	**1,137**	902
– Others	**350**	111
Advertising	**15,022**	24,789
Communication, printing and stationery	**97,704**	97,137
Electronic data processing	**85,935**	74,926
Legal and professional fees	**12,977**	18,223
Others	**54,909**	63,871
	482,328	501,735
Total operating expenses	**2,271,569**	2,369,445

(9) EXPECTED CREDIT LOSSES ON FINANCIAL INSTRUMENTS

Expected credit losses ("ECL") charged/(reversed) on financial instruments

	Six months ended 30 June 2026			
	Stage 1 *HK$'000*	**Stage 2** *HK$'000*	**Stage 3** *HK$'000*	**Total** *HK$'000*
Balances with banks and central banks	**(9)**	**–**	**–**	**(9)**
Placements with and advances to banks	**(4,562)**	**–**	**–**	**(4,562)**
Financial assets held under resale agreements at amortised cost	**–**	**–**	**–**	**–**
Financial investments at fair value through other comprehensive income	**3,589**	**–**	**9,299**	**12,888**
Financial investments at amortised cost	**286**	**–**	**–**	**286**
Loans and advances to customers and other accounts	**(90,995)**	**1,116,047**	**526,676**	**1,551,728**
Loan commitments and guarantees	**(14,217)**	**(695)**	**6,327**	**(8,585)**
	(105,908)	**1,115,352**	**542,302**	**1,551,746**
Recoveries				**(150,403)**
				1,401,343

	Six months ended 30 June 2025			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Balances with banks and central banks	20	–	–	20
Placements with and advances to banks	5,715	–	–	5,715
Financial assets held under resale agreements at amortised cost	10	–	–	10
Financial investments at fair value through other comprehensive income	3,381	–	6,951	10,332
Financial investments at amortised cost	(3)	–	–	(3)
Loans and advances to customers and other accounts	36,541	(74,315)	1,232,795	1,195,021
Loan commitments and guarantees	(1,795)	(11,825)	208,350	194,730
	43,869	(86,140)	1,448,096	1,405,825
Recoveries				(283,711)
				1,122,114

(10) INCOME TAX

(a) Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**469,307**	332,332
(Over)/under-provision in respect of prior periods	**(35,400)**	19,223
	433,907	351,555
Current tax – Taxation outside Hong Kong		
Provision for the period	**75,620**	59,185
Over-provision in respect of prior periods	**(9,049)**	(21,280)
	66,571	37,905
Deferred tax		
Origination of temporary differences *(note 26(b))*	**(213,698)**	(130,712)
	286,780	258,748

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2025: 16.5%) of the estimated assessable profits for six months ended 30 June 2026. Taxation for offshore branches and subsidiaries are charged at the appropriate current rates of taxation in the relevant countries.

(b) Pillar Two income tax

The Group is part of a multinational enterprise group ("MEG") which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development.

The MEG is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland.

The MEG has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred. For the period ended 30 June 2026, the amount of Pillar Two income tax is considered immaterial.

(11) SEGMENT REPORTING

Segment information is prepared consistently with reportable segments. Information is regularly reported to the chief operating decision-maker, including management committee members, to allocate resources to the segments and to assess their performance. The Group has identified the following five reportable segments:

Wholesale banking mainly comprises corporate lending and syndicated loans, trade financing, deposit account services and cash management in Hong Kong and at offshore branches.

Personal and business banking mainly comprises retail deposit account services, residential mortgages, other consumer lending, credit card services, Small and Medium Enterprises ("SMEs") banking business, wealth management services and private banking in Hong Kong and at offshore branches.

Treasury and markets covers the provision of foreign exchange services, money market activities, the management of investment securities and central funding management in Hong Kong and at offshore branches.

Mainland banking subsidiary is CNCBI's wholly owned banking subsidiary operating in Chinese Mainland.

Others mainly comprises unallocated revenue and expenses as well as corporate expenses.

For the purpose of segment reporting, the allocation of operating income reflects the benefits of funding resources allocated to the business segments based on the internal funds transfer pricing mechanism. Cost allocation is based on the direct costs incurred by the respective business segments and the apportionment of overheads on a reasonable basis to the business segments. Rental charges at the market rate for the use of bank premises are reflected as inter-segment income for the 'Others' segment and inter-segment expenses for the respective business segments.

Income and cost allocation amongst reportable segments are reviewed from time to time as management deems fit and in the event of change, corresponding segment reporting information will be updated to conform with latest allocation basis.

(11) SEGMENT REPORTING (CONTINUED)

(a) Reportable segments

	Six months ended 30 June 2026							
	Wholesale banking *HK$'000*	Personal and business banking *HK$'000*	Treasury and markets *HK$'000*	Mainland banking subsidiary *HK$'000*	Others *HK$'000*	Subtotal *HK$'000*	Elimination and consolidation adjustments *HK$'000*	Consolidated *HK$'000*
Net interest income	1,482,804	1,348,536	459,341	124,219	648,458	4,063,358	–	4,063,358
Other operating income	266,110	1,356,003	295,503	27,781	146,768	2,092,165	(47,588)	2,044,577
Net gain on disposal of financial investments at fair value through other comprehensive income	–	–	5,590	9,348	–	14,938	–	14,938
Operating income	1,748,914	2,704,539	760,434	161,348	795,226	6,170,461	(47,588)	6,122,873
Operating expenses	(244,389)	(678,164)	(152,874)	(82,521)	(1,163,356)	(2,321,304)	49,735	(2,271,569)
Inter-segment (expenses)/income	(95,323)	(324,740)	(60,407)	–	480,470	–	–	–
Operating profit before impairment	1,409,202	1,701,635	547,153	78,827	112,340	3,849,157	2,147	3,851,304
Expected credit losses on financial instruments	(1,079,042)	(305,406)	(8,649)	(8,333)	87	(1,401,343)	–	(1,401,343)
Impairment losses reversed on other assets	–	2,500	–	–	–	2,500	–	2,500
Operating profit	330,160	1,398,729	538,504	70,494	112,427	2,450,314	2,147	2,452,461
Net (loss)/gain on disposal of property and equipment and intangible assets	–	(961)	–	6	60	(895)	(60)	(955)
Revaluation deficit on investment properties	–	–	–	–	(4,680)	(4,680)	–	(4,680)
Profit before taxation	330,160	1,397,768	538,504	70,500	107,807	2,444,739	2,087	2,446,826
Income tax								(286,780)
Profit for the period								2,160,046
Other segment items:								
Depreciation and amortisation	13,422	64,826	5,779	10,583	158,192	252,802	–	252,802
Capital expenditure incurred during the period	269	836	–	3,825	28,413	33,343	–	33,343
	At 30 June 2026							
Other segment items:								
Segment assets	177,261,993	77,329,576	381,141,682	20,716,829	5,644,453	662,094,533	(49,543,635)	612,550,898
Segment liabilities	163,033,420	272,460,062	138,309,657	18,757,151	10,283,851	602,844,141	(51,280,255)	551,563,886

(11) SEGMENT REPORTING (CONTINUED)

(a) Reportable segments (continued)

	Six months ended 30 June 2025							
	Wholesale banking *HK$'000*	Personal and business banking *HK$'000*	Treasury and markets *HK$'000*	Mainland banking subsidiary *HK$'000*	Others *HK$'000*	Subtotal *HK$'000*	Elimination and consolidation adjustments *HK$'000*	Consolidated *HK$'000*
Net interest income	1,475,123	1,439,166	(54,696)	139,038	592,763	3,591,394	–	3,591,394
Other operating income	368,344	1,127,803	475,987	25,308	146,331	2,143,773	(7,770)	2,136,003
Net gain on disposal of financial investments at fair value through other comprehensive income	–	–	128,517	27,092	–	155,609	–	155,609
Operating income	1,843,467	2,566,969	549,808	191,438	739,094	5,890,776	(7,770)	5,883,006
Operating expenses	(254,604)	(750,748)	(167,670)	(87,168)	(1,139,513)	(2,399,703)	30,258	(2,369,445)
Inter-segment (expenses)/income	(92,131)	(370,378)	(74,875)	–	537,384	–	–	–
Operating profit before impairment	1,496,732	1,445,843	307,263	104,270	136,965	3,491,073	22,488	3,513,561
Expected credit losses on financial instruments	(760,336)	(249,471)	(10,068)	(102,330)	91	(1,122,114)	–	(1,122,114)
Impairment losses on other assets	–	(2,500)	–	–	–	(2,500)	–	(2,500)
Operating profit	736,396	1,193,872	297,195	1,940	137,056	2,366,459	22,488	2,388,947
Net (loss)/gain on disposal of property and equipment and intangible assets	(18)	(47)	–	969	(22)	882	–	882
Revaluation deficit on investment properties	–	–	–	–	(37,417)	(37,417)	–	(37,417)
Profit before taxation	736,378	1,193,825	297,195	2,909	99,617	2,329,924	22,488	2,352,412
Income tax								(258,748)
Profit for the period								2,093,664
Other segment items:								
Depreciation and amortisation	12,306	71,129	5,047	11,975	192,264	292,721	11	292,732
Capital expenditure incurred during the period	822	28,976	23	25,650	72,598	128,069	(3,915)	124,154

	At 31 December 2025							
Other segment items:								
Segment assets	161,501,410	73,954,611	316,714,587	23,705,539	7,923,418	583,799,565	(33,190,506)	550,609,059
Segment liabilities	142,691,052	277,688,861	72,089,950	21,842,683	10,788,089	525,100,635	(34,355,171)	490,745,464

(11) SEGMENT REPORTING (CONTINUED)

(b) Geographical information

The geographical information analysis is based on the location of the principal operations of the subsidiaries, or in the case of CNCBI itself, the location of the branches responsible for reporting the results or booking the assets and liabilities.

	Six months ended 30 June			
	2026 Profit before taxation *HK$'000*	2025 Profit/(loss) before taxation *HK$'000*	**2026 Operating income *HK$'000***	2025 Operating income *HK$'000*
Hong Kong	**2,168,065**	2,342,717	**5,635,986**	5,440,878
Chinese Mainland	**57,830**	(4,640)	**202,025**	212,087
United States	**94,914**	(36,016)	**113,028**	114,419
Singapore	**109,099**	72,175	**137,701**	149,948
Others	**16,918**	(21,824)	**33,562**	(4,615)
Inter-segment items	**–**	–	**571**	(29,711)
	2,446,826	2,352,412	**6,122,873**	5,883,006

	At 30 June 2026 Total assets *HK$'000*	At 31 December 2025 Total assets *HK$'000*	**At 30 June 2026 Total liabilities *HK$'000***	At 31 December 2025 Total liabilities *HK$'000*
Hong Kong	**579,532,635**	513,289,559	**521,020,604**	457,112,415
Chinese Mainland	**20,717,495**	23,623,860	**18,812,790**	20,656,600
United States	**19,325,454**	17,454,470	**19,245,520**	17,402,515
Singapore	**23,836,533**	20,035,003	**23,732,821**	19,901,733
Others	**5,109,673**	4,484,105	**5,062,721**	4,418,584
Inter-segment items	**(35,970,892)**	(28,277,938)	**(36,310,570)**	(28,746,383)
	612,550,898	550,609,059	**551,563,886**	490,745,464

(12) CASH AND BALANCES WITH BANKS AND CENTRAL BANKS

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Cash in hand	**213,524**	328,243
Balances with central banks	**4,929,496**	5,200,260
Balances with banks	**9,930,381**	9,876,696
	15,073,401	15,405,199
Expected credit losses allowances – Stage 1	**(17)**	(26)
	15,073,384	15,405,173

Included in the balances with central banks are balances subject to exchange control or regulatory restrictions, amounting to HK$751,742,000 as at 30 June 2026 (31 December 2025: HK$725,113,000).

(13) PLACEMENTS WITH AND ADVANCES TO BANKS

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Placements with banks	**60,898,805**	68,752,551
Advances to banks	**6,889,345**	4,568,511
	67,788,150	73,321,062
Expected credit losses allowances – Stage 1	**(8,283)**	(12,845)
	67,779,867	73,308,217
Maturing:		
– within 1 month	**33,280,807**	30,804,892
– between 1 month and 1 year	**33,832,439**	41,841,704
– 5 years or less but over 1 year	**666,621**	661,621
	67,779,867	73,308,217

(14) FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
By types of counterparty		
Banks	**–**	91,427
Non-bank financial institutions	**7,952,762**	1,373,003
Carry amount at fair value through profit or loss	**7,952,762**	1,464,430
Banks	**–**	1,057,410
Non-bank financial institutions	**2,329,142**	5,647,306
Gross amount at amortised cost	**2,329,142**	6,704,716
Expected credit losses allowances – Stage 1	**–**	–
Net amount at amortised cost	**2,329,142**	6,704,716
	10,281,904	8,169,146

By types of collateral

As at 30 June 2026 and 31 December 2025, the Group's types of collateral for financial assets held under resale agreements are all bonds.

(15) FINANCIAL INVESTMENTS

(a) At fair value through profit or loss

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Debt securities		
Certificates of deposit held	**117,645**	26,649
Other debt securities	**3,065,566**	1,258,405
	3,183,211	1,285,054
Equity securities	**675,901**	528,085
Other investments	**989,455**	1,020,313
	4,848,567	2,833,452
Issued by:		
Sovereigns	**451,209**	19,663
Banks and other financial institutions	**1,609,026**	637,662
Corporate entities	**2,732,847**	2,118,643
Public entities	**55,485**	57,484
	4,848,567	2,833,452
Listed	**2,487,127**	1,211,821
Unlisted	**2,361,440**	1,621,631
	4,848,567	2,833,452

(b) At fair value through other comprehensive income

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Debt securities		
Certificates of deposit held	**14,743,124**	13,812,932
Treasury bills	**34,444,963**	32,839,161
Other debt securities	**165,660,540**	134,057,234
	214,848,627	180,709,327
Equity securities	**61,475**	70,142
	214,910,102	180,779,469
Issued by:		
Sovereigns	**55,832,347**	47,660,356
Banks and other financial institutions	**113,231,778**	100,959,855
Corporate entities	**27,735,253**	16,939,730
Public entities	**18,110,724**	15,219,528
	214,910,102	180,779,469
Listed	**99,492,047**	91,820,135
Unlisted	**115,418,055**	88,959,334
	214,910,102	180,779,469

For the six months ended 30 June 2026, upon disposal of debt securities at FVOCI, the cumulative gains or loss previously recognised in other comprehensive income are reclassified from other comprehensive income to income statement amounted to net gain of HK$14,938,000 (six months ended 30 June 2025: net gain of HK$155,609,000) according to the Group's accounting policies applied to the consolidated financial statements for the year ended 31 December 2025 and stipulated in note 2(c)(iv) of 2025 Annual Financial Report.

(15) FINANCIAL INVESTMENTS (CONTINUED)

(c) At amortised costs

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Debt securities		
Certificates of deposit held	**1,433,057**	–
Other debt securities	**500,000**	–
	1,933,057	–
Expected credit losses allowances – Stage 1	**(286)**	–
	1,932,771	–
Issued by:		
Banks and other financial institutions	**1,932,771**	–
Unlisted	**1,932,771**	–

(16) DERIVATIVE FINANCIAL INSTRUMENTS

(a) Notional amounts of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or index. The notional amounts of these instruments indicate the volume of outstanding transactions and do not represent amounts at risk.

The following is a summary of the notional amounts of each significant type of derivative entered into by the Group:

	At 30 June 2026 HK$'000	At 31 December 2025 HK$'000
Currency derivatives		
Forwards	**100,932,199**	82,991,191
Swaps	**1,181,844,304**	1,274,977,419
Options purchased	**124,585,117**	97,182,847
Options written	**116,831,703**	84,201,487
Interest rate derivatives		
Forwards/Futures	**6,627,004**	311,352
Swaps	**965,691,203**	1,113,671,583
Options purchased	**1,526,033**	1,621,621
Options written	**3,650,690**	4,117,350
	2,501,688,253	2,659,074,850

As at 30 June 2026, the notional amount of interest rate swaps held for hedging amounted to HK$7,363,867,000 (31 December 2025: HK$6,772,081,000).

Trading includes the Group's principal risk taking positions in financial instruments, positions which arise from the execution of trade orders from customers and market making, and positions taken in order to hedge other elements of the trading book.

(16) DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values of derivatives

	At 30 June 2026		At 31 December 2025	
	Fair value assets ***HK$'000***	**Fair value liabilities** ***HK$'000***	Fair value assets *HK$'000*	Fair value liabilities *HK$'000*
Currency derivatives	**9,513,273**	**8,934,128**	7,010,869	6,870,245
Interest rate derivatives	**3,955,816**	**3,907,585**	4,466,005	4,545,900
	13,469,089	**12,841,713**	11,476,874	11,416,145

(c) Fair value of derivatives designated as hedging instruments

The following is a summary of the fair value of derivatives held for hedging purposes by product type entered into by the Group:

	At 30 June 2026		At 31 December 2025	
	Fair value assets ***HK$'000***	**Fair value liabilities** ***HK$'000***	Fair value assets *HK$'000*	Fair value liabilities *HK$'000*
Interest rate contracts				
– Fair value hedge	**73,172**	**31,680**	98,805	56,807

Fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of certain fixed rate assets or liabilities due to movements in the market interest rates.

(d) Remaining life of derivatives

The following tables provide an analysis of the notional amounts of the Group's derivatives by relevant maturity grouping, based on the remaining periods to settlement at the end of the reporting period:

	At 30 June 2026 Notional amounts with remaining life of			
	Total ***HK$'000***	**1 year or less** ***HK$'000***	**Over 1 year to 5 years** ***HK$'000***	**Over 5 years** ***HK$'000***
Currency derivatives	**1,524,193,323**	**1,437,622,225**	**85,526,781**	**1,044,317**
Interest rate derivatives	**977,494,930**	**520,492,692**	**437,095,346**	**19,906,892**
	2,501,688,253	**1,958,114,917**	**522,622,127**	**20,951,209**

	At 31 December 2025 Notional amounts with remaining life of			
	Total *HK$'000*	1 year or less *HK$'000*	Over 1 year to 5 years *HK$'000*	Over 5 years *HK$'000*
Currency derivatives	1,539,352,944	1,448,553,147	90,112,932	686,865
Interest rate derivatives	1,119,721,906	586,716,387	509,561,071	23,444,448
	2,659,074,850	2,035,269,534	599,674,003	24,131,313

(17) LOANS AND ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

(a) Loans and advances to customers and other accounts less expected credit losses

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Loans and advances to customers at amortised cost		
Gross loans and advances to customers	**263,390,960**	229,528,192
– Expected credit losses allowances	**(4,603,424)**	(3,385,836)
	258,787,536	226,142,356
Loans and advances to customers at fair value through profit and loss*	**–**	16,604,542
	258,787,536	242,746,898
Other accounts	**23,951,006**	14,486,875
– Expected credit losses allowances	**(893,702)**	(895,725)
– Other impairment allowances	**(22,500)**	(25,000)
	23,034,804	13,566,150
	281,822,340	256,313,048

* Loans and advances to customers at fair value through profit and loss were reclassified to amortised cost according to the Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*.

(17) LOANS AND ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (CONTINUED)

(b) Loans and advances to customers analysed by industry sectors

The following economic sector analysis is based on the categories and definitions used by the HKMA.

	At 30 June 2026		At 31 December 2025	
	Gross loans and advances to customers ***HK$'000***	**% of gross loans and advances to customers covered by collateral**	Gross loans and advances to customers *HK$'000*	% of gross loans and advances to customers covered by collateral
Industrial, commercial and financial				
– Property development	**5,049,246**	**43**	6,030,042	46
– Property investment	**22,355,218**	**97**	24,073,611	95
– Financial concerns	**40,063,842**	**10**	31,827,847	15
– Stockbrokers	**3,902,138**	**2**	3,286,889	14
– Wholesale and retail trade	**7,027,545**	**69**	9,377,705	61
– Manufacturing	**5,595,554**	**42**	6,484,198	39
– Transport and transport equipment	**4,385,701**	**9**	2,724,873	16
– Recreational activities	**158,558**	**–**	191,053	–
– Information technology	**2,110,374**	**2**	1,577,984	2
– Others	**12,197,538**	**47**	14,734,520	39
Individuals				
– Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**19,980**	**100**	22,196	100
– Loans for the purchase of other residential properties	**30,825,593**	**100**	28,098,843	100
– Credit card advances	**733,311**	**–**	1,058,971	–
– Others	**17,961,603**	**88**	15,612,427	86
Gross loans and advances for use in Hong Kong	**152,386,201**	**58**	145,101,159	60
Trade finance	**7,490,028**	**18**	5,915,968	21
Gross loans and advances for use outside Hong Kong	**103,514,731**	**20**	95,115,607	23
Gross loans and advances to customers	**263,390,960**	**41**	246,132,734	45

(17) LOANS AND ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (CONTINUED)

(c) **Reconciliation of ECL allowances and gross carrying amount for loans and advances to customers and other accounts**

	Six months ended 30 June 2026			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
ECL allowances				
At 1 January 2026	471,702	581,345	3,228,514	4,281,561
Amendments to HKFRS 9	57,308	–	–	57,308
Restated balances at the beginning of the financial year	529,010	581,345	3,228,514	4,338,869
Transfer:				
– Transfer to Stage 1	8,721	(8,329)	(392)	–
– Transfer to Stage 2	(35,166)	35,166	–	–
– Transfer to Stage 3	(800)	(6,616)	7,416	–
Changes arising from transfer of stage	(8,008)	881,359	245,524	1,118,875
Net charge for the period arising from net change in exposures	20,681	14,220	–	34,901
Changes in risk parameters and model inputs	(76,423)	200,247	274,128	397,952
Amount written-offs	–	–	(494,174)	(494,174)
Other movements	–	–	100,703	100,703
At 30 June 2026	438,015	1,697,392	3,361,719	5,497,126

	Six months ended 30 June 2026			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Gross carrying amount				
At 1 January 2026	232,653,173	5,542,496	5,320,333	243,516,002
Amendments to HKFRS 9	16,456,212	–	–	16,456,212
Restated balances at the beginning of the financial year	249,109,385	5,542,496	5,320,333	259,972,214
Transfer:				
– Transfer to Stage 1	1,022,565	(1,008,585)	(13,980)	–
– Transfer to Stage 2	(2,989,109)	2,989,109	–	–
– Transfer to Stage 3	(140,304)	(438,584)	578,888	–
Net change in exposures	27,547,770	(199,875)	(277,238)	27,070,657
Amount written-offs	–	–	(494,174)	(494,174)
Other movements	–	–	136,500	136,500
At 30 June 2026	274,550,307	6,884,561	5,250,329	286,685,197

Summary of financial assets to which subject to the impairment requirements in HKFRS 9 are applied:

	At 30 June 2026			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Gross carrying amount				
Loans and advances to customers	252,302,301	6,804,173	4,284,486	263,390,960
Other accounts	22,248,006	80,388	965,843	23,294,237
	274,550,307	6,884,561	5,250,329	286,685,197

(17) LOANS AND ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (CONTINUED)

(c) Reconciliation of ECL allowances and gross carrying amount for loans and advances to customers and other accounts (continued)

	2025			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
ECL allowances				
At 1 January 2025	487,885	228,024	2,921,822	3,637,731
Transfer:				
– Transfer to Stage 1	4,230	(1,425)	(2,805)	–
– Transfer to Stage 2	(4,123)	4,364	(241)	–
– Transfer to Stage 3	(1,320)	(128,686)	130,006	–
Changes arising from transfer of stage	(3,763)	27,175	822,897	846,309
Net (reversal)/charge for the year arising from net change in exposures	(21,476)	(83,462)	102,092	(2,846)
Changes in risk parameters and model inputs	10,269	535,355	1,415,138	1,960,762
Amount written-offs	–	–	(2,311,473)	(2,311,473)
Other movements	–	–	151,078	151,078
At 31 December 2025	471,702	581,345	3,228,514	4,281,561

	2025			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Gross carrying amount				
At 1 January 2025	216,728,496	7,262,041	6,343,200	230,333,737
Transfer:				
– Transfer to Stage 1	289,363	(282,665)	(6,698)	–
– Transfer to Stage 2	(1,522,215)	1,530,256	(8,041)	–
– Transfer to Stage 3	(1,424,359)	(698,481)	2,122,840	–
Net change in exposures	18,581,888	(2,268,655)	(1,101,088)	15,212,145
Amount written-offs	–	–	(2,311,473)	(2,311,473)
Other movements	–	–	281,593	281,593
At 31 December 2025	232,653,173	5,542,496	5,320,333	243,516,002

Summary of financial assets to which subject to the impairment requirements in HKFRS 9 are applied:

	At 31 December 2025			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Gross carrying amount				
Loans and advances to customers	219,686,982	5,506,277	4,334,933	229,528,192
Other accounts	12,966,191	36,219	985,400	13,987,810
	232,653,173	5,542,496	5,320,333	243,516,002

Note:

For other accounts in stage 3, ECL allowances of HK$884,718,000 is made at 30 June 2026 (31 December 2025: HK$885,023,000).

The gross carrying amounts and related ECL allowances have included the gross carrying amount of loans and advances to customers and other financial assets which are subject to ECL measurements under HKFRS 9. "Other accounts" as included with the "Loans and advances to customers and other accounts" presented within the consolidated balance sheet have also included other assets not subject to impairment requirements under HKFRS 9.

(17) LOANS AND ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (CONTINUED)

(d) Impaired loans and advances to customers

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Gross impaired loans and advances to customers	**4,284,486**	4,334,933
Expected credit losses allowances – Stage 3	**(2,477,001)**	(2,343,491)
	1,807,485	1,991,442
Gross impaired loans and advances as a % of total loans and advances to customers	**1.63%**	1.76%

As at 30 June 2026, the secured gross impaired loans and advances to customers amounts to HK$2,646,276,000 (31 December 2025: HK$2,634,207,000) are backed by collateral, collateral mainly comprises mortgages on residential or commercial properties and cash placed with the Group.

(e) Further analysis on loan and advances to customers

An analysis of the ECL allowances and gross amount of impaired loans and advances by industry sectors, which the sector's loans and advances to customers accounted for 10% or more of the total gross loans and advances to customers, are as follows:

	At 30 June 2026				
	Overdue loans and advances to customers *HK$'000*	**Impaired loans and advances to customers** *HK$'000*	**Stage 1 ECL allowances** *HK$'000*	**Stage 2 ECL allowances** *HK$'000*	**Stage 3 ECL allowances** *HK$'000*
Financial concerns	**–**	**–**	**35,613**	**–**	**–**
Loans for the purchase of other residential properties	**79,797**	**99,045**	**1,076**	**1,772**	**11,244**
Gross loans and advances for use outside Hong Kong	**3,051,851**	**1,225,663**	**237,520**	**1,611,860**	**954,532**

	At 31 December 2025				
	Overdue loans and advances to customers *HK$'000*	Impaired loans and advances to customers *HK$'000*	Stage 1 ECL allowances *HK$'000*	Stage 2 ECL allowances *HK$'000*	Stage 3 ECL allowances *HK$'000*
Financial concerns	–	–	37,103	5,470	–
Loans for the purchase of other residential properties	101,711	116,175	2,514	106	12,006
Gross loans and advances for use outside Hong Kong	1,447,950	1,536,989	235,579	551,523	986,872

(18) PROPERTY AND EQUIPMENT

	Investment properties *HK$'000*	Other premises *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
Cost or valuation:				
At 1 January 2026	**412,686**	**598,327**	**1,333,351**	**2,344,364**
Additions	**–**	**–**	**10,846**	**10,846**
Disposals	**–**	**–**	**(42,510)**	**(42,510)**
Deficit on revaluation	**(4,680)**	**–**	**–**	**(4,680)**
Exchange adjustments	**–**	**–**	**2,517**	**2,517**
At 30 June 2026	**408,006**	**598,327**	**1,304,204**	**2,310,537**
At 1 January 2025	409,073	613,812	1,223,977	2,246,862
Additions	–	–	166,599	166,599
Reclassification	61,200	(61,200)	–	–
Disposals	–	–	(62,394)	(62,394)
(Deficit)/surplus on revaluation	(57,587)	56,675	–	(912)
Elimination of accumulated depreciation on revaluation	–	(10,960)	–	(10,960)
Exchange adjustments	–	–	5,169	5,169
At 31 December 2025	412,686	598,327	1,333,351	2,344,364
Accumulated depreciation:				
At 1 January 2026	**–**	**364,406**	**927,940**	**1,292,346**
Charge for the period (note 8(b))	**–**	**9,287**	**48,325**	**57,612**
Written back on disposals	**–**	**–**	**(41,488)**	**(41,488)**
Exchange adjustments	**–**	**–**	**1,979**	**1,979**
At 30 June 2026	**–**	**373,693**	**936,756**	**1,310,449**
At 1 January 2025	–	356,581	872,271	1,228,852
Charge for the year	–	18,785	112,914	131,699
Elimination of accumulated depreciation on revaluation	–	–	(62,031)	(62,031)
Written back on disposals	–	(10,960)	–	(10,960)
Exchange adjustments	–	–	4,786	4,786
At 31 December 2025	–	364,406	927,940	1,292,346
Net book value:				
At 30 June 2026	**408,006**	**224,634**	**367,448**	**1,000,088**
At 31 December 2025	412,686	233,921	405,411	1,052,018

Investment properties

All investment properties of the Group were revalued and assessed by the management of the Group as at 30 June 2026 with reference to a property valuation report which was conducted by an independent firm of surveyors, who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The basis of the property valuation is market value, which is consistent with the definition of fair value under HKFRS 13, Fair value measurement. The revaluation deficit of HK$4,680,000 for the six month ended 30 June 2026 (year ended 31 December 2025: a revaluation deficit of HK$57,587,000; and six month ended 30 June 2025: a revaluation deficit of HK$37,417,000) was recognised by the Group and has been charged to the consolidated income statement.

(19) RIGHT-OF-USE ASSETS

	Leased premises *HK$'000*	Equipment and others *HK$'000*	Total *HK$'000*
Cost:			
At 1 January 2026	**1,290,605**	**1,975**	**1,292,580**
Additions	**14,376**	**–**	**14,376**
Reductions	**(25,541)**	**–**	**(25,541)**
Exchange adjustments	**3,751**	**2**	**3,753**
At 30 June 2026	**1,283,191**	**1,977**	**1,285,168**
At 1 January 2025	1,327,959	1,979	1,329,938
Additions	78,568	–	78,568
Reductions	(122,195)	–	(122,195)
Adjustments	(3,407)	–	(3,407)
Exchange adjustments	9,680	(4)	9,676
At 31 December 2025	1,290,605	1,975	1,292,580
Accumulated depreciation:			
At 1 January 2026	**626,147**	**1,082**	**627,229**
Charge for the period (note 8(b))	**107,749**	**296**	**108,045**
Reductions	**(25,541)**	**–**	**(25,541)**
Exchange adjustments	**1,464**	**(2)**	**1,462**
At 30 June 2026	**709,819**	**1,376**	**711,195**
At 1 January 2025	508,808	497	509,305
Charge for the year	236,852	576	237,428
Reductions	(124,150)	–	(124,150)
Adjustments	(1,001)	–	(1,001)
Exchange adjustments	5,638	9	5,647
At 31 December 2025	626,147	1,082	627,229
Net book value:			
At 30 June 2026	**573,372**	**601**	**573,973**
At 31 December 2025	664,458	893	665,351

(20) INTANGIBLE ASSETS

	Software *HK$'000*
Cost:	
At 1 January 2026	**2,287,838**
Additions	**22,497**
Disposals	**(1,122)**
Exchange adjustments	**1,521**
At 30 June 2026	**2,310,734**
At 1 January 2025	2,174,448
Additions	191,002
Disposals	(41,958)
Adjustments	(37,877)
Exchange adjustments	2,223
At 31 December 2025	2,287,838
Accumulated amortisation:	
At 1 January 2026	**1,791,982**
Charge for the period (note 8(b))	**87,145**
Disposals	**(1,122)**
Exchange adjustments	**777**
At 30 June 2026	**1,878,782**
At 1 January 2025	1,636,613
Charge for the year	195,428
Disposals	(41,836)
Exchange adjustments	1,777
At 31 December 2025	1,791,982
Net book value:	
At 30 June 2026	**431,952**
At 31 December 2025	495,856

(21) DEPOSITS FROM CUSTOMERS

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Demand deposits and current deposits	**50,790,257**	53,303,429
Savings deposits	**98,490,016**	86,072,308
Time, call and notice deposits	**289,025,027**	286,542,897
	438,305,300	425,918,634

(22) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Short positions of debt securities	**77,664**	56,289

(23) FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
By types of counterparty		
Banks	**14,484**	200,280
Non bank financial institutions	**250,316**	–
Carry amount at fair value through profit or loss	**264,800**	200,280
Banks	**55,411,129**	16,095,576
Non-bank financial institutions	**263,067**	–
Carry amount at amortised cost	**55,674,196**	16,095,576
	55,938,996	16,295,856
By types of collateral		
Bonds	**55,938,996**	16,295,856

The Group did not derecognize financial assets used as collateral in connection with financial assets sold under repurchase agreements. As at 30 June 2026 and 31 December 2025, no legal title of the collateral has been transferred to counterparties.

(24) CERTIFICATES OF DEPOSIT ISSUED

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
At amortised cost	**227,319**	776,894

Certificates of deposit were issued by CNCBI's mainland banking subsidiary.

(25) DEBT SECURITIES ISSUED

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
At amortised cost	**1,418,469**	968,366

As at 30 June 2026, debt securities issued represented unlisted, within 1-year fixed rate notes issued by CNCBI.

(26) INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Hong Kong Profits Tax	**636,133**	292,086
Taxation outside Hong Kong	**32,290**	36,922
	668,423	329,008
Of which:		
Tax recoverable	**–**	–
Current tax liabilities	**668,423**	329,008
	668,423	329,008

(26) INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the period are as follows:

	Depreciation allowances in excess of related depreciation *HK$'000*	Impairment allowances for loans and advances *HK$'000*	Revaluation adjustments for properties *HK$'000*	Revaluation adjustments for FVOCI *HK$'000*	Tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
Deferred tax arising from:							
At 1 January 2026	**120,707**	**(269,152)**	**377**	**135,962**	**(1,509)**	**(25,144)**	**(38,759)**
(Credited)/charged to consolidated income statement (note 10)	**(19,259)**	**(196,019)**	**(44)**	**–**	**1,509**	**115**	**(213,698)**
Credited to reserves	**–**	**–**	**–**	**(156,037)**	**–**	**–**	**(156,037)**
Exchange and other adjustments	**–**	**(15,514)**	**–**	**–**	**–**	**(327)**	**(15,841)**
At 30 June 2026	**101,448**	**(480,685)**	**333**	**(20,075)**	**–**	**(25,356)**	**(424,335)**
At 1 January 2025	120,734	(101,284)	401	8,746	(940)	(26,883)	774
(Credited)/charged to consolidated income statement	(82)	(159,907)	(24)	–	(568)	2,360	(158,221)
Charged to reserves	–	–	–	127,216	–	–	127,216
Exchange and other adjustments	55	(7,961)	–	–	(1)	(621)	(8,528)
At 31 December 2025	120,707	(269,152)	377	135,962	(1,509)	(25,144)	(38,759)

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Net deferred tax assets recognised on the consolidated statement of financial position	**(426,861)**	(110,455)
Net deferred tax liabilities recognised on the consolidated statement of financial position	**2,526**	71,696
	(424,335)	(38,759)

Among the deferred tax assets and liabilities, the whole amount is expected to be recovered or settled more than twelve months after the period/year ended.

(c) Deferred tax assets not recognised

For the year ended 31 December 2025, the amount of deferred tax assets recognised on tax losses are immaterial. For the period ended 30 June 2026, no deferred tax assets recognised on tax losses.

(27) OTHER LIABILITIES

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Accruals and other payables and provisions	**25,848,021**	15,742,433
Deposit from an immediate holding company	**1,485,736**	1,437,701
	27,333,757	17,180,134

At 30 June 2026, included above is the expected credit losses allowances on loan commitments and guarantees for Stage 1, Stage 2 and Stage 3 amounted to HK$70,172,000, HK$2,597,000 and HK$214,677,000 respectively (31 December 2025: Stage 1: HK$84,389,000, Stage 2: HK$3,292,000 and Stage 3: HK$208,350,000).

At 30 June 2026, the amount of interest payables from financial liabilities at amortised costs were HK$2,125,359,000 (31 December 2025: HK$2,187,270,000).

(28) LOAN CAPITAL

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Subordinated notes, at amortised cost:		
US$500 million Subordinated Fixed Rate Notes at 6.00%, due 2033*	**3,906,164**	3,875,155

* Under the Programme and supplemental offering circulars released in December 2023, CNCBI issued subordinated notes on 5 December 2023 with a face value of US$500 million (equivalent to HK$3,913.9 million) which is qualified as Basel III-compliant Tier-2 capital. The notes carry interest at a fixed rate of 6.00% per annum, payable semi-annually until the first call date on 5 December 2028, and thereafter fixed at the interest rate of the prevailing five-year US Treasury bonds yield plus 1.65% per annum if the notes are not redeemed on the call date. The notes are listed on The Stock Exchange of Hong Kong Limited and mature on 5 December 2033 with an optional redemption date falling on 5 December 2028.

(29) CAPITAL AND RESERVES

(a) Share capital

Ordinary shares, issued and fully paid:

	2026		2025	
	No.of shares	**Share Capital** ***HK$'000***	*No. of shares*	Share Capital *HK$'000*
At 1 January/30 June/31 December	**12,111,121,568**	**18,404,013**	12,111,121,568	18,404,013

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

(29) CAPITAL AND RESERVES (CONTINUED)

(b) Dividend

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of CNCBI. All ordinary shares rank equally with regard to CNCBI's residual assets.

(c) Nature and purpose of components of reserves

(i) Capital reserve

The capital reserve was created upon acquisition and is not available for distribution to shareholders.

(ii) General reserve

The general reserve was set up from the transfer of retained earnings, and it is available for distribution to shareholders.

(iii) Exchange differences reserve

The exchange differences reserve comprises all foreign exchange differences arising from the translation of the financial statement of foreign operations.

(iv) Property revaluation reserve

The property revaluation reserve is not available for distribution to shareholders because it does not constitute realised profits within the meaning of Part 6 of the new Hong Kong Companies Ordinance (Cap. 622).

(v) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of financial investments at fair value through other comprehensive income held at the end of the reporting period.

(vi) Statutory reserve

Under the relevant legislation of Chinese Mainland, CNCBI's wholly-owned PRC subsidiary bank, CITIC Bank International (China) Limited ("CBI (China)") is required to transfer 10% of its profit after taxation to a non-distributable statutory reserve until such reserve has reached 50% of its registered share capital.

(vii) Regulatory general reserve

The regulatory general reserve comprises the regulatory general reserves of CBI (China) and the Macau branch of CNCBI. Pursuant to the banking regulations of Chinese Mainland, CBI (China) is required to set up a regulatory general reserve through a direct appropriation from the current year profit, as determined based on the 1.5% of the total risk assets at the end of the reporting period to cover its unidentified potential loss exposures. Pursuant to the banking regulations of Macau, Macau branch of CNCBI is required to set up a regulatory general reserve in case accounting provision calculated from Macau Financial Reporting Standards is less than the regulatory provision as determined based on 1% of total credit exposure at the end of reporting period through a direct appropriation from the retained earnings to cover its unidentified potential loss exposures. The regulatory general reserve forms part of the equity of the Group.

(viii) Retained profits

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of impairment losses which CNCBI will or may incur on loans and advances. Movements in the reserve are earmarked directly through retained profits and in consultation with the HKMA. As at 30 June 2026, HK$1,590,551,000 (31 December 2025: HK$2,424,645,000) was included in retained profits in this respect, which is distributable to equity holders of CNCBI subject to consultation with the HKMA.

(30) OTHER EQUITY INSTRUMENTS

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Undated non-cumulative subordinated capital securities with US$600 million*	**4,647,489**	4,647,489
Undated non-cumulative subordinated capital securities with US$600 million**	**4,687,907**	4,687,907
	9,335,396	9,335,396

* Under the Programme and the original and supplemental offering circulars released in June and July 2021, CNCBI issued the US$600 million Basel III compliant Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities on 29 July 2021. The AT1 Capital Securities with a face value and principal amount of US$600 million (equivalent to HK$4,663.24 million) are perpetual and listed on the Stock Exchange of Hong Kong Limited, and bear a coupon of 3.25% per annum distribution rate until the first call date on 29 July 2026. The distribution rate will be reset every five years if the AT1 Capital Securities are not called by CNCBI to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 2.53% per annum.

According to the terms and conditions, the AT1 Capital Securities confer a right to the holders to receive non-cumulative distributions on the principal amount from, and including, the issue date at the applicable distribution rate, payable semi-annually in arrear on 29 January and 29 July in each year. CNCBI may at its sole discretion, elect to cancel the distribution payment. CNCBI may also at its sole discretion, elect to redeem the AT1 Capital Securities subject to prior written consent of the HKMA. The outstanding amount of AT1 Capital Securities can be written down by CNCBI following the occurrence of a non-viability event as defined and set out in the terms and conditions. At the sole discretion of the relevant Hong Kong Resolution Authority following a non-viability event, the outstanding amount of AT1 Capital Securities can be adjusted upon the exercise of Hong Kong Resolution Authority Power in accordance with the Hong Kong Financial Institutions (Resolution) Ordinance (Cap.628). A distribution payment of US$9,750,000 (equivalent to HK$76,045,000) was paid during six months ended 30 June 2026 (for the year ended 31 December 2025: US$19,500,000, equivalent to HK$152,500,000). The AT1 Capital Securities was called and redeemed on 29 July 2026.

** Under the Programme and the original and supplemental offering circulars released in June 2021 and April 2022, CNCBI issued the US$600 million Basel III compliant Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities on 22 April 2022. The AT1 Capital Securities with a face value and principal amount of US$600 million (equivalent to HK$4,703.34 million) are perpetual and listed on the Stock Exchange of Hong Kong Limited, and bear a coupon of 4.80% per annum distribution rate until the first call date on 22 April 2027. The distribution rate will be reset every five years if the AT1 Capital Securities are not called by CNCBI to a fixed rate equivalent to the then-prevailing five-year US Treasury rate plus 2.104% per annum.

According to the terms and conditions, the AT1 Capital Securities confer a right to the holders to receive non-cumulative distributions on the principal amount from, and including, the issue date at the applicable distribution rate, payable semi-annually in arrear on 22 April and 22 October in each year. CNCBI may at its sole discretion, elect to cancel the distribution payment. CNCBI may also at its sole discretion, elect to redeem the AT1 Capital Securities subject to prior written consent of the HKMA. The outstanding amount of AT1 Capital Securities can be written down by CNCBI following the occurrence of a non-viability event as defined and set out in the terms and conditions. At the sole discretion of the relevant Hong Kong Resolution Authority following a non-viability event, the outstanding amount of AT1 Capital Securities can be adjusted upon the exercise of Hong Kong Resolution Authority Power in accordance with the Hong Kong Financial Institutions (Resolution) Ordinance (Cap.628). A distribution payment of US$14,400,000 (equivalent to HK$112,800,000) was paid during six months ended 30 June 2026 (for the year ended 31 December 2025: US$28,800,000, equivalent to HK$223,970,000).

(31) NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash flows from operating activities

	Six months ended 30 June 2026 HK$'000	2025 HK$'000
Operating activities		
Profit before taxation	**2,446,826**	2,352,412
Adjustments for:		
Expected credit losses on financial instruments	**1,401,343**	1,122,114
Impairment losses (reversed)/charged on other assets	**(2,500)**	2,500
Net gain on disposal of financial instruments at fair value through other comprehensive income	**(14,938)**	(155,609)
Net loss on financial instruments mandatorily classified at fair value through profit or loss	**15,953**	3,852
Net loss/(gain) on disposal of property and equipment and intangible assets	**955**	(882)
Revaluation loss on investment properties	**4,680**	37,417
Amortisation of deferred expenses	**189,523**	191,495
Amortisation of intangible assets	**87,145**	101,561
Depreciation on property and equipment	**57,612**	72,509
Depreciation on right-of-use assets	**108,045**	118,662
Dividend income from equity securities	**(1,360)**	(1,500)
Interest expense on loan capital	**119,070**	117,252
Foreign exchange differences	**(290,103)**	(879,639)
Operating profit before changes in working capital	**4,122,251**	3,082,144
Net decrease/(increase) in operating assets		
Placements with and advances to banks with original maturity beyond 3 months	**549,341**	(32,110,443)
Financial assets held under resale agreements	**(2,112,759)**	(4,337,993)
Treasury bills with original maturity beyond 3 months	**(493,538)**	19,403,138
Certificates of deposit held with original maturity beyond 3 months	**(1,935,244)**	(1,081,064)
Financial investments at fair value through profit or loss	**(1,909,266)**	(1,825,118)
Financial investments at fair value through other comprehensive income	**(29,620,888)**	(9,563,043)
Financial investments at amortised cost	**(500,000)**	–
Derivative financial instruments	**(1,992,216)**	6,033,697
Loans and advances to customers and other accounts	**(27,295,827)**	(30,276,322)
	(65,310,397)	(53,757,148)
Net (decrease)/increase in operating liabilities		
Deposits and balances of banks and other financial institutions	**(2,922,034)**	3,501,709
Deposits from customers	**12,386,666**	35,525,333
Financial liabilities at fair value through profit or loss	**21,375**	76,377
Financial assets sold under resale agreements	**39,643,139**	13,777,790
Derivative financial instruments	**1,425,569**	(4,909,605)
Certificates of deposit issued	**(557,215)**	(38,893)
Debt securities issued	**465,282**	1,108,517
Other liabilities	**10,170,475**	9,392,149
	60,633,257	58,433,377
Cash (used in)/generated from operating activities	**(554,889)**	7,758,373
Income tax paid		
Hong Kong Profits Tax paid	**(75,472)**	(467)
Taxation outside Hong Kong paid	**(71,599)**	(31,811)
Net cash flows (used in)/generated from operating activities	**(701,960)**	7,726,095
Cash flows from operating activities include:		
Interest received	**9,494,279**	9,648,116
Interest paid	**(5,510,959)**	(6,467,701)

(31) NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of the balances of cash and cash equivalents

	At 30 June 2026 *HK$'000*	At 30 June 2025 *HK$'000*
Cash and balances with banks and central banks	**14,321,657**	14,961,259
Placements with and advances to banks with original maturity within 3 months	**28,155,033**	36,833,718
Treasury bills and certificates of deposit held with original maturity within 3 months		
– at fair value through profit or loss	**–**	76,061
– at fair value through other comprehensive income	**14,401,330**	23,176,023
	56,878,020	75,047,061

(c) Changes in liabilities arising from financing activities

(i) Loan capital

	2026 *HK$'000*	2025 *HK$'000*
At 1 January	**3,875,155**	3,859,664
Foreign exchange differences	**29,317**	45,209
Other non-cash adjustments	**1,692**	1,033
At 30 June	**3,906,164**	3,905,906

(ii) Lease Liabilities

	2026 *HK$'000*	2025 *HK$'000*
At 1 January	**814,885**	956,170
Payment of lease liabilities	**(123,896)**	(139,496)
Other non-cash items:		
– Additions	**14,376**	17,442
– Adjustments	**–**	(1,163)
– Other changes	**17,821**	20,934
At 30 June	**723,186**	853,887

(32) ASSETS PLEDGED AS SECURITY

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Financial investments at fair value through other comprehensive income pledged as:		
– Statutory deposits *(note)*	**195,560**	233,411
– Collateral under sale and repurchase transactions	**57,422,740**	16,692,412
	57,618,300	16,925,823
Other assets pledged as collateral under sale and repurchase transaction	**259,659**	187,680
	57,877,959	17,113,503

Note:

The assets were pledged by the offshore branches of CNCBI to the Office of the Comptroller of the Currency in the United States.

(33) MATERIAL RELATED-PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial report, the Group entered into the following material related-party transactions:

(a) Transactions with group companies

During the period, the Group entered into a number of transactions with related parties in the normal course of its banking business including, inter alia, lending, acceptance and placement of inter-bank deposits, and participation in loan syndicates, correspondent banking transactions and foreign exchange transactions. The transactions were priced based on relevant market rates at the time of each transaction, and were under the same terms as those available to other counterparties and customers of the Group. In the opinion of the Directors, these transactions were conducted under normal commercial terms.

The amount of related-party transactions during the periods and gross carrying balances at the end of the period/year are set out below:

	Ultimate holding and intermediate parents		Immediate parent		Fellow subsidiaries		Associates & joint venture *(note (i))*		Related companies *(note (ii))*	
	Six months ended 30 June									
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**86,124**	18,762	**–**	–	**276,502**	250,385	**31,873**	59,222	**12,896**	–
Interest expense	**(29,760)**	(8,479)	**(21,661)**	(25,004)	**(61,778)**	(79,618)	**(82,045)**	(41,304)	**–**	(4)
Fee and commission income/ (expenses)	**18,509**	38,305	**–**	–	**(1,135)**	1,910	**212**	285	**–**	–
Net trading (loss)/income	**(373,157)**	(12,889)	**–**	–	**(4,998)**	10,118	**29**	234	**–**	–
Operating expenses	**(20,779)**	(15,388)	**–**	–	**(45,634)**	(32,358)	**(1,729)**	(1,681)	**–**	–
	At 30 June 2026/ 31 December 2025									
Assets										
Financial investments at fair value through other comprehensive income	**376,601**	374,922	**–**	–	**165,784**	234,426	**–**	–	**–**	–
Financial assets held under resale agreements	**–**	–	**–**	–	**656,863**	–	**–**	–	**–**	–
Derivative financial instruments	**113,677**	254,559	**–**	–	**26,332**	64,839	**–**	–	**–**	–
Other receivables	**34,118**	40,080	**–**	–	**79,578**	85,785	**2,108**	4,832	**148**	221
Liabilities										
Derivative financial instruments	**555,139**	136,660	**–**	–	**10,974**	12,977	**–**	–	**–**	–
Other payables	**36,906**	17,180	**5,950**	3,569	**120,771**	109,755	**32,564**	12,193	**–**	–
Lease liabilities	**–**	–	**–**	–	**35,121**	–	**8,421**	9,521	**–**	–
Lending activities:										
At 30 June/31 December	**5,055,317**	4,522,157	**–**	–	**16,212,913**	16,299,107	**1,051,638**	1,537,796	**1,077,315**	554,719
Average for the period/year	**6,687,959**	3,372,932	**–**	–	**17,000,839**	12,864,957	**1,325,310**	1,682,847	**510,450**	110,944
Acceptance of deposits:										
At 30 June/31 December	**2,725,815**	4,127,480	**1,444,781**	661,670	**8,583,836**	8,569,639	**5,694,394**	3,313,241	**12,331**	20,919
Average for the period/year	**4,238,011**	2,903,824	**1,044,710**	999,883	**8,226,036**	7,808,021	**4,345,516**	1,741,495	**14,917**	7,446
	At 30 June 2026/ 31 December 2025									
Off-statement of financial position items										
Acceptances, guarantees and letters of credit – contract amounts payable	**–**	–	**–**	–	**1,113,921**	1,194,591	**–**	–	**–**	–
Other commitments	**–**	–	**–**	–	**3,667,583**	3,836,287	**–**	451,460	**–**	–
Derivative financial instruments – notional amounts	**75,728,644**	61,486,964	**–**	–	**15,442,398**	17,581,148	**–**	–	**–**	–

Note:

(i) Associates & joint venture of the Group include the associates and joint venture of the ultimate controlling party and immediate parent.

(ii) Related companies refers to companies which are common shareholders with significant influence over the Group, and subsidiaries of shareholders with significant influence over the intermediate parent.

(b) Transactions with key management personnel

All transactions with key management personnel that took place in the first half of 2026 were similar in nature to those disclosed in the 2025 Annual Report. There were no changes in the relevant transactions described in the 2025 Annual Report that have had a material effect on the financial position or performance of the Group in the first half of 2026.

(34) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value

(i) Fair value hierarchy

Fair value estimates are generally subjective in nature, and are made at a specific point in time based on the characteristics of the financial instruments and relevant market information. Fair values are determined according to the following fair value hierarchy:

	Fair value measurements as at 30 June 2026 using			
Recurring fair value measurements	**Fair value (Total)** *HK$'000*	**Quoted prices in active market for identical assets (Level 1)** *HK$'000*	**Significant other observable inputs (Level 2)** *HK$'000*	**Significant unobservable inputs (Level 3)** *HK$'000*
Assets				
Financial assets held under resale agreements				
– At fair value through profit or loss	**7,952,762**	**–**	**7,952,762**	**–**
Derivative financial instruments				
–Positive fair value of derivatives	**13,469,089**	**885**	**13,468,204**	**–**
Financial investments				
– At fair value through profit or loss				
– Certificates of deposit held	**117,645**	**113,766**	**3,879**	**–**
– Other debt securities	**3,065,566**	**3,065,566**	**–**	**–**
– Equity securities	**675,901**	**33,076**	**–**	**642,825**
– Other investments	**989,455**	**–**	**–**	**989,455**
	4,848,567	**3,212,408**	**3,879**	**1,632,280**
– At fair value through other comprehensive income				
– Certificates of deposit held	**14,743,124**	**3,499,534**	**11,243,590**	**–**
– Treasury bills	**34,444,963**	**34,444,963**	**–**	**–**
– Other debt securities	**165,660,540**	**139,581,072**	**26,075,468**	**4,000**
– Equity securities	**61,475**	**–**	**–**	**61,475**
	214,910,102	**177,525,569**	**37,319,058**	**65,475**
Loan and advance to customers and other account	**–**	**–**	**–**	**–**
	241,180,520	**180,738,862**	**58,743,903**	**1,697,755**
Liabilities				
Financial liabilities at fair value through profit or loss				
–Short sales of debt securities	**77,664**	**77,664**	**–**	**–**
Financial assets sold under repurchase agreements				
– At fair value through profit or loss	**264,800**	**–**	**264,800**	**–**
Derivative financial instruments				
–Negative fair value of derivatives	**12,841,713**	**3,951**	**12,837,762**	**–**
	13,184,177	**81,615**	**13,102,562**	**–**

(34) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (Continued)

(i) Fair value hierarchy (continued)

Recurring fair value measurements	Fair value (Total) *HK$'000*	Quoted prices in active market for identical assets (Level 1) *HK$'000*	Significant other observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*
	Fair value measurements as at 31 December 2025 using			
Assets				
Financial assets held under resale agreements				
– At fair value through profit or loss	1,464,430	–	1,464,430	–
Derivative financial instruments				
– Positive fair value of derivatives	11,476,874	–	11,476,874	–
Financial investments				
– At fair value through profit or loss				
– Certificates of deposit held	26,649	–	26,649	–
– Other debt securities	1,258,405	1,187,843	70,562	–
– Equity securities	528,085	–	–	528,085
– Other investment	1,020,313	–	–	1,020,313
	2,833,452	1,187,843	97,211	1,548,398
– At fair value through other comprehensive income				
– Certificates of deposit held	13,812,932	3,651,652	10,161,280	–
– Treasury bills	32,839,161	32,839,161	–	–
– Other debt securities	134,057,234	113,452,360	20,592,009	12,865
– Equity securities	70,142	–	–	70,142
	180,779,469	149,943,173	30,753,289	83,007
Loan and advance to customers and other account	16,604,542	–	–	16,604,542
	213,158,767	151,131,016	43,791,804	18,235,947
Liabilities				
Financial liabilities at fair value through profit or loss				
–Short sales of debt securities	56,289	56,289	–	–
Financial assets sold under repurchase agreements				
– At fair value through profit or loss	200,280	–	200,280	–
Derivative financial instruments				
–Negative fair value of derivatives	11,416,145	383	11,415,762	–
	11,672,714	56,672	11,616,042	–

During six months ended 30 June 2026 and year ended 31 December 2025, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy. For transfer in and out of Level 3 measurements see the note 34(a)(iii) below.

(34) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (continued)

(ii) Determination of fair value

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1

Quoted (unadjusted) market price in active markets for identical instruments at the measurement date.

Level 2

(i) Quoted market price for identical or similar instruments that are not active;

(ii) Valuation techniques based on observable inputs, either directly or indirectly, where all significant inputs are observable from market data. This category includes financial instruments with quoted prices in active markets for similar instruments; or quoted prices in markets that are considered less than active for identical or similar instruments.

Level 3

Valuation techniques using significant unobservable inputs where the valuation techniques include one or more significant inputs that are unobservable. This category includes financial instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect the differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value, discounted cash flow models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other parameters used in estimating discount rates, bond price and foreign currency exchange rates.

The most common valuation techniques applied by the Group to determine the fair value of financial instruments are from interest rates and currency swaps, which are observable market data with high reliability and do not require the significant involvement of management's judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter ("OTC") derivatives like interest rate swaps. However, the availability of observable market prices and inputs varies depending on the products and markets, and is prone to changes based on specific events and general conditions in the financial markets.

Certain financial instruments need to be employed with valuation techniques where one or more significant market inputs involved are not observable. Examples of these financial instruments are structured investments, OTC structured derivatives and certain securities for which there is no active market. For valuation models involving significant unobservable inputs, a high degree of management judgement or estimation is required to select the appropriate valuation model, determine the expected future cash flows on the financial instruments being valued, determine the probability of counterparty default and prepayments, and select the appropriate discount rates.

(34) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (continued)

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Financial assets at fair value through profit or loss		
Equity securities	Asset-based approach	Not applicable
Other investments	Discounted cash flow model	i) Value of the invested property ii) The discount rate for net present value of future cash flow iii) The discount rate for forced sale value
Financial investments at fair value through other comprehensive income		
Other debt securities	Discounted cash flow model	i) Forecasted cash flows ii) the discount rate
Equity securities	Dividend growth model	i) Forecasted dividend ii) the discount rate

Note:

Debt securities, equity securities, loans and advances to customers and other accounts and other investment under Level 3 fair value measurements are generally classified as financial assets at fair value through profit or loss or financial investments at fair value through other comprehensive income and are not traded in the active market, accordingly, the fair value is estimated by reference to common market valuation models.

The following table shows a reconciliation between the opening and the closing balance of fair value measurements in level 3 of the fair value hierarchy:

	Financial assets at fair value through profit or loss			Financial investments at fair value through other comprehensive income		Total
Assets	**Loan and advance to customers** *HK$'000*	**Equity securities** *HK$'000*	**Other investments** *HK$'000*	**Other debt securities** *HK$'000*	**Equity securities** *HK$'000*	*HK$'000*
At 1 January 2026	**16,604,542**	**528,085**	**1,020,313**	**12,865**	**70,142**	**18,235,947**
Amendments to HKFRS 9	(16,604,542)	–	–	–	–	(16,604,542)
Restated balances at the beginning of the financial year	**–**	**528,085**	**1,020,313**	**12,865**	**70,142**	**1,631,405**
Net purchases	–	97,356	–	–	–	97,356
Gains/(losses) recognised in the consolidated income statement	–	17,384	(30,858)	67	(4)	(13,411)
Losses recognised in other comprehensive income	–	–	–	(8,932)	(8,662)	(17,594)
At 30 June 2026	**–**	**642,825**	**989,455**	**4,000**	**61,476**	**1,697,756**
Total gains/(losses) for the period included in the consolidated income statement for assets held at the end of the reporting period recorded in:						
– Gains less losses from dealing in foreign currencies	–	18,920	(22,310)	67	(4)	(3,327)
– Gains less losses from financial assets at fair value through profit or loss	–	(1,536)	(8,548)	–	–	(10,084)
Total losses recognised in other comprehensive income	–	–	–	(8,932)	(8,662)	(17,594)

(34) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments measured at fair value (continued)

(iii) Information about Level 3 fair value measurements (continued)

	Financial assets at fair value through profit or loss			Financial investments at fair value through other comprehensive income		Total
Assets	Loan and advance to customers *HK$'000*	Equity securities *HK$'000*	Other investments *HK$'000*	Other debt securities *HK$'000*	Equity securities *HK$'000*	*HK$'000*
At 1 January 2025	11,960,075	40,240	1,303,782	14,084	73,743	13,391,924
Net purchases	4,651,965	486,279	–	–	–	5,138,244
(Losses)/gains recognised in the consolidated income statement	(7,498)	1,566	(283,469)	27	64	(289,310)
Losses recognised in other comprehensive income	–	–	–	(1,246)	(3,665)	(4,911)
At 31 December 2025	16,604,542	528,085	1,020,313	12,865	70,142	18,235,947
Total gains for the year included in the consolidated income statement for assets held at the end of the reporting period recorded in:						
– Gains less losses from dealing in foreign currencies	24,045	108	170,102	27	64	194,346
– Gains less losses from financial assets at fair value through profit or loss	(31,543)	1,458	(453,571)	–	–	(483,656)
Total losses recognised in other comprehensive income	–	–	–	(1,246)	(3,665)	(4,911)

(34) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values of financial instruments not measured at fair value

All financial instruments are stated at fair value or carried at amounts not materially different from their fair value as at 30 June 2026 and 31 December 2025 unless otherwise stated.

(i) Financial assets

The Group's financial assets mainly include cash and balances with banks and central bank; placements with and advances to banks; financial assets held under resale agreement; loans and advances to customers; derivative financial instruments; financial investments at fair value through profit or loss; financial investments at fair value through other comprehensive income and financial investments at amortised cost.

The fair values of balances with banks and central bank and placements with and advances to banks and financial assets held under resale agreements at amortised cost are mainly priced at market interest rates, and mature within one year. Accordingly, the carrying values approximate the fair value.

The fair values of loans and advances to customers at amortised cost, taking into account the relevant market interest rates and being mostly priced at floating rates close to the market interest rate which are mainly repriced within 3 months, approximately equals their carrying amount.

(ii) Financial liabilities

All financial liabilities are stated at fair value or carried at amounts not materially different from their fair values as at 30 June 2026 and 31 December 2025, except the following:

	At 30 June 2026				
	Carrying amount ***HK$'000***	**Fair value** ***HK$'000***	**Level 1** ***HK$'000***	**Level 2** ***HK$'000***	**Level 3** ***HK$'000***
Financial liabilities					
Debt securities issued	**1,418,469**	**1,447,089**	**–**	**1,447,089**	**–**
Loan capital	**3,906,164**	**4,035,985**	**4,035,985**	**–**	**–**

	At 31 December 2025				
	Carrying amount *HK$'000*	Fair value *HK$'000*	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*
Financial liabilities					
Debt securities issued	968,366	968,196	–	968,196	–
Loan capital	3,875,155	4,077,815	4,077,815	–	–

(35) MATURITY PROFILE

The following maturity profile is based on the remaining period at the end of the reporting period date and the contractual maturity date.

As the trading portfolio may be sold before maturity or deposits from customers mature without being withdrawn, the contractual maturity dates do not represent expected dates of future cash flows.

	At 30 June 2026							
	Total *HK$'000*	Repayable on demand *HK$'000*	Within 1 month *HK$'000*	3 months or less but over 1 month *HK$'000*	1 year or less but over 3 months *HK$'000*	5 years or less but over 1 year *HK$'000*	Over 5 years *HK$'000*	Undated (note) *HK$'000*
Assets								
Cash and balances with banks and central banks	15,073,384	14,321,642	–	–	–	–	–	751,742
Placements with and advances to banks	67,779,867	–	33,280,807	5,707,736	28,124,703	666,621	–	–
Financial assets held under resale agreements								
– at fair value through profit or loss	7,952,762	–	7,952,762	–	–	–	–	–
– at amortised cost	2,329,142	–	2,329,142	–	–	–	–	–
Derivative financial instruments	13,469,089	–	1,970,957	2,033,875	4,156,128	4,807,098	501,031	–
Financial investments								
– at fair value through profit or loss	4,848,567	–	41,135	78,877	598,309	1,720,735	744,155	1,665,356
– at fair value through other comprehensive income	214,910,102	–	5,845,620	28,110,933	53,948,692	122,320,442	4,622,940	61,475
– at amortised cost	1,932,771	–	–	–	1,432,900	499,871	–	–
Loans and advances to customers and other accounts								
– at fair value through profit or loss	–	–	–	–	–	–	–	–
– at amortised cost	281,822,340	1,320,704	49,412,722	31,225,296	84,457,916	64,795,538	42,057,047	8,553,117
Right-of-use assets	573,973	–	–	–	–	–	–	573,973
Property and equipment	1,000,088	–	–	–	–	–	–	1,000,088
Intangible assets	431,952	–	–	–	–	–	–	431,952
Deferred tax assets	426,861	–	–	–	–	–	–	426,861
Total assets	612,550,898	15,642,346	100,833,145	67,156,717	172,718,648	194,810,305	47,925,173	13,464,564
Liabilities								
Deposits and balances of banks and other financial institutions	10,120,369	2,495,134	5,178,431	2,446,804	–	–	–	–
Deposits from customers	438,305,300	149,280,273	92,964,775	116,040,626	77,218,293	2,801,333	–	–
Financial liabilities at fair value through profit or loss	77,664	–	–	–	–	–	77,664	–
Financial assets sold under repurchase agreements								
– at fair value through profit or loss	264,800	–	264,800	–	–	–	–	–
– at amortised cost	55,674,196	–	15,605,405	27,789,417	12,279,374	–	–	–
Derivative financial instruments	12,841,713	–	1,564,497	1,863,188	4,352,121	4,542,081	519,826	–
Certificates of deposit issued	227,319	–	–	–	227,319	–	–	–
Debt securities issued	1,418,469	–	79,754	165,611	1,173,104	–	–	–
Current taxation	668,423	–	–	–	668,423	–	–	–
Deferred tax liabilities	2,526	–	–	–	–	–	–	2,526
Other liabilities	27,333,757	671,659	18,597,286	2,477,156	3,450,360	229,799	4,505	1,902,992
Lease liabilities	723,186	–	24,492	29,779	107,726	400,060	161,129	–
Loan capital	3,906,164	–	–	–	–	3,906,164	–	–
Total liabilities	551,563,886	152,447,066	134,279,440	150,812,581	99,476,720	11,879,437	763,124	1,905,518
Asset-liability gap		(136,804,720)	(33,446,295)	(83,655,864)	73,241,928	182,930,868	47,162,049	

(35) MATURITY PROFILE (CONTINUED)

	At 31 December 2025							
	Total HK$'000	Repayable on demand HK$'000	Within 1 month HK$'000	3 months or less but over 1 month HK$'000	1 year or less but over 3 months HK$'000	5 years or less but over 1 year HK$'000	Over 5 years HK$'000	Undated (note) HK$'000
Assets								
Cash and balances with banks and central banks	15,405,173	14,680,060	–	–	–	–	–	725,113
Placements with and advances to banks	73,308,217	–	30,804,892	17,449,482	24,392,222	661,621	–	–
Financial assets held under resale agreements								
– at fair value through profit or loss	1,464,430	–	1,464,430	–	–	–	–	–
– at amortised cost	6,704,716	–	6,704,716	–	–	–	–	–
Derivative financial instruments	11,476,874	–	1,654,533	1,623,902	3,117,280	4,394,120	687,039	–
Financial investments								
– at fair value through profit or loss	2,833,452	–	27,193	30,603	131,760	828,874	266,624	1,548,398
– at fair value through other comprehensive income	180,779,469	–	11,698,382	29,797,240	39,784,191	98,590,035	830,614	79,007
– at amortised cost	–	–	–	–	–	–	–	–
Loans and advances to customers and other accounts								
– at fair value through profit or loss	16,604,542	–	877,507	799,877	3,232,603	11,373,119	230,878	90,558
– at amortised cost	239,708,506	2,747,460	35,765,381	27,343,592	70,942,042	58,082,751	38,330,660	6,496,620
Right-of-use assets	665,351	–	–	–	–	–	–	665,351
Property and equipment	1,052,018	–	–	–	–	–	–	1,052,018
Intangible assets	495,856	–	–	–	–	–	–	495,856
Deferred tax assets	110,455	–	–	–	–	–	–	110,455
Total assets	550,609,059	17,427,520	88,997,034	77,044,696	141,600,098	173,930,520	40,345,815	11,263,376
Liabilities								
Deposits and balances of banks and other financial institutions	13,042,402	3,105,708	8,901,357	801,593	233,744	–	–	–
Deposits from customers	425,918,634	139,375,737	101,763,922	111,178,939	70,884,475	2,715,561	–	–
Financial liabilities at fair value through profit or loss	56,289	–	–	–	–	–	56,289	–
Financial assets sold under repurchase agreements								
– at fair value through profit or loss	200,280	–	200,280	–	–	–	–	–
– at amortised cost	16,095,576	–	12,015,578	4,079,998	–	–	–	–
Derivative financial instruments	11,416,145	–	1,871,298	1,620,091	2,834,214	4,424,200	666,342	–
Certificates of deposit issued	776,894	–	333,547	221,945	221,402	–	–	–
Debt securities issued	968,366	–	–	–	968,366	–	–	–
Current taxation	329,008	–	–	–	329,008	–	–	–
Deferred tax liabilities	71,696	–	–	–	–	–	–	71,696
Other liabilities	17,180,134	715,377	6,675,139	2,698,330	4,573,738	241,544	5,330	2,270,676
Lease liabilities	814,885	–	14,818	38,323	134,820	418,051	208,873	–
Loan capital	3,875,155	–	–	–	–	3,875,155	–	–
Total liabilities	490,745,464	143,196,822	131,775,939	120,639,219	80,179,767	11,674,511	936,834	2,342,372
Asset-liability gap		(125,769,302)	(42,778,905)	(43,594,523)	61,420,331	162,256,009	39,408,981	

Note:

"Undated" assets included in "loans and advances to customers and other accounts – at amortised cost" were overdue and credit-impaired loans.

(36) CREDIT RELATED COMMITMENTS AND FINANCIAL GUARANTEES, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit related commitments and financial guarantees, other commitments and contingent liabilities

The following is a summary of the contractual amounts of each significant class of credit related commitments and financial guarantees, other commitments and contingent liabilities and is prepared with reference to the completion instructions for the HKMA return of capital adequacy ratio.

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Direct credit substitutes	**1,213,337**	1,728,214
Transaction-related contingencies	**937,891**	831,014
Trade-related contingencies	**4,544,433**	5,282,919
Forward forward deposits placed	**–**	1,000,000
Other commitments:		
– which are unconditionally cancellable or automatically cancellable due to deterioration in the creditworthiness of the borrower	**142,155,178**	138,113,748
– with an original maturity of not more than 1 year	**2,090,310**	1,788,233
– with an original maturity of more than 1 year	**16,516,191**	15,817,242
Others	**3,737**	6,482
	167,461,077	164,567,852
Credit risk-weighted amounts	**20,079,321**	21,476,929

Credit-related instruments include forward forward deposits placed, letters of credit, guarantees and commitments to extend credit. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

The risk weights used in the computation of credit risk-weighted amounts range from 0% to 150% (31 December 2025: 0% to 150%).

(b) Capital commitments

Capital commitments represent commitments authorized and contracted for projects, the purchase of equipment and lease commitments outstanding as at 30 June 2026 and 31 December 2025 not provided for in the financial statements.

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Authorised and contracted for	**640,882**	50,887

(c) Contingent liability in respect of legal claim

The Group receives legal claims against it arising in the normal courses of business. Where appropriate the Group recognises provisions for liabilities when it is probable that an outflow of economic resources embodying economic benefits will be required and for which a reliable estimate can be made of the obligation.

(37) NON-ADJUSTING POST BALANCE SHEET EVENTS

CNCBI issued USD400,000,000 and CNY1,330,000,000 Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities on 22 July 2026 for its funding and general corporate purposes and redeemed USD600,000,000 Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities on 29 July 2026.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

The unaudited supplementary financial information set out in note (C) to (J) below mainly covered additional detailed financial information on customers loans and advances and risk management. Information was largely prepared in accordance with the basis and requirements for regulatory reporting purpose, and compiled based on the books and records of CNCBI and banking returns submitted to the HKMA.

(A) SUMMARY OF FINANCIAL POSITION

At period-ended/ year-ended	**At 30 June 2026** **HK$'000**	At 31 December 2025 HK$'000
Loans and advances to customers	**263,390,960**	246,132,734
Expected credit losses on loans and advances to customers	**4,603,424**	3,385,836
Total assets	**612,550,898**	550,609,059
Total customers deposits (including certificates of deposit issued)	**438,532,619**	426,695,528
Total equity	**60,987,012**	59,863,595
Financial ratios		
Common Equity Tier 1 ("CET1") capital ratio	**14.9%**	15.8%
Tier 1 capital ratio	**17.8%**	18.9%
Total capital ratio	**20.2%**	21.5%
Loans to deposits	**60.1%**	57.7%
Loans to total assets	**43.0%**	44.7%
Cost to income (for the half-year ended)	**37.1%**	40.3%

(B) REGULATORY DISCLOSURE STATEMENTS AVAILABLE ON THE BANK'S CORPORATE WEBSITE

The Group's regulatory disclosure information is published by using standard disclosure templates as specified by the HKMA ('Regulatory Disclosure Statement') and that can be viewed in the Regulatory Disclosures section of CNCBI's corporate website www.cncbinternational.com. The Group's Regulatory Disclosure Statement, together with the disclosures in the interim report, contained all the disclosures required by the Banking (Disclosure) Rules issued by the HKMA.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(C) CAPITAL ADEQUACY

(i) Capital base

Capital adequacy ratios ("CARs") are complied in accordance with the Banking (Capital) Rules issued by the HKMA. The CARs are computed on a consolidated basis covering CNCBI and some of its subsidiaries as required by the HKMA. CNCBI has adopted the "standardised approach" for calculating the risk-weighted amount for credit risk and market risk and the "basic indicator approach" for calculating operational risk.

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Common Equity Tier 1 ("CET1") capital instruments and reserves		
Directly issued qualifying CET1 capital instruments plus any related share premium	**18,058,853**	18,058,853
Retained earnings	**32,331,580**	30,527,346
Disclosed reserves	**900,896**	1,590,010
CET1 capital before regulatory deductions	**51,291,329**	50,176,209
CET1 capital: regulatory deductions		
Deferred tax assets in excess of deferred tax liabilities	**424,771**	110,455
Other intangible assets (net of related deferred tax liability)	**430,733**	494,437
Cumulative fair value gains arising from the revaluation of land and buildings (own use and investment properties)	**310,114**	314,794
Regulatory reserve for general banking risks	**1,590,551**	2,424,645
Valuation adjustments	**55,818**	13,832
Debit valuation adjustments in respect of derivative contracts	**1,967**	1,880
Total regulatory deductions to CET1 capital	**2,813,954**	3,360,043
CET1 capital	**48,477,375**	46,816,166
Additional Tier 1 ("AT1") capital		
AT1 capital	**9,335,396**	9,335,396
Tier 1 capital	**57,812,771**	56,151,562
Tier 2 capital instruments and provisions		
Qualifying Tier 2 capital instruments plus any related share premium	**3,921,323**	3,891,899
Reserve attributable to fair value gains on revaluation of holdings of land and buildings	**139,551**	141,657
Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	**3,807,313**	3,526,252
Tier 2 capital base before deductions	**7,868,187**	7,559,808
Tier 2 capital: regulatory deductions		
Regulatory deductions to Tier 2 capital	**–**	–
Tier 2 capital	**7,868,187**	7,559,808
Total capital	**65,680,958**	63,711,370

(ii) Risk-weighted assets

– Credit risk	**307,408,356**	281,885,063
– Market risk	**6,773,825**	3,789,338
– CVA risk	**1,395,438**	1,635,350
– Operational risk	**9,838,213**	9,116,450
	325,415,832	296,426,201

(C) CAPITAL ADEQUACY (CONTINUED)

(iii) Capital adequacy ratios

	At 30 June 2026	At 31 December 2025
– CET1 capital ratio	**14.9%**	15.8%
– Tier 1 capital ratio	**17.8%**	18.9%
– Total capital ratio	**20.2%**	21.5%

(iv) Capital instruments

The following is a summary of the Group's CET1, AT1 capital securities and Tier 2 capital instruments.

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
CET1 capital instruments issued by CNCBI		
Ordinary shares:		
12,111,121,568 issued and fully paid ordinary shares	**18,404,013**	18,404,013

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Additional Tier 1 Capital Securities issued by CNCBI		
Undated non-cumulative subordinated capital securities with US$600 million (issued in 2021)	**4,647,489**	4,647,489
Undated non-cumulative subordinated capital securities with US$600 million (issued in 2022)	**4,687,907**	4,687,907
	9,335,396	9,335,396

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Tier 2 capital instruments issued by CNCBI		
– US$500 million Subordinated Fixed Rate Notes at 6.00% (due in 2033)	**3,906,164**	3,875,155

(C) CAPITAL ADEQUACY (CONTINUED)

(v) Basis of consolidation

Unless otherwise stated, all financial information contained in the interim financial report is prepared according to the consolidation basis for accounting purposes. The main difference between the consolidation basis for accounting and regulatory purposes is that the former includes CNCBI and all its subsidiaries whereas the latter includes CNCBI and only some of the Group's subsidiaries, which are discussed as follows:

CNCBI is required under section 3C(1) of the Banking (Capital) Rules to calculate its total capital on a consolidated basis in respect of the following subsidiaries:

		At 30 June 2026	
Names of subsidiaries	**Principal activities**	**Total assets** ***HK$'000***	**Total equity** ***HK$'000***
Carford International Limited	Property holding	**22,652**	**11,327**
CITIC Bank International (China) Limited	Banking	**20,658,992**	**1,900,063**
CITIC Insurance Brokers Limited	Insurance broker	**1,655,355**	**1,504,356**
HKCB Finance Limited	Provision for loan service	**317,203**	**316,095**

Subsidiaries not included in consolidation for regulatory purposes are mainly nominee services companies that are authorised and supervised by a regulator and are subject to supervisory arrangements regarding the maintenance of adequate capital to support business activities comparable to those prescribed for authorised institutions under the Banking (Capital) Rules and the Banking Ordinance. The following subsidiaries are deducted from CNCBI's capital base under Part 3 of the Banking (Capital) Rules:

		At 30 June 2026	
Names of subsidiaries	**Principal activities**	**Total assets** ***HK$'000***	**Total equity** ***HK$'000***
The Hongkong Chinese Bank (Nominees) Limited	Nominee services	**4**	**4**
The Ka Wah Bank (Nominees) Limited	Nominee services	**112**	**–**
Security Nominees Limited	Nominee services	**–**	**–**
CNCBI Asset Management Limited	Inactive	**8,611**	**8,611**
CNCBI Trustee Limited	Trustee services	**21,526**	**20,700**
信銀數智(深圳)資訊技術有限公司	Information technology services	**91,112**	**40,653**

For all subsidiaries included in both the accounting and regulatory scope of consolidation, the same consolidation methodology is applied at 30 June 2026 and 31 December 2025.

There are also no subsidiaries which are included within the regulatory scope of consolidation but not included within the accounting scope of consolidation.

(D) SEGMENTAL INFORMATION ON LOANS AND ADVANCES TO CUSTOMERS – BY GEOGRAPHICAL AREAS

	At 30 June 2026					
	Loans and advances to customers *HK$'000*	**Overdue loans and advances to customers** *HK$'000*	**Impaired loans and advances to customers** *HK$'000*	**Stage 1 ECL allowances** *HK$'000*	**Stage 2 ECL allowances** *HK$'000*	**Stage 3 ECL allowances** *HK$'000*
Hong Kong	**182,573,164**	**3,503,079**	**3,572,183**	**268,737**	**794,919**	**1,963,577**
Chinese Mainland	**37,091,175**	**121,940**	**232,182**	**76,542**	**68,642**	**91,998**
United States	**13,686,124**	**–**	**–**	**31,339**	**15,984**	**–**
Singapore	**9,145,459**	**75,226**	**106,190**	**24,192**	**–**	**68,891**
Others	**20,895,038**	**2,118,681**	**373,931**	**28,221**	**817,847**	**352,535**
	263,390,960	**5,818,926**	**4,284,486**	**429,031**	**1,697,392**	**2,477,001**

	At 31 December 2025					
	Loans and advances to customers *HK$'000*	Overdue loans and advances to customers *HK$'000*	Impaired loans and advances to customers *HK$'000*	Stage 1 ECL allowances *HK$'000*	Stage 2 ECL allowances *HK$'000*	Stage 3 ECL allowances *HK$'000*
Hong Kong	165,795,115	2,504,508	3,470,777	253,211	560,384	1,723,110
Chinese Mainland	39,944,065	201,199	309,004	126,955	92	184,620
United States	13,083,945	80,643	80,643	35,903	20,869	23,133
Singapore	8,324,072	75,045	75,045	22,079	–	48,495
Others	18,985,537	303,937	399,464	22,852	–	364,133
	246,132,734	3,165,332	4,334,933	461,000	581,345	2,343,491

The above geographical analysis is classified by the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor.

Overdue loans and advances are loans that have been overdue for more than three months.

Impaired loans and advances are individually assessed loans which exhibit objective evidence of impairment on an individual basis.

(E) OVERDUE ASSETS

	At 30 June 2026		At 31 December 2025	
	HK$'000	**% of total loans and advances to customers**	*HK$'000*	% of total loans and advances to customers
The gross amount of loans and advances has been overdue for periods of:				
– 6 months or less but over 3 months	**3,010,260**	**1.14**	442,137	0.18
– 1 year or less but over 6 months	**534,803**	**0.20**	429,001	0.18
– over 1 year	**2,273,863**	**0.86**	2,294,194	0.93
	5,818,926	**2.21**	3,165,332	1.29
Secured overdue loans and advances	**4,392,353**		1,923,123	
Unsecured overdue loans and advances	**1,426,573**		1,242,209	
	5,818,926		3,165,332	
Market value of collateral held against the secured overdue loans and advances	**5,540,964**		2,379,281	
Expected credit losses allowances	**3,140,227**		1,800,245	

Loans and advances with a specific repayment dates are classified as overdue when the principal or interest is overdue and remains unpaid at the period end. Loans repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the demand notice, and/or when the loans have remained continuously outside the approved limit advised to the borrower for more than the overdue period in question.

Eligible collateral, which is held in respect of the overdue loans and advances, is "Eligible Physical Collateral" which mainly comprises real estate properties. The eligible collateral should generally satisfy the following:

(a) The market value of the asset is readily determinable or can be reasonably established and verified.

(b) The asset is marketable and there exists a readily available secondary market for disposal of the asset.

(c) CNCBI's right to repossess the asset is legally enforceable and without impediment.

(d) CNCBI is able to secure control over the asset if necessary.

There were no advances to banks and other financial institutions and trade bills which were overdue for over three months at 30 June 2026 and 31 December 2025.

Other overdue assets

There was financial investments at fair value through other comprehensive income amounted HK$4,911,000, which were overdue for over three months as at 30 June 2026 (31 December 2025: HK$14,414,000).

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(F) RESCHEDULED LOANS

	At 30 June 2026		At 31 December 2025	
	HK$'000	**% of total loans and advances to customers**	*HK$'000*	% of total loans and advances to customers
Rescheduled loans	**201,102**	**0.076**	325,266	0.132

Rescheduled loans are those advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Group. Rescheduled loans to customers are stated net of any advances that have subsequently become overdue for over three months and are reported as overdue advances in note (E).

There were no advances to banks and other financial institutions which were rescheduled at 30 June 2026 and 31 December 2025.

(G) REPOSSESSED ASSETS

	At 30 June 2026 ***HK$'000***	At 31 December 2025 *HK$'000*
Included in loans and advances to customers and other accounts	**607,299**	550,669

The amounts represent the estimated market value of the repossessed assets at 30 June 2026 and 31 December 2025.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(H) INTERNATIONAL CLAIMS

International claim refers to the sum of cross-border claims in all currencies and local claims in foreign currencies determined as based on the calculation methodology specified in the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures of counterparties which attributable to the country or segment, after taking into account risk recognised transfer, constitute to not less than 10% of the aggregate claims are disclosed as follows:

	At 30 June 2026				
			Non-bank private sector		
	Banks *HK$'000*	**Official Sector** *HK$'000*	**Non-bank financial institutions** *HK$'000*	**Non-financial private sector** *HK$'000*	**Total** *HK$'000*
Developed countries	**102,857,423**	**26,360,696**	**11,161,881**	**26,676,873**	**167,056,873**
Offshore centres	**15,844,447**	**111,881**	**43,045,953**	**63,251,411**	**122,253,692**
of which Hong Kong	**5,433,710**	**111,087**	**37,308,457**	**53,413,098**	**96,266,352**
Developing Asia-Pacific	**49,390,513**	**6,828,502**	**7,224,236**	**34,752,687**	**98,195,938**
of which Chinese Mainland	**38,440,600**	**5,777,142**	**3,897,216**	**24,787,970**	**72,902,928**

	At 31 December 2025				
			Non-bank private sector		
	Banks *HK$'000*	Official Sector *HK$'000*	Non-bank financial institutions *HK$'000*	Non-financial private sector *HK$'000*	Total *HK$'000*
Developed countries	98,088,114	21,403,329	8,772,420	14,562,797	142,826,660
Offshore centres	15,971,939	128,422	31,525,432	58,142,703	105,768,496
of which Hong Kong	4,372,085	127,685	25,839,611	48,651,269	78,990,650
Developing Asia-Pacific	49,517,390	3,043,988	5,434,946	35,492,820	93,489,144
of which Chinese Mainland	38,663,173	2,754,132	2,693,674	28,152,992	72,263,971

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(I) MAINLAND ACTIVITIES

Mainland Activities are Chinese Mainland exposures to non-bank counterparties and their categories and the type of direct exposures defined by the HKMA's Return of Mainland Activities.

		At 30 June 2026		
		On-statement of financial position exposure *HK$'000*	**Off-statement of financial position exposure** *HK$'000*	**Total** *HK$'000*
(1)	Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	**63,917,128**	**6,467,899**	**70,385,027**
(2)	Local governments, local government-owned entities and their subsidiaries and JVs	**27,627,114**	**1,820,912**	**29,448,026**
(3)	PRC nationals residing in Chinese Mainland or other entities incorporated in Chinese Mainland and their subsidiaries and JVs	**37,794,312**	**2,928,123**	**40,722,435**
(4)	Other entities of central government not reported in item 1 above	**3,523,923**	**490,934**	**4,014,857**
(5)	Other entities of local governments not reported in item 2 above	**114,169**	**–**	**114,169**
(6)	PRC nationals residing outside Chinese Mainland or entities incorporated outside Chinese Mainland where the credit is granted for use in Chinese Mainland	**13,481,082**	**2,210,212**	**15,691,294**
(7)	Other counterparties where the exposures are considered by the reporting institution to be non-bank Chinese Mainland exposures	**9,095,605**	**27,013**	**9,122,618**
Total		**155,553,333**	**13,945,093**	**169,498,426**
Total assets after provision		**596,905,594**		
On-balance sheet exposures as percentage of total assets		**26.1%**		

		At 31 December 2025		
		On-statement of financial position exposure *HK$'000*	Off-statement of financial position exposure *HK$'000*	Total *HK$'000*
(1)	Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	54,644,576	6,367,172	61,011,748
(2)	Local governments, local government-owned entities and their subsidiaries and JVs	21,708,172	2,620,353	24,328,525
(3)	PRC nationals residing in Chinese Mainland or other entities incorporated in Chinese Mainland and their subsidiaries and JVs	38,330,632	3,810,992	42,141,624
(4)	Other entities of central government not reported in item 1 above	4,252,023	509,063	4,761,086
(5)	Other entities of local governments not reported in item 2 above	113,312	–	113,312
(6)	PRC nationals residing outside Chinese Mainland or entities incorporated outside Chinese Mainland where the credit is granted for use in Chinese Mainland	13,464,251	2,845,964	16,310,215
(7)	Other counterparties where the exposures are considered by the reporting institution to be non-bank Chinese Mainland exposures	7,438,495	172,732	7,611,227
Total		139,951,461	16,326,276	156,277,737
Total assets after provision		531,726,019		
On-balance sheet exposures as percentage of total assets		26.4%		

(J) RISK MANAGEMENT

The Group manages its risks under the oversight of the Board of Directors and its delegated committees. The Risk Management Group ("RMG") has been entrusted with the ongoing responsibilities of driving and implementing the Group's risk management framework and governance encompassing the identification, quantification, monitoring, reporting, and mitigation of the risks to which the Group is exposed.

The Group adopts the Standardised Approach for credit and market risk measurement, and the Basic Indicator Approach for operational risk measurement. The Group has established policies, procedures and processes to identify and set appropriate risk limits, as well as to analyse, control and monitor these risks. The Group continually strives to enhance its risk management framework and infrastructure in keeping with the market, product offerings and international best practices. The Group's internal auditor performs regular independent audits to ensure due compliance with internal policies and regulatory requirements.

The Group manages the following main types of risk:

(a) Credit risk management

Credit risk is the risk of financial loss due to the failure of a customer or counterparty to fulfill its contractual obligations. Credit exposure principally arises in loans and advances, debt securities, treasury bills and trading derivatives, as well as in the credit risk from financial arrangements in off-balance sheet financial positions such as loan commitments and guarantees. The Group has developed standards, policies and procedures to measure, monitor and mitigate the risk of its lending business activities. The policies and procedures are reviewed as required, to respond quickly to the changing market environment and to better reflect the risk factors for the Group's credit considerations.

Throughout the first half of 2026, the Group continues to enhance its risk management framework and internal control practices by solidifying its three lines of defense, promoting risk culture and reviewing its risk appetite and policies to ensure its compliance with the evolving regulatory landscape and increasingly stringent regulatory requirements. Furthermore, the Group has been actively fortifying the resilience against climate-related risks, promoting the risk culture of green and sustainable banking, and embedding climate risk into the risk management framework.

Credit risk is controlled and managed by the Risk Management Group ("RMG") under the oversight of the Credit Committee, and is reported to the Credit & Risk Management Committee ("CRMC") at the board level on a quarterly basis. These committees provide appropriate oversight of the Group's risk management practices by defining the Group's policies and risk appetite, and providing the RMG with the means to implement measures to mitigate credit risk arising from the Group's adopted strategy.

Credit risk embedded in products is identified and measured in product programmes and on-going review and assessment process. Credit risk pertaining to individual customers is identified and measured by credit officers utilising internal risk rating models. Credit applications are approved by credit officers under delegated authorities or by the Credit Committee.

The Group mitigates credit risk by taking collateral and entering into offsetting or netting agreements with borrowers and counterparties, as the case may be, should such clauses and agreements be legally established and enforceable.

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's portfolio of financial instruments is diversified among industry and product sectors.

Credit risk for treasury transactions is managed in the same way as the Group manages its corporate risk. Risk grading is applied to the debt issuers and the counterparties, with individual credit limits set.

Credit and counterparty risks related to countries and financial institutions are assessed and monitored regularly according to the Group's Country Risks and Financial Institution Risks policies. The policies are implemented together to effectively assess and control credit limits and tenors made available to the respective financial institutions under an umbrella country risk limit for each country.

The Group applies the same credit policy in respect of contingent liabilities as in respect of financial instruments recorded on the statement of financial position, based on loan approval procedures, use of limits to reduce risk and monitoring. Credit risk is also mitigated by obtaining collateral in the form of pledged assets and guarantees from borrowers and third parties.

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(i) Credit quality

The Group has adopted a granular 24-grade internal risk rating system (Grades G01-G21 for performing financial assets and Grades G22-G24 for non-performing financial assets) that maps to external credit rating agencies' rating scales. The integration of this framework into the Group's reporting structure has enabled more granular credit risk reporting, thus enhancing the internal management. The risk rating are assigned according to differing customer segments (manufacturing, trading, property development/investment, etc.) which enables the ranking of the credit quality of each customer and the governing of the credit exposure for individual customers or counterparties.

Customers' risk ratings are reviewed regularly and amendments, where necessary, are implemented promptly, particularly in times of fluctuating market conditions. The Group also maintains a committee to regularly oversee weaker credits (which have lower risk ratings of G19-G21) to preserve the Group's quality portfolio. The table below outlines the Group's rating scale benchmarked against external credit agencies:

Obligor Grade	Reference ECAI Rating			Rating Description
	Moody's	S&P	Fitch	
G01	Aaa	AAA	AAA	Obligations are judged to have the highest intrinsic, or standalone, financial strength, and thus subject to the lowest level of credit risk absent any possibility of extraordinary support from an affiliate or government.
G02 – G04	Aa1/Aa2/Aa3	AA+/AA/AA-	AA+/AA/AA-	Obligations are judged to have high intrinsic, or standalone, financial strength, and thus subject to very low credit risk absent any possibility of extraordinary support from an affiliate or government.
G05 – G07	A1/A2/A3	A+/A/A-	A+/A/A-	Obligations are judged to have upper-medium-grade intrinsic, or standalone, financial strength, and thus subject to low credit risk absent any possibility of extraordinary support from an affiliate or government.
G08 – G10	Baa1/Baa2/Baa3	BBB+/BBB/ BBB-	BBB+/BBB/ BBB-	Obligations are judged to have medium-grade intrinsic, or standalone, financial strength, and thus subject to moderate credit risk and, as such, may possess certain speculative credit elements absent any possibility of extraordinary support from an affiliate or government.
G11 – G13	Ba1/Ba2/Ba3	BB+/BB/BB-	BB+/BB/BB-	Obligations are judged to have speculative intrinsic, or standalone, financial strength, and are subject to substantial credit risk absent any possibility of extraordinary support from an affiliate or government.
G14 – G16	B1/B2/B3	B+/B/B-	B+/B/B-	Obligations are judged to have speculative intrinsic, or standalone, financial strength, and are subject to high credit risk absent any possibility of extraordinary support from an affiliate or government.
G17 – G18	Caa1/Caa2	CCC+/CCC	CCC+/CCC	Obligations are judged to have speculative intrinsic, or standalone, financial strength, and are subject to very high credit risk absent any possibility of extraordinary support from an affiliate or government.
G19 Special Mention	Caa3	CCC-	CCC-	Obligations are judged to have highly speculative intrinsic, and are likely in, or near, default, with some prospect of recovery of principal and interest.
G20 Special Mention	Ca	CC	CC	Obligations are judged to have highly speculative intrinsic, and are likely in, or very near, default, with some prospect of recovery of principal and interest.
G21 Special Mention	C	C	C	Obligations are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.
G22 Substandard	D	D	D	Substandard. In accordance with the Asset Quality Classification Policy.
G23 Doubtful	D	D	D	Doubtful. In accordance with the Asset Quality Classification Policy.
G24 Loss	D	D	D	Loss. In accordance with the Asset Quality Classification Policy.

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(ii) Exposure of credit risk

The maximum exposure to credit risk at the end of the reporting period, without considering any collateral held or other credit enhancements, is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowances. A summary of the maximum exposure is as follows:

	At 30 June 2026 *HK$'000*	At 31 December 2025 *HK$'000*
Cash and balances with banks and central banks	**14,859,860**	15,076,930
Placements with and advances to banks	**67,779,867**	73,308,217
Financial assets held under resale agreements	**10,281,904**	8,169,146
Derivative financial instruments	**13,469,089**	11,476,874
Financial investments		
– at fair value through profit or loss	**4,172,666**	2,305,367
– at fair value through other comprehensive income	**214,848,627**	180,709,327
– at amortised cost	**1,932,771**	–
Loans and advances to customers and other accounts	**281,188,071**	255,838,983
Financial guarantees and other credit-related contingent liabilities	**6,695,661**	8,842,147
Loan commitments and other credit-related commitments	**160,765,416**	155,725,705
	775,993,932	711,452,696

Further detailed analyses of financial assets by credit quality and stage distribution are provided in the note J(a)(vii) of the interim financial report.

(iii) Master netting arrangement

The Group enters into enforceable master netting arrangements with counterparties. If an event of default occurs, all outstanding transactions with the counterparty are terminated and all amounts outstanding are settled on a net basis. Except for the event of default, all outstanding transactions with the counterparty are settled on a gross basis and generally do not result in offsetting the assets and liabilities in the statement of financial position. The Group discloses information for financial statement users to evaluate the effect or potential effect of netting arrangements, including the rights of set-off associated with the Group's recognised financial assets and recognised financial liabilities, on the Group's financial position.

	At 30 June 2026			
	Derivative financial instruments presented in the consolidated statement of financial position *HK$'000*	**Related amounts that are not offset in the consolidated statement of financial position**		**Net amount** *HK$'000*
		Financial instruments *HK$'000*	**Cash collateral received** *HK$'000*	
Financial assets				
– Derivative financial instruments	**13,469,089**	**(4,773,376)**	**(1,775,459)**	**6,920,254**
Financial liabilities				
– Derivative financial instruments	**12,841,713**	**(4,773,376)**	**–**	**8,068,337**

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(iii) Master netting arrangement (continued)

	At 31 December 2025			
	Derivative financial instruments presented in the consolidated statement of financial position	Related amounts that are not offset in the consolidated statement of financial position		
		Financial instruments	Cash collateral received	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
– Derivative financial instruments	11,476,874	(4,069,508)	(1,055,427)	6,351,939
Financial liabilities				
– Derivative financial instruments	11,416,145	(4,069,508)	–	7,346,637

(iv) Mitigation of credit risk – Collateral and other credit enhancements

The Group is dedicated to mitigating credit risk, and this takes many forms. In general, risk to the Group's ultimate credit exposure is mitigated by recognised collateral and credit risk enhancement. The Group continuously seeks to enhance its level of credit risk mitigation.

The principal collateral received to secure loans and advances includes mortgages, cash collateral, equities listed on a main index/recognised exchanges, accounts receivable assignments, standby letters of credit and listed debt securities acceptable to the Group. In some cases, depending on the customer's position and the types of credit products, some loans may be granted and backed by corporate or personal guarantees only.

The Group has guidelines on the acceptability of specific classes of collateral or credit risk enhancements accompanied by the determination of valuation parameters. Such parameters are expected to be conservative and reviewed regularly. Security structures and covenants (financial and non-financial) are subject to regular review to ensure they comply with the stipulated conditions. The collateral is important to mitigate credit risk, but it is the Group's policy to assess the repayment ability of individual customers or counterparties rather than just solely relying on securities.

The Group's collateralised credit risk as at 30 June 2026 and 31 December 2025, excluding impaired exposure, is broken down as follows:

	At 30 June 2026	At 31 December 2025
	HK$'000	HK$' 000
Lower of gross loans and advances and fair value of collateral and other credit enhancements held against financial assets that are:		
– neither past due nor impaired	**101,493,398**	104,303,259
– past due but not impaired	**4,378,349**	2,584,144
	105,871,747	106,887,403

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(v) Portfolio management and risk concentration

Portfolio management

As part of the Group's portfolio management practices, a Risk-based Pricing Model has been adopted with the aim of improving the overall return for the Group, after taking into account the risks of the customers and facilities, and thus the capital required to support the loan exposure and other costs. Stress tests on the Group's credit risk are conducted regularly. The result is approved by the relevant committees and is endorsed by the Board through the CRMC.

Risk concentration

The Group sets various risk limits to control and monitor its exposure to individual counterparties, countries, industries, intragroup exposures and loan portfolios to avoid excessive risk concentration.

Concentration of credit risk exists when changes in geographic, economic or industry factors affect groups of linked counterparties whose aggregate credit exposure is material in relation to the Group's total exposures. The Group's portfolio of financial instrument is diversified along industry and product sectors.

(vi) Expected credit losses measurement

ECL allowances are recognised on all financial assets that are debt instruments classified either as amortised or fair value through other comprehensive income and for loan commitments and financial guarantees that are not measured at fair value through profit and loss. The ECL allowances represent an unbiased scenario that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and future economic conditions. Forward-looking information is explicitly incorporated into the estimation of ECL allowances and expert judgement on economic forecasts becomes one of the important factors to the ECL.

Measurement of ECL

ECL allowances are measured at amounts equal to either: (i) 12-month ECL; or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk ('SICR') since initial recognition. The calculation of ECL allowances is based on the expected value of probability-weighted scenarios with a combination of upside, base and downside scenario(s) to measure the expected cash shortfalls, discounted at the effective interest rate. A cash shortfall is the difference between the contractual cash flows that are due and the cash flows that the Group expects to receive. The calculation of ECL allowances for Stage 3 is based on probability-weighted recovery amount from an impaired financial asset and is determined by evaluating a range of possible outcomes and time value of money.

The key inputs in the measurement of ECL allowances for Stage 1 and Stage 2 are as follows:

– The probability of default ("PD") is an estimate of the likelihood of default over a given time horizon;

– The loss given default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time; and

– The exposure at default ("EAD") is an estimate of the exposure at a future default date.

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(vi) Expected credit losses measurement (continued)

Stage transfer

Stage 1 is comprised of all non-impaired financial assets which have not triggered a SICR since initial recognition. Their credit risk continuously monitored by the Group and in assessing whether credit risk has increased significantly, the Group compares the risk of a default occurring on the financial instruments as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of its initial recognition.

Stage 2 is comprised of all non-impaired financial assets which have triggered a SICR since initial recognition. The Group recognises lifetime ECL for Stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial assets improves such that there is no longer a SICR since initial recognition, then the Group reverts to recognising 12 months of ECL as the financial assets have transferred back Stage 1.

Stage 3 financial assets are those that the Group has classified as credit-impaired. The Group recognises lifetime ECL for all Stage 3 financial assets. The Group classifies financial assets as impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred.

For purchased or originated credit-impaired financial assets that are credit-impaired on initial recognition, their ECL allowances are always measured on a lifetime basis. The amount recognized as ECL allowance for these assets is the change in lifetime ECL since initial recognition of the assets.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the remaining life of the financial instrument, even if, for risk management purposes, the Group has the right to consider a longer period.

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(vi) Expected credit losses measurement (continued)

Significant increase in credit risk

An assessment of whether the financial instruments have experienced SICR since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment is rule-based, unbiased and forward-looking, and considers all reasonable and supportable information, including information about past events, current conditions and future economic conditions.

The financial instruments will be considered to have significant increase in credit risk when:

(a) The contractual payments of the instruments are with more than 30 days past due; or

(b) The credit rating of the financial instrument has gone down by 5 notches since initial recognition (not applicable to retail lending portfolio); or

(c) The financial instruments have been classified as special mention.

Management overlay and judgements

The Group will consider the need to implement and apply management overlay over the ECL modelled outcome to cater for model constraints, data limitation and exceptional events. The management overlay methodologies involve management judgement and the amounts are subjected to regular robust review and governance processes to assess the adequacy and relevancy of such overlay. As of 30 June 2026, the Group prudently implemented the management overlay in view of the uncertainty of macro-economic environment and the assessment on the potential credit quality movement of the individual accounts.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for financial assets.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the 'base economic scenario') are provided by the Group's economists and include consideration of a variety of actual and forecast information from internal and external sources. The Group formulates a "base case" view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios including 1 upside and 3 downside forecast scenarios.

In particular, the base scenario represents the most likely scenario of continuing the current economic situation; carrying a weight of 55% (2025: 55%); the upside scenario, namely benign, represents likelihood of improvements to the current economic situation; carrying a weight of 10% (2025: 10%); and the downside scenarios, namely, mild, medium and severe represents the likelihood of economic downturn of different severities, carrying a weight of 10%, 15% and 10% (2025: 10%, 15%, and 10%) respectively. The economic forecasts are reviewed regularly to reflect the latest economic conditions. The ECL recognised in the financial statements reflect the probability weighted outcomes of a range of possible scenarios above and management continuously assess the appropriateness of the provision made against the borrowers concerned taking these information into consideration. If any adjustment in provision is deemed necessary, management overlay(s) would be applied to ensure conservativeness.

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(vi) Expected credit losses measurement (continued)

Forward-looking information incorporated in the ECL models (continued)

The Base scenario

The Group's Base Scenario is characterized by moderate global economic growth over the reference forecast period of 2026-2030. In the first half of 2026, intensified geopolitical conflicts in the Middle East disrupted global supply chain and energy prices kept volatile. Looking ahead to 2026, the development of artificial intelligence has been creating strong global demand for technology products, trade activities, and capital. However, the trajectory of military conflicts in the Middle East remains unclear, potentially continuing to affect global energy supply and financial markets. During the forecast period, economic growth is expected to be moderately gentle as the global trade order undergoes a restructuring, until the uncertain factors fade out.

Chinese Mainland economic growth is projected to be around 4.9% in 2026, followed by a growth rate of around 4.8% during the forecast period. Despite numerous external uncertainties, exports are expected to remain resilient against the backdrop of a continuously optimizing trade structure. Supported by a series of fiscal and macroeconomic control measures, the accelerated digital transformation of the manufacturing sector is stimulating investment demand. Domestic price level could justify a more loosen monetary policy, leaving rooms for more cuts on policy rates and reserve requirement ratio ("RRR"). During the forecast period, Chinese Mainland will promote optimizing its external trade system with exports competitiveness further strengthened. Along with multiple macro stimulus policies, consumer confidence continues to pick up.

Hong Kong's economy is projected to be resilient and achieve moderate growth in the range of 2.5% to 3.5% in 2026. The growth is expected to gradually converge to its long-run potential rate in the years during reference period. In 2026, global demand related to artificial intelligence will support Hong Kong's trade and financial activities. The Hong Kong SAR government's various economic development and market diversification measures are expected to steadily improve local consumption and business climate. The private residential market is bottomed out. However, fluctuations in international energy prices have made the future direction of the U.S. Federal Reserve's interest rates unclear, which will in turn affect the direction of Hong Kong's interest rates and credit conditions

The Benign Scenario

The Benign Scenario is a slight deviation from the Base Scenario in the positive direction, with the global economy expanding at a slightly faster-than-expected pace and other key economic indicators displaying slightly better-than-expected improvements.

The Mild Scenario

The Mild Scenario is a slight deviation from the Base Scenario in the negative direction, with the global economy expanding at a slightly slower-than-expected pace and other key economic indicators displaying slightly worse-than-expected improvements.

The Medium Scenario

The Medium Scenario is in between the Base Scenario and the Severe Scenario, with the global GDP growth rate and other key economic indicators standing at the medium points between those of the two scenarios.

The Severe Scenario

Under the Severe scenario, the global economy suffers a considerable slowdown and is teetering on the blink of recession with surging unemployment rate. Major developed economies enter a deep recession, and GDP growth for Chinese Mainland and Hong Kong declines considerably. Meanwhile, properties and financial markets experience a significant selloff with intensifying geopolitical conflicts.

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(vi) Expected credit losses measurement (continued)

Definition of default and credit-impaired assets

The Group defines a financial asset as in default when contractual repayment of principal or payment of interest is past due more than 90 days or fulfill certain assessment criteria as defined in the Asset Quality Classification Policy.

In assessing whether a borrower is in default, the Group considers various indicators comprising: (i) qualitative – such as in breach of financial covenant(s), deceased, insolvent or in long-term forbearance; (ii) quantitative – such as overdue status and non-payment on another obligation of the same issuer to the Group. These criteria have been applied to all financial assets held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group's expected loss calculations.

A financial asset is no longer considered in default when all past due amounts, including interest, have been recovered, and it is determined that the principal and interest are fully collectible in accordance with the original or revised contractual terms of the financial assets with all criteria for the impaired classification having been remedied.

Write-off

The Group writes off a financial asset in whole or in part, when it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. Indicators that there is no reasonable expectation of recovery include:

(i) ceasing enforcement activity;

(ii) where the Group's recovery method is enforcing collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full; and

(iii) debtors in state of insolvency.

During the year, the Group has written off certain financial assets that have no reasonable expectation of full recovery. The Group will continue to objectively and timely assess the ECL allowances according to HKFRS 9 to ensure its sufficiency.

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(vii) Credit quality of financial assets

The Group manages and monitors its risks, and has an Asset Quality Classification Policy and Impairment Assessment Policy in place to govern this aspect. The Group has a professional team dedicated to handling recovery of non-performing loans, which includes loan restructuring, taking legal action, repossession and disposal of collateral, etc.

Distribution of financial instruments to which the impairment requirements in HKFRS 9 are applied, by credit quality and stage distribution.

	At 30 June 2026						
	Gross carrying/notional amount						
	Strong *HK$'000*	Satisfactory *HK$'000*	Higher risk *HK$'000*	Credit impaired *HK$'000*	Total *HK$'000*	ECL allowances *HK$'000*	Net carrying amount *HK$'000*
Balances with banks and central banks at amortised cost *(Note iv)*							
– Stage 1	14,859,877	–	–	–	14,859,877	(17)	14,859,860
Placements with and advances to banks at amortised cost *(Note iv)*							
– Stage 1	67,788,149	–	–	–	67,788,149	(8,282)	67,779,867
Financial assets held under resale agreements at amortised cost *(Note iv)*							
– Stage 1	2,329,142	–	–	–	2,329,142	–	2,329,142
Loans and advances to customers and other accounts at amortised cost	210,122,591	61,553,485	9,758,792	5,250,329	286,685,197	(5,497,126)	281,188,071
– Stage 1	210,122,591	61,353,247	3,074,469	–	274,550,307	(438,015)	274,112,292
– Stage 2	–	200,238	6,684,323	–	6,884,561	(1,697,392)	5,187,169
– Stage 3	–	–	–	5,250,329	5,250,329	(3,361,719)	1,888,610
Financial investments at amortised cost *(Note iv)*							
– Stage 1	1,933,057	–	–	–	1,933,057	(286)	1,932,771
Loan commitments and financial guarantee contracts *(Note i)*	17,068,623	146,845,890	32,992	218,350	164,165,855	(287,446)	163,878,409
– Stage 1	17,068,623	146,845,890	–	–	163,914,513	(70,172)	163,844,341
– Stage 2	–	–	32,992	–	32,992	(2,597)	30,395
– Stage 3	–	–	–	218,350	218,350	(214,677)	3,673
Total	314,101,439	208,399,375	9,791,784	5,468,679	537,761,277	(5,793,157)	531,968,120
Financial investments at fair value through other comprehensive income – Debt securities *(Note ii)*	214,800,207	–	–	48,420	214,848,627	(62,098)	
– Stage 1	214,800,207	–	–	–	214,800,207	(44,733)	
– Stage 2	–	–	–	–	–	–	
– Stage 3	–	–	–	–	–	(16,250)	
– POCI	–	–	–	48,420	48,420	(1,115)	
Total	214,800,207	–	–	48,420	214,848,627	(62,098)	

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(vii) Credit quality of financial assets (continued)

	At 31 December 2025						
	Gross carrying/notional amount						
	Strong *HK$'000*	Satisfactory *HK$'000*	Higher risk *HK$'000*	Credit impaired *HK$'000*	Total *HK$'000*	ECL allowances *HK$'000*	Net carrying amount *HK$'000*
Balances with banks and central banks at amortised cost *(Note iv)*							
– Stage 1	15,076,956	–	–	–	15,076,956	(26)	15,076,930
Placements with and advances to banks at amortised cost *(Note iv)*							
– Stage 1	73,321,062	–	–	–	73,321,062	(12,845)	73,308,217
Financial assets held under resale agreements at amortised cost *(Note iv)*							
– Stage 1	6,704,716	–	–	–	6,704,716	–	6,704,716
Loans and advances to customers and other accounts at amortised cost	176,809,661	54,301,329	7,084,679	5,320,333	243,516,002	(4,281,561)	239,234,441
– Stage 1	176,809,661	53,114,299	2,729,213	–	232,653,173	(471,702)	232,181,471
– Stage 2	–	1,187,030	4,355,466	–	5,542,496	(581,345)	4,961,151
– Stage 3	–	–	–	5,320,333	5,320,333	(3,228,514)	2,091,819
Financial investments at amortised cost *(Note iv)*							
– Stage 1	–	–	–	–	–	–	–
Loan commitments and financial guarantee contracts *(Note i)*	11,279,691	150,877,556	55,776	208,350	162,421,373	(296,031)	162,125,342
– Stage 1	11,279,691	150,877,556	–	–	162,157,247	(84,389)	162,072,858
– Stage 2	–	–	55,776	–	55,776	(3,292)	52,484
– Stage 3	–	–	–	208,350	208,350	(208,350)	–
Total	283,192,086	205,178,885	7,140,455	5,528,683	501,040,109	(4,590,463)	496,449,646
Financial investments at fair value through other comprehensive income – Debt securities *(Note ii)*	180,658,126	4,000	–	47,201	180,709,327	(52,388)	
– Stage 1	180,658,126	4,000	–	–	180,662,126	(41,144)	
– Stage 2	–	–	–	–	–	–	
– Stage 3	–	–	–	8,865	8,865	(11,244)	
– POCI	–	–	–	38,336	38,336	–	
Total	180,658,126	4,000	–	47,201	180,709,327	(52,388)	

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(vii) Credit quality of financial assets (continued)

Note:

(i) The notional amount of commitments and financial guarantee contracts refer to those commitments and financial guarantees which subject to impairment requirements under HKFRS 9. Therefore, figures disclosed in the above do not agree with the figures disclosed in note 35 of the interim financial report.

(ii) Debt securities measured at FVOCI are held at fair value. The expected credit losses allowances in respect of debt securities measured at FVOCI are held within reserves.

(iii) Classification of credit quality

The Group adopts the following internal risk ratings to determine the credit quality for financial assets.

Credit quality description	Internal ratings
Strong	G01-G12
Satisfactory	G13-G16
Higher risk	G17-G21
Credit impaired	G22-G24

(iv) There are no exposures in stage 2 & stage 3 as at 30 June 2026 and 31 December 2025.

(viii) Credit quality of debt securities measured at FVPL and FVOCI

For the application of credit rating to debt securities, primarily the issue specific rating would be taken as reference for credit risk rating assignment. Where this is not available, the issuer rating would be adopted. When the issuer rating is not available, the rating of the guarantor of that debt securities (if applicable) would be adopted, otherwise it would be treated as unrated. The following table presents an analysis of the credit quality of investments in debt securities at the end of the reporting period.

	At 30 June 2026			
	Debt securities measured at FVPL *HK$'000*	**Debt securities measured at FVOCI** *HK$'000*	**Debt securities measured at amortised cost** *HK$'000*	**Total** *HK$'000*
Aaa	**8,711**	**19,936,206**	**–**	**19,944,917**
Aa3 to Aa1	**540,656**	**92,475,759**	**642,433**	**93,658,848**
A3 to A1	**974,601**	**86,001,047**	**1,290,338**	**88,265,986**
Lower than A3	**1,393,600**	**15,854,725**	**–**	**17,248,325**
	2,917,568	**214,267,737**	**1,932,771**	**219,118,076**
Unrated	**265,643**	**580,890**	**–**	**846,533**
Total	**3,183,211**	**214,848,627**	**1,932,771**	**219,964,609**

(J) RISK MANAGEMENT (CONTINUED)

(a) Credit risk management (continued)

(viii) Credit quality of debt securities measured at FVPL and FVOCI (continued)

	At 31 December 2025			
	Debt securities measured at FVPL *HK$'000*	Debt securities measured at FVOCI *HK$'000*	Debt securities measured at amortised cost *HK$'000*	Total *HK$'000*
Aaa	11,488	17,576,053	–	17,587,541
Aa3 to Aa1	100,253	81,507,083	–	81,607,336
A3 to A1	514,581	72,424,040	–	72,938,621
Lower than A3	522,263	6,614,788	–	7,137,051
	1,148,585	178,121,964	–	179,270,549
Unrated	136,469	2,587,363	–	2,723,832
Total	1,285,054	180,709,327	–	181,994,381

(b) Market risk management

Market risk is the risk of loss caused by an adverse change in valuation associated with holding either long or short market positions. The risk arises as a result of market making, underwriting, principal position taking and asset/liability management in interest rate, foreign exchange, equity, credit and commodity markets and their associated derivative instruments. The Group manages its market risk exposures mainly through its trading and treasury business. The trading business is to facilitate customer activities which takes on principal positions. The treasury business performs asset/liability management function including liquidity risk management, with securities positions intended for liquidity management and investment purposes under non-trading portfolio.

The objective of market risk management is to consistently measure and monitor market risk on a timely and unbiased basis in order to better manage the portfolios and, by doing so, ensure the market risk positions are within the Group's risk appetite. The business is responsible for managing market risks to meet corporate performance objectives within the market risk limit parameters. The Risk Management Group ("RMG") is responsible to independently monitor and report all market risks.

Market risk framework

The Board of the Group allocates capital or risk appetite through the limit process. The Board delegates Credit & Risk Management Committee ("CRMC") to establish limits for the different businesses. CRMC further delegates market risk limit establishment to the Market Risk Committee ("MRC") and then to RMG. RMG is responsible for designing and drafting the market risk limits and framework and reviewing and updating the limits on a regular basis. The market risk limits are to be approved by MRC and endorsed by CRMC. In addition, the Board also establishes a set of risk indicators under the risk appetite statement ("RAS") in measuring different types of risks including market risk.

RMG is an independent function reporting to the Chief Risk Officer ("CRO"). RMG uses both quantitative and qualitative measures in analysing market risk. The analysis includes, but not limited to, Value-at-Risk ("VaR"), stress testing, risk sensitivities, market events, product liquidity and volatility, underlying quality, hedging strategy, performance including profit and loss, accuracy of valuations and balance sheet and capital consumptions. The results are regularly reported to senior management, MRC and CRMC.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(J) RISK MANAGEMENT (CONTINUED)

(b) Market risk management (continued)

Methodology and characteristics of market risk model

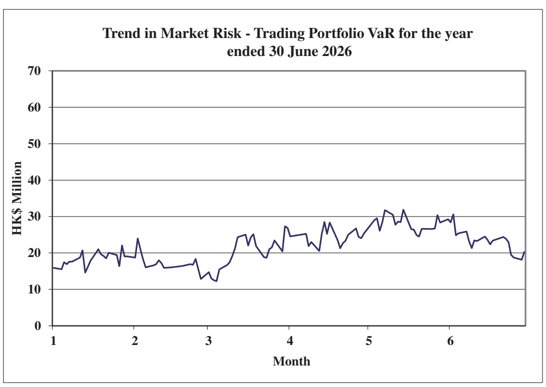
Value-at-risk (“VaR”)

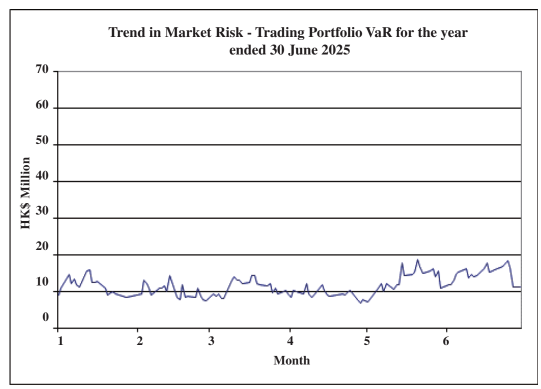
VaR is a technique in estimating the potential losses that could occur on market risk-taking positions due to market rates and prices movement under normal market conditions over a specified time horizon. The model is designed to capture different types of risk including interest rate risk, foreign exchange risk, credit spread risk, equity risk, commodity risk and volatility risk.

The VaR model used by the Group is based on the historical simulation technique. The technique predicts the value at risk by simulating or constructing position returns over time arise from the historical changes in rates and prices in the interest rate, foreign exchange, equity, credit and commodity markets.

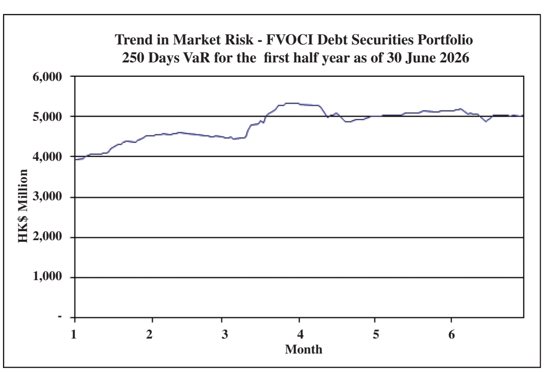
For the calculation of VaR, the Group uses the most recent two years of historical market rates, prices and volatilities.

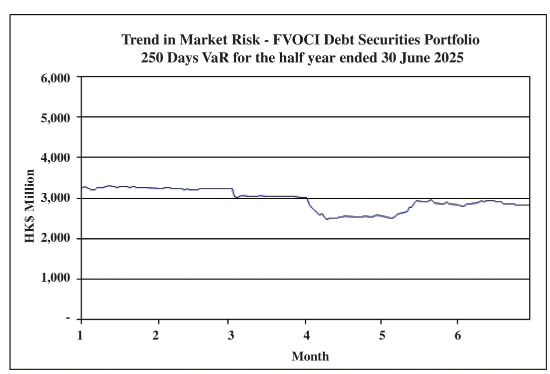
– For the trading positions, the VaR is calculated for one-day holding period.





– For the FVOCI debt securities and related positions, VaR is calculated for 250-day holding period.





UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

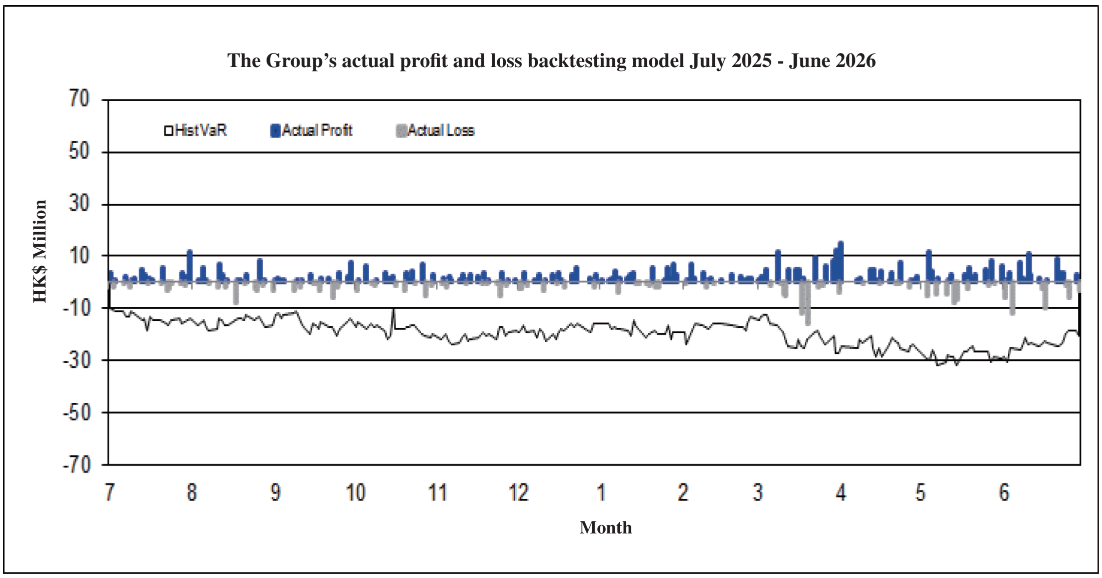
(J) RISK MANAGEMENT (CONTINUED)

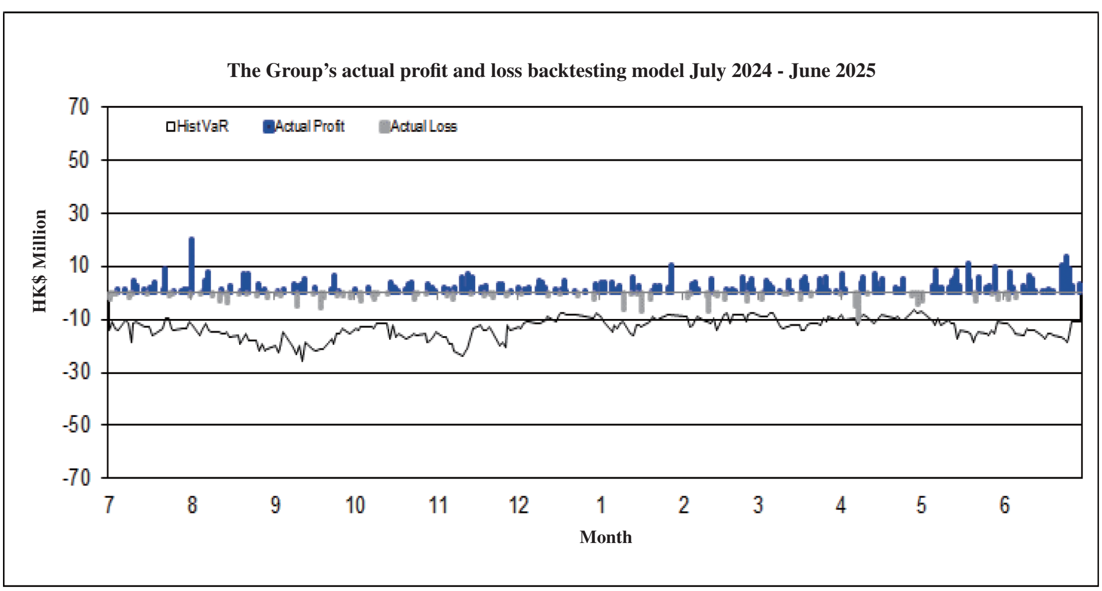
(b) Market risk management (continued)

Methodology and characteristics of market risk model (continued)

Value-at-risk ("VaR") (continued)

– The Group back-tests the accuracy of its VaR model by comparing the actual and hypothetical daily profit and loss, adjusted for items including fees and commissions, against the corresponding VaR figures. For the period from 1 July 2025 to 30 June 2026, there was no exception in the back-testing results (for the period of 1 July 2024 to 30 June 2025, there was no exception), which corresponds to the green zone specified by the HKMA and the international Basel principles.





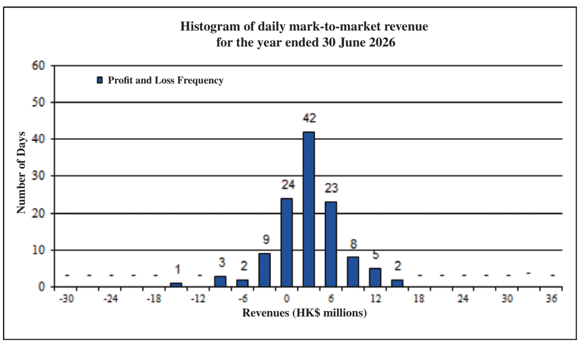
(J) RISK MANAGEMENT (CONTINUED)

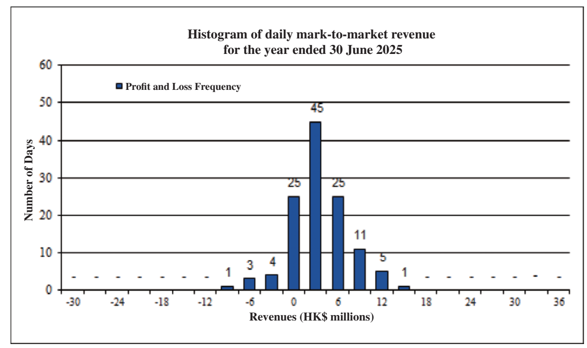
(b) Market risk management (continued)

Methodology and characteristics of market risk model (continued)

Value-at-risk ("VaR") (continued)

For the six months ended 30 June 2026, the average daily mark-to-market revenue from the Group's trading portfolio was a gain of HK$1,409,000 (30 June 2025: gain of HK$2,050,000). The standard deviation of the daily revenue was HK$4,742,000 (30 June 2025: HK$3,878,000). The graphs below show the histograms of the Group's daily mark-to-market revenue for the period ended 30 June 2026 and 2025, respectively.





The tables below decomposes VaR by risk factors for the trading positions and the FVOCI debt securities-related positions.

1-day VaR for the trading positions

	Six months ended 30 June 2026				Six months ended 30 June 2025			
	Approximate				Approximate			
	Maximum *HK$'000*	**Minimum** *HK$'000*	**Mean** *HK$'000*	**At 30 June 2026** *HK$'000*	Maximum *HK$'000*	Minimum *HK$'000*	Mean *HK$'000*	At 30 June 2025 *HK$'000*
Foreign exchange risk	**25,063**	**6,296**	**15,168**	**14,831**	11,095	3,484	6,090	6,674
Interest rate risk and credit spread risk	**24,570**	**5,855**	**14,507**	**15,143**	18,095	(1,207)	9,809	9,843
Total VaR	**31,866**	**12,245**	**21,945**	**20,282**	18,651	6,637	11,689	10,948

250-day VaR for the debt securities measured at FVOCI related positions

	Six months ended 30 June 2026				Six months ended 30 June 2025			
	Approximate				Approximate			
	Maximum *HK$'000*	**Minimum** *HK$'000*	**Mean** *HK$'000*	**At 30 June 2026** *HK$'000*	Maximum *HK$'000*	Minimum *HK$'000*	Mean *HK$'000*	At 30 June 2025 *HK$'000*
Interest rate risk	**4,979,650**	**3,785,889**	**4,582,270**	**4,760,636**	3,933,285	2,751,152	3,408,743	2,751,152
Credit spread risk	**2,744,323**	**2,031,720**	**2,362,519**	**2,744,323**	3,024,782	1,610,734	2,498,963	1,610,734
Total 250-day VaR	**5,321,410**	**3,919,459**	**4,795,566**	**5,025,550**	3,321,052	2,489,968	2,968,627	2,818,477

(J) RISK MANAGEMENT (CONTINUED)

(b) Market risk management (continued)

Stress testing

Stress testing is implemented as a compliment of the VaR model in order to capture remote, but plausible events. The Group uses both hypothetical and historical scenarios for market risk stress testing. The results are reported to senior management, MRC and CRMC.

Currency risk

The Group's foreign exchange risk stems from taking foreign exchange positions from commercial dealings, investments in foreign currency securities, and operations of the Group and its overseas branches and subsidiaries. The Group's foreign exchange positions are subject to exposure limits approved by the MRC. Methods adopted to measure foreign currency risk exposure against corresponding limits include individual currency positions, overall foreign exchange positions and sensitivities such as Greeks (for foreign exchange options). For the period ended 30 June 2026, the Group's average daily trading profit and loss from foreign exchange positions was a profit of HK$1,148,000 (six months ended 30 June 2025: a profit of HK$1,579,000) with a standard deviation of HK$2,329,000 (six months ended 30 June 2025: HK$6,894,000).

Significant foreign currency exposures at the end of the reporting period were as follows:

	At 30 June 2026				At 31 December 2025			
Equivalent in HK$'000	**USD**	**RMB**	**Others**	**Total**	USD	RMB	Others	Total
Spot assets	**226,951,362**	**57,076,938**	**69,424,556**	**353,452,856**	188,668,152	44,037,638	56,152,681	288,858,471
Spot liabilities	**(230,279,385)**	**(62,742,763)**	**(35,988,812)**	**(329,010,960)**	(178,210,396)	(49,370,961)	(24,405,833)	(251,987,190)
Forward purchases	**647,071,352**	**334,021,455**	**103,115,551**	**1,084,208,358**	677,608,108	433,756,533	46,996,529	1,158,361,170
Forward sales	**(636,256,494)**	**(329,606,006)**	**(136,905,053)**	**(1,102,767,553)**	(681,018,275)	(426,660,915)	(79,494,057)	(1,187,173,247)
Net options position	**(4,289,072)**	**1,265,083**	**(51,090)**	**(3,075,079)**	(5,155,677)	(1,361,398)	384,526	(6,132,549)
Net long/(short) position	**3,197,763**	**14,707**	**(404,848)**	**2,807,622**	1,891,912	400,897	(366,154)	1,926,655
Net structural position	**–**	**727,447**	**145,538**	**872,985**	–	701,230	145,664	846,894

The net option position is calculated using the Model User Approach, which has been approved by the HKMA.

Interest rate risk

The Group's interest rate risk arise from its banking and trading book. For the banking book, ALCO and RMG are responsible in overseeing the interest rate exposure arising from its assets and liabilities management. The function of central treasury units is responsible in managing the interest rate risk using different financial products including interest rate derivatives, under which hedge accounting treatment is adopted. The interest rate risk includes gap risks, basis risks and embedded option risks, and are governed by the Interest Rate Risk Management Policy for the Banking Book.

For the trading book, MRC and RMG are responsible in overseeing the interest rate exposure from its trading portfolio. Global Markets is responsible in managing the interest rate risk using different financial products including derivatives, under which mark-to-market treatment is adopted. The interest rate risk includes basis risks, yield curve risks and embedded option risks, and are governed by the Market Risk Policy.

For the six months ended 30 June 2026, the Group's average daily trading profit and loss related to interest rate and fixed income trading strategy was a gain of HK$261,000 (30 June 2025: a gain of HK$471,000), with a standard deviation of HK$4,903,000 (30 June 2025: HK$6,723,000).

(J) RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk management

Liquidity risk is the risk that the Group may not be able to fund an increase in assets or meet obligations as they fall due without incurring unacceptable losses. Such funding liquidity risk arises from the maturity mismatch of the assets and liabilities that the Group manages.

The liquidity risk management framework is as follows:

– The Board of Directors is ultimately responsible for the liquidity risk assumed by the Group and the manner in which the risk is managed. The Board has delegated to the Credit and Risk Management Committee ("CRMC") to oversee the Group's liquidity risk management, which further delegates to the Asset and Liability Committee ("ALCO") to formulate policies and strategies related to Asset and Liability Management, including liquidity policies.

– The ALCO is established by the Chief Executive Officer and ratified by the CRMC as the governing body responsible for formulating and implementing policies, strategies, guidelines and limit structures. It also identifies, measures and monitors the Group's liquidity risk profile to ensure current and future funding requirements are met. In addition, the ALCO monitors a set of risk indicators for liquidity risk. Daily liquidity stress testing, which includes market general, bank-specific and combined (market general and bank-specific) stress scenarios, is conducted by the Risk Management Group, and the stress results are regularly reviewed by the ALCO to assess the current risk tolerance level and the level of the liquidity cushion. A Contingency Funding Plan is established which sets out the strategies for addressing liquidity stress situations. The plan contains a set of policies, procedures and action plans, with clearly established lines of responsibility, as well as invocation and escalation procedures. This plan is reviewed and approved by the Board on a regular basis.

– Daily liquidity management is managed by the Central Treasury Unit to monitor funding requirements. This unit is supported by other functional departments including the Financial Management Group and Risk Management Group, which monitor the liquidity risk and provide regular reports to the management, committees and local regulatory bodies. Limits for net cash flow per different time bucket under stress scenarios have been set to ensure that adequate funding and liquid assets are available to meet liquidity needs. Moreover, limits, alerts or desirable levels are set for other liquidity risk indicators such as the statutory liquidity ratios, the loan-to-deposit ratio, the currency mismatch ratio and the maturity mismatch position. Both quantitative and qualitative measures are employed to identify and measure liquidity risk. Limits, alerts or desirable levels related to liquidity risk are monitored and reported by the Financial Management Group or Risk Management Group for ALCO's review on a regular basis. The Internal Audit Group performs periodic reviews to ensure liquidity risk management functions are carried out effectively.

Liquidity management is conducted at the Group and CNCBI levels, and at individual offshore branches and subsidiaries. Financial subsidiaries and offshore branches are responsible for implementing their own liquidity management policies under the framework established by the ALCO and local regulatory requirements, taking into account their different liquidity risk characteristics. The liquidity situation of offshore branches and subsidiaries falls under the overall supervision of the ALCO. Counterparty limits are set for subsidiaries in respect of the funding support extended from the head office. The Group expects all business units to contribute to the success of managing liquidity under normal and contingency situations by maintaining a rapport with depositors, customers, interbank counterparties, related companies and the HKMA.

(J) RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk management (continued)

The objective of liquidity management is to meet obligations payable under normal and emergency circumstances, to fund asset growth and to comply with the statutory liquidity requirements. To achieve this, the following liquidity management processes are in place:

– Projecting cash flows in normal and various stress scenarios, using the net mismatch gap between assets and liabilities to estimate the prospective net funding requirement;

– Factoring potential drawdown on irrevocable committed facilities into our normal and stress scenarios to cater for contingent liquidity risk;

– Monitoring the statutory liquidity ratios, the loan-to-deposit ratio, the currency mismatch ratio and the maturity mismatch position against internal and/or regulatory requirements;

– Ensuring a sound and diversified range of funding sources, through monitoring the structure and the stability of the deposit portfolio;

– Projecting the statutory liquidity ratios regularly for the short to medium term to permit early detection of liquidity issues and to ensure the ratios are within statutory requirements and internal triggers;

– Projecting a high-level funding requirement and funding structure during the annual budget process to ensure sufficient funding and an appropriate funding mix;

– Conducting liquidity risk assessment before launching a new product;

– Maintaining High Quality Liquid Assets ("HQLA") comprising cash and investment grade securities as a cushion against unexpected funding needs. The amount of HQLA that the Group maintains is determined with reference to the statutory requirement and the results of the liquidity stress tests;

– Maintaining access to the interbank money market;

– Maintaining funding programmes to tap debt funding on a regular basis;

– Monitoring the Group's collateral requirement. Periodically assess and review the additional collateral required under derivative contracts and credit downgrade events. Based on the positions at 30 June 2026, in the event of a 2-notch downgrade, the impact on the Group's additional collateral requirement is minimal; and

– Maintaining a Contingency Funding Plan, which integrates with the results of the scenarios and assumptions used in the stress test, including setting early warning indicators (including internal and market indicators), and describing actions to be taken in the event of a stress crisis, so as to minimise adverse long-term implications for business.

The Group funds its operations through a diversified funding source, primarily from the retail and corporate customer deposits. At the same time, it also participates in the wholesale funding market through the issuance of certificates of deposit ("CDs") to secure another source of term funding and to enable diversification of funding sources. Deposit tenor mix and debt maturities are regularly monitored to ensure there is an appropriate funding maturity mix.

(J) RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk management (continued)

Under the Banking (Liquidity) Rules, the Group being a Category 1 institution is required to maintain a Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") above the statutory minimum requirements. In 2026, the Group achieved a better balance between liquidity risk and returns, maintaining statutory ratios to a more effective level to maximize asset efficiency.

An appropriate level and currency mix of HQLA has been maintained to ensure that the Group could handle sudden drains in market liquidity due to adverse or unexpected economic events under the HKMA's regulatory framework. Besides, the Group also monitors and reports the LCR for each individual significant currency to ALCO regularly to control the currency mismatch in the LCR. The decrease in average LCR for the first half of 2026 compare to the second half of 2025 was mainly attributable to the expansion of the asset base with a decrease in proportion of high quality liquid assets.

	Weighted amount (average value)				
	For quarter ended 30 June 2026	**For quarter ended 31 March 2026**	For quarter ended 31 December 2025	For quarter ended 30 September 2025	For quarter ended 30 June 2025
Average LCR	**164%**	**161%**	185%	214%	211%

The Group always maintains sufficient cash and liquid positions as well as a pool of HQLA as a liquidity cushion that can be liquidated in stress scenarios. The majority of HQLA included in the LCR is Level 1 assets as defined in Banking (Liquidity) Rules. The below table shows the composition of the Group's HQLA in the LCR framework:

	Weighted amount (average value)				
	For quarter ended 30 June 2026	**For quarter ended 31 March 2026**	For quarter ended 31 December 2025	For quarter ended 30 September 2025	For quarter ended 30 June 2025
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Level 1 assets	**71,473,606**	**55,620,718**	54,958,969	66,891,304	64,665,695
Level 2 assets	**35,552,064**	**36,523,719**	34,897,979	29,323,604	24,571,096
Total	**107,025,670**	**92,144,437**	89,856,948	96,214,908	89,236,791

The Group also maintains sufficient available stable funding in support of its longer-term assets to meet the statutory NSFR requirements. The decrease in the NSFR in the first half of 2026 was mainly driven by the increase in the size of debt securities holdings and the change in funding structure. There is no interdependent asset and liability as defined in the Banking (Liquidity) Rules in the Group.

	Quarter ended 30 June 2026	**Quarter ended 31 March 2026**	Quarter ended 31 December 2025	Quarter ended 30 September 2025	Quarter ended 30 June 2025
NSFR	**132%**	**134%**	145%	151%	147%

For the purposes of compliance with Banking (Disclosure) Rules, information relating to the Group's liquidity are published by using standard disclosure templates as specified by the HKMA and they can be viewed in the Regulatory Disclosures section of our Bank's corporate website at www.cncbinternational.com.

(J) RISK MANAGEMENT (CONTINUED)

(d) Capital management

The Group's primary objectives when managing capital are:

- to comply with the capital requirements set by the banking regulators in the markets where the entities within the Group operate;
- to maintain a strong capital base to support the development of its business; and
- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The HKMA sets and monitors capital requirements for the Group as a whole. An individual banking subsidiary is directly regulated by its local banking supervisor. The HKMA requires that the Group maintains three prescribed minimum risk-weighted capital ratios: Common Equity Tier 1 ("CET1") capital ratio, Tier 1 capital ratio and total capital ratio. At 30 June 2026, the capital buffers applicable to the Group include (i) the capital conservation buffer ("CCB") which is designed to ensure that banks build up capital outside periods of stress of 2.5% of risk-weighted amounts and (ii) countercyclical capital buffer ("CCyB"), which is designed to provide protection against the built-up of system-wide risks, is set on an individual country basis ranging from 0% to 2.5% of risk-weighted amounts. On 18 October 2024, the HKMA reduced the CCyB ratio for Hong Kong from 1.0% to 0.5% of risk-weighted amounts. Basel III framework also introduced a leverage ratio as a non-risk-based backstop limit, to supplement risk-based capital requirements. The statutory minimum leverage ratio is 3%.

The Group adopts the standardised approach to calculate risk-weighted amounts for credit risk, market risk and operational risk. For credit valuation adjustment ("CVA"), the Group uses reduced basic CVA approach to calculate CVA risk capital charge. Banking operations are categorised as either trading or banking book, and risk-weighted amounts are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might otherwise be possible with greater gearing, and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. In order to comply with the risk-based supervisory framework of capital adequacy stipulated by the HKMA, the Group conducts the Internal Capital Adequacy Assessment Process, which assesses the capital requirement for Pillar 2 risks (including consideration of climate risks) and hence the capital requirement for Pillar 1 and 2 is derived. Moreover, as part of the capital management policy and to ensure capital adequacy, the Group conducts capital planning annually, which takes into account the strategic focus, future business growth, risk appetite and regulatory requirement. The plan covers the issuance of capital instruments, if required, to ensure the Group's capital ratios are well above their respective internal monitoring levels and regulatory requirement. Regular stress testing is performed to ensure that the impact of extreme but plausible scenarios on the risk profile and capital position is considered. Stress testing also gives an insight into the potential impact of significant adverse events and how these could be mitigated.

Consistent with industry practice, the Group monitors its capital structure on the basis of the capital adequacy ratio. There have been no material changes in the Group's policy on the management of capital during the period.

The capital adequacy ratios at 30 June 2026 were computed on the consolidated basis of the Group and some subsidiaries as specified by the HKMA for its regulatory purposes, and are in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period ended 30 June 2026 and year ended 31 December 2025, and the Group's capital ratios are well above the minimum required ratios set by the HKMA.

(J) RISK MANAGEMENT (CONTINUED)

(e) New Product Risk Governance

Definition of New Product Risk

New Product Risk comprise the risks associated with launch of new products and services (including significant changes to existing products and services), encompassing credit, market, interest rate, liquidity, operational, reputation, strategic, legal and compliance risks.

Governance Framework

The Group has established a robust new product governance framework to ensure all new products and services are subject to proper assessment and approval prior to launch. The framework is governed by the New Product Approval Policy, which is approved by the Board and under the oversight of the New Product Committee ("NPC") and the CRMC. The effective implementation of the controls and monitoring measures is driven by the dedicated unit under the Risk Management Group, with the support from other risk management functions and subject matter experts on specific risk areas, including the Controls & Compliance Group, Financial Management Group, Operations Management Group, Information Technology Group and CEO Office.

(f) Operational risk management

Definition of operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Governance framework

The Group has established an Operational Risk Governance Framework ("ORGF") to identify, assess, mitigate, control, monitor and report operational risk. The ORGF encompasses every member within the Group and is governed by policies and guidelines which define the minimum requirements to ensure a consistent approach to manage operational risks. The Operational Risk Management Committee ("ORMC") is established by the Chief Executive Officer ("CEO") and ratified by CRMC, which is a Board delegated Committee to oversee Operational Risk Management ("ORM") and relevant matters including but not limited to operational risk management performance, and review and approval of relevant policies, risk appetite and limits. Implementation of ORM plans and tools is driven by a Group-level ORM department with the support from other key participants and subject matter experts in ORM.

Management of operational risk

To ensure effective management of operational risk across the Group, the Operational Risk Governance Framework presents three lines of defense as depicted below:

First Line of Defence – Day-to-day operational risk management lies with our business units, support units and the Business Operational Risk Officer ("BORO") of each unit assists the respective unit heads in this regard. Business and support units are responsible for identifying, assessing, managing and monitoring operational risks.

Second Line of Defence – ORM department assists senior management in meeting their responsibility of understanding and managing operational risk and ensures the development and consistent application of operational risk policies, processes and procedures throughout the Group. The ORM department works closely with the first Line of Defence (1LOD) to strengthen the Group's operational risk management by offering guidance and functional oversight support, monitors the Group's overall operational risk exposures and ensures that all material risks are promptly and appropriately escalated to the ORMC, CRMC and senior management of the Group for their attention.

Third Line of Defence – The Internal Audit Group examines and evaluates the adequacy and control effectiveness of the ORGF on an ongoing basis.

Risk assessments are conducted on all existing or new material products, processes, systems, outsourced activities and projects with key changes to operations.

(J) RISK MANAGEMENT (CONTINUED)

(f) Operational risk management (continued)

Key tools and methodologies

The Group identifies, assesses, monitors and reports on operational risk through the ORM tools and systems as set out below:

– Operational Risk & Control Self-Assessment ("RCSA") is a tool to identify and assess the level of operational risk and effectiveness of control. RCSA has been rolled out across the business and support units under the guidance of the ORM department. RCSA leaders are nominated by the management of each business and support unit to conduct self-assessments and identify key risk factors in their daily business and support functions. Each key risk factor is assessed and quantified for financial impact, in terms of the estimated loss impact of each occurrence and estimated number of occurrences. In addition to the financial impact assessment, non-financial impacts including customer, regulatory and reputation impacts are also assessed taking into considerations of both likelihood of risk materializing and severity of impact.

– Key Risk Indicators ("KRIs") are statistical metrics that take various risk factors into consideration and serve to provide early warning signals for management's monitoring and action. Through regular monitoring of these KRIs, areas of potential operational control weaknesses can be identified at an early stage and addressed promptly. KRIs are developed at two levels, namely the Group and the unit level. Unit level KRIs are developed by the respective units, and are monitored and tracked for progress towards completion of applicable mitigation plans. Thresholds are established for each business unit and support unit with reference to the risk appetite of the Group or the acceptable risk level for the unit under each risk factor.

– Operational risk incidents are reported into a centralized operational loss database. The ORM department ensures all material operational risk incidents are registered in the database, and are properly investigated, with corrective and preventive actions promptly executed according to agreed timelines. The relevant loss data along with the business indicators can facilitate the calculation of operational risk capital requirements via the operational risk capital charge calculation engine. It also supports the production of regular reports for senior management, ORMC and CRMC to review the impact of significant incidents and monitor operational risk loss trends. An escalation protocol is in place to ensure that operational risk incidents with significant impact are properly reported to the regulatory authorities, if deemed necessary. Lower impact operational risk events are also collected to assist trend analysis and provide a more forward looking perspective of potential risk issues that warrant for closer attention.

– Operational Risk Dashboard ("ORD") provides senior management with an overview of the key operational risk issues including but not limited to the progress of the RCSA reviews and KRI evaluation results. This information is submitted to the ORMC and relevant summarized information is submitted to the CRMC quarterly as part of the Group-wide Risk Status Update Report. The Group-wide Risk Status Update Report captures the implementation status of ORM initiatives, contains analysis on the trend of operational losses, highlights operational risk incidents that have a material impact on the Group.

The Group will continuously fine-tune and enhance its Operational Risk Governance Framework to align with industrial developments and good practices. This Governance Framework incorporates both risk mitigation and risk transfer strategies aligned with the Group's defined risk appetite. It includes the implementation of a sound three lines of defense model, the development of action plans to address vulnerabilities, and the transfer of certain risks to third parties through insurance policies or outsourcing, etc. A web-based learning programme on operational risk is required for all new joiners and an annual refresher training on ORGF is compulsory for all staff. Training workshops led by the ORM department are offered to business and support units with the objectives to raise operational risk awareness among staff, familiarize them with the ORM tools and enhance understanding of the ORGF along with their roles, responsibilities and accountabilities. This is further reinforced by strong management support which encourages staff to embrace and pursue operational excellence.

Operational resilience

The Group has established an operational resilience framework to prepare for and manage risks to critical operations delivery. The Group will regularly review the operational resilience parameters (including the coverage of critical operations), identify what risks or events may affect or disrupt critical operations delivery, and assess whether it is able to continue delivering critical operations through disruption (including under severe but plausible scenarios). The review results will be reported to the CRMC. The Group will also conduct scenario testing to regularly assess whether it is able to continue delivering critical operations through disruption.

The Group's long-term goal is to cultivate a proactive, responsible and accountable culture on ORM, and achieve operational excellence through robust and continuous operational risk management.

(J) RISK MANAGEMENT (CONTINUED)

(g) Legal risk management

The Group remains abreast of all legal and regulatory requirements applicable to its governance and operations, and continuously seeks to develop its people, enhance its systems and processes, and implement changes as necessary to meet the demands and create awareness of such requirements. Regular reviews are conducted with respect to the Group's policies and procedures to ensure the same reflect the latest legal and regulatory requirements. Issuance of new or substantially revised policies and procedures are often accompanied by relevant training. There is a strong process in place to ensure legal and regulatory risks are identified, monitored and mitigated. Any significant matters that arise relating to such risks are reported as appropriate by the Legal and Compliance function to the Group's CRMC or senior management.

The Legal and Compliance Department has been one of the key partners in the business, providing legal and compliance advice and support to all parts of the Group and working with business and support units to ensure relevant controls are in place. In the first half of 2026, the Legal and Compliance Department had actively involved in new product launches and new business initiatives, strategically important transactions and commercial agreements, outsourcing arrangements as well as day-to-day matters arising from the Group's business. The Legal and Compliance Department will remain heavily involved in monitoring and ensuring compliance with changing regulatory requirements in various areas impacting the Group, and will continue to advise and support the Group in meeting the legal and regulatory challenges that lay ahead.

(h) Strategic and reputation risk management

Strategic risk management refers to the Group's efforts to develop, uphold and implement strategic decisions related to its long-term growth and development. Reputation risk management refers to the Group's efforts to protect its brand name and business franchise from any potential damages arising from negative publicity and information about its business practices, conduct or financial condition.

The CRMC of the Group meets regularly to monitor and oversee the Group's strategic and reputation risks. Senior management places high priority on ensuring that the Group's business and operational strategies are appropriately defined and are executed professionally and promptly. Such strategies are reviewed regularly to enable the Group to respond efficiently to changes in its operating and regulatory environment. Business priorities, set on a bank-wide basis, as well as for individual business and support units, are aligned to support the Group's strategies, and measurable targets are assigned to ensure execution excellence. Great care is also taken to protect the Group's reputation and to maximise its brand equity. This includes ongoing efforts to monitor and ensure high standards of customer satisfaction, operational efficiency, legal and regulatory compliance, public communication and issues management.

25 August 2026