



REGULATORY DISCLOSURE STATEMENT
For the six months ended 30 June 2026

(Unaudited)

WELAB BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

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1 Introduction

1.1 Purpose

The information contained in this document is for Welab Bank Limited (the “Bank”) and its subsidiaries (together the “Group”) to comply with the Banking (Disclosure) Rules (“BDR”) made under section 60A of the Banking Ordinance. The banking disclosures are prepared in accordance with the BDR and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

The banking disclosures are governed by the Bank’s disclosure policy, which has been approved by the Board of Directors. The disclosure policy sets out the governance, control and assurance requirements for publication of the disclosure document. While the Regulatory Disclosure Statement is not required to be externally audited, the document has been subject to independent review in accordance with the Bank’s policies on disclosure and its financial reporting and governance processes.

1.2 Basis of preparation

The capital adequacy ratio (“CAR”) was compiled in accordance with the Banking (Capital) Rules (“BCR”) issued by the HKMA. In calculating the risk-weighted assets (“RWA”), the Bank adopted the Standardized (Credit Risk) Approach for credit risk and the Simplified Standardized Approach for market risk. For counterparty credit risk, the Bank adopted the Standardized Approach (Counterparty Credit Risk) to calculate its default risk exposures. For operational risk, the capital requirement is calculated using the Standardized Approach.

According to the BDR, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates.

Relevant information can be found in the Regulatory Disclosures section of our website, www.welab.bank.

1.3 Basis of consolidation

Except where indicated otherwise, the financial information contained in this Regulatory Disclosure Statement has been prepared on a consolidated basis. The scope of accounting consolidation is the same as the scope of regulatory consolidation.

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2 Key prudential ratios and overview of risk-weighted assets ("RWA")

2.1 KM1: Key prudential ratios

The following table provides an overview of the Group's key prudential ratios.

In HK\$'000		As at 30 June 2026	As at 31 March 2026	As at 31 December 2025	As at 30 September 2025	As at 30 June 2025
		(a)	(b)	(c)	(d)	(e)
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	952,169	943,796	946,716	917,510	934,276
2 & 2a	Tier 1	952,169	943,796	946,716	917,510	934,276
3 & 3a	Total capital	1,014,094	1,005,276	1,006,626	975,402	990,567
	RWA (amount)					
4	Total RWA	5,160,279	5,108,991	4,970,128	4,809,523	4,674,522
4a	Total RWA (pre-floor)	5,160,279	5,108,991	4,970,128	4,809,523	4,674,522
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)	18.5%	18.5%	19.0%	19.1%	20.0%
5b	CET1 ratio (%) (pre-floor ratio)	18.5%	18.5%	19.0%	19.1%	20.0%
6 & 6a	Tier 1 ratio (%)	18.5%	18.5%	19.0%	19.1%	20.0%
6b	Tier 1 ratio (%) (pre-floor ratio)	18.5%	18.5%	19.0%	19.1%	20.0%
7 & 7a	Total capital ratio (%)	19.7%	19.7%	20.3%	20.3%	21.2%
7b	Total capital ratio (%) (pre-floor ratio)	19.7%	19.7%	20.3%	20.3%	21.2%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.5%	0.5%	0.5%	0.5%	0.5%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total AI-specific CET1 buffer requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
12	CET1 available after meeting the AI's minimum capital requirements (%)	6.4%	6.4%	7.0%	7.0%	7.9%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	9,532,529	9,292,233	9,422,928	8,798,162	8,530,574
13a	LR exposure measure based on mean values of gross assets of SFTs	–	–	–	–	–
14, 14a & 14b	LR (%)	10.0%	10.2%	10.0%	10.4%	11.0%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	0.0%	0.0%	0.0%	0.0%	0.0%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institutions only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institutions only:					
17a	LMR (%) ¹	159.2%	158.9%	176.8%	153.0%	117.2%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institutions only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institutions only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

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2 Key prudential ratios and overview of risk-weighted assets ("RWA") (continued)

2.1 KM1: Key prudential ratios (continued)

The capital ratios and LMR remained above the minimum regulatory requirements.

Please refer to Template OV1 for a detailed breakdown of RWA and the changes in the CET1 ratio, Tier 1 ratio, and total capital ratio between these periods.

¹ *The LMR disclosed above represents the arithmetic mean of the average LMR of the 3 calendar months within each quarter respectively.*

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2 Key prudential ratios and overview of risk-weighted assets (“RWA”) (continued)

2.2 OV1: Overview of RWA

The following table sets out the Group’s RWA and the corresponding minimum capital requirements by risk types.

		As at 30 June 2026	As at 31 March 2026	As at 30 June 2026
		(a)	(b)	(c)
In HK\$’000		RWA		Minimum capital requirements
1	Credit risk for non-securitization exposures	4,951,466	4,917,104	396,117
2	Of which STC approach	4,951,466	4,917,104	396,117
2a	Of which BSC approach	–	–	–
3	Of which foundation IRB approach	–	–	–
4	Of which supervisory slotting criteria approach	–	–	–
5	Of which advanced IRB approach	–	–	–
5a	Of which retail IRB approach	–	–	–
5b	Of which specific risk-weight approach	–	–	–
5c	Of which cryptoasset exposures to credit risk calculated in accordance with section 376 and Divisions 5, 6 and 8 of Part 12 of the BCR	–	–	–
6	Counterparty credit risk and default fund contributions	2,558	1,275	205
7	Of which SA-CCR	2,558	1,275	205
7a	Of which CEM	–	–	–
8	Of which IMM(CCR) approach	–	–	–
8a	Of which method for group 2b cryptoasset derivative contracts	–	–	–
9	Of which others	–	–	–
10	CVA risk	2,558	1,275	205
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A	N/A
12	Collective investment scheme (“CIS”) exposures – look-through approach / third-party approach	N/A	N/A	N/A
13	CIS exposures – mandate-based approach	N/A	N/A	N/A
14	CIS exposures – fall-back approach	N/A	N/A	N/A
14a	CIS exposures – combination of approaches	N/A	N/A	N/A
15	Settlement risk	–	–	–
16	Securitization exposures in banking book	–	–	–
17	Of which SEC-IRBA	–	–	–
18	Of which SEC-ERBA (including IAA)	–	–	–
19	Of which SEC-SA	–	–	–
19a	Of which SEC-FBA	–	–	–
20	Market risk	14,525	11,313	1,162
21	Of which STM approach	–	–	–
22	Of which IMA	–	–	–
22a	Of which SSTM approach	14,525	11,313	1,162
23	Capital charge for moving exposures between trading book and banking book	N/A	N/A	N/A

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2 Key prudential ratios and overview of risk-weighted assets ("RWA") (continued)

2.2 OV1: Overview of RWA (continued)

		As at 30 June 2026	As at 31 March 2026	As at 30 June 2026
		(a)	(b)	(c)
In HK\$'000		RWA		Minimum capital requirements
24	Operational risk	358,038	345,488	28,643
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	–	–	–
26	Output floor level applied	N/A	N/A	N/A
27	Floor adjustment (before application of transitional cap)	N/A	N/A	N/A
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	Deduction to RWA	168,866	167,464	13,509
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	168,866	167,464	13,509
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	–	–	–
29	Total	5,160,279	5,108,991	412,823

The increase in credit risk RWA for non-securitization exposures was mainly due to the increase in loans and advances to customers.

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3 Composition of regulatory capital

3.1 CC1: Composition of regulatory capital

The table below provides a breakdown of the constituent elements of total regulatory capital.

		As at 30 June 2026	
		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	2,923,000	(3)
2	Retained earnings	(2,492,518)	(4)
3	Disclosed reserves	624,282	(5)
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	–	
6	CET1 capital before regulatory deductions	1,054,764	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	–	
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	56,669	(1)
10	Deferred tax assets (net of associated deferred tax liabilities)	45,926	(2)
11	Cash flow hedge reserve	–	
12	Excess of total EL amount over total eligible provisions under the IRB approach	–	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	–	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in CET1 capital instruments	–	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

		As at 30 June 2026	
		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	–	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	–	
26b	Regulatory reserve for general banking risks	–	
26c	Securitization exposures specified in a notice given by the MA	–	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e	Capital shortfall of regulated non-bank subsidiaries	–	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28	Total regulatory deductions to CET1 capital	102,595	
29	CET1 capital	952,169	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	–	
31	of which: classified as equity under applicable accounting standards	–	
32	of which: classified as liabilities under applicable accounting standards	–	

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

		As at 30 June 2026	
		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	
36	AT1 capital before regulatory deductions	–	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	–	
38	Reciprocal cross-holdings in AT1 capital instruments	–	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
41	National specific regulatory adjustments applied to AT1 capital	–	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–	
43	Total regulatory deductions to AT1 capital	–	
44	AT1 capital	–	
45	Tier 1 capital (T1 = CET1 + AT1)	952,169	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	–	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	–	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	61,925	
51	Tier 2 capital before regulatory deductions	61,925	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	–	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	–	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–	

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

		As at 30 June 2026	
		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	–	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	National specific regulatory adjustments applied to Tier 2 capital	–	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	–	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within BCR §48(1)(g)	–	
57	Total regulatory adjustments to Tier 2 capital	–	
58	Tier 2 capital (T2)	61,925	
59	Total regulatory capital (TC = T1 + T2)	1,014,094	
60	Total RWA	5,160,279	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	18.5%	
62	Tier 1 capital ratio	18.5%	
63	Total capital ratio	19.7%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.0%	
65	of which: capital conservation buffer requirement	2.5%	
66	of which: bank specific countercyclical capital buffer requirement	0.5%	
67	of which: higher loss absorbency requirement	–	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	6.4%	

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

		As at 30 June 2026	
		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	–	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	–	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	–	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	–	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	–	

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

Notes to the template

	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
9	Other intangible assets (net of associated deferred tax liabilities)	56,669	56,669
	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	Deferred tax assets (net of associated deferred tax liabilities)	45,926	12,893
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

Notes to the template (continued)

	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	—
	<u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	—
	<u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

Notes to the template (continued)

	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	—
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 39 (i.e. the amount reported under the “Hong Kong basis”) adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI’s connected companies which were subject to deduction under the Hong Kong approach.		
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	—	—
	<u>Explanation</u> The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non- capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 54 (i.e. the amount reported under the “Hong Kong basis”) adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI’s connected companies which were subject to deduction under the Hong Kong approach.		
Remarks: The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

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REGULATORY DISCLOSURE STATEMENT

3 Composition of regulatory capital (continued)

3.2 CC2: Reconciliation of regulatory capital to balance sheet

In HK\$'000	As at 30 June 2026		
	(a)	(b)	(c)
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross reference to 3.1 (CC1)
Assets			
Balances with central bank and banks	625,761	625,761	
Placements with banks	–	–	
Financial investments	2,740,301	2,740,301	
Derivative financial instruments	1,626	1,626	
Loans and advances to customers	5,831,778	5,831,778	
Amounts due from group companies	4,003	4,003	
Property and equipment	2,750	2,750	
Right-of-use assets	21,400	21,400	
Intangible assets	56,669	56,669	(1)
Other assets	263,469	263,469	
Deferred income tax assets	45,926	45,926	(2)
Tax recoverable	3,910	3,910	
Total assets	9,597,593	9,597,593	
Liabilities			
Deposits from customers	8,197,951	8,197,951	
Lease liabilities	22,956	22,956	
Other liabilities	302,548	302,548	
Amounts due to group companies	19,374	19,374	
Total liabilities	8,542,829	8,542,829	
Equity			
Share capital	2,923,000	2,923,000	
Of which: amount eligible for CET1	2,923,000	2,923,000	(3)
Of which: amount eligible for AT1	–	–	
Reserves	(1,868,236)	(1,868,236)	
Of which: Retained earnings	(2,492,518)	(2,492,518)	(4)
Of which: Reserves	624,282	624,282	(5)
Total equity	1,054,764	1,054,764	
Total liabilities and equity	9,597,593	9,597,593	

WELAB BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

3 Composition of regulatory capital (continued)

3.3 CCA: Main features of regulatory capital instruments

		(a)
		CET1 Capital Ordinary Shares
1	Issuer	Welab Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	Hong Kong law
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules	Not applicable
5	Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$2,923 million (as of 30 June 2026)
9	Par value of instrument	Not applicable
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	Not applicable
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable

¹ Information relating to the disclosure of the full terms and conditions of the Bank's capital instruments can be viewed on the website: www.welab.bank/en/legal/regulatory-disclosures

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REGULATORY DISCLOSURE STATEMENT

3 Composition of regulatory capital (continued)

3.3 CCA: Main features of regulatory capital instruments (continued)

		(a) CET1 Capital Ordinary Shares
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Not applicable
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable

4 Macprudential supervisory measures

4.1 CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

As at 30 June 2026				
	(a)	(c)	(d)	(e)
Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio	AI-specific CCyB ratio	CCyB amount
	%	HK\$'000	%	HK\$'000
1 Hong Kong SAR	0.500	4,861,417		
2 Sum		4,861,417		
3 Total		4,887,442	0.497	25,647

The geographical allocation of private sector credit exposures to the jurisdiction is determined based on the ultimate risk basis where the risk ultimately lies to the best of the knowledge and information obtained by the Group.

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REGULATORY DISCLOSURE STATEMENT

5 Leverage ratio

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

In HK\$'000		As at 30 June 2026
		(a)
	Item	Value under the LR framework
1	Total consolidated assets as per published financial statements	9,597,593
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	—
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	—
4	Adjustments for temporary exemption of central bank reserves	Not applicable
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	—
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	—
7	Adjustments for eligible cash pooling transactions	—
8	Adjustments for derivative contracts	201
9	Adjustment for SFTs (i.e. repos and similar secured lending)	—
10	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	37,965
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(635)
12	Other adjustments	(102,595)
13	Leverage ratio exposure measure	9,532,529

Other adjustments mainly represent intangible assets and deferred tax assets deducted in determining Tier 1 capital. These are excluded for deriving the leverage ratio exposure in accordance with the “Leverage Ratio Framework” issued by the HKMA.

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REGULATORY DISCLOSURE STATEMENT
5 Leverage ratio (continued)
5.2 LR2: Leverage ratio

In HK\$'000		As at 30 June 2026	As at 31 March 2026
		(a)	(b)
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	9,902,418	9,650,509
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	–	–
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	–	–
4	Less: Adjustment for assets other than money received under SFTs that are recognised as an asset	–	–
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(306,451)	(297,337)
6	Less: Asset amounts deducted in determining Tier 1 capital	(102,595)	(96,906)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	9,493,372	9,256,266
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	1,626	839
9	Add-on amounts for PFE associated with all derivative contracts	201	134
10	Less: Exempted CCP leg of client-cleared trade exposures	–	–
11	Adjusted effective notional amount of written credit-related derivative contracts	–	–
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	–	–
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)	1,827	973
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	–	–
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
16	CCR exposure for SFT assets	–	–
17	Agent transaction exposures	–	–
18	Total exposures arising from SFTs (sum of rows 14 to 17)	–	–
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	379,646	356,348
20	Less: Adjustments for conversion to credit equivalent amounts	(341,681)	(320,713)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(635)	(641)
22	Off-balance sheet items (sum of rows 19 to 21)	37,330	34,994

WELAB BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

5 Leverage ratio (continued)

5.2 LR2: Leverage ratio (continued)

In HK\$'000		As at 30 June 2026	As at 31 March 2026
		(a)	(b)
Capital and total exposures			
23	Tier 1 capital	952,169	943,796
24	Total exposures (sum of rows 7, 13, 18 and 22)	9,532,529	9,292,233
Leverage ratio			
25 & 25a	Leverage ratio	10.0%	10.2%
26	Minimum leverage ratio requirement	3.0%	3.0%
27	Applicable leverage buffers	Not applicable	Not applicable
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	–	–
31 & 31a	Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	0.0%	0.0%

WELAB BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

6 Credit risk for non-securitization exposures

6.1 CR1: Credit quality of exposures

The following table sets out an overview of the credit quality of on- and off-balance sheet exposures. Loans include balances with central banks and banks, loans and advances to customers and related accrued interest receivables.

		As at 30 June 2026						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
In HK\$'000		Defaulted exposures	Non- defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	161,507	6,663,717	306,449	76,219	230,230	–	6,518,775
2	Debt securities	–	2,740,303	2	–	2	–	2,740,301
3	Off-balance sheet exposures	–	–	–	–	–	–	–
4	Total	161,507	9,404,020	306,451	76,219	230,232	–	9,259,076

The definition of default includes the following:

- (1) The obligor is past due for more than 90 days on any material credit obligation; or
- (2) The elements to be taken as indicators of unlikelihood to pay, such as
 1. The obligor has sought or has been placed in Bankruptcy petition or similar protection where this would avoid or delay repayment of the credit obligation to the Group; or
 2. The Group makes a charge-off (including deceased charge-off) or account-specific provision resulting from a significant perceived decline in credit quality subsequent to the Group taking on the exposure; or
 3. The Group sells the credit obligation at a material credit-related economic loss; or
 4. Obligation is restructured. For restructured credit facility with continuing monthly repayment of 6 months and remains current, the facility will be transited as non-default status, and classified as performing loan.

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6 Credit risk for non-securitization exposures (continued)

6.2 CR2: Changes in defaulted loans and debt securities

The following table provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as of 30 June 2026.

In HK\$'000		(a)
		Amount
1	Defaulted loans and debt securities at end of the previous reporting period (31 December 2025)	154,415
2	Loans and debt securities that have defaulted since the last reporting period	269,968
3	Returned to non-defaulted status	(49,265)
4	Amounts written off	(204,443)
5	Other changes*	(9,168)
6	Defaulted loans and debt securities at end of the current reporting period (30 June 2026)	161,507

* Other changes include loan repayment and early settlement.

6.3 CR3: Overview of recognized credit risk mitigation

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

In HK\$'000		As at 30 June 2026				
		(a)	(b)	(c)	(d)	(e)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	6,518,775	–	–	–	–
2	Debt securities	2,740,301	–	–	–	–
3	Total	9,259,076	–	–	–	–
4	Of which defaulted	161,507	–	–	–	–

WELAB BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

6 Credit risk for non-securitization exposures (continued)

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

The table below shows the effect of any recognized credit risk mitigation (“CRM”) on the calculation of credit risk capital requirements under the STC approach, together with additional information on RWA density, which provides a synthetic measure of the riskiness of each exposure class.

In HK\$'000		As at 30 June 2026					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	2,844,065	–	2,844,065	–	–	0%
2	Public sector entity exposures	10,244	–	10,244	–	–	0%
3	Multilateral development bank exposures	187,265	–	187,265	–	–	0%
3a	Unspecified multilateral body exposures	–	–	–	–	–	0%
4	Bank exposures	332,909	–	332,909	–	66,582	20%
4a	Qualifying non-bank financial institution exposures	–	–	–	–	–	0%
5	Eligible covered bond exposures	–	–	–	–	–	0%
6	General corporate exposures	–	–	–	–	–	0%
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	–	–	–	–	–	0%
6b	Specialized lending	–	–	–	–	–	0%
7	Equity exposures	–	–	–	–	–	0%
7a	Significant capital investments in commercial entities	–	–	–	–	–	0%
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	–	–	–	–	–	0%
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	–	–	–	–	–	0%
8	Retail exposures	6,037,856	378,503	6,037,856	37,850	4,530,816	75%

WELAB BANK LIMITED
REGULATORY DISCLOSURE STATEMENT
6 Credit risk for non-securitization exposures (continued)
6.4 CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach (continued)

In HK\$'000		As at 30 June 2026					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
8a	Exposures arising from IPO financing	–	–	–	–	–	0%
9	Real estate exposures	–	–	–	–	–	0%
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	0%
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	0%
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	0%
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	0%
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	0%
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	–	–	–	–	–	0%

WELAB BANK LIMITED

REGULATORY DISCLOSURE STATEMENT

6 Credit risk for non-securitization exposures (continued)

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

In HK\$'000		As at 30 June 2026					
		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
9g	Of which: land acquisition, development and construction exposures	–	–	–	–	–	0%
10	Defaulted exposures	85,288	1,067	85,288	107	128,093	150%
11	Other exposures	225,975	–	225,975	–	225,975	100%
11a	Cash and gold	–	–	–	–	–	0%
11b	Items in the process of clearing or settlement	–	–	–	–	–	0%
12	Total	9,723,602	379,570	9,723,602	37,957	4,951,466	51%

The order of application for both on-balance sheet and off-balance sheet exposures is as follows: provisioning, followed by the recognition of credit risk mitigation techniques, and finally the application of CCFs. Currently, no CRM is applied.

WELAB BANK LIMITED
REGULATORY DISCLOSURE STATEMENT
6 Credit risk for non-securitization exposures (continued)
6.5 CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach

The table below provides the breakdown of credit risk exposures by exposure classes and by risk weights under the STC approach.

In HK\$'000

As at 30 June 2026										
1		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Sovereign exposures	2,844,065	–	–	–	–	–	2,844,065		
2		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Public sector entity exposures	10,244	–	–	–	–	–	10,244		
3		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Multilateral development bank exposures	187,265		–	–	–	–	–	187,265	
3a		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Unspecified multilateral body exposures	–	–	–	–	–	–	–		
4		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
	Bank exposures	332,909	–	–	–	–	–	–	–	332,909

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REGULATORY DISCLOSURE STATEMENT
6 Credit risk for non-securitization exposures (continued)
6.5 CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)
In HK\$'000

As at 30 June 2026											
4a		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Qualifying non-bank financial institution exposures	—	—	—	—	—	—	—	—	—	
5		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Eligible covered bond exposures	—	—	—	—	—	—	—	—	—	
6		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
	General corporate exposures	—	—	—		—	—	—	—	—	—
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	—	—	—		—	—	—	—	—	—
6b		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Specialized lending	—	—	—	—	—	—	—	—	—	—

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6 Credit risk for non-securitization exposures (continued)

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

In HK\$'000

As at 30 June 2026						
		100%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures		–	–	–	–
		250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
7a	Significant capital investments in commercial entities	–	–	–	–	–
		150%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	–	–	–	–	–
			150%		Other	Total credit exposure amount (post-CCF and post-CRM)
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates		–		–	–
		45%	75%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
8	Retail exposures	86,545	5,989,161	–	–	6,075,706

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REGULATORY DISCLOSURE STATEMENT

6 Credit risk for non-securitization exposures (continued)

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

In HK\$'000

As at 30 June 2026																						
8a		0%										Other										Total credit exposure amount (post-CCF and post-CRM)
	Exposures arising from IPO financing	—										—										—
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
9	Real estate exposures	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)		—	—	—		—	—	—	—		—	—				—			—	—	
9b	Of which: no loan splitting applied		—	—	—		—	—	—	—		—	—				—			—	—	
9c	Of which: loan splitting applied (secured)																					
9d	Of which: loan splitting applied (unsecured)																					

WELAB BANK LIMITED
REGULATORY DISCLOSURE STATEMENT
6 Credit risk for non-securitization exposures (continued)
6.5 CR5: Credit risk exposures by exposure classes and by risk weights – for STC approach (continued)
In HK\$'000

As at 30 June 2026																					
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)				-	-		-		-			-		-		-			-	-
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-		-	-			-	-		-			-	-	-
9g	Of which: no loan splitting applied	-	-		-		-		-	-			-	-		-			-	-	-
9h	Of which: loan splitting applied (secured)																				
9i	Of which: loan splitting applied (unsecured)																				
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)												-		-			-		-	-

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6 Credit risk for non-securitization exposures (continued)

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

In HK\$'000

As at 30 June 2026																					
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	-	-		-		-		-				-	-		-			-	-	-
9l	Of which: no loan splitting applied	-	-		-		-		-				-	-		-			-	-	-
9m	Of which: loan splitting applied (secured)																				
9n	Of which: loan splitting applied (unsecured)																				
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)																		-	-	-
9p	Of which: land acquisition, development and construction exposures															-			-	-	-

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6 Credit risk for non-securitization exposures (continued)

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

In HK\$'000

As at 30 June 2026						
		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures		–	85,395	–	85,395
		100%	1250%		Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	225,975	–		–	225,975
		0%	100%		Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	–	–		–	–
		0%	20%		Other	Total credit exposure amount (post-CCF and post-CRM)
11b	Items in the process of clearing or settlement	–	–		–	–

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6 Credit risk for non-securitization exposures (continued)

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

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

In HK\$'000	As at 30 June 2026				
	Risk Weight	(a)	(b)	(c)	(d)
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1	Less than 40%	3,374,483	–	–	3,374,483
2	40–70%	57,474	290,709	10%	86,545
3	75%	5,980,382	87,794	10%	5,989,161
4	85%	–	–	–	–
5	90–100%	225,975	–	–	225,975
6	105–130%	–	–	–	–
7	150%	85,288	1,067	10%	85,395
8	250%	–	–	–	–
9	400%	–	–	–	–
10	1,250%	–	–	–	–
11	Total exposures	9,723,602	379,570	10%	9,761,559

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

The order of application for both on-balance sheet and off-balance sheet exposures is as follows: provisioning, followed by the recognition of credit risk mitigation techniques, and finally the application of CCFs. Currently, no CRM is applied.

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7 Counterparty credit risk

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

The following table provides a comprehensive breakdown of default risk exposures (other than those to CCPs), RWAs, and main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs.

		As at 30 June 2026					
		(a)	(b)	(c)	(d)	(e)	(f)
In HK\$'000		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)	1,626	201		1.4	2,558	2,558
1a	CEM (for derivative contracts)	–	–		1.4	–	–
1b	Method for group 2b cryptoasset derivative contracts	–	–		1.4	–	–
2	IMM (CCR) approach			–	–	–	–
3	Simple approach (for SFTs)					–	–
4	Comprehensive approach (for SFTs)					–	–
5	VaR (for SFTs)					–	–
6	Total						2,558

The increase in default risk exposure was attributable to forward rate agreement transactions.

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REGULATORY DISCLOSURE STATEMENT

7 Counterparty credit risk (continued)

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

The table below presents a breakdown of default risk exposures, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the STC approach, by exposure classes and risk-weights.

		As at 30 June 2026											
		(a)	(b)	(c)	(ca)	(cb)	(d)	(e)	(ea)	(f)	(g)	(h)	(i)
In HK\$'000	Risk Weight	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-	-
2	Public sector entity exposures	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
4	Unspecified multilateral body exposures	-	-	-	-	-	-	-	-	-	-	-	-
5	Bank exposures	-	-	-	-	-	-	-	-	-	-	-	-
6	Qualifying non-bank financial institution exposures	-	-	-	-	-	-	-	-	-	-	-	-
7	General corporate exposures	-	-	-	-	-	-	-	-	2,558	-	-	2,558
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
11	Total	-	-	-	-	-	-	-	-	2,558	-	-	2,558

The total counterparty default risk exposure consisted of general corporate exposures.

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7 Counterparty credit risk (continued)

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

The following table provides a breakdown of all types of collateral posted or recognized collateral received to support or reduce counterparty credit risk exposures in respect of derivative contracts or SFTs entered into, including contracts or transactions cleared through a CCP.

In HK\$'000	As at 30 June 2026					
	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated	received	of posted collateral
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

7.4 CCR6: Credit-related derivatives contracts

The table below discloses the amount of credit-related derivative contracts, broken down into credit protection bought and credit protection sold.

In HK\$'000	As at 30 June 2026	
	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

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7 Counterparty credit risk (continued)

7.5 CCR8: Exposures to CCPs

The following table provides a comprehensive breakdown of exposures to both qualifying and non-qualifying CCPs and the respective RWAs, covering all types of credit risk exposures.

In HK\$'000		As at 30 June 2026	
		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		–
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	–	–
3	(i) OTC derivative transactions	–	–
4	(ii) Exchange-traded derivative contracts	–	–
5	(iii) Securities financing transactions	–	–
6	(iv) Netting sets subject to valid cross-product netting agreements	–	–
7	Segregated initial margin	–	
8	Unsegregated initial margin	–	–
9	Funded default fund contributions	–	–
10	Unfunded default fund contributions	–	–
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		–
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	–	–
13	(i) OTC derivative transactions	–	–
14	(ii) Exchange-traded derivative contracts	–	–
15	(iii) Securities financing transactions	–	–
16	(iv) Netting sets subject to valid cross-product netting agreements	–	–
17	Segregated initial margin	–	
18	Unsegregated initial margin	–	–
19	Funded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

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8 Market risk

8.1 MR3: Market risk under SSTM approach

This table provides the components of the market risk capital charge under the SSTM approach for market risk.

In HK\$'000		As at 30 June 2026			
		(a)	(b)	(c)	(d)
		Outright products	Options		
			Simplified approach	Delta-plus method	Other approach
1	Interest rate exposures (general and specific risk)	–	–	–	–
2	Equity exposures (general and specific risk)	–	–	–	–
3	Commodity exposures	–	–	–	–
4	Foreign exchange (including gold) exposures	1,162	–	–	–
5	Securitization exposures	–			
6	Group 2a cryptoasset exposures	–			–
7	Total	1,162	–	–	–

WELAB BANK LIMITED**REGULATORY DISCLOSURE STATEMENT****9 Asset encumbrance****9.1 ENC: Asset encumbrance**

This table provides the amount of encumbered and unencumbered assets.

In HK\$'000	As at 30 June 2026		
	(a)	(c)	(d)
	Encumbered assets	Unencumbered assets	Total
Balances with central bank and banks	–	625,761	625,761
Placements with banks	–	–	–
Financial investments	–	2,740,301	2,740,301
Derivative financial instruments	–	1,626	1,626
Loans and advances to customers	–	5,831,778	5,831,778
Amounts due from group companies	–	4,003	4,003
Property and equipment	–	2,750	2,750
Right-of-use assets	–	21,400	21,400
Intangible assets	–	56,669	56,669
Other assets	–	263,469	263,469
Deferred income tax assets	–	45,926	45,926
Tax recoverable	–	3,910	3,910

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10 International claims

International claims refer to the sum of the cross-border claims in all currencies and local claims in foreign currencies determined in accordance with the calculation methodology specified in the completion instructions for the Return of International Banking Statistics (MA(BS)29A and MA(BS)29B).

Only major geographical segments representing not less than 10% of the Group's total international claims, after taking into account any recognized risk transfers, are disclosed.

In HK\$' millions	As at 30 June 2026					Total
	Banks	Official sector	Non-bank private sector		Unallocated	
			Non-bank financial institutions	Non-financial private sector		
Developed countries	110	740	32	–	–	882
– of which: United States	31	695	22	–	–	748
International organisations	–	–	–	–	187	187

11 Loans and advances to customers

11.1 Loans and advances to customers by geographical area

The analysis of gross loans and advances to customers by industry sectors is based on the categories and definitions stated in the MA(BS)2A "Quarterly Analysis of Loans and Advances and Provisions".

The analysis of the Group's gross loans and advances to customers by geographical area is based on the location of the counterparty, after taking into account any recognized transfer of risk. In general, a transfer of risk occurs where the claim is guaranteed by a party located in a country different from that of the counterparty. Only major geographical segments representing not less than 10% of the Group's total loans and advances to customers, after taking into account any recognized risk transfers, are disclosed.

In HK\$'000	As at 30 June 2026				
	(a)	(b)	(c)	(d)	(e)
	Gross loans and advances to customers	Impaired loans and advances to customers	Overdue loans and advances to customers for over three months	Specific provisions	Collective provisions
Hong Kong	6,132,743	161,507	17,100	76,219	224,746
Total	6,132,743	161,507	17,100	76,219	224,746

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11 Loans and advances to customers (continued)

11.2 Loans and advances to customers by loan usage

The analysis of the Group's gross loans and advances to customers by loan usage, together with the corresponding percentages covered by collateral, is as follows:

In HK\$'000	As at 30 June 2026	
	Gross loans and advances to customers	% of gross loans and advances covered by collateral
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Wholesale and retail trade	336	—
Transport and transport equipment	2,382	—
Recreational activities	277	—
Information technology	294	—
Others	741	—
Individuals		
Others	6,128,713	0.82%
Total	6,132,743	0.82%

11.3 Overdue and rescheduled assets

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

In HK\$'000	As at 30 June 2026	
	Gross loans and advances to customers which have been overdue for	% of total loans and advances to customers
Past due period		
More than 3 months but not more than 6 months	17,100	0.28%
More than 6 months but not more than 1 year	—	—
More than 1 year	—	—

The rescheduled loans and advances to customers are as follows:

In HK\$'000	As at 30 June 2026	
	Gross loans and advances to customers which have been rescheduled for	% of total loans and advances to customers
Rescheduled loans and advances to customers	108,884	1.78%

12 Repossessed assets

The Group did not hold any repossessed assets as at 30 June 2026.

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13 Off-balance sheet exposures (other than derivative transactions)

In HK\$'000	As at 30 June 2026	As at 31 December 2025
Contractual or notional amounts		
Direct credit substitutes	–	–
Transaction-related contingencies	–	–
Trade-related contingencies	–	–
Note issuance and revolving underwriting facilities	–	–
Forward asset purchases, amounts owing on partly paid-up shares and securities, forward forward deposits placed and asset sales with recourse	–	–
Other commitments:		
which are not unconditionally cancellable		
with original maturity of not more than one year	–	–
with original maturity of more than one year	–	–
which are unconditionally cancellable	379,646	328,470
Total	379,646	328,470
Credit risk-weighted amount	19,827	17,238

The unconditionally cancellable loan commitments represent the undrawn portion of revolving loans to customers.

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14 Mainland activities

The following disclosure of the Bank's non-bank Mainland China exposures is prepared on a solo basis, consistent with the basis used in preparing the Return on Mainland Activities (MA(BS)20).

In HK\$'000		As at 30 June 2026		
		(a)	(b)	(c)
		On-balance sheet exposure	Off-balance sheet exposure	Total
1	Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	—	—	—
2	Local governments, local government-owned entities and their subsidiaries and JVs	—	—	—
3	PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,289	—	6,289
4	Other entities of central government not reported in item 1 above	—	—	—
5	Other entities of local governments not reported in item 2 above	—	—	—
6	PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	—	—	—
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	—	—	—
8	Total	6,289	—	6,289
9	Total assets after provision	9,316,463		
10	On-balance sheet exposures as percentage of total assets	0.07%		

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15 Currency risk

The Group is exposed to foreign exchange risk, primarily in United States dollars ("USD"). The Group's currency risk exposures for individual currencies representing more than 10% of its total net position in all foreign currencies are set out below. The disclosure is prepared on a solo basis, which is the same basis as that used for the purpose of preparing the regulatory returns on foreign currency position (MA(BS)6).

	As at 30 June 2026
In HK\$'000	(a)
US dollars exposures	
Spot assets	1,033,106
Spot liabilities	(871,098)
Forward purchases	—
Forward sales	—
Net options position	—
Net long non-structural position	162,008

There were no structural foreign currency positions or option positions as at 30 June 2026.

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REGULATORY DISCLOSURE STATEMENT

16 Abbreviations

Abbreviations	Brief Description
AI	Authorized Institution
AT1	Additional Tier 1
BSC	Basic Approach
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
DTAs	Deferred Tax Assets
D-SIBs	Domestic Systemically Important Authorized Institution
ECL	Expected Credit Loss
EL	Expected Loss
FBA	Fall-Back Approach
G-SIBs	Global Systemically Important Authorized Institution
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
IMA	Internal Models Approach
IMM (CCR)	Internal Models Approach (Counterparty Credit Risk)
IRB	Internal Ratings-Based Approach
J	Jurisdiction
JCCyB	Jurisdiction Countercyclical Capital Buffer
JVs	Joint Ventures
LAC	Loss-Absorbing Capacity
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LTA	Look-Through Approach
LR	Leverage Ratio
MA	Monetary Authority
MBA	Mandate-Based Approach
MSRs	Mortgage Servicing Rights
N/A	Not Applicable
NSFR	Net Stable Funding Ratio
OBS	Off-Balance Sheet
PFE	Potential Future Exposure
PSE	Public Sector Entity
RW	Risk-Weight
RWA	Risk-Weighted Asset/Risk-Weighted Amount

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16 Abbreviations (continued)

Abbreviations	Brief Description
SA-CCR	Standardized Approach (Counterparty Credit Risk)
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-Back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
SSTM	Simplified Standardized Approach
STC	Standardized (Credit Risk) Approach
STM	Standardized (Market Risk) Approach