



**REGULATORY DISCLOSURE STATEMENT  
For the year ended 31 December 2025**

**(Unaudited)**

# WELAB BANK LIMITED

## REGULATORY DISCLOSURE STATEMENT

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## REGULATORY DISCLOSURE STATEMENT

### 1 Introduction

#### 1.1 Purpose

This unaudited Regulatory Disclosure Statement should be read in conjunction with 2025 audited Financial Statements (“financial statements”). The financial statements and this Regulatory Disclosure Statement taken together 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 operational risk, the capital requirement is calculated using the Revised 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](http://www.welab.bank).

#### 1.3 Basis of consolidation

On 6 June 2024, the Bank acquired 100% equity interests in Welab Crest Limited (“Welab Crest”) from Welab Holdings Limited for a cash consideration of HK\$6,259,000. Through this acquisition, the Bank indirectly gained full ownership of Welend Limited (“Welend”), which is wholly-owned by Welab Crest. 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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## REGULATORY DISCLOSURE STATEMENT

### 2 Key prudential ratios

#### 2.1 KM1: Key prudential ratios

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

In HK\$'000		At 31 December 2025	At 30 September 2025	At 30 June 2025	At 31 March 2025	At 31 December 2024
	<b>Regulatory capital (amount)</b>					
1 & 1a	Common Equity Tier 1 (CET1)	946,716	917,510	934,276	927,805	925,583
2 & 2a	Tier 1	946,716	917,510	934,276	927,805	925,583
3 & 3a	Total capital	1,006,626	975,402	990,567	983,763	980,420
	<b>RWA (amount)</b>					
4	Total RWA	4,970,128	4,809,523	4,674,522	4,612,834	5,347,956
4a	Total RWA (pre-floor)	4,970,128	4,809,523	4,674,522	4,612,834	5,347,956
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5 & 5a	CET1 ratio (%)	19.0%	19.1%	20.0%	20.1%	17.3%
5b	CET1 ratio (%) (pre-floor ratio)	19.0%	19.1%	20.0%	20.1%	17.3%
6 & 6a	Tier 1 ratio (%)	19.0%	19.1%	20.0%	20.1%	17.3%
6b	Tier 1 ratio (%) (pre-floor ratio)	19.0%	19.1%	20.0%	20.1%	17.3%
7 & 7a	Total capital ratio (%)	20.3%	20.3%	21.2%	21.3%	18.3%
7b	Total capital ratio (%) (pre-floor ratio)	20.3%	20.3%	21.2%	21.3%	18.3%
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
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 (%)	7.0%	7.0%	7.9%	8.1%	5.1%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	9,422,928	8,798,162	8,530,574	8,474,795	8,233,861
13a	LR exposure measure based on mean values of gross assets of SFTs	–	–	–	–	–
14, 14a & 14b	LR (%)	10.0%	10.4%	11.0%	10.9%	11.2%
14c & 14d	LR (%) based on mean values of gross assets of SFTs	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	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 (%) <sup>1</sup>	176.8%	153.0%	117.2%	112.2%	163.5%
	<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>					
	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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### **REGULATORY DISCLOSURE STATEMENT**

#### **2 Key prudential ratios (continued)**

##### **2.1 KM1: Key prudential ratios (continued)**

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

The decrease in the CET1 ratio, Tier 1 ratio, and total capital ratio were mainly due to the increase in credit risk RWA driven by higher loans and advances to customers. Please refer to Template OV1 for a detailed breakdown of RWA and the changes between these periods.

The Group maintained a higher level of liquefiable assets, accompanied by a decline in deposits maturing within one month, which contributed to an increase in the LMR.

<sup>1</sup> *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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#### **3 Overview of risk management and risk weighted assets (“RWA”)**

##### **3.1 OVA: Overview of risk management**

###### **Overview of risk management**

The Group’s risk management framework is designed to cover all business processes and ensure various risks are properly managed and controlled in the course of conducting business. The key financial risks related to the Group’s business include credit risk, counterparty credit risk, market risk, liquidity risk, interest rate risk, technology risk and operational risk. Further information on the management of these risks is set out below.

###### **Risk culture**

The Group has implemented strong risk culture and considered it as one of the core values of the Group and is endorsed by the Board of Directors (“the Board”) and being followed by the senior management. The risk culture of the Group is created through setting and complying with the risk management strategies and core risk management principles as well as establishing a sound risk management system and effective risk management process to address material risks under normal and stressed conditions in a forward-looking approach. Risk awareness is promoted not only to business lines but also applied to all staff to enhance the Group’s overall risk management through appropriate training, workshops, annual declaration on key compliance controls and professional certifications.

###### **Risk governance**

The Board has the ultimate responsibility for the effective management of risk and approves and oversees the Group’s overall risk management framework. The Board delegates its power to supervise the Group’s major functional areas, including products risk management, compliance, treasury and financial control, and the risks associated with them to the Risk Committee, the Audit Committee, and the Executive Committee. The Risk Committee in particular has the authority and responsibility to oversee and guide the overall management of the collective set of different risks undertaken by the Group. The Chief Executive, Chief Risk Officer and other senior management and risk stewards have the responsibility to ensure various risk limits are appropriately established according to the risk management strategies set by the Board, and to oversee the effectiveness of managing and controlling risk in the day-to-day management of the Group. At management level, Risk Management Committee (“RMC”), Asset and Liability Committee (“ALCO”), Credit Risk Management Committee (“CRMC”), Information Security Committee (“ISC”), oversee the risk management of the various risk types. Business units act as the first line of defence in risk management while other functional units, in particular, Risk, Legal & Compliance and Finance departments, which are independent from the business units, acts as the second line of defence, assist in managing different kinds of risks. Internal Audit department, acts as the third line of defence, is responsible for providing independent assurance through conducting internal audits, and reporting to the Audit Committee on the quality of risk controls and management, the adequacy and the compliance of internal policies and procedures.

###### **Risk appetite**

The Group’s Risk Appetite Statement is reviewed and approved by the Board from time to time and at least annually with reference to evolving industry and market development, which describes the level of risk that the Group is prepared to accept in pursuit of the Group’s strategic objectives. The Group adopts a low risk appetite in managing and controlling risks in a prudent manner with a view to achieving steady growth and reasonable returns.

Various ratios and risk limits are set and under continuous robust monitoring according to the legal, regulatory and operational resilience requirements to limit and control the risk exposure of the Group under a risk tolerance level acceptable to the Group and commensurate with the risk adverse culture as well as prudent management practice.

## **WELAB BANK LIMITED**

### **REGULATORY DISCLOSURE STATEMENT**

#### **3 Overview of risk management and risk weighted assets (“RWA”) (continued)**

##### **3.1 OVA: Overview of risk management (continued)**

###### **Stress testing**

Stress testing is a risk management tool and involves the use of various techniques to assess the Group’s potential vulnerability to adverse changes in market conditions. It is conducted with hypothetical as well as historical assumptions. With the establishment of various alerting levels under different scenarios, it helps to alert the management to adverse unexpected outcomes related to a variety of risks and provides an indication to the amount of financial resources (including capital and liquidity) that might be necessary for absorbing losses caused by, or to withstand, severe stressed conditions.

###### **Risk information reporting, risk measurement and reporting systems**

The Group has developed various systems for risk measurement and reporting for different risk exposures. Further information on the measurement and reporting of credit risk, market risk, liquidity risk and interest rate risk in the banking book exposures are provided in this statement. Regular report on risk exposures and risk management activities of the Group is presented to the Risk Committee. The Risk Management Committee is responsible for overseeing the effective management of the Group’s principal risk types (as defined under Enterprise Risk Management Framework), and also other emerging risk types as highlighted in respective HKMA SPM (including IC-1, SA-1 etc). The Group continues to invest significant resources in IT systems and processes in order to maintain and uplift the risk management capabilities.

###### **Risk mitigation**

The Group applies different strategies and processes to mitigate different risks on an ongoing basis. The progresses of these mitigations are tracked in respective governance platforms.

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## REGULATORY DISCLOSURE STATEMENT

### 3 Overview of risk management and risk weighted assets (“RWA”) (continued)

#### 3.2 OV1: Overview of RWA

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

		At 31 December 2025	At 30 September 2025	At 31 December 2025
		(a)	(b)	(c)
In HK\$’000		RWA		Minimum capital requirements
1	Credit risk for non-securitization exposures	4,792,766	4,631,331	383,421
2	Of which STC approach	4,792,766	4,631,331	383,421
2a	Of which BSC approach	–	–	–
3	Of which foundation IRB approach	–	–	–
4	Of which supervisory slotting criteria approach	–	–	–
5	Of which advanced IRB approach	–	–	–
5a	Of which retail IRB approach	–	–	–
5b	Of which specific risk-weight approach	–	–	–
6	Counterparty credit risk and default fund contributions	–	–	–
7	Of which SA-CCR approach	–	–	–
7a	Of which CEM	–	–	–
8	Of which IMM(CCR) approach	–	–	–
9	Of which others	–	–	–
10	CVA risk	–	–	–
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A	N/A
12	Collective investment scheme (“CIS”) exposures – look-through approach / third-party approach	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	9,875	10,100	790
21	Of which STM approach	–	–	–
22	Of which IMA	–	–	–
22a	Of which SSTM approach	9,875	10,100	790
23	Capital charge for moving exposures between trading book and banking book	N/A	N/A	N/A
24	Operational risk	333,263	320,688	26,661
24a	Sovereign concentration risk	N/A	N/A	N/A
25	Amounts below the thresholds for deduction (subject to 250% RW)	–	–	–

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**3 Overview of risk management and risk weighted assets (“RWA”) (continued)**

**3.2 OV1: Overview of RWA (continued)**

		At 31 December 2025	At 30 September 2025	At 31 December 2025
		(a)	(b)	(c)
In HK\$'000		RWA		Minimum capital requirements
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	165,776	152,596	13,262
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	165,776	152,596	13,262
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	4,970,128	4,809,523	397,610

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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## REGULATORY DISCLOSURE STATEMENT

### 4 Linkages between financial statements and regulatory exposures

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

In HK\$'000	At 31 December 2025						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Carrying values reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
subject to credit risk framework			subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework*		
<b>Assets</b>							
Balances with central bank and banks	615,003	615,003	615,003	–	–	–	–
Placements with banks	154,999	154,999	154,999	–	–	–	–
Financial investments	2,722,140	2,722,140	2,722,140	–	–	–	–
Loan and advances to customers	5,621,776	5,621,776	5,621,776	–	–	–	–
Amounts due from group companies	2,841	2,841	2,841	–	–	–	–
Property and equipment	1,480	1,480	1,480	–	–	–	–
Right-of-use assets	28,503	28,503	28,503	–	–	–	–
Intangible assets	53,756	53,756	–	–	–	–	53,756
Other assets	240,001	240,001	240,001	–	–	–	–
Deferred income tax assets	42,095	42,095	–	–	–	–	42,095
Tax recoverable	3,910	3,910	3,910	–	–	–	–
<b>Total assets</b>	<b>9,486,504</b>	<b>9,486,504</b>	<b>9,390,653</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>95,851</b>
<b>Liabilities</b>							
Deposits from customers	8,107,898	8,107,898	–	–	–	–	8,107,898
Lease liabilities	29,891	29,891	–	–	–	–	29,891
Other liabilities	290,352	290,352	–	–	–	–	290,352
Amounts due to group companies	15,796	15,796	–	–	–	–	15,796
<b>Total liabilities</b>	<b>8,443,937</b>	<b>8,443,937</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,443,937</b>

\* For the purpose of this template, column (f) also includes items subject to CVA risk framework.

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### REGULATORY DISCLOSURE STATEMENT

#### 4 Linkages between financial statements and regulatory exposures (continued)

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

The following table shows the main sources of differences between regulatory exposure amounts and the carrying values in the financial statements.

In HK\$'000		At 31 December 2025				
		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
credit risk framework	securitization framework		counterparty credit risk framework	market risk framework*		
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	9,390,653	9,390,653	–	–	–
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	–	–	–	–	–
3	Total net amount under regulatory scope of consolidation	9,390,653	9,390,653	–	–	–
4	Off-balance sheet amounts	328,470	32,847	–	–	
5	Differences due to consideration of provisions	225,114	225,114	–	–	
6	Exposure amounts considered for regulatory purposes	9,944,237	9,648,614	–	–	

\* For the purpose of this template, column (e) also includes items subject to CVA risk framework.

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

The key differences between accounting and regulatory exposure amounts are the differences due to consideration of provisions. The regulatory exposure value under STC approaches is net of impairment allowance for Stage 3 financial assets. Stages 1 and 2 impairment allowance are included in Tier 2 capital for regulatory capital purposes.

Off-balance sheet items under regulatory purpose are converted into credit equivalent amount through the use of credit conversion factors (CCFs).

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## REGULATORY DISCLOSURE STATEMENT

### 4 Linkages between financial statements and regulatory exposures (continued)

#### 4.4 PV1: Prudential valuation adjustments

The following table shows a detailed breakdown of the constituent elements of valuation adjustment that have not been taken into account in the calculation of the amount of the Group's retained earnings or other disclosed reserves. The Group does not have any valuation adjustments as at 31 December 2025.

In HK\$'000		At 31 December 2025							
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	-	-	-	-	-	-	-	-
2	<i>Mid-market value</i>	-	-	-	-	-	-	-	-
3	<i>Close-out costs</i>	-	-	-	-	-	-	-	-
4	<i>Concentration</i>	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risks	-	-	-	-	-	-	-	-
8	Investing and funding costs						-	-	-
9	Unearned credit spreads						-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other adjustments	-	-	-	-	-	-	-	-
12	<b>Total adjustments</b>	-	-	-	-	-	-	-	-

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## REGULATORY DISCLOSURE STATEMENT

### 5 Composition of regulatory capital

#### 5.1 CC1: Composition of regulatory capital

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

		As at 31 December 2025	
		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	2,905,000	(3)
2	Retained earnings	(2,480,705)	(4)
3	Disclosed reserves	618,272	(5)
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	–	
6	<b>CET1 capital before regulatory deductions</b>	<b>1,042,567</b>	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	–	
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	53,756	(1)
10	Deferred tax assets (net of associated deferred tax liabilities)	42,095	(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)	–	
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

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**REGULATORY DISCLOSURE STATEMENT**

**5 Composition of regulatory capital (continued)**

**5.1 CC1: Composition of regulatory capital (continued)**

		As at 31 December 2025	
		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
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	<b>Total regulatory deductions to CET1 capital</b>	<b>95,851</b>	
29	<b>CET1 capital</b>	<b>946,716</b>	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	–	
31	of which: classified as equity under applicable accounting standards	–	
32	of which: classified as liabilities under applicable accounting standards	–	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	
36	<b>AT1 capital before regulatory deductions</b>	<b>–</b>	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	–	
38	Reciprocal cross-holdings in AT1 capital instruments	–	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
41	National specific regulatory adjustments applied to AT1 capital	–	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–	

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**5 Composition of regulatory capital (continued)**

**5.1 CC1: Composition of regulatory capital (continued)**

		As at 31 December 2025	
		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
43	<b>Total regulatory deductions to AT1 capital</b>	-	
44	<b>AT1 capital</b>	-	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>946,716</b>	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	59,910	
51	<b>Tier 2 capital before regulatory deductions</b>	<b>59,910</b>	
<b>Tier 2 capital: regulatory deductions</b>			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
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)	-	

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**5 Composition of regulatory capital (continued)**

**5.1 CC1: Composition of regulatory capital (continued)**

		As at 31 December 2025	
		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
57	Total regulatory adjustments to Tier 2 capital	–	
58	Tier 2 capital (T2)	59,910	
59	Total regulatory capital (TC = T1 + T2)	1,006,626	
60	Total RWA	4,970,128	
<b>Capital ratios (as a percentage of RWA)</b>			
61	CET1 capital ratio	19.0%	
62	Tier 1 capital ratio	19.0%	
63	Total capital ratio	20.3%	
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	7.0%	
<b>National minima (if different from Basel 3 minimum)</b>			
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
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	–	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	–	
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	–	

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**5 Composition of regulatory capital (continued)**

**5.1 CC1: Composition of regulatory capital (continued)**

**Notes to the template**

	<b>Description</b>	<b>Hong Kong basis HK\$'000</b>	<b>Basel III basis HK\$'000</b>
9	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	<b>53,756</b>	<b>53,756</b>
	<p><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.</p>		
10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	<b>42,095</b>	<b>10,155</b>
	<p><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.</p>		

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**5 Composition of regulatory capital (continued)**

**5.1 CC1: Composition of regulatory capital (continued)**

Notes to the template (continued)

	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
18	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	–	–
	<p><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.</p>		
19	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	–	–
	<p><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.</p>		

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**5 Composition of regulatory capital (continued)**

**5.1 CC1: Composition of regulatory capital (continued)**

**Notes to the template (continued)**

	Description	Hong Kong basis HK\$'000	Basel III basis HK\$'000
39	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	–	–
	<p><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.</p>		
54	<b>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)</b>	–	–
	<p><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.</p>		

**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.

# WELAB BANK LIMITED

## REGULATORY DISCLOSURE STATEMENT

### 5 Composition of regulatory capital (continued)

#### 5.2 CC2: Reconciliation of regulatory capital to balance sheet

In HK\$'000	As at 31 December 2025		
	(a)	(b)	(c)
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Cross Reference to 5.1 (CC1)
<b>Assets</b>			
Balances with central bank and banks	615,003	615,003	
Placements with banks	154,999	154,999	
Financial investments	2,722,140	2,722,140	
Loans and advances to customers	5,621,776	5,621,776	
Amounts due from group companies	2,841	2,841	
Property and equipment	1,480	1,480	
Right-of-use assets	28,503	28,503	
Intangible assets	53,756	53,756	(1)
Other assets	240,001	240,001	
Deferred income tax assets	42,095	42,095	(2)
Tax recoverable	3,910	3,910	
<b>Total assets</b>	<b>9,486,504</b>	<b>9,486,504</b>	
<b>Liabilities</b>			
Deposits from customers	8,107,898	8,107,898	
Lease liabilities	29,891	29,891	
Other liabilities	290,352	290,352	
Amounts due to group companies	15,796	15,796	
<b>Total liabilities</b>	<b>8,443,937</b>	<b>8,443,937</b>	
<b>Equity</b>			
Share capital	2,905,000	2,905,000	
Of which: amount eligible for CET1	2,905,000	2,905,000	(3)
Of which: amount eligible for AT1	–	–	
Reserves	(1,862,433)	(1,862,433)	
Of which: Retained earnings	(2,480,705)	(2,480,705)	(4)
Of which: Reserves	618,272	618,272	(5)
<b>Total equity</b>	<b>1,042,567</b>	<b>1,042,567</b>	
<b>Total liabilities and equity</b>	<b>9,486,504</b>	<b>9,486,504</b>	

# WELAB BANK LIMITED

## REGULATORY DISCLOSURE STATEMENT

### 5 Composition of regulatory capital (continued)

#### 5.3 CCA: Main features of regulatory capital instruments

		(a)
		CET 1 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\$2,905 million (as of 31 December 2025)
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
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

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

**WELAB BANK LIMITED****REGULATORY DISCLOSURE STATEMENT****6 Macprudential supervisory measures****6.1 CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer (“CCyB”)**

<b>As at 31 December 2025</b>				
	<b>(a)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>
<b>Geographical breakdown by Jurisdiction (J)</b>	<b>Applicable JCCyB ratio in effect</b>	<b>RWA used in computation of CCyB ratio</b>	<b>AI-specific CCyB ratio</b>	<b>CCyB amount</b>
	<b>%</b>	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>
1 Hong Kong SAR	0.500	4,672,780		
2 Sum		4,672,780		
3 Total		4,699,295	0.497	24,702

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.

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 7 Leverage ratio

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

In HK\$'000		At 31 December 2025
		(a)
	Item	Value under the LR framework
1	Total consolidated assets as per published financial statements	9,486,504
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	–
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)	32,847
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	(572)
12	Other adjustments	(95,851)
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>9,422,928</b>

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.

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**7 Leverage ratio (continued)**

**7.2 LR2: Leverage ratio**

In HK\$'000		At	At
		31 December 2025	30 September 2025
		(a)	(b)
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	9,792,191	9,145,861
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	–	–
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	–	–
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	–	–
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	(305,687)	(278,956)
6	Less: Asset amounts deducted in determining Tier 1 capital	(95,851)	(96,858)
7	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)</b>	<b>9,390,653</b>	<b>8,770,047</b>
<b>Exposures arising from derivative contracts</b>			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	–	–
9	Add-on amounts for PFE associated with all derivative contracts	–	–
10	Less: Exempted CCP leg of client-cleared trade exposures	–	–
11	Adjusted effective notional amount of written credit-related derivative contracts	–	–
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	–	–
13	<b>Total exposures arising from derivative contracts (sum of rows 8 to 12)</b>	<b>–</b>	<b>–</b>
<b>Exposures arising from SFTs</b>			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	–	–
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
16	CCR exposure for SFT assets	–	–
17	Agent transaction exposures	–	–
18	<b>Total exposures arising from SFTs (sum of rows 14 to 17)</b>	<b>–</b>	<b>–</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	328,470	285,756
20	Less: Adjustments for conversion to credit equivalent amounts	(295,623)	(257,180)
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	(572)	(461)
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>32,275</b>	<b>28,115</b>
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	<b>946,716</b>	<b>917,510</b>
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>9,422,928</b>	<b>8,798,162</b>
<b>Leverage ratio</b>			
25 & 25a	<b>Leverage ratio</b>	<b>10.0%</b>	<b>10.4%</b>
26	<b>Minimum leverage ratio requirement</b>	<b>3.0%</b>	<b>3.0%</b>
27	<b>Applicable leverage buffers</b>	<b>Not applicable</b>	<b>Not applicable</b>

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**7 Leverage ratio (continued)**

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

In HK\$'000		At	At
		31 December 2025	30 September 2025
		(a)	(b)
<b>Disclosure of mean values</b>			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
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**

#### **8 Liquidity**

##### **8.1 LIQA: Liquidity risk management**

###### ***Qualitative disclosure related to liquidity risk management***

###### **Governance of liquidity risk management**

The Group's risk appetite is the risk level that the Group is prepared to accept to achieve its strategic and business objectives. ALCO has been delegated by the Board to manage the Group's liquidity risk strategy, procedures and practices. ALCO membership consists of the Chief Executive, Alternate Chief Executives, Chief Risk Officer and senior management members. The risk appetite and related limits are reviewed and approved by the Board and Risk Committee at least annually in order to align with industry standards, market developments and business conditions of the Group.

An acceptable risk appetite is adopted in managing and controlling risks in a prudent manner to balance the risk and return that the Group is prepared to take. Various ratios and risk limits are set with reference to the legal and regulatory requirements to limit and control the risk exposure under an acceptable risk appetite level and commensurate with prudent liquidity risk management practices.

The Group's liquidity risk is monitored by the Liquidity Risk Team, management and ALCO in accordance with the guidelines and procedures laid down in the liquidity risk management policy that has been reviewed and approved by the Board and ALCO periodically.

###### **Liquidity risk management**

The Group's operation is mainly funded by customer deposits and shareholder's fund. Diversified and stable funding sources are maintained by determining the appropriate mix of liabilities and building strong and lasting relationships with key fund providers in accordance with the liquidity risk management policy.

Adequate liquidity will be maintained at all times to meet obligations when they fall due in normal circumstances and an appropriate mix of additional stock of high-quality liquid assets will be maintained to provide contingent liquidity in the event of a funding crisis.

Monitoring and reporting take the form of cash flow measurement and projections. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

###### **Stress testing**

The liquidity stress-testing results form an important component in assisting the Risk Committee with reviewing and endorsing the Group's risk appetite levels, which are defined by internal limits on various risk ratios, as well as assisting the ALCO in managing the overall liquidity of the Group and to make informed strategic business decisions.

###### **Contingency funding plan**

The contingency funding plan is a component of the Group's business contingency plan which describes the Group's strategy for dealing with any liquidity problems, and the procedures for making up cash flow deficits in emergency situations.

## **WELAB BANK LIMITED**

### **REGULATORY DISCLOSURE STATEMENT**

#### **8 Liquidity (continued)**

##### **8.1 LIQA: Liquidity risk management (continued)**

###### ***Quantitative disclosure related to liquidity risk management (continued)***

###### **Customised measurement tools or metrics**

A cash-flow approach is adopted to manage liquidity risk by ensuring that a net positive cash-flow position is maintained or otherwise sufficient cash can be generated from assets or funding sources to cover any funding shortfalls. The projections are forward-looking and covers liquidity risks stemming from on-balance sheet assets and liabilities and off-balance sheet positions. Cash-flow projections are made over daily time bands of up to 95 days ahead and wider time bands of up to 1 year ahead. Internal limits are set to control the size of the cumulative net mismatch positions for the shorter-term time bands. Cash-flow projections cover positions in HK dollar and in all currencies aggregated. Separate cash-flow projections will also be performed for other significant currencies when its denominated liabilities accounted for more than 5% of the Group's total liabilities.

###### **Concentration limits on collateral pools and sources of funding**

Retail deposits are the major and important part of the Group's funding base, and the composition and quality of such deposits are carefully monitored and closely managed.

###### **Liquidity exposures and funding needs of the Group**

The Group, designated as a Category 2 institution, is not required to calculate the liquidity coverage ratio ("LCR") and net stable funding ratio ("NSFR") under the Banking (Liquidity) Rules. Instead, the Liquidity Maintenance Ratio ("LMR") is used to measure the short-term liquidity exposures of the Group against its funding needs. The LMR is a ratio, expressed as a percentage, of the amount of a category 2 institution's "liquefiable assets" to the amount of the institution's "qualifying liabilities" (after deductions) over a calendar month. Under the Banking Ordinance and communication with HKMA, the Group is subject to the statutory limit of the LMR, which is prescribed at 25%.

# WELAB BANK LIMITED

## REGULATORY DISCLOSURE STATEMENT

### 8 Liquidity (continued)

#### 8.1 LIQA: Liquidity risk management (continued)

##### Contractual maturity profile

The table below analyses the on-balance sheet items, broken down into maturity buckets of the Group as of 31 December 2025 based on the completion instructions of the HKMA MA(BS)23 – Liquidity Monitoring Tools:

In HK\$000	At 31 December 2025											Balancing amount
	Total amount	Next day	2 to 7 days	8 days to 1 month	>1 month up to 3 months	>3 months up to 6 months	>6 months up to 1 year	>1 year up to 2 years	>2 years up to 3 years	>3 years up to 5 years	Over 5 years	
<b>On-balance sheet assets</b>												
Due from MA for a/c of Exchange Fund	302,805	302,805	-	-	-	-	-	-	-	-	-	-
Due from banks	467,355	312,313	30,020	125,022	-	-	-	-	-	-	-	-
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)												
(a) Readily monetizable	2,726,098	2,726,098										
(b) Not readily monetizable												
Loans and advances to non-bank customers	5,987,719	85,278	73,854	62,182	325,875	479,099	924,803	1,613,818	1,110,941	1,115,552	18,374	177,943
Other assets	308,249	6,175	-	2,748	-	-	18	8,905	-	20,830	-	269,573
<b>Total</b>	<b>9,792,226</b>	<b>3,432,669</b>	<b>103,874</b>	<b>189,952</b>	<b>325,875</b>	<b>479,099</b>	<b>924,821</b>	<b>1,622,723</b>	<b>1,110,941</b>	<b>1,136,382</b>	<b>18,374</b>	<b>447,516</b>
<b>On-balance sheet liabilities</b>												
Deposits from non-bank customers												
(a) Pledged deposits	-	-	-	-	-	-	-	-	-	-	-	-
(b) Demand, savings and current account deposits	677,974	677,974										
(c) Term, call and notice deposits	7,492,705	27,989	286,433	834,083	2,866,970	1,649,513	1,823,953	3,764	-	-	-	-
Other liabilities	275,420	72,510	-	103,427	30,782	3,257	8,143	23,120	-	-	-	34,181
Capital and reserves	1,042,567	-	-	-	-	-	-	-	-	-	-	1,042,567
<b>Total</b>	<b>9,488,666</b>	<b>778,473</b>	<b>286,433</b>	<b>937,510</b>	<b>2,897,752</b>	<b>1,652,770</b>	<b>1,832,096</b>	<b>26,884</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,076,748</b>
<b>Contractual Maturity Mismatch</b>		<b>2,654,196</b>	<b>(182,559)</b>	<b>(747,558)</b>	<b>(2,571,877)</b>	<b>(1,173,671)</b>	<b>(907,275)</b>	<b>1,595,839</b>	<b>1,110,941</b>	<b>1,136,382</b>	<b>18,374</b>	
<b>Cumulative Contractual Maturity Mismatch</b>		<b>2,654,196</b>	<b>2,471,637</b>	<b>1,724,079</b>	<b>(847,798)</b>	<b>(2,021,469)</b>	<b>(2,928,744)</b>	<b>(1,332,905)</b>	<b>(221,964)</b>	<b>914,418</b>	<b>932,792</b>	

## **WELAB BANK LIMITED**

### **REGULATORY DISCLOSURE STATEMENT**

#### **9 Credit risk for non-securitization exposures**

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

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. The Group's exposure to credit risk arises from treasury and retail loan products.

The approach used for defining credit risk management policy and setting credit risk limits is described in note 3(a) to the audited financial statements.

Various analytical reports on credit risk exposures and credit risk management are provided regularly to senior management, including the portfolio distribution and credit quality, credit portfolio risk monitoring and compliance, impairment allowance and large exposures and risk concentrations.

The Group's organization structure establishes a clear set of authority and responsibility for monitoring compliance with policies, procedures and limits. The Credit Risk team is responsible for establishing credit policies, monitoring portfolio quality and impairment charge, ensuring compliance with statutory and internal lending limits, evaluating credit applications, making credit decisions etc.

The Chief Risk Officer ("CRO") takes charges of the Group's overall credit risk management. The CRO is responsible for ensuring that the Group's risk management framework, all related policies and control procedures, and business processes are effective, adequate, properly implemented and consistent with the overall risk appetite of the Group and credit related regulatory requirements. The CRO is also responsible for assessing, evaluating and monitoring the use of risk limits and ensuring that quantifiable risks are within the approved limits.

Various units of the Group have their respective credit risk management responsibilities. Business departments, being the first line of defence, are responsible for performing on-going "know your customer" checks. The Credit Risk team is independent from the business departments, acts as the second line of defence, is responsible for independent evaluation of credit applications, performing credit monitoring and review, and ensuring that all the relevant regulatory and statutory requirements and limits are complied with by the Group. The Internal Audit department, being the third line of defence, is responsible for examining and evaluating the adequacy and effectiveness of the internal controls, risk management and governance systems and processes of the Group, and assessing compliance with regulatory and statutory requirements.

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 9 Credit risk for non-securitization exposures (continued)

##### 9.2 CR1: Credit quality of exposures

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

		As at 31 December 2025						
		(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	154,415	6,603,465	305,682	80,573	225,109	–	6,452,198
2	Debt securities	–	2,726,062	5	–	5	–	2,726,057
3	Off-balance sheet exposures	–	–	–	–	–	–	–
4	<b>Total</b>	<b>154,415</b>	<b>9,329,527</b>	<b>305,687</b>	<b>80,573</b>	<b>225,114</b>	<b>–</b>	<b>9,178,255</b>

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 Bank; or
  2. The Bank makes a charge-off (including deceased charge-off) or account-specific provision resulting from a significant perceived decline in credit quality subsequent to the Bank taking on the exposure; or
  3. The Bank 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.

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 9 Credit risk for non-securitization exposures (continued)

##### 9.3 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 31 December 2025.

In HK\$'000		(a)
		Amount
1	<b>Defaulted loans and debt securities at end of the previous reporting period (30 June 2025)</b>	<b>128,105</b>
2	Loans and debt securities that have defaulted since the last reporting period	265,770
3	Returned to non-defaulted status	30,900
4	Amounts written off	(192,218)
5	Other changes*	(78,142)
6	<b>Defaulted loans and debt securities at end of the current reporting period (31 December 2025)</b>	<b>154,415</b>

\* Other changes include loan repayment and early settlement.

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 9 Credit risk for non-securitization exposures (continued)

##### 9.4 CRB: Additional disclosure related to credit quality of exposures

The accounting definition of impaired exposures and the regulatory definition of defaulted exposures are generally aligned. In general, treasury and retail loan products overdue for more than 90 days are considered impaired unless other information is available to indicate the contrary. Treasury and retail loan products with a specific repayment date are classified as overdue when the principal or interest is past due and remains unpaid. Treasury and retail loan products repayable by regular instalments are classified as overdue when an instalment payment is past due and remains unpaid. Treasury and retail loan products repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instruction.

The approach for determining impairment of financial assets is provided in notes 2(j) and 3(a) to the 2025 audited financial statements.

As of 31 December 2025, none of the treasury products has any indication of impairment.

The following tables set out additional qualitative and quantitative information on the credit quality of exposures to supplement the quantitative information provides under templates CR1 and CR2.

#### 1. Exposures by geographical location (CRB1)

	Gross carrying amounts
<b>As at 31 December 2025</b>	<b>HK\$'000</b>
Hong Kong	8,629,394
United States	711,089
Others	143,459
<b>Total</b>	<b>9,483,942</b>

#### 2. Exposures by Industry (CRB2)

	Gross carrying amounts
<b>As at 31 December 2025</b>	<b>HK\$'000</b>
Banks and financial institutions	467,355
Official sector	2,994,653
<b>Non-bank private sectors</b>	
Individuals	5,987,719
Others	34,215
<b>Total</b>	<b>9,483,942</b>

#### 3. Exposures by residual maturity (CRB3)

	Gross carrying amounts
<b>As at 31 December 2025</b>	<b>HK\$'000</b>
Repayable on demand to 1 year	5,625,257
Due between 1 year to 5 years	3,840,311
Due after 5 years	18,374
<b>Total</b>	<b>9,483,942</b>

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**9 Credit risk for non-securitization exposures (continued)**

**9.4 CRB: Additional disclosure related to credit quality of exposures (continued)**

**4. Impaired exposures and related allowances and write-offs by geographical location (CRB4)**

	As at 31 December 2025		
	Gross carrying amounts		
	Impaired exposures	Specific provisions	Write-offs
Geographical location	HK\$'000	HK\$'000	HK\$'000
Hong Kong	154,415	80,573	362,682
<b>Total</b>	<b>154,415</b>	<b>80,573</b>	<b>362,682</b>

**5. Impaired exposures and related allowances and write-offs by industry (CRB5)**

	As at 31 December 2025		
	Gross carrying amounts		
	Impaired exposures	Specific provisions	Write-offs
Non-bank private sectors	HK\$'000	HK\$'000	HK\$'000
Individuals	154,415	80,573	362,682
<b>Total</b>	<b>154,415</b>	<b>80,573</b>	<b>362,682</b>

**6 Aging analysis of accounting past due exposures (CRB6)**

	Gross carrying amounts
As at 31 December 2025	HK\$'000
Overdue more than 3 months and up to 6 months	13,824

**7. Breakdown of restructured exposures (CRB7)**

	As at 31 December 2025	
	Gross carrying amounts	
	Impaired	Not Impaired
	HK\$'000	HK\$'000
Reschedule loans and advances	95,705	95,681

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

The Group has set out maximum credit exposure limit to each individual or counterparty in relations to the Banking (Exposures Limits) Rules. For capital calculation, the Group has not used any recognised netting for credit risk mitigation.

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 9 Credit risk for non-securitization exposures (continued)

##### 9.6 CR3: Overview of recognized credit risk mitigation

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

		As at 31 December 2025				
		(a)	(b)	(c)	(d)	(e)
In HK\$'000		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	6,452,198	–	–	–	–
2	Debt securities	2,726,057	–	–	–	–
<b>3</b>	<b>Total</b>	<b>9,178,255</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
4	Of which defaulted	154,415	–	–	–	–

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

Under the standardised approach (“STC”) for the calculation of credit risk within the Basel capital framework, banks are required to use credit assessments provided by external credit assessment institutions (“ECAI”), recognised by the HKMA for the purposes of regulatory capital calculation, to determine the risk-weights of the banks’ credit exposures.

Standard & Poor’s Ratings Services, Moody’s Investors Service and Fitch Ratings are the ECAI that the Group has used for the determination of risk weightings for the following exposures:

- Sovereign exposures
- Multilateral development bank exposures
- Bank exposures
- Corporate exposures

The mapping of ECAI ratings of the above exposures to the risk weights under standardised approach follows the process as prescribed in Part 4 of the BCR. Where an exposure of debt securities has an issue-specific external credit assessment, such assessment will be used. In case there is no specific issue rating published by the ECAI, the issuer rating is applied to the senior unsecured claims of that issuer subject to the conditions prescribed by the BCR.

# WELAB BANK LIMITED

## REGULATORY DISCLOSURE STATEMENT

### 9 Credit risk for non-securitization exposures (continued)

#### 9.8 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 STC approach with additional information of RWA density showing a synthetic metric on riskiness of each exposure class.

In HK\$'000		As at 31 December 2025					
		(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	2,994,653	–	2,994,653	–	–	0%
2	Public sector entity exposures	–	–	–	–	–	0%
3	Multilateral development bank exposures	25,842	–	25,842	–	–	0%
3a	Unspecified multilateral body exposures	–	–	–	–	–	0%
4	Bank exposures	467,356	–	467,356	–	93,471	20%
4a	Qualifying non-bank financial institution exposures	–	–	–	–	–	0%
5	Eligible covered bond exposures	–	–	–	–	–	0%
6	General corporate exposures	8,373	–	8,373	–	4,187	50%
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	5,833,304	327,618	5,833,304	32,762	4,371,837	75%

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**9 Credit risk for non-securitization exposures (continued)**

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

In HK\$'000		As at 31 December 2025					
		(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%

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**9 Credit risk for non-securitization exposures (continued)**

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

In HK\$'000		As at 31 December 2025					
		(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	
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	-	-	-	-	-	0%
9g	Of which: land acquisition, development and construction exposures	-	-	-	-	-	0%
10	Defaulted exposures	73,842	852	73,842	85	110,891	150%
11	Other exposures	212,380	-	212,380	-	212,380	100%
11a	Cash and gold	-	-	-	-	-	0%
11b	Items in the process of clearing or settlement	-	-	-	-	-	0%
12	<b>Total</b>	<b>9,615,750</b>	<b>328,470</b>	<b>9,615,750</b>	<b>32,847</b>	<b>4,792,766</b>	<b>50%</b>

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**

**9 Credit risk for non-securitization exposures (continued)**

**9.9 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 STC approach.

In HK'\$000

As at 31 December 2025									
		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
1	Sovereign exposures	2,994,653	–	–	–	–	–	2,994,653	
2	Public sector entity exposures	–	–	–	–	–	–	–	
3	Multilateral development bank exposures	25,842		–	–	–	–	25,842	
3a	Unspecified multilateral body exposures	–	–	–	–	–	–	–	
4	Bank exposures	467,356	–	–	–	–	–	467,356	

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**9 Credit risk for non-securitization exposures (continued)**

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

In HK'\$000

As at 31 December 2025											
		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
4a	Qualifying non-bank financial institution exposures	–	–	–	–	–	–	–	–	–	
		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)	
5	Eligible covered bond exposures	–	–	–	–	–	–	–	–	–	
		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	–	–	8,373		–	–	–	–	–	8,373
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	–	–	–		–	–	–	–	–	–
		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
6b	Specialized lending	–	–	–	–	–	–	–	–	–	

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**9 Credit risk for non-securitization exposures (continued)**

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

In HK'\$000

As at 31 December 2025						
		100%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures		–	–	–	–
7a	Significant capital investments in commercial entities	250%	400%	1250%	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%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
		–	–	–	–	–
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates		150%		Other	Total credit exposure amount (post-CCF and post-CRM)
			–		–	–
8	Retail exposures	45%	75%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
		92,379	5,773,687	–	–	5,866,066

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**9 Credit risk for non-securitization exposures (continued)**

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

In HK'\$000

As at 31 December 2025																				
		0%																	Other	Total credit exposure amount (post-CCF and post-CRM)
8a	Exposures arising from IPO financing	-																	-	-
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	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**

**9 Credit risk for non-securitization exposures (continued)**

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

In HK'\$000

		As at 31 December 2025																			Total credit exposure amount (post-CCF and post-CRM)
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	110%	150%	Other		
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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**REGULATORY DISCLOSURE STATEMENT**

**9 Credit risk for non-securitization exposures (continued)**

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

In HK'\$000

		As at 31 December 2025																		Total credit exposure amount (post-CCF and post-CRM)
		0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	110%	150%	Other	
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																		-	-

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

**9 Credit risk for non-securitization exposures (continued)**

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

In HK'\$000

As at 31 December 2025						
		50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
10	Defaulted exposures		–	73,927	–	73,927
11	Other exposures	100%	1250%		Other	Total credit exposure amount (post-CCF and post-CRM)
		212,380	–	–	–	212,380
11a	Cash and gold	0%	100%		Other	Total credit exposure amount (post-CCF and post-CRM)
		–	–	–	–	–
11b	Items in the process of clearing or settlement	0%	20%		Other	Total credit exposure amount (post-CCF and post-CRM)
		–	–	–	–	–

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 9 Credit risk for non-securitization exposures (continued)

#### 9.9 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)

		At 31 December 2025			
		(a)	(b)	(c)	(d)
In HK\$'000	Risk Weight	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1	Less than 40%	3,487,851	–	–	3,487,851
2	40–70%	75,879	248,732	10%	100,752
3	75%	5,765,798	78,886	10%	5,773,687
4	85%	–	–	–	–
5	90–100%	212,380	–	–	212,380
6	105–130%	–	–	–	–
7	150%	73,842	852	10%	73,927
8	250%	–	–	–	–
9	400%	–	–	–	–
10	1,250%	–	–	–	–
<b>11</b>	<b>Total exposures</b>	<b>9,615,750</b>	<b>328,470</b>	<b>10%</b>	<b>9,648,597</b>

\* *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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### **REGULATORY DISCLOSURE STATEMENT**

#### **10 Counterparty credit risk**

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

Counterparty credit risk (“CCR”) arises for derivatives and Securities Financing Transactions (“SFTs”). It is calculated in both the trading and non-trading books, and is the risk that a counterparty may default before settlement of the transaction. An economic loss occurs if the transaction or portfolio of transactions with the counterparty has a positive economic value at the time of default. Credit equivalent amount and capital charge for the relevant counterparty credit exposures are determined following the regulatory capital requirements. The Group adopts the current exposure method to measure the credit equivalent amount, which comprises current exposures and potential future exposures.

As of 31 December 2025, the Group does not have any counterparty default risk exposures.

#### **11 Market risk**

##### **11.1 MRA: Qualitative disclosures related to market risk**

Market risk is the risk of losses in assets, liabilities and off-balance sheet positions arising from movements in market rates and prices. Market risk exposures are separated into trading portfolios and non-trading portfolios.

The Group’s market risk exposures arise from non-trading portfolios which comprise positions that related to the interest rate risk management of our assets and liabilities, financial investments designated as financial assets measured at fair value through other comprehensive income (“FVOCI”), financial assets measured at amortised cost and exposures arising from our daily risk management operations.

The Group has formulated market risk management policy to identify, measure, monitor, control, and report on the market risk, where appropriate, to allocate adequate capital to cover those risks. The Bank also established Internal Risk Transfer (IRT) framework that enables the hedging of interest rate risk in the banking book through a dedicated trading book of General Interest Rate Risk Transfer desk if any.

Risk appetite has been defined in accordance with the Group’s business strategies and objectives to govern the market risk activities and under the approved risk appetite, risk limits and management action triggers are set with reference to the nature, volume of transaction and risk appetite of the Group. Market Risk appetite is approved by the Board and the market risk limits are approved by the Risk Committee (“RC”). Various systems are employed to facilitate the calculation, measurement, analysis and reporting of market risk and risk reports are prepared for different level of governance on a regular basis. Through different policies, sensitivity analysis, stress testing and limit structures, market risk analysis is conducted on different dimensions, including but not limited to risk factors, concentration, currencies and duration in the form of potential loss and impact to capital adequacy.

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**REGULATORY DISCLOSURE STATEMENT**

**11 Market risk (continued)**

**11.2 MR3: Market risk under SSTM approach**

This tables provide the components of the market risk capital charge under the SSTM approach for market risk.

In HK\$'000		As at 31 December 2025			
		(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	790	–	–	–
5	Securitization exposures	–			
6	Total	790	–	–	–

## **WELAB BANK LIMITED**

### **REGULATORY DISCLOSURE STATEMENT**

#### **12 Interest rate risk in banking book**

##### **12.1 IRRBBA: Interest rate exposures in banking book**

###### **(a) Risk management purpose**

Interest rate risk in the banking book is defined as the risk to both the earnings and the economic value of the Group arising from adverse movements in interest rates. Changes in market interest rates impact the economic value of assets, liabilities and relevant off-balance positions (Economic Value of Equity (“EVE”)) as well as the earnings from banking activities (Net Interest Income (“NII”)). The primary goal of the management of Interest Rate Risk in the Banking Book (“IRRBB”) is to ensure that interest rate risk exposures are maintained within the Group’s risk tolerances.

###### **(b) Risk management strategies**

The Group’s interest rate exposures in the banking book mainly arise from lending, deposit taking and treasury activities, including investment of surplus fund in debt securities for the purposes of liquidity risk management and optimisation of the Group’s financial position. Interest rate risk arising from interest rate-sensitive assets and liabilities has several aspects: basis risk arising from different interest rate benchmarks and gap risk arising from the term structure of banking book instruments. It also relates to positions from non-interest rate-sensitive assets and liabilities including non-maturing deposits as well as from interest rate-sensitive loans and liabilities.

Within the context of relevant IRRBB Policy approved by the Risk Committee (“RC”), it defines the organizational structure, responsibilities, limit structure and the methodological standards for analyzing and measuring IRRBB, reviews and monitors IRRBB exposures against risk limits. ALCO regularly reviews the market activities and conditions and ensures that effective decision on managing IRRBB are taken and implemented in a timely manner.

The Group uses a range of techniques to measure IRRBB from the earnings and economic perspectives. These includes the methodology set out in the Banking Return (MA(BS)12A). They are used to simulate the impact of various interest rate scenarios, including the scenario described in the template IRRBB1, on the Group’s NII and EVE. Through EVE measures, changes in the net present value of assets, liabilities and off-balance sheet items are computed, subject to specific interest rate shocks and stress scenarios. Through earning-based measures on NII, changes on future profitability within a 12-month period, that could eventually affect the Group’s future levels of earnings and equity capital, are assessed.

Limits are set based on the Group’s level of capital. The various simulation results are prepared, monitored and reported to the ALCO regularly. The key results are also reported to the RC and the Board on a quarterly basis. Any breach in limits or triggers is immediately reported by the monitoring unit to Treasury, CRO and/or the members of ALCO about the breach and the underlying reason(s). The Group’s Treasury actively monitors changes in market conditions, which may require balance sheet rebalancing. Stress testing is used to evaluate the potential impact of adverse scenarios on the IRRBB, including the debt securities portfolio.

###### **(c) Risk measurement frequency**

The EVE/NII measures in accordance with the regulatory scenarios are calculated and monitored on a regular basis. The Group assesses the interest rate risk exposures based on EVE results from the standard regulatory scenarios.

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 12 Interest rate risk in banking book (continued)

##### 12.1 IRRBBA: Interest rate exposures in banking book (continued)

###### (d) Interest rate shock and stress scenarios

The Group measures its vulnerability to loss under stressed interest rate market conditions. The measurement of IRRBB for EVE/NII is based on standard regulatory interest rate shock scenarios.

###### (e) Hedging strategies and accounting treatment

All the hedge relationships of underlying hedged item(s)/risk and hedging transactions are documented and monitored if any.

###### (f) The Group applied the following key assumption as required by HKMA's IR-1 guidelines

Prepayment of retail fixed-rate loans may result in early repayment prior to contractual maturity.

Based on product characteristics, the Group employs statistical methodologies and historical data to project prepayment rates for such loans, thereby comprehensively assessing the impact on earnings and economic value arising from IRRBB.

##### 12.2 IRRBB1: Quantitative information on interest rate risk in banking book

The values in Template IRRBB1 below are computed in accordance with the HKMA Return MA(BS)12A (the "Return"). The six interest rate scenarios and currency shifts are defined in the HKMA's SPM IR-1. The following impacts are assessed for each of the prescribed scenarios: (i) change in the economic value of equity ( $\Delta$ EVE), using a constant balance sheet and an instantaneous shock; and (ii) the change in net interest income ( $\Delta$ NII) over a forward-looking rolling 12-month period, using a constant balance sheet assumption and an instantaneous shock.

In HK\$' millions		(a)	(b)	(c)	(d)
		$\Delta$ EVE		$\Delta$ NII	
Period		31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
1	Parallel up	28	50	14	33
2	Parallel down	–	–	(8)	(28)
3	Steepener	–	–		
4	Flattener	117	117		
5	Short rate up	–	14		
6	Short rate down	13	–		
7	<b>Maximum</b>	<b>117</b>	<b>117</b>	<b>14</b>	<b>33</b>
	<b>Period</b>	<b>31 Dec 2025</b>		<b>31 Dec 2024</b>	
8	<b>Tier 1 capital</b>	<b>947</b>		<b>926</b>	

Positive values indicate losses whereas negative values indicate profit.

As of 31 December 2025, the EVE worst scenario derived from the curve flattener shift scenario and remained below the regulatory threshold corresponding to 15% of Tier 1 capital (12.35% as of 31 December 2025). The maximum loss in projected net interest income is HK\$14 million under the "parallel up" scenario.

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 13 International claims

International claims refers 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 segment constituting not less than 10% of the Group's total international claims after taking into account any recognized risk transfer are disclosed.

In HK\$' millions	As at 31 December 2025					Total
	Banks	Official Sector	Non-bank private sector		Unallocated	
			Non-bank financial institutions	Non-financial private sector		
Developed countries, of which	97	627	25	–	–	749
– United States	97	627	25	–	–	749

#### 14 Loans and advances to customers

##### 14.1 Loans and advances to customers by geographical area

The analysis of gross loans and advances to customers by industry sectors are 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 advances to customers by geographical area is based on the location of the counterparty after taking into account the transfer of risk. In general, transfer of risk applies if the claim is guaranteed by a party in a country which is different from that of the counterparty. Only major geographical segment constitutes not less than 10% of the Group's total amount of loans and advances to customers after taking into account any recognized risk transfer are disclosed.

In HK\$'000	As at 31 December 2025				
	(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	5,917,965	154,415	13,824	80,573	219,615
<b>Total</b>	<b>5,917,965</b>	<b>154,415</b>	<b>13,824</b>	<b>80,573</b>	<b>219,615</b>

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 14 Loans and advances to customers (continued)

##### 14.2 Loans and advances to customers by loan usage

The analysis of the Group's gross loans and advances to customers by loan usage and the corresponding balances covered by collateral are as follows:

In HK\$'000	As at 31 December 2025	
	Gross loans and advances to customers	% of gross loans and advances covered by collateral
<b>Loans and advances for use in Hong Kong</b>		
<b>Industrial, commercial and financial</b>		
Wholesale and retail trade	565	–
Transport and transport equipment	893	–
Recreational activities	21	–
Information technology	471	–
Others	4,927	–
<b>Individuals</b>		
Others	5,915,088	0.63%
<b>Total</b>	<b>5,921,965</b>	<b>0.63%</b>

#### 15 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 31 December 2025	
	Gross loans and advances to customers which have been overdue for	% of total loans and advances to customers
<b>Past due period</b>		
6 months or less but over 3 months	13,824	0.23%
1 year or less but over 6 months	–	–
Over 1 year	–	–

The rescheduled loans and advances to customers are as follows:

In HK\$'000	As at 31 December 2025	
	Gross loans and advances to customers which have been rescheduled for	% of total loans and advances to customers
Rescheduled loans and advances to customers	93,091	1.57%

#### 16 Repossessed assets

The Group does not hold any repossessed assets as of 31 December 2025.

**WELAB BANK LIMITED****REGULATORY DISCLOSURE STATEMENT****17 Off-balance sheet exposures**

<b>In HK\$'000</b>	<b>As at 31 December 2025</b>	<b>As at 30 June 2025</b>
Contractual or notional amounts		
Direct credit substitutes	–	–
Transaction-related contingencies	–	–
Trade-related contingencies	–	–
Forward asset purchases	–	–
Forward forward deposits placed	–	–
Other commitments:		
which are not unconditionally cancellable		
with original maturity of not more than one year	–	–
with original maturity of more than one year	–	–
which are unconditionally cancellable	328,470	254,261
<b>Total</b>	<b>328,470</b>	<b>254,261</b>
Credit risk-weighted amount	17,238	11,683

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

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 18 Mainland activities

The following disclosure of the Bank's Non-bank Mainland China exposures is prepared on a solo basis, which is the same basis as that used for the purpose of preparing the regulatory returns on Mainland activities (MA(BS)20).

In HK\$'000		As at 31 December 2025		
		(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	4,005	–	4,005
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	4,005	–	4,005
9	Total assets after provision	9,205,124		
10	On-balance sheet exposures as percentage of total assets	0.04%		

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 19 Currency risk

The Group is exposed to foreign exchange risk, primarily United States dollar (“USD”). The currency risk arising from the Group’s operations for those individual currencies which each constitute more than 10% of the total net positions in all foreign currencies are as follows. 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).

In HK\$’000	As at 31 December 2025
	(a)
US dollars exposures	
Spot assets	1,013,456
Spot liabilities	(855,794)
Forward purchases	–
Forward sales	–
<b>Net long non-structural position</b>	<b>157,662</b>

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

#### 20 Remuneration

##### 20.1 REMA: Remuneration policy

###### Disclosure on remuneration system

The Remuneration Committee is delegated by the Board of the Bank and is independent of management. The Remuneration Committee is responsible to review remuneration policies and practices on annual basis or when necessary to ensure the remuneration policy is consistent with the principles set out under the HKMA Supervisory Policy Manual CG-1, CG-5 and other legal requirements. 75% of the Remuneration Committee are Independent Non-executive Directors (“INED”).

###### *Key principles of remuneration policy*

The remuneration policy and its implementation are subject to regular (at least annual) review by the Board of the Bank or the Remuneration Committee to ensure that the policy remains adequate and market competitive and that the operation of the remuneration system is consistent with the prevailing regulatory requirements and long term interests of the Group. The policy applies to all staff members who are employed by the Group. The principles of the Policy are as follows:

- a. Reinforce a business culture based on the highest ethical standards
- b. Manage risks to the Group by encouraging prudent decision-making and in line with the objectives, business strategies and long-term goals of the Group
- c. Reflect regulatory guidance in compensation program
- d. Attract and retain the best talent to lead the Group to success
- e. Remunerate all staff members fairly and reasonably according to the individual level of competence and performance
- f. Performance evaluation is based on the balance of financial and non-financial factors including effective risk and people management
- g. Remuneration practices are set against comparable industry norms and to promote a “pay for performance” culture

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 20 Remuneration (continued)

##### 20.1 REMA: Remuneration policy (continued)

###### Disclosure on remuneration system (continued)

###### *Structure of remuneration*

The Group's remuneration structure shall promote behaviour amongst staff members that supports the Group's risk management framework and long-term financial soundness. The Group's remuneration package consists of both fixed and variable (discretionary) compensation. Fixed remuneration refers to base salary (guaranteed) and allowance. Variable remuneration refers to variable bonus, incentives and shares or share-linked instruments such as share options or awards. An appropriate balance between fixed and variable remuneration will reflect the seniority, role and responsibilities of each staff member. The proportion of variable remuneration to total remuneration will increase in line with the seniority and job responsibilities of each staff member.

###### *Senior management and key personnel*

Senior Management (including Chief Executive and Alternate Chief Executives) are responsible for oversight of the Group's strategy or activities or material business lines. Key Personnel are those reported under HKMA as "Managers" whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Group.

###### *Performance measurement for variable remuneration*

The award of variable remuneration shall depend on the fulfilment of budget income, peer group performance comparison and risk control factors. These criteria should include both financial, non-financial and risk factors. In allocating variable remuneration, the following factors should be taken into consideration:

- a. Overall performance of the Group;
- b. Performance of the relevant business units;
- c. Contribution of individual staff member to such performance; and
- d. Risk control functions' input on the performance of relevant business unit and its staff members

The total amount of variable remuneration may be reduced in the event of an actual or expected deterioration in the financial performance of the Group or staff misconduct (e.g. internal fraud, data leakage or damage to property etc.). The Chief Executive of the Bank has the authority to exercise discretion and flexibility to withhold all or part of the variable remuneration.

The remuneration of staff members in risk control functions should be determined in accordance with their performance objectives and should be independent of the performance of business units which they oversee.

###### *Deferral arrangement*

A portion of variable remuneration may subject to deferral in the form of employee share awards, including but not limited to share options (ESOP) and restricted share unit (RSU). This allow staff members' performance, including the associated risks, to be observed and validated over a period of time before part or all of the unvested unit is vested, and that enable the remuneration ultimately received by staff members to more accurately reflect risk and risk outcomes.

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**REGULATORY DISCLOSURE STATEMENT**

**20 Remuneration (continued)**

**20.2 REM1: Remuneration awarded during financial year**

In HK\$'000			(a)	(b)
Remuneration amount and quantitative information			Senior management	Key personnel
1	Fixed remuneration	Number of employees	8	7
2		Total fixed remuneration	13,274	7,813
3		Of which: cash-based	13,274	7,813
4		Of which: deferred	–	–
5		Of which: shares or other share-linked instruments	–	–
6		Of which: deferred	–	–
7		Of which: other forms	–	–
8		Of which: deferred	–	–
9	Variable remuneration	Total variable remuneration	2,921	1,137
10		Of which: cash-based	2,430	1,028
11		Of which: deferred	–	–
12		Of which: shares or other share-linked instruments	491	109
13		Of which: deferred	491	109
14		Of which: other forms	–	–
15		Of which: deferred	–	–
16	<b>Total remuneration</b>		<b>16,195</b>	<b>8,950</b>

**20.3 REM2: Special payments**

In HK\$'000		(a)	(b)	(c)	(d)	(e)	(f)
Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
1	Senior management	–	–	–	–	–	–
2	Key personnel	–	–	–	–	–	–

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 20 Remuneration (continued)

##### 20.4 REM3: Deferred remuneration

In HK\$'000		(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out/ vested in the financial year
1	Senior management					
2	Cash	–	–	–	–	–
3	Shares or other share-linked instruments	986	–	–	–	1,410
4	Cash-linked instruments	–	–	–	–	–
5	Other	–	–	–	–	–
6	Key personnel					
7	Cash	–	–	–	–	–
8	Shares or other share-linked instruments	204	–	–	–	91
9	Cash-linked instruments	–	–	–	–	–
10	Other	–	–	–	–	–
11	<b>Total</b>	<b>1,190</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,501</b>

#### 21 Operational risk

##### 21.1 ORA: General Information on operational risk framework

###### 1. Overview of the operational risk management framework

The Group maintains a comprehensive Operational Risk Management Framework (“ORMF”) designed to ensure that operational risks inherent in our products, services and processes are effectively identified, assessed, managed and monitored. The framework is anchored in the HKMA’s Supervisory Policy Manuals OR-1 and OR-2, Basel standards and the Banking (Disclosure) Rules, and reinforces the Group’s commitment to operational resilience, customer protection and sustainable growth.

###### 2. Governance and oversight

The Board, supported by the Risk Management Committee and Risk Committee, oversees the Group’s operational risk profile and approves key strategies, policies and risk appetite. Senior management implements the ORMF through established governance forums and monitoring routines. The Group adopts a clear three lines of defence structure, with business units managing day-to-day risks, the second line providing independent oversight, and Internal Audit performing independent assurance through reviews including the HKMA-mandated Independent Compliance Assessment (“ICA”).

## **WELAB BANK LIMITED**

### **REGULATORY DISCLOSURE STATEMENT**

#### **21 Operational risk (continued)**

##### **21.1 ORA: General Information on operational risk framework (continued)**

#### **3. Operational risk strategy, policies and standards**

The Group's operational risk strategy emphasizes proactive risk identification, sound internal controls and compliance with regulatory expectations. It is supported by policies covering loss data management, incident reporting, key controls assessment, change management, cyber and technology risk, third-party risk oversight and business continuity. These policies are reviewed periodically to reflect regulatory developments, emerging risks and lessons from operational events.

#### **4. Operational risk management processes**

Operational risks are assessed through structured processes including key controls assessment, risk mapping and change impact assessments. Monitoring activities rely on key risk indicators, incident analysis and thematic reviews, with regular reporting to senior management and Board committees. Control effectiveness is maintained through preventive and detective measures embedded within operational workflows, complemented by oversight of technology, fraud risk management and key outsourced arrangements.

#### **5. Operational resilience and business continuity**

Consistent with the HKMA SPM OR-2 requirements, the Group has defined and continuously reviews its critical operations, disruption tolerances and interdependencies across systems, data, vendors and business units. We conduct scenario testing, crisis simulations and resilience drills to ensure the Group can operate through severe but plausible disruptions. A multiyear roadmap is in place to enhance resilience capabilities, support business growth and ensure timely compliance with regulatory expectations.

#### **6. Operational loss data and incident management**

The Group maintains a structured framework for capturing operational loss events and classifying incidents in line with the HKMA's taxonomy. Significant incidents are escalated promptly and, where required, reported to the HKMA. Data quality and completeness are prioritized to support the HKMA ORM Data Submission Exercise, enabling trend analysis, benchmarking and strengthening of controls based on root cause insights.

#### **7. Independent assessment and assurance**

Internal Audit, or other qualified independent units where appropriate, performs an annual ICA under SPM OR-1, reviewing governance, processes and control effectiveness. The assessment incorporates sample testing, review of management actions and committee minutes, and validation of self-identified issues. Findings and signoffs from the Chief Executive or Alternate Chief Executive and independent assessor are submitted to the HKMA, reflecting our commitment to transparency and strong internal control governance.

#### **8. Regulatory compliance and framework alignment**

The Group's ORMF is designed to comply with the Banking (Disclosure) Rules, the HKMA Supervisory Policy Manuals and relevant guidance on operational resilience, technology and cybersecurity. Ongoing regulatory change assessments and gap analysis ensure our framework evolves in line with supervisory expectations, industry practices and the Group's strategic priorities.

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**REGULATORY DISCLOSURE STATEMENT**

**21 Operational risk (continued)**

**21.2 OR1: Historical losses**

In HK\$'000		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
		31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016	Average
<b>Using HKD200,000 threshold</b>												
1	Total amount of operational losses net of recoveries (no exclusions)	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
2	Total number of operational risk losses	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
4	Total number of exclusions	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
5	Total amount of operational losses net of recoveries and net of excluded losses	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
<b>Using HKD1 million threshold</b>												
6	Total amount of operational losses net of recoveries (no exclusions)	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
7	Total number of operational risk losses	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
8	Total amount of excluded operational risk losses	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
9	Total number of exclusions	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
10	Total amount of operational losses net of recoveries and net of excluded losses	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-
<b>Details of operational risk capital charge calculation</b>												
11	Are losses used to calculate the ILM (yes/no)?	No										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	No										
13	Loss event threshold: HKD200,000 or HKD1 million for the operational risk capital charge calculation if applicable	HKD200,000										

Historical operational loss data for 2016–2019 are not applicable, as the Bank has been in operation since 2020.

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 21 Operational risk (continued)

##### 21.3 OR2: Business indicator and business indicator components breakdown

In HK\$'000		(a)	(b)	(c)
		31 Dec 2025	31 Dec 2024	31 Dec 2023
	BI and its subcomponents			
1	Interest, leases and dividend component	168,040		
1a	Interest and leases income	1,102,717	1,044,003	854,171
1b	Interest and leases expenses	213,240	391,155	316,088
1c	Interest earning assets	8,385,917	8,046,959	5,972,519
1d	Dividend income	–	–	–
2	Services component	53,227		
2a	Fee and commission income	45,967	42,893	30,900
2b	Fee and commission expenses	9,204	8,109	7,328
2c	Other operating income	17,291	11,634	10,996
2d	Other operating expenses	18	38	11
3	Financial component	907		
3a	Net P&L on trading book	–	–	–
3b	Net P&L on banking book	(1,402)	(316)	(1,003)
4	BI	222,174		
5	Business indicator component (BIC)	26,661		

#### Disclosure on the BI:

In HK\$'000		(a)
6a	BI gross of excluded divested businesses and activities	N/A
6b	Reduction in BI due to excluded divested businesses and activities	N/A

##### 21.4 OR3: Minimum operational risk capital requirement

In HK\$'000		(a)
1	Business indicator component (BIC)	26,661
2	Internal loss multiplier (ILM)	1
3	Minimum operational risk capital requirement	26,661
4	Total RWA for operational risk	333,263

**WELAB BANK LIMITED****REGULATORY DISCLOSURE STATEMENT****22 Asset encumbrance****22.1 ENC: Asset encumbrance**

This table provides the amount of encumbered and unencumbered assets.

In HK\$'000	As at 31 December 2025		
	(a)	(c)	(d)
	Encumbered assets	Unencumbered assets	Total
Balances with central bank and banks	–	615,003	615,003
Placements with banks	–	154,999	154,999
Financial investments	–	2,722,140	2,722,140
Loans and advances to customers	–	5,621,776	5,621,776
Amounts due from group companies	–	2,841	2,841
Property and equipment	–	1,480	1,480
Right-of-use assets	–	28,503	28,503
Intangible assets	–	53,756	53,756
Other assets	–	240,001	240,001
Deferred income tax assets	–	42,095	42,095
Tax recoverable	–	3,910	3,910

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 23 Abbreviations

<b>Abbreviations</b>	<b>Brief Description</b>
AI	Authorized Institution
AT1	Additional Tier 1
BI	Business Indicator
BSC	Basic Approach
CAR	Capital Adequacy Ratio
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 Systematically Important Authorized Institution
EAD	Exposure At Default
ECAI	External Credit Assessment Institutions
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
FBA	Fall-Back Approach
FVOCI	Fair Value Through Other Comprehensive Income
G-SIBs	Global Systematically Important Authorized Institution
HKMA	Hong Kong Monetary Authority
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

## WELAB BANK LIMITED

### REGULATORY DISCLOSURE STATEMENT

#### 23 Abbreviations (continued)

<b>Abbreviations</b>	<b>Brief Description</b>
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
PRC	People's Republic of China
PSE	Public Sector Entity
RW	Risk-Weight
RWA	Risk-Weighted Asset/Risk-Weighted Amount
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
SPM	Supervisory Policy Manual
SSTM	Simplified Standard Approach
STC	Standardized (Credit Risk) Approach
STM	Standardized (Market Risk) Approach
VaR	Value at Risk