

PUBLIC FINANCE LIMITED

**INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2026**

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PUBLIC FINANCE LIMITED
(Incorporated in Hong Kong with limited liability)
(Website: www.pfl.com.hk)

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board of directors (the “Board”) of Public Finance Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2026 with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
	Notes		
Interest income	7	359,623	356,159
Interest expense	7	(63,217)	(80,814)
NET INTEREST INCOME		296,406	275,345
Fees and commission income	8	51,481	46,127
Other operating income	9	1,201	1,301
OPERATING INCOME		349,088	322,773
Operating expenses	10	(224,759)	(206,392)
Changes in fair value of investment properties		(274)	(1,080)
OPERATING PROFIT BEFORE CREDIT LOSS EXPENSES		124,055	115,301
Credit loss expenses	11	(98,517)	(112,688)
PROFIT BEFORE TAX		25,538	2,613
Tax	12	(4,259)	(558)
PROFIT FOR THE PERIOD		21,279	2,055
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		21,279	2,055

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	21,279	2,055
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	21,279	2,055
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	21,279	2,055

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
	Notes		
ASSETS			
Cash and short term placements	14	631,467	616,283
Loans and advances and receivables	15	5,253,195	5,135,914
Held-to-collect debt securities at amortised cost	16	69,872	69,847
Investment properties	17	6,302	13,036
Property and equipment	18	46,664	42,931
Land held under finance leases	19	41,120	37,113
Right-of-use assets		41,511	49,956
Deferred tax assets		16,901	16,124
Other assets	20	41,048	20,141
TOTAL ASSETS		6,148,080	6,001,345
EQUITY AND LIABILITIES			
LIABILITIES			
Customer deposits at amortised cost	21	4,526,219	4,370,249
Lease liabilities		44,218	53,763
Current tax payable		11,911	6,795
Deferred tax liabilities		8,000	8,080
Other liabilities	20	65,993	73,372
TOTAL LIABILITIES		4,656,341	4,512,259
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	22	671,038	671,038
Reserves		820,701	818,048
TOTAL EQUITY		1,491,739	1,489,086
TOTAL EQUITY AND LIABILITIES		6,148,080	6,001,345

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 January 2026	671,038	818,048	1,489,086
Profit for the period	-	21,279	21,279
Other comprehensive income	-	-	-
Dividends declared	-	(18,626)	(18,626)
As at 30 June 2026 (Unaudited)	671,038	820,701	1,491,739

	Share capital HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 January 2025	671,038	796,858	1,467,896
Profit for the period	-	2,055	2,055
Other comprehensive income	-	-	-
Dividends declared	-	-	-
As at 30 June 2025 (Unaudited)	671,038	798,913	1,469,951
Profit for the period	-	19,135	19,135
Other comprehensive income	-	-	-
Dividends declared	-	-	-
As at 31 December 2025 (Audited)	671,038	818,048	1,489,086

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June	
		2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		25,538	2,613
Adjustments for:			
Depreciation of property and equipment and land held under finance leases	10	5,759	4,830
Depreciation of right-of-use assets	10	18,055	19,564
Other interest expenses	7	1,172	1,635
Gain on termination of leases	9	-	(67)
Net losses on disposal of property and equipment	9	35	33
Increase in credit loss expenses for loans and advances and receivables		6,018	7,899
Decrease in credit loss expenses for held-to- collect debt securities at amortised cost and bank placements		(2)	(2)
Decrease in fair value of investment properties		274	1,080
Payment of dismantling costs		-	(143)
Profits tax paid		-	-
Operating profit before changes in operating assets and liabilities		56,849	37,442
(Increase)/decrease in operating assets:			
(Increase)/decrease in loans and advances and receivables		(123,299)	75,901
Increase in held-to-collect debt securities at amortised cost		(69,879)	(29,972)
(Increase)/decrease in other assets		(20,907)	1,525
		(214,085)	47,454
Increase/(decrease) in operating liabilities:			
Increase/(decrease) in customer deposits at amortised cost		155,970	(95,893)
Decrease in other liabilities		(7,757)	(21,862)
		148,213	(117,755)
Net cash outflow from operating activities		(9,023)	(32,859)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June		
		2026	2025	
		(Unaudited)	(Unaudited)	
		HK\$'000	HK\$'000	
Note				
CASH FLOWS FROM INVESTING ACTIVITIES				
	Purchases of property and equipment	18	(7,074)	(3,084)
	Net cash outflow from investing activities		(7,074)	(3,084)
CASH FLOWS FROM FINANCING ACTIVITIES				
	Repayment of lease liabilities		(19,949)	(20,722)
	Dividends paid on ordinary shares		(18,626)	-
	Net cash outflow from financing activities		(38,575)	(20,722)
NET DECREASE IN CASH AND CASH EQUIVALENTS			(54,672)	(56,665)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			686,153	616,704
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			631,481	560,039
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
	Cash and short term placements repayable on demand		288,999	356,825
	Money at call and short notice with an original maturity within three months		342,482	140,990
	Placements with banks and financial institutions with an original maturity within three months		-	22,279
	Held-to-collect debt securities at amortised cost with an original maturity within three months		-	39,945
			631,481	560,039
OPERATIONAL CASH FLOWS FROM INTEREST				
	Interest paid		(62,170)	(86,839)
	Interest received		361,966	356,759

NOTES TO INTERIM FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company and its registered office is located at Room 1105-7, Wing On House, 71 Des Voeux Road Central, Central, Hong Kong.

The principal activities of the Group have not changed during the period and consist of deposit-taking, personal and commercial lending, which comprise mainly the granting of personal loans, revolving loans, property mortgage loans, hire purchase loans to individuals and small to medium size companies, remittance service, provision of finance to purchasers of taxis, and the letting of investment properties.

The Company is a wholly-owned subsidiary of Public Bank (Hong Kong) Limited. Public Bank Berhad ("Public Bank"), a bank incorporated in Malaysia, is considered by the Directors to be the Company's ultimate holding company.

Particulars of the Company's subsidiary, which is incorporated and operates in Hong Kong, is as follows:

Name	Issued ordinary share capital HK\$	Percentage of equity attributable to the Company		Principal activities
		Direct %	Indirect %	
Public Financial Limited	10,100,000	100	-	Investment holding

Note:

Public Securities Limited and Public Securities (Nominees) Limited, the former wholly-owned subsidiaries of the Company, were dissolved by members' voluntary liquidation on 19 April 2026 and 6 June 2026 respectively.

NOTES TO INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in compliance with the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority (“HKMA”) and in accordance with the same accounting policies adopted in the Group’s 2025 annual financial statements, except for the changes in accounting policies as set out in Note 5 below.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s 2025 annual financial statements.

The financial information relating to the year ended 31 December 2025 that is included in the 2026 interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated audited financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Company is a private company, the Company is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company’s external auditors have reported on the 2025 annual financial statements. The Independent Auditor’s Report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

NOTES TO INTERIM FINANCIAL STATEMENTS

3. BASIS OF CONSOLIDATION

The unaudited interim condensed consolidated financial statements include the interim financial statements of the Company and its subsidiary for the period ended 30 June 2026.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The interim financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiary are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NOTES TO INTERIM FINANCIAL STATEMENTS

3. BASIS OF CONSOLIDATION (Continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and translation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The subsidiary consolidated for accounting purpose is as follows:

Name	30 June 2026		31 December 2025		Principal activities
	Total assets	Total equity	Total assets	Total equity	
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Audited) HK\$'000	
Public Financial Limited	12,062	12,062	12,062	12,062	Investment holding

Note:

Public Securities Limited and Public Securities (Nominees) Limited, the former wholly-owned subsidiaries of the Company, were dissolved by members' voluntary liquidation on 19 April 2026 and 6 June 2026 respectively.

The computation of liquidity maintenance ratio, common equity tier 1 ("CET1") capital ratio, tier 1 capital ratio, total capital ratio, capital conservation buffer ("CCB") ratio, countercyclical capital buffer ("CCyB") ratio and leverage ratio for regulatory reporting purpose is on a solo basis of the Company only.

NOTES TO INTERIM FINANCIAL STATEMENTS

4. BASIS OF CAPITAL DISCLOSURES

The Group has complied with the capital requirements during the interim reporting period related to the capital base and capital adequacy ratios as stipulated by the HKMA, and has also complied with the Banking (Disclosure) Rules.

Should the Group have not complied with the externally imposed capital requirements of the HKMA, capital management plans should be submitted to the HKMA for restoration of capital to the minimum required level as soon as possible.

The computation of the total capital ratio and other regulatory capital ratios of the Company is based on the solo basis of the Company for regulatory reporting purpose. No subsidiary will be consolidated for capital adequacy ratio computation as the subsidiary does not satisfy the criteria as stipulated in the Banking (Capital) Rules (the "Capital Rules") issued by the HKMA.

There are no major restrictions or impediments on the transfer of capital or funds among the members of the Company's consolidation group.

Regulatory reserve, if any, set aside pursuant to the HKMA's capital requirements is non-distributable.

The Group has adopted the provisions of the Banking Ordinance relating to the Basel III capital standards and the Capital Rules. The Capital Rules outline the general requirements on regulatory capital ratios, the components of eligible regulatory capital as well as the levels of those ratios at which banking institutions are required to operate. The Capital Rules have been developed based on internationally-agreed standards on capital adequacy promulgated by the Basel Committee on Banking Supervision. Under the Capital Rules, the required CCB ratio for 2025 and 2026 is 2.5%, whilst the required CCyB ratio for 2025 and 2026 is 0.5%.

NOTES TO INTERIM FINANCIAL STATEMENTS

5. ACCOUNTING POLICIES

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's interim financial information.

- | | |
|--|--|
| • Amendments to HKFRS 9 and HKFRS 7 | <i>Amendments to the Classification and Measurement of Financial Instruments</i> |
| • Amendments to HKFRS 9 and HKFRS 7 | <i>Contracts Referencing Nature-dependent Electricity</i> |
| • <i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i> | <i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> |

The natures and impacts of the amended HKFRS Accounting Standards to the Group are described below.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance ("ESG") and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at FVOCI and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments did not have any impact on the interim condensed consolidated financial information of the Group.

NOTES TO INTERIM FINANCIAL STATEMENTS

5. ACCOUNTING POLICIES (Continued)

Changes in accounting policies and disclosures (Continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendment did not have any impact on the interim condensed consolidated financial information of the Group.

Issued but not yet effective HKFRS Accounting Standards

The Group has not applied the following new and amended HKFRS Accounting Standards, that are expected to be applicable to the Group and have been issued but are not yet effective, in these interim financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

- | | |
|--------------------------------------|--|
| • HKFRS 18 | <i>Presentation and Disclosure in Financial Statements¹</i> |
| • HKFRS 19 and its amendments | <i>Subsidiaries without Public Accountability: Disclosures¹</i> |
| • Amendments to HKFRS 10 and HKAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i> |
| • Amendments to HKAS 21 | <i>Translation to a Hyperinflationary Presentation Currency¹</i> |

¹ Effective for annual/reporting periods beginning on or after 1 January 2027

² No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations, and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings Per Share* and

NOTES TO INTERIM FINANCIAL STATEMENTS

5. ACCOUNTING POLICIES (Continued)

Issued but not yet effective HKFRS Accounting Standards (Continued)

HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. The Group is currently considering the application of HKFRS 19 and its amendments in the financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO INTERIM FINANCIAL STATEMENTS

5. ACCOUNTING POLICIES (Continued)

Issued but not yet effective HKFRS Accounting Standards (Continued)

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION

Operating segment information

In accordance with the Group's internal financial reporting, the Group has identified operating segments based on similar economic characteristics, products and services and delivery methods. The operating segments are identified by Senior Management who is designated as the "Chief Operating Decision Maker" to make decisions about resources allocation to the segments and assess their performance that is measured net of associated direct expenses. A summary of the operating segments is as follows:

- the core businesses of the Group are personal and commercial lending businesses, which comprise mainly the granting of personal loans, revolving loans, property mortgage loans, hire purchase loans to individuals and small to medium size companies, remittance service, and the provision of finance to purchasers of taxis; and
- other businesses segment comprises mainly the letting of investment properties.

NOTES TO INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (Continued)

Operating segment information (Continued)

The following table discloses the revenue and profit information for operating segments for the six months ended 30 June 2026 and 30 June 2025.

	For the six months ended 30 June 2026		For the six months ended 30 June 2025		For the six months ended 30 June 2026	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Personal and commercial lending businesses		Other businesses		Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
External:						
Net interest income	296,406	275,345	-	-	296,406	275,345
Fees and commission income	51,481	46,127	-	-	51,481	46,127
Other operating income	1,002	1,031	199	270	1,201	1,301
Operating income	348,889	322,503	199	270	349,088	322,773
Operating profit/(loss) after credit loss expenses before tax	26,161	3,927	(623)	(1,314)	25,538	2,613
Tax					(4,259)	(558)
Profit for the period					21,279	2,055
Other segment information						
Depreciation of property and equipment and land held under finance leases	(5,759)	(4,830)	-	-	(5,759)	(4,830)
Depreciation of right-of-use assets	(18,055)	(19,564)	-	-	(18,055)	(19,564)
Changes in fair value of investment properties	-	-	(274)	(1,080)	(274)	(1,080)
Credit loss expenses	(98,517)	(112,688)	-	-	(98,517)	(112,688)
Net losses on disposal of property and equipment	(35)	(33)	-	-	(35)	(33)

NOTES TO INTERIM FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (Continued)

Operating segment information (Continued)

The following table discloses certain assets and liabilities information regarding operating segments as at 30 June 2026 and 31 December 2025.

	30 June 2026 (Unaudited)	31 December 2025 (Audited)	30 June 2026 (Unaudited)	31 December 2025 (Audited)	30 June 2026 (Unaudited)	31 December 2025 (Audited)
	Personal and commercial lending businesses		Other businesses		Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	6,124,877	5,972,185	6,302	13,036	6,131,179	5,985,221
Unallocated assets:						
Deferred tax assets and tax recoverable					16,901	16,124
Total assets					6,148,080	6,001,345
Segment liabilities	4,636,316	4,497,270	114	114	4,636,430	4,497,384
Unallocated liabilities:						
Deferred tax liabilities and tax payable					19,911	14,875
Total liabilities					4,656,341	4,512,259
Other segment information						
Additions to non-current assets						
- capital expenditure	7,074	13,025	-	-	7,074	13,025

Geographical information

Over 90% (2025: over 90%) of the Group's operating income, profit before tax, assets, liabilities, and off-balance sheet commitments and exposures are derived from operations carried out in Hong Kong. Accordingly, no geographical segment information is presented in the interim financial statements.

Operating income or revenue from major customers

Operating income or revenue from transactions with each external customer for the period amounted to less than 10% (2025: less than 10%) of the Group's total operating income or revenue.

NOTES TO INTERIM FINANCIAL STATEMENTS

7. INTEREST INCOME AND EXPENSE

	For the six months ended 30 June	
	2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
Interest income from:		
Loans and advances and receivables	355,706	349,901
Short term placements and placements with banks	3,114	5,129
Held-to-collect debt securities at amortised cost	803	1,129
	359,623	356,159
Interest expense on:		
Deposits from customers	62,045	79,179
Others	1,172	1,635
	63,217	80,814

Interest income and interest expense for the six months ended 30 June 2026, calculated using the effective interest method for financial assets and financial liabilities which are not designated at fair value through profit or loss ("FVPL"), amounted to HK\$359,623,000 and HK\$63,217,000 (2025: HK\$356,159,000 and HK\$80,814,000) respectively.

8. FEES AND COMMISSION INCOME

	For the six months ended 30 June	
	2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
Fees and commission income:		
Personal and commercial lending	51,481	46,127

All fees and commission income and expenses are related to financial assets or financial liabilities which are not designated at FVPL. No fees and commission income and expenses are related to trust and other fiduciary activities.

NOTES TO INTERIM FINANCIAL STATEMENTS

9. OTHER OPERATING INCOME

	For the six months ended 30 June	
	2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
Gross rental income	199	270
Less: Direct operating expenses	-	-
Net rental income	199	270
Net losses on disposal of property and equipment	(35)	(33)
Gain on termination of leases	-	67
Others	1,037	997
	1,201	1,301

Direct operating expenses included repairs and maintenance expenses arising from investment properties.

There were no net gains or losses arising from the derecognition of equity investments at FVOCI, loans and advances and receivables, financial assets and financial liabilities measured at amortised cost and financial assets and financial liabilities designated at FVPL for the six months ended 30 June 2026 and 30 June 2025.

NOTES TO INTERIM FINANCIAL STATEMENTS

10. OPERATING EXPENSES

	For the six months ended 30 June	
	2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
Staff costs:		
Salaries and other staff costs	133,728	118,168
Pension contributions	6,343	6,136
Less: Forfeited contributions	(19)	(50)
Net contribution to retirement benefit schemes	6,324	6,086
	140,052	124,254
Other operating expenses:		
Depreciation of right-of-use assets	18,055	19,564
Depreciation of property and equipment and land held under finance leases	5,759	4,830
Administrative and general expenses	33,996	33,373
Others	26,897	24,371
Operating expenses before changes in fair value of investment properties	224,759	206,392

As at 30 June 2026 and 30 June 2025, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years. The credits for the periods ended 30 June 2026 and 30 June 2025 arose in respect of staff who left the schemes during the periods.

NOTES TO INTERIM FINANCIAL STATEMENTS

11. CREDIT LOSS EXPENSES

The following tables show the changes in expected credit loss (“ECL”) on financial instruments for the periods recorded in the consolidated income statement.

For the six months ended 30 June 2026				
(Unaudited)				
	12-month expected credit loss (Stage 1) HK\$'000	Lifetime expected credit loss not credit impaired (Stage 2) HK\$'000	Lifetime expected credit loss credit impaired (Stage 3) HK\$'000	Total HK\$'000
Net charge for/(write-back of) credit loss expenses:				
- loans and advances	3,163	1,488	93,803	98,454
- accrued interest and other receivables	60	(5)	-	55
- cash and short term placements	(2)	-	-	(2)
- placements with banks and financial institutions	-	-	-	-
- held-to-collect debt securities at amortised cost	-	-	-	-
- loan commitments	10	-	-	10
	3,231	1,483	93,803	98,517

NOTES TO INTERIM FINANCIAL STATEMENTS

11. CREDIT LOSS EXPENSES (Continued)

For the six months ended 30 June 2025 (Unaudited)				
	12-month expected credit loss (Stage 1) HK\$'000	Lifetime expected credit loss not credit impaired (Stage 2) HK\$'000	Lifetime expected credit loss credit impaired (Stage 3) HK\$'000	Total HK\$'000
Net charge for/(write-back of) credit loss expenses:				
- loans and advances	5,318	2,686	104,641	112,645
- accrued interest and other receivables	38	-	-	38
- cash and short term placements	(4)	-	-	(4)
- placements with banks and financial institutions	2	-	-	2
- held-to-collect debt securities at amortised cost	-	-	-	-
- loan commitments	7	-	-	7
	<u>5,361</u>	<u>2,686</u>	<u>104,641</u>	<u>112,688</u>

NOTES TO INTERIM FINANCIAL STATEMENTS

12. TAX

	For the six months ended	
	30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax charge	5,116	2,326
Deferred tax credit, net	(857)	(1,768)
	4,259	558

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred.

NOTES TO INTERIM FINANCIAL STATEMENTS

12. TAX (Continued)

A reconciliation of the tax charge applicable to profit before tax using the statutory tax rates to the tax charge at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory tax rates) to the effective tax rates, are as follows:

	For the six months ended 30 June			
	2026 (Unaudited) HK\$'000	%	2025 (Unaudited) HK\$'000	%
Profit before tax	25,538		2,613	
Tax at the applicable tax rate	4,214	16.5	431	16.5
Estimated tax effect of net expenses that are not deductible	45	0.2	127	4.9
Tax charge at the Group's effective rate	4,259	16.7	558	21.4

13. DIVIDENDS

(a) Dividends attributable to the interim period

	For the six months ended 30 June			
	2026 (Unaudited) HK cents per ordinary share	2025 (Unaudited) HK cents per ordinary share	2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
Interim dividend	6.662	-	17,241	-
Special dividend	38.640	-	100,000	-
	45.302	-	117,241	-

The interim dividend and special dividend were declared after the interim period and had not been recognised as a liability at the end of the interim period.

(b) Dividends approved and paid during the interim period

	For the six months ended 30 June			
	2026 (Unaudited) HK cents per ordinary share	2025 (Unaudited) HK cents per ordinary share	2026 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000
Final dividend in respect of the previous year	7.197	-	18,626	-

NOTES TO INTERIM FINANCIAL STATEMENTS

14. CASH AND SHORT TERM PLACEMENTS

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Cash and placements with banks and financial institutions	288,999	252,645
Money at call and short notice	342,482	363,654
Gross cash and short term placements	631,481	616,299
Less: Impairment allowances collectively assessed		
As at 1 January 2026 and 2025	(16)	(19)
Credit loss expenses released to the consolidated income statement during the period/year	2	3
	(14)	(16)
Cash and short term placements	631,467	616,283

Over 90% (31 December 2025: over 90%) of the placements were deposited with banks and financial institutions rated with a grading of Baa2 or above based on the credit rating of Moody's Ratings ("Moody's"), an external credit agency.

There were no overdue or rescheduled placements with banks and financial institutions and no impairment allowances specifically assessed for such placements accordingly.

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Loans and advances to customers	5,365,592	5,240,085
Accrued interest	34,077	36,285
Gross loans and advances and receivables	5,399,699	5,276,370
Less: Impairment allowances		
- specifically assessed	(44,096)	(42,784)
- collectively assessed	(102,378)	(97,672)
	(146,474)	(140,456)
Loans and advances and receivables	5,253,195	5,135,914

Over 90% (31 December 2025: over 90%) of the loans and advances and receivables were unrated exposures. Over 90% (31 December 2025: over 90%) of the collateral for the secured loans and advances and receivables were customer deposits, properties, taxi licences and vehicles.

Loans and advances and receivables are summarised as follows:

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Neither past due nor impaired loans and advances and receivables	5,099,870	4,986,942
Past due but not impaired loans and advances and receivables	208,550	196,676
Credit impaired loans and advances	90,972	92,413
Credit impaired receivables	277	339
Gross loans and advances and receivables	5,399,669	5,276,370

About 34% (31 December 2025: about 34%) of "Neither past due nor impaired loans and advances and receivables" were property mortgage loans and taxi financing loans secured by properties, taxi licences and vehicles.

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(a) (i) Ageing analysis of overdue and impaired loans and advances

	30 June 2026 (Unaudited)		31 December 2025 (Audited)	
	Gross amount HK\$'000	Percentage of total loans and advances %	Gross amount HK\$'000	Percentage of total loans and advances %
Loans and advances overdue for:				
Six months or less but over three months	44,310	0.83	51,413	0.98
One year or less but over six months	13,609	0.25	12,745	0.24
Over one year	-	-	1,499	0.03
Loans and advances overdue for more than three months	57,919	1.08	65,657	1.25
Rescheduled loans and advances overdue for three months or less	28,890	0.54	23,692	0.45
Impaired loans and advances overdue for three months or less	4,163	0.08	3,064	0.06
Total overdue and impaired loans and advances	90,972	1.70	92,413	1.76

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(a) (ii) Ageing analysis of overdue and impaired accrued interest and other receivables

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Accrued interest and other receivables overdue for:		
Six months or less but over three months	54	92
One year or less but over six months	223	184
Over one year	-	63
Accrued interest and other receivables overdue for more than three months	277	339
Impaired accrued interest and other receivables overdue for three months or less	-	-
Total overdue and impaired accrued interest and other receivables	277	339

Impaired loans and advances and receivables are individually determined to be impaired after considering the overdue ageing analysis and other qualitative factors such as bankruptcy proceedings and individual voluntary arrangements.

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(b) Geographical analysis of overdue and impaired loans and advances and receivables, and impairment allowances

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
(i) Analysis of overdue loans and advances and receivables		
Loans and advances and receivables overdue for more than three months	58,196	65,996
Impairment allowances specifically assessed	31,638	33,003
Current market value and fair value of collateral	16,278	21,477
(ii) Analysis of impaired loans and advances and receivables		
Impaired loans and advances and receivables	91,249	92,752
Impairment allowances specifically assessed	44,096	42,784
Current market value and fair value of collateral	16,278	21,477

Over 90% (31 December 2025: over 90%) of the Group's gross loans and advances and receivables were derived from operations carried out in Hong Kong. Accordingly, no geographical segment information of gross loans and advances and receivables is presented herein.

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

- (c) The value of collateral held in respect of the overdue loans and advances and the split between the portion of the overdue loans and advances covered by credit protection (covered portion) and the remaining portion (uncovered portion) are as follows:

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Current market value and fair value of collateral held against the covered portion of overdue loans and advances	16,278	21,477
Covered portion of overdue loans and advances	15,325	17,105
Uncovered portion of overdue loans and advances	42,594	48,552

The assets taken as collateral should satisfy the following criteria:

- The market value of the asset is readily determinable or can be reasonably established and verified.
- The asset is marketable and there exists a readily available secondary market for disposal of the asset.
- The Group's right to repossess the asset is legally enforceable without impediment.
- The Group is able to secure control over the asset if necessary.

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(d) Repossessed assets

There was no repossessed assets of the Group as at 30 June 2026 (31 December 2025: HK\$3,600,000).

(e) Past due but not impaired loans and advances and receivables

	30 June 2026 (Unaudited)		31 December 2025 (Audited)	
	Gross amount HK\$'000	Percentage of total loans and advances %	Gross amount HK\$'000	Percentage of total loans and advances %
Loans and advances overdue for three months or less	208,044	3.9	196,211	3.7
Accrued interest and other receivables overdue for three months or less	506		465	

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(f) Impairment allowances on loans and advances and receivables

An analysis of changes in the gross amount of loans and advances and receivables is as follows:

	30 June 2026 (Unaudited)			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Gross loans and advances and receivables as at 1 January 2026	5,129,888	53,730	92,752	5,276,370
New loans/financing originated	1,881,412	-	-	1,881,412
Loans/financing derecognised or repaid during the period (other than write-offs)	(1,607,084)	(4,237)	(15,420)	(1,626,741)
Transfer to 12-month expected credit loss (Stage 1)	17,005	(5,689)	(11,316)	-
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(53,154)	53,594	(440)	-
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(114,638)	(42,407)	157,045	-
Total transfer between stages	(150,787)	5,498	145,289	-
Write-offs	-	-	(131,372)	(131,372)
As at 30 June 2026	5,253,429	54,991	91,249	5,399,669
Arising from:				
Loans and advances	5,219,676	54,944	90,972	5,365,592
Accrued interest and other receivables	33,753	47	277	34,077
	5,253,429	54,991	91,249	5,399,669

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(f) Impairment allowances on loans and advances and receivables (Continued)

	31 December 2025 (Audited)			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Gross loans and advances and receivables as at 1 January 2025	5,082,485	40,479	99,715	5,222,679
New loans/financing originated	2,671,149	-	-	2,671,149
Loans/financing derecognised or repaid during the year (other than write-offs)	(2,306,571)	(5,754)	(25,020)	(2,337,345)
Transfer to 12-month expected credit loss (Stage 1)	8,989	(1,804)	(7,185)	-
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(53,014)	53,563	(549)	-
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(273,150)	(32,754)	305,904	-
Total transfer between stages	(317,175)	19,005	298,170	-
Write-offs	-	-	(280,113)	(280,113)
As at 31 December 2025	<u>5,129,888</u>	<u>53,730</u>	<u>92,752</u>	<u>5,276,370</u>
Arising from:				
Loans and advances	5,094,035	53,637	92,413	5,240,085
Accrued interest and other receivables	35,853	93	339	36,285
	<u>5,129,888</u>	<u>53,730</u>	<u>92,752</u>	<u>5,276,370</u>

The amount outstanding on financial assets that were written off during the period/year and are still subject to enforcement action amounted to HK\$104,519,000 (31 December 2025: HK\$212,361,000).

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(f) Impairment allowances on loans and advances and receivables (Continued)

An analysis of credit risk exposure by the Group's internal credit rating system is as follows:

30 June 2026 (Unaudited)				
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Internal rating grades:				
Performing				
Pass	5,215,472	-	-	5,215,472
Special Mention	37,957	54,991	-	92,948
Non-performing				
Substandard	-	-	49,853	49,853
Doubtful	-	-	34,045	34,045
Loss	-	-	7,351	7,351
Total	5,253,429	54,991	91,249	5,399,669
31 December 2025 (Audited)				
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Internal rating grades:				
Performing				
Pass	5,087,378	-	-	5,087,378
Special Mention	42,510	53,730	-	96,240
Non-performing				
Substandard	-	-	49,321	49,321
Doubtful	-	-	37,314	37,314
Loss	-	-	6,117	6,117
Total	5,129,888	53,730	92,752	5,276,370

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(f) Impairment allowances on loans and advances and receivables (Continued)

An analysis of changes in the corresponding ECL allowances is as follows:

	30 June 2026 (Unaudited)			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2026	73,044	24,628	42,784	140,456
New loans/financing originated	35,970	-	-	35,970
Loans/financing derecognised or repaid during the period (other than write-offs)	(32,221)	(2,129)	(41,460)	(75,810)
Transfer to 12-month expected credit loss (Stage 1)	3,290	(313)	(2,977)	-
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(1,532)	1,688	(156)	-
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(2,848)	(21,736)	24,584	-
Total transfer between stages	(1,090)	(20,361)	21,451	-
Impact on period end expected credit loss of exposures transferred between stages during the period	(1,271)	23,973	97,627	120,329
Movements due to changes in credit risk	1,835	-	16,185	18,020
Recoveries	-	-	38,881	38,881
Write-offs	-	-	(131,372)	(131,372)
As at 30 June 2026	76,267	26,111	44,096	146,474
Arising from:				
Loans and advances	75,120	26,109	44,096	145,325
Accrued interest and other receivables	1,147	2	-	1,149
	76,267	26,111	44,096	146,474

NOTES TO INTERIM FINANCIAL STATEMENTS

15. LOANS AND ADVANCES AND RECEIVABLES (Continued)

(f) Impairment allowances on loans and advances and receivables (Continued)

	31 December 2025 (Audited)			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
As at 1 January 2025	64,713	20,916	43,942	129,571
New loans/financing originated	50,699	-	-	50,699
Loans/financing derecognised or repaid during the year (other than write-offs)	(42,939)	(2,706)	(79,998)	(125,643)
Transfer to 12-month expected credit loss (Stage 1)	2,048	(531)	(1,517)	-
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	(1,367)	1,507	(140)	-
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(6,473)	(17,612)	24,085	-
Total transfer between stages	(5,792)	(16,636)	22,428	-
Impact on year end expected credit loss of exposures transferred between stages during the year	(483)	23,054	236,594	259,165
Movements due to changes in credit risk	6,846	-	23,029	29,875
Recoveries	-	-	76,902	76,902
Write-offs	-	-	(280,113)	(280,113)
As at 31 December 2025	73,044	24,628	42,784	140,456
Arising from:				
Loans and advances	71,957	24,621	42,784	139,362
Accrued interest and other receivables	1,087	7	-	1,094
	73,044	24,628	42,784	140,456

NOTES TO INTERIM FINANCIAL STATEMENTS

16. HELD-TO-COLLECT DEBT SECURITIES AT AMORTISED COST

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Unlisted:		
Treasury bills (including Exchange Fund Bills)	69,879	69,854
Less: Impairment allowances collectively assessed		
As at 1 January 2026 and 2025	(7)	(7)
Credit loss expenses charged to the consolidated income statement during the period/year	-	-
	(7)	(7)
Held-to-collect debt securities at amortised cost	<u>69,872</u>	<u>69,847</u>
Analysed by types of issuers:		
- Central governments	<u>69,872</u>	<u>69,847</u>

There were no impairment allowances specifically assessed made against held-to-collect debt securities at amortised cost as at 30 June 2026 and 31 December 2025.

There were neither impaired nor overdue held-to-collect debt securities at amortised cost as at 30 June 2026 and 31 December 2025.

All exposures attributed to the held-to-collect debt securities at amortised cost were rated with a grading of Aa3 based on the credit rating of Moody's as at 30 June 2026 and 31 December 2025.

NOTES TO INTERIM FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES

	HK\$'000
At valuation:	
As at 1 January 2025	21,582
Transfer to property and equipment	(2,380)
Transfer to land held under finance leases	(4,075)
Changes in fair value recognised in the consolidated income statement	<u>(2,091)</u>
As at 31 December 2025 and 1 January 2026 (Audited)	13,036
Transfer to property and equipment	(1,660)
Transfer to land held under finance leases	(4,800)
Changes in fair value recognised in the consolidated income statement	<u>(274)</u>
As at 30 June 2026 (Unaudited)	<u>6,302</u>

The Group's investment properties are situated in Hong Kong and are held under medium-term leases in Hong Kong.

All investment properties were classified under Level 3 in the fair value hierarchy. During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2025: Nil). The Group has assessed that the highest and best use of its properties did not differ from their existing use.

As at 30 June 2026, investment properties were revalued according to the valuation assessed by C S Surveyors Limited, a firm of independent professionally qualified valuers. Finance and Control Function has discussions with the valuer on the valuation methodology and valuation results at least twice a year when the valuation is performed for interim and annual financial reporting.

NOTES TO INTERIM FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES (Continued)

The fair value of investment properties located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square metre basis. Below is a summary of the significant inputs to the valuation of investment properties:

	30 June 2026 (Unaudited)		31 December 2025 (Audited)	
	Range	Weighted	Range	Weighted
	HK\$	average	HK\$	average
		HK\$		HK\$
Price per square metre	60,000 to	60,000	62,000 to	62,000
	60,000		62,000	

A significant increase/decrease in the price per square metre would result in a significant increase/decrease in the fair value of the investment properties.

The investment properties held by the Group are let under operating leases from which the Group earns rental income. Details of future annual rental receivables under operating leases are included in Note 23(a) to the interim financial statements.

NOTES TO INTERIM FINANCIAL STATEMENTS

18. PROPERTY AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements, furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:				
As at 1 January 2025	6,247	141,561	1,695	149,503
Additions	-	13,025	-	13,025
Transfer from investment properties	2,380	-	-	2,380
Disposals/write-offs	-	(4,864)	-	(4,864)
As at 31 December 2025 and 1 January 2026 (Audited)	8,627	149,722	1,695	160,044
Additions	-	7,074	-	7,074
Transfer from investment properties	1,660	-	-	1,660
Disposals/write-offs	-	(1,946)	-	(1,946)
As at 30 June 2026 (Unaudited)	10,287	154,850	1,695	166,832
Accumulated depreciation:				
As at 1 January 2025	2,680	108,386	1,695	112,761
Provided during the year	132	9,026	-	9,158
Disposals/write-offs	-	(4,806)	-	(4,806)
As at 31 December 2025 and 1 January 2026 (Audited)	2,812	112,606	1,695	117,113
Provided during the period	122	4,844	-	4,966
Disposals/write-offs	-	(1,911)	-	(1,911)
As at 30 June 2026 (Unaudited)	2,934	115,539	1,695	120,168
Net carrying amount:				
As at 30 June 2026 (Unaudited)	7,353	39,311	-	46,664
As at 31 December 2025 (Audited)	5,815	37,116	-	42,931

There were no impairment allowances made against the above items of property and equipment as at 30 June 2026 and 31 December 2025. There were no movements in impairment allowances for the period ended 30 June 2026 and for the year ended 31 December 2025.

NOTES TO INTERIM FINANCIAL STATEMENTS

19. LAND HELD UNDER FINANCE LEASES

	HK\$'000
Cost:	
As at 1 January 2025	60,623
Transfer from investment properties	<u>4,075</u>
As at 31 December 2025 and 1 January 2026 (Audited)	64,698
Transfer from investment properties	<u>4,800</u>
As at 30 June 2026 (Unaudited)	<u>69,498</u>
Accumulated depreciation and impairment:	
As at 1 January 2025	26,217
Depreciation provided during the year	<u>1,368</u>
As at 31 December 2025 and 1 January 2026 (Audited)	27,585
Depreciation provided during the period	<u>793</u>
As at 30 June 2026 (Unaudited)	<u>28,378</u>
Net carrying amount:	
As at 30 June 2026 (Unaudited)	<u>41,120</u>
As at 31 December 2025 (Audited)	<u>37,113</u>

Land leases are stated at the recoverable amount and are subject to an impairment test pursuant to HKAS 36, which is based on the higher of fair value less costs of disposal and value-in-use.

NOTES TO INTERIM FINANCIAL STATEMENTS

20. OTHER ASSETS AND OTHER LIABILITIES

Other assets

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Interest receivable from financial institutions	176	310
Other debtors, deposits and prepayments	40,119	19,195
Amount due from a fellow subsidiary	753	636
	41,048	20,141

The amount due from a fellow subsidiary was unsecured, interest-free and repayable on demand.

There were no other overdue or rescheduled assets, and no impairment allowances for such other assets accordingly.

Other liabilities

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Creditors, accruals and interest payable *	65,993	73,372

* As at 30 June 2026, the balance also includes the impairment allowance of HK\$34,000 (31 December 2025: HK\$24,000) on off-balance sheet credit exposures, including loan commitments.

21. CUSTOMER DEPOSITS AT AMORTISED COST

All customer deposits were time deposits repayable at maturity dates.

22. SHARE CAPITAL

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Issued and fully paid:		
258,800,000 (2025: 258,800,000) ordinary shares	671,038	671,038

NOTES TO INTERIM FINANCIAL STATEMENTS

23. LEASES

(a) As lessor

The Group leases its investment properties as disclosed in Note 17 to the interim financial statements under operating lease arrangements with a lease term of 2 years.

As at 30 June 2026 and 31 December 2025, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Within one year	374	236
Over one year but within two years	405	-
	779	236

(b) As lessee

The Group has entered into certain future lease arrangements with landlords, and the terms of the leases range from 2 to 3 years. As at 30 June 2026 and 31 December 2025, the Group had total future lease payments for leases committed but not yet commenced falling due as follows:

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Within one year	2,352	1,201
In the second to fifth years, inclusive	4,118	1,124
	6,470	2,325

NOTES TO INTERIM FINANCIAL STATEMENTS

24. OFF-BALANCE SHEET EXPOSURE

Contingent liabilities and commitments

	30 June 2026 (Unaudited)		31 December 2025 (Audited)	
	Contractual amount HK\$'000	Credit risk- weighted amount HK\$'000	Contractual amount HK\$'000	Credit risk- weighted amount HK\$'000
Capital commitments contracted for, but not provided in the consolidated statement of financial position:				
- With an original maturity of not more than one year	10,382	-	9,435	-
Undrawn loan facilities with an original maturity of not more than one year or which are unconditionally cancellable, granted to:				
- Customers	41,048	-	28,981	-
	51,430	-	38,416	-

As at 30 June 2026 and 31 December 2025, the corresponding ECLs for the outstanding off-balance sheet exposures, including loan commitments under Stage 1, amounted to HK\$34,000 and HK\$24,000 respectively.

The Group had not entered into any bilateral netting arrangements and accordingly the above amounts are shown on a gross basis. The credit risk-weighted amounts are calculated in accordance with the Capital Rules and guidelines issued by the HKMA. The amounts calculated are dependent upon the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments.

As at 30 June 2026 and 31 December 2025, the Group had no material outstanding contingent liabilities and commitments save as disclosed above.

For the period ended 30 June 2026 and the year ended 31 December 2025, no derivative activities were transacted by the Group.

NOTES TO INTERIM FINANCIAL STATEMENTS

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial assets and financial liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values of financial instruments which are not carried at fair value in the interim financial statements.

Liquid or/and very short term and variable rate financial instruments

Liquid or/and very short term and variable rate financial instruments include loans and advances and receivables. As these financial instruments are liquid or having a short-term maturity or carrying interest at a variable rate, the carrying amounts are reasonable approximations of their fair values. In the case of loans and unquoted debt securities, their fair values do not reflect changes in their credit quality as the impact of credit risk is recognised separately by deducting the amount of the impairment allowances.

Fixed rate financial instruments

Fixed rate financial instruments include placements with banks and financial institutions, loans and advances and receivables, held-to-collect debt securities at amortised cost and customer deposits. The fair values of these fixed rate financial instruments carried at amortised cost are determined based on prevailing money-market interest rates or current interest rates offered for similar financial instruments appropriate for the remaining term to maturity. The carrying amounts of such financial instruments are not materially different from their fair values.

(b) Financial assets and financial liabilities carried at fair value

There were no financial instruments carried at fair value at 30 June 2026 and 31 December 2025.

For the period ended 30 June 2026 and the year ended 31 December 2025, there were no transfers amongst Level 1, Level 2 and Level 3 in the fair value hierarchy.

For the period ended 30 June 2026 and the year ended 31 December 2025, there were no purchases, issues and settlements related to the Level 3 financial instruments.

There was no gain or loss and no OCI reported in the consolidated income statement and consolidated statement of comprehensive income respectively related to Level 3 financial instruments for the period ended 30 June 2026 and 2025.

NOTES TO INTERIM FINANCIAL STATEMENTS

26. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The tables below show an analysis of financial assets and financial liabilities analysed by principal according to the periods that they are expected to be recovered or settled. There were no key off-balance sheet items as at 30 June 2026 and 31 December 2025.

	30 June 2026 (Unaudited)							
	Repayable on demand HK\$'000	Up to 1 month HK\$'000	Over 1 month but not more than 3 months HK\$'000	Over 3 months but not more than 12 months HK\$'000	Over 1 year but not more than 5 years HK\$'000	Over 5 years HK\$'000	Repayable within an indefinite period HK\$'000	Total HK\$'000
Financial assets:								
Gross cash and short term placements	288,999	342,482	-	-	-	-	-	631,481
Gross loans and advances and receivables	26,511	210,343	395,955	1,326,086	1,888,206	1,443,844	108,724	5,399,669
Gross held-to-collect debt securities at amortised cost	-	39,960	29,919	-	-	-	-	69,879
Other assets	-	-	-	-	-	-	41,048	41,048
Total financial assets	315,510	592,785	425,874	1,326,086	1,888,206	1,443,844	149,772	6,142,077
Financial liabilities:								
Customer deposits at amortised cost	52,278	631,274	2,551,222	1,291,445	-	-	-	4,526,219
Lease liabilities	-	3,183	5,588	20,364	15,083	-	-	44,218
Other liabilities	459	5,116	17,164	5,900	3,411	-	33,943	65,993
Total financial liabilities	52,737	639,573	2,573,974	1,317,709	18,494	-	33,943	4,636,430
Net liquidity gap	262,773	(46,788)	(2,148,100)	8,377	1,869,712	1,443,844	115,829	1,505,647

NOTES TO INTERIM FINANCIAL STATEMENTS

26. MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

	31 December 2025 (Audited)							
	Repayable on demand HK\$'000	Up to 1 month HK\$'000	Over 1 month but not more than 3 months HK\$'000	Over 3 months but not more than 12 months HK\$'000	Over 1 year but not more than 5 years HK\$'000	Over 5 years HK\$'000	Repayable within an indefinite period HK\$'000	Total HK\$'000
Financial assets:								
Gross cash and short term placements	252,645	363,654	-	-	-	-	-	616,299
Gross loans and advances and receivables	19,948	211,957	384,779	1,318,676	1,823,152	1,408,350	109,508	5,276,370
Gross held-to-collect debt securities at amortised cost	-	39,960	29,894	-	-	-	-	69,854
Other assets	-	-	-	-	-	-	20,141	20,141
Total financial assets	272,593	615,571	414,673	1,318,676	1,823,152	1,408,350	129,649	5,982,664
Financial liabilities:								
Customer deposits at amortised cost	53,583	1,141,454	2,482,804	692,408	-	-	-	4,370,249
Lease liabilities	-	3,094	6,068	24,223	20,124	254	-	53,763
Other liabilities	479	9,932	13,967	4,131	3,141	147	41,575	73,372
Total financial liabilities	54,062	1,154,480	2,502,839	720,762	23,265	401	41,575	4,497,384
Net liquidity gap	218,531	(538,909)	(2,088,166)	597,914	1,799,887	1,407,949	88,074	1,485,280

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's business activities comprise deposit-taking and financing. These activities expose the Group to a variety of risks, mainly interest rate risk, market risk, credit risk, liquidity risk, operational risk, cyber security risk, climate risk and compliance risk. The Board reviews and approves risk management policies for managing each of these risks and they are summarised below.

Risk Management Structure

The Group's risk management is underpinned by the Group's risk appetite and is subject to the Board's oversight through the Risk Management Committee ("RMC"), which is a Board Committee overseeing the establishment of enterprise-wide risk management policies and processes. The RMC is assisted by the specific risk oversight committees including the Assets and Liabilities Management Committee ("ALCO"), Operational Risk Management Committee ("ORMC"), Credit Committee, Anti-Money Laundering ("AML") Committee and Compliance Working Group of the Company.

The Group has established systems, policies and procedures for the control and monitoring of interest rate risk, market risk, credit risk, liquidity risk, operational risk, cyber security risk, climate risk, ESG risk and compliance risk, which are approved by the Board and reviewed regularly by the management, and other designated committees or working groups. Material risks are identified and assessed by designated committees and/or working groups before the launch of new products or business activities, and are monitored, documented and controlled against applicable risk limits after the introduction of new products or services or implementation of new business activities. Internal auditors of the Company also perform regular audits to ensure compliance with the policies and procedures.

Interest Rate Risk Management

Interest rate risk in banking book ("IRRBB") is internally defined as current or prospective risk arising from adverse movements in market interest rates to the Group's positions in the banking book. Changes in market interest rate affect economic value of interest-bearing assets, liabilities, off-balance commitments and net interest income ("NII") from such financial instruments. The primary objective of interest rate risk management is to minimise/contain the potential adverse effects of interest rate movements in economic value of equity ("EVE") and NII by closely monitoring the net repricing gap of the Group's assets and liabilities.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest Rate Risk Management (Continued)

The IRRBB comprises gap risk, basis risk and option risk. Gap risk arises from changes in interest rates on assets, liabilities and off-balance sheet positions of different maturities. Basis risk arises from imperfect correlation of timing between changes in the rates earned and paid on different instruments with otherwise similar repricing characteristics. Option risk arises from the optional elements embedded in the Group's assets and liabilities that provide customers with the right to prepay or early repay one's assets or liabilities such that cash flows related to such financial contracts are altered.

The Board is ultimately responsible for management of IRRBB and defines the overall risk appetite for management of IRRBB. The RMC is responsible for reviewing IRRBB policies, establishing risk limits in relation to EVE and NII in accordance with risk appetite and maintaining management oversight on IRRBB. The ALCO is responsible for identifying, measuring, evaluating, controlling and monitoring IRRBB and ensuring the timely implementation of IRRBB management strategy by different departments/functions and business lines in response to the changing market conditions. Risk Management Department ("RMD") assesses, monitors and reports interest rate risk exposures against approved risk limits and key interest rate risk related matters (such as limit excesses) to the ALCO at least monthly, and escalates to the RMC and the Board for further deliberations/approval of proposed actions as necessary. The Group manages its IRRBB exposures at a desired level and within its risk tolerance thresholds through strategic planning of balance sheet compositions with matching of repricing maturity for its on-balance sheet instruments and/or off-balance sheet derivatives in each significant currency. Currently, the Group does not use interest rate instruments like interest rate swaps and interest rate futures for hedging purpose as the Group is not engaged in complex business transactions involving derivative financial instruments. Where the Group decides to implement a hedging to manage IRRBB, the hedge accounting treatment is required to be made in accordance with the HKFRS Accounting Standards. The Group conducts stress testing via scenario analyses to assess the adverse impact of various interest rate shocks on the Group's EVE and NII, and the outcomes are deliberated in ALCO and RMC meetings. The Group establishes model for IRRBB assessment including yield curve levels' projection of relevant interest-bearing assets and early redemption of loans. Any revisions to the existing IRRBB model or assessment methodology are deliberated by ALCO and RMC for the approval by the Board. Internal Audit Department performs independent reviews on the effectiveness of the IRRBB management system, including but not limited to the implementation/compliance of the approved policies, monitoring of risk limits, escalation of limit breaches and adequacy of IRRBB assessment methodology.

The Group employs various analytical techniques to measure IRRBB and its impact on EVE and NII on monthly basis, including interest rate repricing profile analysis, and scenario assessment on the Group's EVE and NII under both parallel and non-parallel interest rate shocks.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market Risk Management

(a) Currency risk

Currency risk is the risk that the holding of foreign currencies will affect the Group's position as a result of a change in foreign currency exchange rates. The Group's foreign exchange risk positions arise from foreign exchange dealings. All foreign exchange positions are managed by Finance and Control Function within limits approved by the Board.

The Group has limited foreign currency risk as the Group's assets and liabilities were mainly denominated in Hong Kong Dollars ("HKD") for the period ended 30 June 2026 and for the year ended 31 December 2025. Directors considered that currency risk was insignificant to the Group. Accordingly, no quantitative market risk disclosures for currency risk have been made.

(b) Price risk

Price risk is the risk to the Group's earnings and capital due to changes in the prices of securities, including debt securities and equities.

The Group monitors price risk principally by limits established for transactions and open positions. These limits are reviewed and approved by the Board and are monitored on a daily basis.

The Group did not actively trade in financial instruments and in the opinion of the Directors, the price risk related to trading activities to which the Group was exposed was not material. Accordingly, no quantitative market risk disclosures for price risk have been made.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit Risk Management

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the lending and other activities undertaken by the Group.

The Group has a credit risk management process to measure, monitor and control credit risk. Its credit policy defines the credit extension and measurement criteria, credit review, approval and monitoring processes, and the loan classification and provisioning systems. It has a hierarchy of credit authority which approves credit in compliance with the Group's credit policy. Credit risk exposures are measured and monitored against credit limits and other control limits (such as connected exposures, large exposures and risk concentration limits approved by the Board or dedicated committees). The Group's loan exposures are concentrated in consumer financing, purchase of properties, property investment and transportation segments in Hong Kong; and such lendings are monitored and controlled within the approved concentration limits. Segregation of duties in key credit functions is in place to ensure separate credit control and monitoring. Management and recovery of problem credits are handled by an independent work-out team.

The Group manages its credit risk within a conservative framework. Its credit policy is regularly revised, taking into account factors such as prevailing business and economic conditions, regulatory requirements and its capital resources. Its policy on connected lending exposures defines and states connected parties, statutory and applicable connected lending limits, types of connected transactions, taking of collateral, the capital adequacy treatment, and detailed procedures and controls for monitoring connected lending exposures. In general, interest rates and other terms and conditions applying to connected lending should not be more favourable than those of the loans offered to non-connected borrowers under similar circumstances. The terms and conditions should be determined on normal commercial terms at arm's length and in the ordinary course of business of the Group.

Credit and compliance audits are periodically conducted by Internal Audit Department to evaluate the effectiveness of the credit reviews, approval and monitoring processes and to ensure that the established credit policies and procedures are complied with.

Compliance Department conducts compliance tests at selected business units on identified high risk areas for adherence to regulatory and operational requirements and credit policies.

Credit Committee monitors the quality of financial assets which are neither past due nor impaired by financial performance indicators (such as the loan-to-value ratio, debts servicing ratio, financial soundness of borrowers and personal guarantees) through meeting discussions and management reports. Loan borrowers subject to legal proceedings, negative comments from other counterparties and rescheduled arrangements are put under watch lists or under the "special mention" grade for management oversight.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit Risk Management (Continued)

Credit Committee also monitors the quality of past due or impaired financial assets by internal grading comprising “substandard”, “doubtful” and “loss” accounts through meeting discussions and management reports. Impaired financial assets include those subject to personal bankruptcy petitions, corporate winding-up and rescheduled arrangements.

RMC is responsible for reviewing and assessing the adequacy of risk management framework for identifying, measuring, monitoring and controlling the credit risk of existing and new products, and reviewing credit risk management policies and credit risk tolerance limits.

The Group mitigates credit risk by credit protection provided by guarantors and by loan collateral such as customer deposits, properties, taxi licences and vehicles.

The “Neither past due nor impaired loans and advances and receivables” are shown in Note 15 to the interim financial statements.

Loans and advances and receivables that were neither past due nor impaired were related to a large number of diversified customers for whom there was no recent history of default.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity Risk Management

Liquidity risk is the risk that the Group cannot meet its current obligations. Major sources of liquidity risk of the Group are the early or unexpected withdrawals of deposits in cash outflow and the delay in cash inflow from loan repayments. To manage liquidity risk, the Board has established a liquidity risk management framework which incorporates liquidity risk tolerance, management oversight on liquidity risk, liquidity risk and funding strategy, risk related metrics and tools for liquidity risk management, internal liquidity risk pricing, and the manner of reporting significant matters. The major objectives of liquidity risk management framework are to (i) specify the roles and responsibilities of relevant parties on liquidity risk management, (ii) identify, measure and control liquidity risk exposures with proper implementation of funding strategies, (iii) effectively report significant risk related matters for management oversight, and (iv) manage the liquidity profile within risk tolerance. The liquidity risk management framework is cascaded to all business lines to ensure a consistent liquidity risk strategy, policies and practices across the Group. Liquidity risk related policies are reviewed by Senior Management and dedicated committees, and significant changes in such policies are approved by the Board or committees delegated by the Board.

ALCO monitors the liquidity position as part of the ongoing management of assets and liabilities, and sets up trigger limits to monitor liquidity risk. It also closely monitors the liquidity of the subsidiaries on a periodic basis to ensure that the liquidity structure of the subsidiaries' assets, liabilities and commitments can meet their funding needs, and that internal liquidity trigger limits are complied with.

Finance and Control Function is responsible for the centralised implementation of the strategies and policies approved by the dedicated committees and the Board, and developing operational procedures and controls to ensure the compliance with the aforesaid policies and to minimise operational disruptions in case of a liquidity crisis.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity Risk Management (Continued)

RMD is responsible for day-to-day monitoring of liquidity maintenance ratio, loans to deposits ratio, concentration risk related ratios and other liquidity risk related ratios coupled with the use of cash-flow projections, maturity ladder, stress-testing methodologies and other applicable risk assessment tools and metrics to detect early warning signals and identify vulnerabilities to potential liquidity risk on forward-looking basis with the objective of ensuring different types of liquidity risks of the Group are appropriately identified, measured, assessed and reported. It also carries out analysis based on risk-based management reports, summarises the data from those reports and presents the key liquidity information of the Group and key business lines to ALCO on a regular (at least monthly) basis. In case of significant issues, such as serious limit excesses or breaches or early warning signals of potential severe impact on the Group are identified from the aforesaid management reports or market information obtained from other business units, a designated ALCO member will convene a meeting (involving Senior Management members) to discuss risk related matters and propose actions to ALCO whenever necessary. A high level summary of the liquidity risk performance will be presented by ALCO to RMC and the Board.

The liquidity risk related metrics include at least liquidity maintenance ratio (with internal risk tolerance higher than the statutory liquidity maintenance ratio); cash-flow mismatches under normal and different stress scenarios; concentration related limits of deposits and other funding sources, and maturity profile of major assets and liabilities (including on-balance sheet and off-balance sheet items). Systems and procedures are in place to measure and manage liquidity risk arising from off-balance sheet exposures and contingent funding obligations by cash-flow projections in both baseline and stressed scenarios. In baseline scenario, expected cash outflow is derived from the aforesaid exposures and obligations including uncommitted facilities and other contingent obligations with regard to not only the contractual terms in agreements with customers but also the manner of past months' utilisation and genuine drawdowns of the credit facilities, customer relationships and reputational risk perspectives. In stressed scenario, the utilisation and drawdowns of credit facilities are expected to escalate to some extent.

The funding strategies of the Group are to (i) diversify funding sources for mitigating liquidity risk exposures; (ii) minimise disruptions due to operational issues such as transfer of liquidity across group entities; (iii) ensure contingency funding is available to the Group; and (iv) maintain sufficient liquidity cushion to meet critical liquidity needs such as loan commitments and deposit withdrawals in stressed situations. The Group has established concentration limits of funding sources taking into account the risk profile of the Group. For instance, intra-group funding and funding from the largest funding provider are restricted to be not more than 10% and 5% of total funding sources respectively to reduce reliance on single source of funding. Medium and long term funding is maintained at a level of at least 20% of total funding source to pursue stable funding structure.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity Risk Management (Continued)

Contingency funding plan is formulated to address liquidity needs at different stages including the mechanism for the detection of early warning signals of potential crisis at early stage and obtaining of emergency funding in bank-run scenario at later stage. Designated roles and responsibilities of the Crisis Management Team, departments/functions and business units and their emergency contact information are documented clearly in the contingency funding plan policy as part of business continuity planning, and contingency funding measures are in place to set priorities of funding arrangements with counterparties, to set procedures for intraday liquidity risk management and intra-group funding support, to manage media relationship and to communicate with internal and external parties during a liquidity crisis. The stress-testing results are updated and reported to Senior Management regularly and the results such as survival period for positive cash-flow mismatches are used in contingency funding planning and determination of the required level of liquidity cushion. Based on the results of liquidity stress-testing, standby facilities and liquid assets are maintained to provide liquidity to meet unexpected and material cash outflows in stressed situations.

The Group maintains sufficient liquidity cushion comprising mainly cash and treasury bills issued by eligible central governments to address critical and emergent liquidity needs on intraday basis and over other different time horizons. The Group is not subject to particular collateral arrangements or requirements in contracts in case there is a credit rating downgrade of entities within the Group.

Apart from cash-flow projections under normal scenario to manage liquidity under different time horizons, different stress scenarios such as institution-specific stress scenario, the general market stress scenario and the combination of such scenarios with assumptions are set and reviewed by dedicated committees and approved by the Board. Under institution-specific stress scenario, loan repayments from some customers are assumed to be delayed. The projected cash inflow would be reduced by the amount of retail loan delinquencies. Regarding cash-outflow projection, part of undrawn loan facilities are not to be utilised by borrowers or honoured by the Group. The core deposits ratio would decrease as there would be fewer renewals of fixed deposits on the contractual maturity dates. In the general market stress scenario, some undrawn banking facilities are not to be honoured upon drawdown as some bank counterparties will not have sufficient liquidity to honour their obligations in market. The Group may pledge or liquidate its liquid assets such as treasury bills issued by eligible central governments to secure funding to address potential liquidity crisis. Liquidity stress-tests are conducted regularly (at least monthly) and the results are utilised for part of contingency funding plan or for providing insights to management about the latest liquidity position of the Group.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity Risk Management (Continued)

Regulatory liquidity ratio

Pursuant to section 97H of the Hong Kong Banking Ordinance and Rule 7 of the Banking (Liquidity) Rules, the Company is required to comply with the liquidity maintenance ratio requirement.

	For the six months ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Average liquidity maintenance ratio	65.8%	69.1%

The average liquidity maintenance ratio is computed on a solo basis using the arithmetic mean of each calendar month's average liquidity maintenance ratio as reported in the return relating to the liquidity position submitted to the HKMA.

Liquidity exposures and funding needs are measured and assessed at the level of individual legal entities (i.e. the Company and its core operating subsidiaries). Pursuant to the HKMA's requirements, the transferability of liquidity of the Company takes into account the need of compliance with trigger points of liquidity related ratios and minimum liquidity capital level, and other legal and regulatory limitations such as limits of connected exposures and capital related ratios.

Operational Risk Management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, human and system errors or from external events.

The Group has an operational risk management function in place to identify, measure, monitor and control operational risk. Its operational risk management policy defines the responsibilities of various committees, business units and supporting departments/functions, and highlights key operational risk factors and categories with loss event types to facilitate the measurement and assessment of operational risks and their potential impact. Operational risk exposures are monitored by appropriate key risk indicators for tracking and escalation to management for providing early warning signals of increased operational risk or a breakdown in operational risk management. Regular operational risk management reports are received and consolidated from various parties and reported to the ORMC for monitoring and control of operational risk. Pursuant to such regular reporting and monitoring, there were no significant operational loss events being identified in the first half of year 2026. The Group also purchased relevant insurances as risk migration tools to contain potential operational losses within risk tolerance level. Business continuity plans are in place to ensure continuity of business operations in the event of business disruption.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Cyber Security Risk Management

Cyber security risk is the risk of loss resulting from a cyber attack or information security breach on the Group. The Group has put in place adequate resources and established cyber security risk management policy in accordance with the requirements of the HKMA's Cybersecurity Fortification Initiative and other industry standards to provide guidance on managing cyber security risk, improving cyber resilience as well as ensuring adequate cyber security awareness throughout the Group. The Group also periodically engaged qualified professional assessors to conduct assessments and simulation attacks to assess the robustness of the Group's cyber security controls.

Climate risk management

Climate risk is defined as the risk from climate changes, the related impacts and the economic and financial consequences, as a result of physical damage caused by extreme weather events or from transitioning towards a low-carbon economy. The Group has established climate-related risk management policies in accordance with the requirements of the Supervisory Policy Manual GS-1 "Climate Risk Management" issued by the HKMA to define the roles and responsibilities of various committees, business units and supporting departments/functions, and provide guidance on managing climate-related risks as well as ensuring adequate awareness on importance of climate changes throughout the entities. Moreover, the Group's priority on managing climate-related risks and opportunities has been formulated into strategies and action plans to achieve the Public Bank Group's overall sustainability commitment of Carbon Neutral Position for Scopes 1 and 2 by 2030 and Net Zero Carbon by 2050. In order to achieve the commitment, the Group's priority is on developing the risk management processes, infrastructure and tools to systematically identify and assess climate-related risks and to embed climate-related risk management considerations into the day-to-day business activities of the Group. The Group has also conducted climate risk stress testing exercise to identify potential vulnerabilities brought by climate changes and plan for responses towards achieving climate resilience.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital Management

Capital of the Group for regulatory and risk management purposes includes share capital, reserves, retained profits and regulatory reserve. Finance and Control Function is responsible for monitoring the amount of the capital base and capital adequacy ratios against trigger limits and for risk exposures and ensuring compliance with relevant statutory limits, taking into account business growth, dividend payout and other relevant factors.

The Group's policy is to maintain a strong capital base to support the development of the Group's businesses and to meet the statutory capital adequacy ratios and other regulatory capital requirements. Capital is allocated to various business activities of the Group depending on the risks taken by each business unit and in accordance with the requirements of relevant regulatory bodies, taking into account current and future activities within a time frame of 3 years.

Capital adequacy ratios

The capital adequacy ratios of the Company are computed in accordance with the provisions of the Banking Ordinance relating to Basel III capital standards and the Capital Rules. The Company has adopted the standardised approach for the calculation of credit risk-weighted exposures, market risk-weighted exposures and operational risk-weighted exposures. The Company is granted an exemption by the HKMA for the calculation of market risk-weighted exposures which are immaterial to the Company.

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
CET1 Capital Ratio	33.0%	35.8%
Tier 1 Capital Ratio	33.0%	35.8%
Total Capital Ratio	34.1%	37.0%

The above capital ratios are higher than the minimum capital ratios required by the HKMA. The capital adequacy ratios above are calculated after the deduction of proposed dividends.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital Management (Continued)

Capital disclosures

The components of capital base include the following items:

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
CET1 capital instruments	671,038	671,038
Retained earnings	701,496	796,342
Disclosed reserves	-	-
CET1 capital before deduction	1,372,534	1,467,380
Deduct:		
Cumulative fair value gains arising from the revaluation of land and buildings (covering both own-use and investment properties)	(3,419)	(3,558)
Regulatory reserve for general banking risk	-	-
Deferred tax assets in excess of deferred tax liabilities	(8,901)	(8,044)
CET1 capital after deduction	1,360,214	1,455,778
Additional Tier 1 capital	-	-
Tier 1 capital after deductions	1,360,214	1,455,778
Reserve attributable to fair value gains	1,539	1,601
Regulatory reserve for general banking risk	-	-
Collective provisions	46,809	45,872
	46,809	45,872
Tier 2 capital	48,348	47,473
Capital base	1,408,562	1,503,251
Total risk-weighted assets	4,126,195	4,063,499

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital Management (Continued)

Capital conservation buffer (CCB)

The Company is subject to the 2.5% CCB ratio.

Countercyclical capital buffer (CCyB)

The CCyB ratio is an additional layer of CET1 capital which takes effect as an extension of the Basel III CCB.

As at 30 June 2026, the Company has reserved a capital buffer, inclusive of CCyB ratio of 0.5%, to the private sector credit exposures in Hong Kong.

The following tables illustrate the geographical breakdown of risk-weighted amounts ("RWA") in relation to private sector credit exposures:

Jurisdiction ("J")	Applicable JCCyB ratio in effect %	30 June 2026 (Unaudited)		
		Total RWA used in computation of CCyB ratio HK\$'000	CCyB ratio %	CCyB amount HK\$'000
Hong Kong, China	0.500	3,624,553	0.500	18,123
Jurisdiction ("J")	Applicable JCCyB ratio in effect %	31 December 2025 (Audited)		
		Total RWA used in computation of CCyB ratio HK\$'000	CCyB ratio %	CCyB amount HK\$'000
Hong Kong, China	0.500	3,552,936	0.500	17,765

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital Management (Continued)

Leverage ratio

The leverage ratio is introduced into the Basel III framework as a non-risk-based backstop limit to supplement risk-based capital requirements. It aims to constrain the build-up of excess leverage in the banking sector, and introduce additional safeguards against model risk and measurement errors. The ratio is a volume-based measure calculated as Basel III Tier 1 capital divided by total on-balance sheet and off-balance sheet exposures with reference to the Completion Instructions of the Quarterly Template on Leverage Ratio.

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
Tier 1 Capital	1,360,214	1,455,778
Exposure Measure for Leverage Ratio	6,240,247	6,087,210
Leverage Ratio	21.8%	23.9%

The disclosure on leverage ratio has been effective since 31 March 2015 and the relevant disclosures can be viewed in the Regulatory Disclosure Statement for the position date of 30 June 2026 to be published in the Company's website at www.pfl.com.hk under "Regulatory Disclosures" section on or before 30 September 2026.

Principal subsidiaries and basis of consolidation

The basis of consolidation for financial accounting purposes is in accordance with HKFRS Accounting Standards, as described in Note 3 to the interim financial statements.

The basis of consolidation for regulatory purposes is different from that for accounting purposes. Subsidiaries included in the consolidation for regulatory purposes are specified in a notice from the HKMA in accordance with section 3C(1) of the Capital Rules.

The subsidiary not included in the computation of the capital adequacy ratios of the Company is Public Financial Limited.

Details of the Company's subsidiary are set out in Note 1 to the interim financial statements.

NOTES TO INTERIM FINANCIAL STATEMENTS

27. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital Management (Continued)

Capital instruments

To comply with the Banking (Disclosure) Rules, the Company will present all the information relating to the disclosure of regulatory capital instruments and the reconciliation to the Company's published interim financial statements in the Regulatory Disclosure Statement for the position date of 30 June 2026 to be published in the Company's website at www.pfl.com.hk under "Regulatory Disclosures" section on or before 30 September 2026.

The disclosure will include the following information:

- a description of the main features and full terms and conditions of the Company's capital instruments;
- a detailed breakdown of the Company's CET1 capital, Additional Tier 1 capital, Tier 2 capital and regulatory deductions, using the standard disclosure template as specified by the HKMA; and
- a full reconciliation between the Company's accounting and regulatory balance sheets, using the standard disclosure template as specified by the HKMA.

The following is a summary of the Company's CET1 capital instruments:

		30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Audited) HK\$'000
	Note		
CET1 capital instruments issued by the Company			
Ordinary shares:			
258,800,000 issued and fully paid ordinary shares	22	671,038	671,038

Regulatory disclosures

Further disclosures with respect to capital adequacy and risk management were shown in the regulatory disclosures templates as required by the Banking (Disclosure) Rules. The Company will publish the Regulatory Disclosure Statement for the position date of 30 June 2026 in the Company's website at www.pfl.com.hk under "Regulatory Disclosures" section on or before 30 September 2026.

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

(A) ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS

Gross and impaired loans and advances to customers, impairment allowances, impaired loans and advances written off and collateral are analysed by industry sectors pursuant to the HKMA's guidelines as follows:

	30 June 2026								
	Gross loans and advances HK\$'000	Impairment allowances collectively assessed HK\$'000	Impairment allowances specifically assessed HK\$'000	New impairment allowances for loans charged to income statement HK\$'000	Amount of impaired loans and advances written off HK\$'000	Collateral HK\$'000	Percentage of gross advances covered by collateral %	Impaired loans and advances HK\$'000	Loans and advances overdue for more than three months HK\$'000
Loans and advances for use in Hong Kong									
Manufacturing	5,908	84	-	3	-	-	-	-	-
Building and construction, property development and investment									
Property development	-	-	-	-	-	-	-	-	-
Property investment	42,117	4	-	-	-	42,117	100.0	-	-
Civil engineering works	17,948	257	-	84	-	-	-	-	-
Electricity and gas	-	-	-	-	-	-	-	-	-
Recreational activities	-	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-	-
Wholesale and retail trade	40,221	574	89	286	-	-	-	89	89
Transport and transport equipment	549,070	6,565	4,728	1,708	-	378,300	68.9	9,113	9,113
Hotels, boarding houses and catering	-	-	-	-	-	-	-	-	-
Financial concerns	-	-	-	-	-	-	-	-	-
Stockbrokers	-	-	-	-	-	-	-	-	-
Non-stockbroking companies and individuals for the purchase of shares	-	-	-	-	-	-	-	-	-
Professional and private individuals									
Loans for the purchase of flats covered by the guarantees issued by the Housing Authority under the Home Ownership Scheme, Private Sector Participation Scheme and Tenant Purchase Scheme	-	-	-	-	-	-	-	-	-
Loans for the purchase of other residential properties	1,256,486	125	8	21	-	1,256,486	100.0	10,807	10,807
Loans for other business purposes	-	-	-	-	-	-	-	-	-
Loans for other private purposes	3,364,123	87,870	35,791	158,197	120,336	24,149	0.7	66,900	34,020
Trade finance	-	-	-	-	-	-	-	-	-
Other loans and advances	-	-	-	-	-	-	-	-	-
Loans and advances for use outside Hong Kong	89,719	5,750	3,480	14,020	11,036	-	-	4,063	3,890
Total loans and advances (excluding other receivables)	5,365,592	101,229	44,096	174,319	131,372	1,701,052	31.7	90,972	57,919

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

(A) ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS (Continued)

	31 December 2025								
	Gross loans and advances HK\$'000	Impairment allowances collectively assessed HK\$'000	Impairment allowances specifically assessed HK\$'000	New impairment allowances for loans charged to income statement HK\$'000	Amount of impaired loans and advances written off HK\$'000	Collateral HK\$'000	Percentage of gross advances covered by collateral %	Impaired loans and advances HK\$'000	Loans and advances overdue for more than three months HK\$'000
Loans and advances for use in Hong Kong									
Manufacturing	7,825	101	-	76	-	-	-	-	-
Building and construction, property development and investment									
Property development	-	-	-	-	-	-	-	-	-
Property investment	44,011	4	-	-	-	44,011	100.0	-	-
Civil engineering works	15,553	201	-	167	-	-	-	-	-
Electricity and gas	-	-	-	-	-	-	-	-	-
Recreational activities	-	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-	-
Wholesale and retail trade	37,163	480	-	560	307	-	-	-	-
Transport and transport equipment	564,129	8,623	2,945	17,044	8,506	337,916	59.9	4,808	4,808
Hotels, boarding houses and catering	-	-	-	-	-	-	-	-	-
Financial concerns	-	-	-	-	-	-	-	-	-
Stockbrokers	-	-	-	-	-	-	-	-	-
Non-stockbroking companies and individuals for the purchase of shares	-	-	-	-	-	-	-	-	-
Professional and private individuals									
Loans for the purchase of flats covered by the guarantees issued by the Housing Authority under the Home Ownership Scheme, Private Sector Participation Scheme and Tenant Purchase Scheme	-	-	-	-	-	-	-	-	-
Loans for the purchase of other residential properties	1,200,924	119	11	29	-	1,200,924	100.0	15,148	15,148
Loans for other business purposes	-	-	-	-	-	-	-	-	-
Loans for other private purposes	3,272,594	80,539	36,307	309,335	263,019	21,544	0.7	68,294	41,570
Trade finance	-	-	-	-	-	-	-	-	-
Other loans and advances	-	-	-	-	-	-	-	-	-
Loans and advances for use outside Hong Kong	97,886	6,511	3,521	12,528	8,281	-	-	4,163	4,131
Total loans and advances (excluding other receivables)	5,240,085	96,578	42,784	339,739	280,113	1,604,395	30.6	92,413	65,657

The advances to customers are classified by industry sectors based on the industry in which the granted loans are used. In those cases where loans cannot be classified with reasonable certainty, they are classified according to the known principal activities of the borrowers or by reference to the assets financed according to the loan documentation.

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

(B) INTERNATIONAL CLAIMS

The information of international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties taking into account any recognised risk transfer. In general, recognised risk transfer from one country to another is recognised if the claims against a counterparty are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country.

The following tables illustrate the international claims on individual countries or areas taking into account the recognised risk transfer, amounting to 10% or more of the aggregate international claims.

30 June 2026					
	Banks HK\$ million	Official sector HK\$ million	Non-bank financial institutions HK\$ million	Non- financial private sector HK\$ million	Total HK\$ million
Developing Asia- Pacific, of which	5	-	-	-	5
- Philippines	3	-	-	-	3
- Indonesia	2	-	-	-	2

31 December 2025					
	Banks HK\$ million	Official sector HK\$ million	Non-bank financial institutions HK\$ million	Non- financial private sector HK\$ million	Total HK\$ million
Developing Asia- Pacific, of which	4	-	-	-	4
- Philippines	4	-	-	-	4

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

(C) MAINLAND ACTIVITIES

The following tables illustrate the disclosure required to be made in respect of the Company's Mainland China exposures to non-bank counterparties:

Type of counterparties	30 June 2026		Total HK\$'000
	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	
People's Republic of China ("PRC") nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
Total	-	-	-
Total assets after provision	6,146,084		
On-balance sheet exposures as percentage of total assets	0%		
Type of counterparties	31 December 2025		Total HK\$'000
	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
Total	-	-	-
Total assets after provision	5,998,242		
On-balance sheet exposures as percentage of total assets	0%		

Note:

The analysis of non-bank Mainland China exposures is disclosed with reference to the Banking (Disclosure) Rules and Completion Instructions for the HKMA Return of Mainland Activities.

BUSINESS PERFORMANCE

For the six months ended 30 June 2026, the Group recorded a profit after tax of HK\$21.3 million, representing an increase of HK\$19.2 million as compared with HK\$2.1 million for the corresponding period in 2025.

During the period under review, the Group's interest income increased by HK\$3.5 million or 1.0% to HK\$359.6 million, whilst interest expense decreased by HK\$17.6 million or 21.8% to HK\$63.2 million mainly driven by the lower interest cost of fixed deposits. Consequently, the Group's net interest income increased by HK\$21.1 million or 7.6% to HK\$296.4 million from HK\$275.3 million in the corresponding period in 2025. Non-interest income of the Group increased by HK\$5.3 million or 11.1% to HK\$52.7 million mainly due to higher fee income from loan transactions in the period under review.

The Group's operating expenses increased by HK\$18.4 million or 8.9% to HK\$224.8 million mainly due to higher staff costs and marketing expenses in the period under review.

Impaired loans to total loans ratio of the Group decreased slightly by 0.06% to 1.70% as at 30 June 2026 from 1.76% as at 31 December 2025. Credit loss expenses decreased by HK\$14.2 million or 12.6% to HK\$98.5 million mainly due to the decrease in credit charges for taxi financing loan during the period under review.

Gross loans and advances of the Group increased by HK\$125.5 million or 2.4% to HK\$5.37 billion as at 30 June 2026 from HK\$5.24 billion as at 31 December 2025. The Group's customer deposits increased by HK\$156.0 million or 3.6% to HK\$4.53 billion as at 30 June 2026 from HK\$4.37 billion as at 31 December 2025. Total assets of the Group stood at HK\$6.15 billion as at 30 June 2026.

The Group will continue to focus on its personal and commercial lending businesses. Moving forward, the Group will also allocate more resources to drive business growth via electronic channels in line with its fintech development plan. The Group targets to achieve a Carbon-Neutral Position for Scope 1 and Scope 2 emissions by 2030 and Net Zero Carbon by 2050; and will continue integrating sustainability development into its business initiatives and loan products to promote green finance to achieve the targets set.

By Order of the Board
Public Finance Limited
Lai Wan
Chairman

Hong Kong, 16 July 2026