



# AIRSTAR BANK LIMITED

REPORT OF DIRECTORS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 December 2025

## REPORT OF THE DIRECTORS

The directors submit this report together with the audited financial statements for the year ended 31 December 2025 (the “year”).

### Principal activities

The principal activity of Airstar Bank Limited (“the Bank”) is to carry out banking and related financial services as a digital bank in Hong Kong.

### Address of Registered Office

The Bank is a company incorporated in Hong Kong and has its registered office at Suites 3201-07, 32/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

### Business review

No business review is presented for the year as the Bank has been able to claim an exemption under section 388(3) of the Companies Ordinance Cap. 622 since it is a wholly-owned subsidiary of Gravitation Fintech HK Limited (“GFHK”).

### Results and appropriations

The results of the Bank for the year are set out in the statement of profit or loss on page 9.

The directors do not recommend the payment of a dividend.

### Donations

During the year, the Bank made charitable and other donations amounting to HK\$ 52,600 (2024: HK\$ 19,900).

### Shares issued during the year

During the year, a total of 2,067,477,355 (2024: 1,183,775,814) ordinary shares have been issued for a total consideration of HK\$ 500,000,000 (2024: HK\$ 440,000,000). Details are set out in Note 22 to the financial statements.

### Change of ultimate holding company

On 16 September 2025, the GFHK issued and allotted 2,067,477,355 Ordinary Shares to the Futu VB Limited (a company indirectly wholly owned by Futu Holdings Limited) for an aggregate subscription price of HK\$500,000,000. Subsequently, the Bank issued and allotted 2,067,477,355 Ordinary Shares to the GFHK for an aggregate subscription price of HK\$500,000,000 on same day (the “Allotments”).

Upon the completion of the Allotments, the Bank’s ultimate holding company changed to Futu Holdings Limited, a company incorporated in the Cayman Islands and is listed in the United States.

### Debentures issued during the year

No debentures were issued during the year.

### Equity linked agreements

No equity-linked agreements that will or may result in the Bank issuing shares or that require the Bank to enter into any agreements that will or may result in the Bank issuing shares were entered into or were subsisted at the end of the year or at any time during the year.

## REPORT OF THE DIRECTORS

### Directors of the Bank

The directors of the Bank during the year and up to the date of this report were:

#### Chairman and Non-Executive Director

Mr. Li Hua (Appointed as Non-Executive Director on 6 May 2025 and designated as Chairman on 31 October 2025)

#### Executive Director

Mr. Hu Wei

#### Non-Executive Directors

Mr. Lam Sai Wai Alain (Resigned as Chairman on 31 October 2025)

Mr. Chen Yu (Appointed on 17 March 2025)

Mr. Yue Kai (Resigned on 31 October 2025)

#### Independent Non-Executive Directors

Prof. Mao Zhenhua

Prof. Tong Wai Cheung Timothy

Mr. Wong Shun Tak

All directors will continue in office.

### **Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Bank's business**

Save as disclosed in Note 24 to the financial statements, no transactions, arrangements and contracts of significance in relation to the Bank's business to which the Bank's parent companies or its fellow subsidiaries was a party and in which directors of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **Directors' interests in the shares and debentures of the Bank or any specified undertaking of the Bank**

At no time during the year was the Bank or its parent companies or its fellow subsidiaries a party to any arrangement to enable the directors of the Bank to hold any interests in the shares or debentures of the Bank or its specified undertakings.

### **Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Bank were entered into or existed during the year.

## REPORT OF THE DIRECTORS

### Permitted indemnity provisions

A permitted indemnity provision as set out in the articles of association of the Bank that provides for indemnity against liability incurred by directors of the Bank is currently in force and was in force throughout the year.

### Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



---

Li Hua  
Chairman

Hong Kong, 10 April 2026



## Independent Auditor's Report

To the Members of Airstar Bank Limited  
(incorporated in Hong Kong with limited liability)

### Opinion

#### What we have audited

The financial statements of Airstar Bank Limited (the "Bank"), which are set out on pages 9 to 52, comprise:

- the statement of financial position as at 31 December 2025;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

#### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

#### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Bank in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and Corporate Governance Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Directors and the Audit Committee for the Financial Statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Bank's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report<sup>7</sup>. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Chan Siu Fung (practising certificate number: P07983).



PricewaterhouseCoopers  
Certified Public Accountants  
Hong Kong, 10 April 2026

**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 HK\$000	2024 HK\$000
Interest income	5	146,675	109,776
Interest expense	6	(65,466)	(59,028)
<b>Net interest income</b>		<b>81,209</b>	<b>50,748</b>
Net fee and commission income	7	8,570	1,221
Net gain from investment in securities		25	-
Other income		90	225
<b>Total income</b>		<b>89,894</b>	<b>52,194</b>
Operating expenses	8	(341,367)	(342,615)
Finance costs	9	(1,575)	(433)
Impairment losses		(3,067)	(9,884)
Bad debt recovery		1,373	1,103
<b>Loss before income tax</b>		<b>(254,742)</b>	<b>(299,635)</b>
Income tax expense	10	-	-
<b>Loss for the year</b>		<b>(254,742)</b>	<b>(299,635)</b>

The notes on pages 14 to 52 form part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	<b>2025</b> <b>HK\$000</b>	<b>2024</b> <b>HK\$000</b>
<b>Loss for the year</b>	(254,742)	(299,635)
<b>Other comprehensive income, net of tax:</b>		
Items that may be reclassified subsequently to profit or loss:		
Changes in the fair value of financial assets at fair value through other comprehensive income ("FVOCI")	11,014	(1,838)
<b>Total comprehensive loss for the year</b>	(243,728)	(301,473)

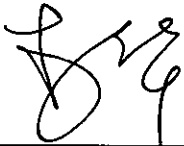
The notes on pages 14 to 52 form part of these financial statements.

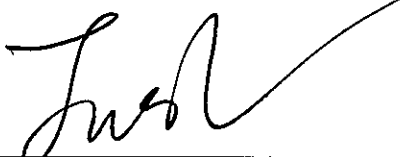
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 HK\$000	2024 HK\$000
<b>Assets</b>			
Balances with banks	11	322,835	189,658
Placement with banks	11	-	76,907
Investment in securities	13	2,257,375	2,153,807
Loans and advances to customers	12	2,188,512	693,026
Prepayment and other assets	14	56,384	55,936
Property and equipment	16	161	2,442
Right-of-use assets	15	9,768	18,654
Intangible assets	17	34,507	64,658
		<hr/>	<hr/>
<b>Total Assets</b>		4,869,542	3,255,088
		<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>			
Deposits from customers	18	3,779,705	2,399,386
Other payables and accruals	19	120,076	134,817
Lease liabilities	15	9,563	18,315
Make good provision		3,418	3,418
		<hr/>	<hr/>
<b>Total Liabilities</b>		3,912,762	2,555,936
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>			
Share capital	22	2,440,000	1,940,000
Reserves	26,27	43,874	26,352
Accumulated losses		(1,527,094)	(1,267,200)
		<hr/>	<hr/>
<b>Total Equity</b>		956,780	699,152
		<hr/> <hr/>	<hr/> <hr/>
<b>Total Liabilities and Equity</b>		4,869,542	3,255,088
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 14 to 52 form part of these financial statements.

The financial statements on pages 9 to 52 were approved by the Board of Directors on 10 April 2026 and were signed on its behalf.

  
\_\_\_\_\_  
Li Hua

  
\_\_\_\_\_  
Hu Wei

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Share capital HK\$000	Other reserves HK\$000	Regulatory reserve HK\$000	Accumulated losses HK\$000	Total equity HK\$000
<b>Balance as at 31 December 2023</b>		1,500,000	25,102	-	(967,565)	557,537
Total comprehensive income		-	(1,838)	-	(299,635)	(301,473)
Employee share scheme	23	-	3,088	-	-	3,088
Issuance of ordinary shares	22	440,000	-	-	-	440,000
<b>Balance as at 31 December 2024 and 1 January 2025</b>		1,940,000	26,352	-	(1,267,200)	699,152
Total comprehensive income		-	11,014	-	(254,742)	(243,728)
Employee share scheme	23	-	1,356	-	-	1,356
Issuance of ordinary shares	22	500,000	-	-	-	500,000
Transfer from accumulated losses	27	-	-	5,152	(5,152)	-
<b>Balance as at 31 December 2025</b>		2,440,000	38,722	5,152	(1,527,094)	956,780

The notes on pages 14 to 52 form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 HK\$000	2024 HK\$000
<b>Cash flows from operating activities</b>			
Loss before income tax		(254,742)	(299,635)
Adjustments for:			
Interest income	5	(146,675)	(109,776)
Interest expense	6	64,966	57,992
Interest on lease liabilities	6	500	1,036
Bad debt recovery		(1,373)	(1,103)
Impairment losses		3,067	9,884
Depreciation of property and equipment	16	2,281	6,406
Depreciation of right-of-use assets	15	14,175	17,429
Amortisation of intangible assets	17	30,151	40,663
Employee share scheme	23	1,356	3,088
Changes in:			
Placement with banks with original maturity more than 3 months		7,445	23,807
Loans and advances to customers		(1,497,077)	(33,014)
Prepayment and other assets		(2,049)	7,379
Deposits from customers		1,380,319	722,781
Other payables and accruals		(14,316)	71,015
Interest received		148,071	103,041
Interest paid		(65,391)	(46,972)
Net cash (used in) / from operating activities		<u>(329,292)</u>	<u>574,021</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	17	-	(9,780)
Purchase of property and equipment	16	-	(149)
Purchase of investment in securities		(4,567,334)	(2,893,689)
Proceeds from disposal and redemption of investment in securities		4,474,676	1,782,587
Net cash used in investing activities		<u>(92,658)</u>	<u>(1,121,031)</u>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	15	(14,336)	(17,972)
Proceeds from issuance of ordinary shares	22	500,000	440,000
Net cash from financing activities		<u>485,664</u>	<u>422,028</u>
<b>Net change in cash and cash equivalents</b>		<b>63,714</b>	<b>(124,982)</b>
<b>Cash and cash equivalents at the beginning of year</b>		<b>259,121</b>	<b>384,103</b>
<b>Cash and cash equivalents at end of year</b>	<b>21</b>	<b><u>322,835</u></b>	<b><u>259,121</u></b>

The notes on pages 14 to 52 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 General information

Airstar Bank Limited (the “Bank”) is a private limited liability company incorporated in Hong Kong Special Administrative Region (“Hong Kong”) of the People’s Republic of China (the “PRC”) on 13 July 2018. It is a licensed bank authorised under the Hong Kong Banking Ordinance since 9 May 2019. The principal activity of the Bank is to carry out banking and related financial services as a digital bank in Hong Kong and was officially launched on 11 June 2020.

The address of the Bank’s registered office is Suites 3201-07, 32/F, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

### 2 Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the year presented, unless otherwise stated.

#### 2.1 Statement of compliance and basis of preparation

The financial statements of the Bank have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance (Cap. 622). The financial statements are presented in Hong Kong dollars and rounded to the nearest thousands, unless otherwise stated.

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of investment in securities measured at FVOCI. The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### 2.2 Change in accounting policies

The Bank has applied the following standards, amendments and interpretations for the first time for its annual reporting period commencing 1 January 2025:

<b>Standards/ Amendments/ Interpretations</b>	<b>Content</b>	<b>Applicable for financial years beginning on/after</b>	<b>Currently relevant to the Bank</b>
HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability	1 January 2025	No

The amendments and interpretations listed above did not have any material impact on the amounts recognised in prior periods.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Summary of material accounting policies (continued)

#### 2.3 New and amended standards and interpretations not yet adopted by the Bank

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 31 December 2025 and have not been early adopted by the Bank. These standards, amendments and interpretations are not expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

Standards/ Amendments/ Interpretations	Content	Applicable for financial years beginning on/after	Currently relevant to the Bank
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026	Yes
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature- dependent Electricity	1 January 2026	No
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026	Yes
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	Yes
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures	1 January 2027	Yes
HKAS 21 (Amendments)	Translation to a Hyperinflationary Presentation Currency	1 January 2027	No
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	No

#### 2.4 Leases

##### 2.4.1 Definition of lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### 2.4.2 The Bank as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Bank under residual value guarantees;
- the exercise price of a purchase option if the Bank is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Summary of material accounting policies (continued)

#### 2.4 Leases (continued)

##### 2.4.2 The Bank as a lessee (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Bank, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### 2.5 Financial assets

##### 2.5.1 Classification and recognition

The Bank classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Bank's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. Reclassification of financial assets are prohibited unless the Bank changes its business model for managing financial assets. In practice, this is expected to be infrequent.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Summary of material accounting policies (continued)

#### 2.5 Financial assets (continued)

##### 2.5.1 Classification and recognition (continued)

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank commits to purchase or sell the asset.

See Note 3.1 (d) for details of each type of financial asset.

##### 2.5.2 Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of financial assets depends on the Bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Bank classifies its financial assets:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **Fair value through other comprehensive income ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.
- **Fair value through profit or loss ("FVPL"):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Derivatives are also classified at FVPL unless they are designated as effective hedging instruments. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Summary of material accounting policies (continued)

#### 2.5 Financial assets (continued)

##### 2.5.3 Impairment

The Bank recognises a loss allowance for expected credit losses (“ECLs”) on the following items:

- financial assets measured at amortised cost; and
- debt securities measured at FVOCI.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive).

The expected cash shortfalls are discounted where the effect of discounting is material. The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk. Where the financial instrument such as revolving credit facilities includes both a drawn and undrawn commitment, ECL is measured over the period that the Bank remains exposed to credit risk that is not mitigated by management actions in respect of credit risk.

In measuring ECLs, the Bank takes into account reasonable and supportable information that is available. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Bank will account for expected credit losses within the next 12 months as Stage 1 when those financial instruments are initially recognised; and to recognise lifetime expected credit losses as Stage 2 when there has been significant increases in credit risk since initial recognition. Lifetime expected credit losses will be recognised for credit-impaired financial instruments as Stage 3 if the future cash flows of that financial instruments are adversely affected by one or more events and interest income will then be accrued net of the impairment amount of the respective Stage 3 financial assets.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Bank recognises an impairment gain or loss for all relevant financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI, for which the loss allowance is recorded in the fair value reserve.

When a financial asset is uncollectible, it is written off against the gross carry amount of the financial asset and the related allowance for impairment losses. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. The assets written off are still subject to enforcement activity. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses in the income statement.

##### 2.5.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Summary of material accounting policies (continued)

#### 2.6 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

- Leasehold improvement 3 years
- Furniture and fixture 5 years
- Computer equipment 3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

#### 2.7 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance owned and controlled by the Bank. Intangible assets are stated at acquisition cost less accumulated amortisation and impairment. Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

##### 2.7.1 Software

Intangible assets included software acquired externally and capitalised development costs of computer software programmes. Acquired software are initially recognised as intangible assets and measured at costs incurred to acquire and bring them to use. They are amortised on a straight-line basis over 5 years, and recorded in amortisation within operating expenses in the statement of profit or loss.

##### 2.7.2 Research and development expenditures

Research expenditure is recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Summary of material accounting policies (continued)

#### 2.7 Intangible assets (continued)

##### 2.7.2 Research and development expenditures (continued)

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recorded as intangible assets and amortised on the straight-line basis from the point at which the asset is ready for use and over its expected economic life, which is 5 years.

#### 2.8 Impairment of non-financial assets

Intangible assets with a definite useful life that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### 2.9 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include balances with banks and placement with banks with the original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 2.10 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 2.11 Financial liabilities

Financial liabilities represent other payables and accruals and deposits from customers. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Summary of material accounting policies (continued)

#### 2.13 Employee Benefits

##### 2.13.1 Short term obligations

Liabilities for wages and salaries, including unused annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accruals in the statement of financial position.

##### 2.13.2 Retirement benefits scheme

The Bank operates a mandatory provident fund scheme ("MPF Scheme") for the eligible employees in Hong Kong. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee – administered funds. The Bank's contributions to MPF Scheme are expensed as incurred.

##### 2.13.3 Bonus plans

The expected cost of bonuses is recognised as a liability when the Bank has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

#### 2.14 Equity-settled share-based payment transactions

Xiaomi Corporation, the former ultimate holding company of the Bank, operates a share award scheme, under which the Bank receives services from employees as consideration for equity instruments (restricted shares units ("RSUs")) issued by Xiaomi Corporation. Information relating to the scheme is set out in Note 23.

The award is treated as an equity-settled share-based payment in the Bank's financial statements as the Bank does not have an obligation to settle the award. The fair value of the services received in exchange for the grant of RSUs is recognised as an expense in profit or loss over the vesting period with a corresponding increase in equity. The credit to equity is treated as a capital contribution.

The total amount to be expensed is determined by reference to the fair value of RSUs granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Bank revises its estimates of the number of RSUs that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Summary of material accounting policies (continued)

#### 2.15 Related parties

For the purpose of these financial statements, related parties of the Bank are defined as below:

(i) A person, or a close member of that person's family, is related to the Bank if that person:

- (a) has control or joint control over the Bank;
- (b) has significant influence over the Bank; or
- (c) is a member of the key management personnel of the Bank or the Bank's parent.

(ii) An entity is related to the Bank if any of the following conditions applies:

- (a) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (c) Both entities are joint ventures of the same third party;
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank;
- (f) The entity is controlled or jointly controlled by a person identified in (i);
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank or to the Bank's parent.

#### 2.16 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within operating expenses.

#### 2.17 Revenue recognition

##### 2.17.1 Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

##### 2.17.2 Fee and commission income

Fee and commission income is recognized when the Bank has satisfied its performance obligation in providing the promised products and services to the customers, and are recognized based on contractual rates agreed with customers.

##### Loan commission fee

Loan commission fee for servicing a loan is recognised as fee and commission income. Fee and commissions arising from negotiating, or participating in the negotiation of, a transaction for a third party is recognised when the service has been fully provided to the customer.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 Summary of material accounting policies (continued)

#### 2.17 Revenue recognition (continued)

##### 2.17.2 Fee and commission income (continued)

###### Interchange fee

The Bank provides its customers with card processing services (i.e., authorisation and settlement of transactions executed with the Bank's cards) where it is entitled to an interchange fee for each transaction (i.e., when a cardholder purchases goods and services from merchants using the Bank's card). The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. The variable interchange fees are allocated to each distinct day, based on the number and value of transactions processed that day, with revenue recognised as the entity fulfils its performance obligations.

###### Securities brokerage fee

The Bank provides brokerage services to customers for the execution of securities transactions. The fee is recognised at a point in time under transaction-based arrangements when services have been fully provided to customers. The Bank acts as a principal in these arrangements, and brokerage fees are recognised as revenue on a gross basis when the service has been fully provided.

#### 2.18 Current and deferred income tax

The income tax expense for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### 2.18.1 Current income tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Bank operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### 2.18.2 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 2.19 Comparative figures

Certain comparative figures in the notes have been re-presented to conform with presentation in the current year.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management

#### 3.1 Financial risk factors

The Bank's overall risk management framework focuses on identifying risks inherent from its business and managing the risks within the acceptable level as defined by the Bank's risk appetite for achieving its strategic objectives.

The Bank's risk governance model includes executive and non-executive governance committees, delegated authorities to individuals and an escalation path for material risks and issues. Risk management is carried out by individuals within the 3 Lines of Defence in accordance with the Board approved policies under the oversight by senior management and the Board of Directors.

The Bank has also put in place appropriate internal control systems to promote an appropriate internal control environment. During the year ended 2025 and 2024, the Bank has fully complied with various key regulatory requirements, i.e. the CET1 capital ratio, tier 1 capital ratio, total capital ratio, leverage ratio and liquidity maintenance ratio ("LMR").

##### a) Credit risk

The Bank is exposed to credit risk in relation to balances and placement with banks, investment in securities, loans and advances to customers and other assets, which are carried at amortised cost and fair value through other comprehensive income.

The Bank does not hold collateral or other credit enhancements associated with financial assets, except for the premium financing and policy financing products, as secured by the saving and life insurance policy. The carrying amounts of each class of the above financial assets represent the Bank's maximum exposure to credit risk in relation to financial assets.

##### Management of credit risk

The Bank's credit risk management policy has been formulated according to the risk appetite approved by the Board of Directors, the Hong Kong Monetary Authority ("HKMA") guidelines and other statutory requirements. The credit policy defines risk governance, credit products offered, underwriting criteria, approval and monitoring processes, credit rating, the loan classification and provisioning. The Bank adopts a 3-stage approach expected credit loss model to measure impairment allowance in accordance with the impairment requirements under HKFRS 9 standard. Risk Management Department will review, and update where required, this policy on an annual basis, or more frequent if considered necessary.

The Board has delegated credit approval authorities to the Chief Executive who then sub-delegated the same to the Chief Risk Officer. The Chief Risk Officer further delegated the credit approval authorities to selected credit approvers, based on their experience and expertise. The Chief Risk Officer has the overall executive responsibility to oversee the management of credit risk through formulating credit policies and procedures, overseeing the credit quality of the Bank's loan portfolio, ensuring an independent and objective assessment of credit risk, controlling exposure to selected industries, counterparties, countries and portfolio types etc. and providing advice and guidance to business units on various credit-related issues. Credit approvers perform independent reviews and approvals of credit applications by ensuring that a borrower meets underwriting standards of the Bank and complies with relevant rules and regulations. Credit performance of loan portfolio are presented to Credit Committee on a monthly basis for review and oversight.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### a) Credit risk (continued)

###### Credit exposure and credit quality

Credit risk exposure of financial instruments is the gross carrying amount of financial assets. The Bank adopts the loan classification categories under the HKMA classification system, which are either classified as “Pass”, “Special Mention”, “Substandard”, “Doubtful” or “Loss”. For impairment allowance measurement, a 3-stage approach expected credit loss model is adopted in accordance with the impairment requirements under HKFRS 9 standard.

###### Significant increase in credit risk

Significant increase in credit risk since initial recognition is assessed based on information that is available without undue cost or effort and that is relevant to financial instruments. An expected credit loss provision will be recognised over the lifetime of the asset if financial instruments experience significant increase in credit risk.

Financial instruments, that are over 30 days past due and not credit-impaired, or any early signs of cashflow/liquidity problems, are considered to have significant increase in credit risk.

###### Credit-impaired / Default

A financial instrument is considered as credit-impaired or default when it meets one or more of the following criteria:

- borrower is more than 90 days past due on its contractual payments
- borrower is in significant financial difficulty
- borrower is in long-term forbearance
- borrower is deceased
- borrower is insolvent
- borrower is in breach of financial covenant(s)
- borrower is bankrupt or will enter bankruptcy

###### Write-off policy

The Bank writes off financial instrument in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Collection action may be suspended under the following circumstances:

- the customer has passed away or/ and filed bankruptcy petition;
- the Bank is undergoing specific processes in relation to bankruptcy of or debt restructuring for the customer; and
- specific requirements as a result of litigation or police/fraud investigation against the concerned account.

For written-off accounts, recovery actions shall not cease if recovery opportunity is still present. To cease recovery actions, due diligence on the customer should be done and the approval from the Chief Risk Officer should be sought.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### a) Credit risk (continued)

###### Measurement of Expected Credit Loss (“ECL”)

The impairment requirements under HKFRS 9 standard are based on an ECL concept that requires the recognition of ECL in a timely and forward-looking manner.

ECL model is adopted to measure impairment allowance. It estimates the expected credit losses at reporting date based on either an estimate of 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in the credit risk of the financial instrument since initial recognition.

Financial instruments are classified into three stages using up-to-date information at reporting date to determine whether 12-month ECL or lifetime ECL is used.

Financial instruments that are not considered to have significant increase in credit risk since initial recognition or low credit risk at reporting date are classified in Stage 1 and are evaluated for impairment using 12-month ECL.

Financial instruments that are considered to have significant increase in credit risk since initial recognition but not credit-impaired are classified in Stage 2. Financial instruments, which are credit-impaired, are classified in Stage 3. Financial instruments classified in Stage 2 or Stage 3 are evaluated using lifetime ECL.

The calculation of ECL incorporates forward-looking information that several key macroeconomic factors and their forecast are included in the ECL model. Assumption of forward looking economic is incorporated in the probability of default model parameters which consist of key macroeconomic factors that will influence the credit risk.

ECL is sensitive to key macroeconomic factors as follows:

- Hong Kong GDP
- Hong Kong Consumer Price Index
- Hong Kong Unemployment Rate
- Hong Kong Property Price Index – Private Domestic
- Hong Kong Private Consumption Expenditure

The forecast of the macroeconomic factors is determined using reasonable and supportable information that is available without undue cost or effort. The forecast of macroeconomic factors is updated in a regular basis and subjected to the availability of external sources.

The following table shows the projected 2025 annual average of Hong Kong GDP, Hong Kong Consumer Price Index, Hong Kong Unemployment Rate, Hong Kong Property Price Index – Private Domestic and Hong Kong Private Consumption Expenditure comparing the corresponding base scenarios in the fourth quarters of 2025 and 2024.

Base scenarios	HK GDP		HK Consumer Price Index		HK Unemployment Rate		HK Property Price Index Private Domestic		HK Private Consumption Expenditure	
	4Q 2025	4Q 2024	4Q 2025	4Q 2024	4Q 2025	4Q 2024	4Q 2025	4Q 2024	4Q 2025	4Q 2024
	Growth %	Growth %	Growth %	Growth %	%	%	%	%	Growth %	Growth %
Annual average forecast for upcoming year	2.1	3.0	2.1	2.3	3.3	3.1	294.9	298.5	2.9	3.5

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### a) Credit risk (continued)

##### Measurement of Expected Credit Loss (“ECL”) (continued)

ECL is estimated based on key inputs of probability of default (“PD”), loss given default (“LGD”), expected exposure at the time of default (“EAD”) and discounted in the basis of time value of money. To take into account of different potential economic condition, probability-weighted ECL under 3 possible outcomes of different economic scenario (base, bad and good scenario) is derived. The base scenario was assigned an 80% probability while the good and bad scenarios were each assigned a 10% probability. The scenario weighting remains unchanged in 2025 and 2024. The ECL measurement has taken into the consideration of uncertainties in the external environment regarding the scenario projection that incorporates latest available data sources. The economic forecasts significantly affect ECL. The following table shows the ECL movement of loans and advances to customers if the ECL balance 100% based on the base scenario, the good scenario and the bad scenario as of 31 December 2025.

<b>Loans and advances to customers (in HK\$000)</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Reported ECL	14,563	22,375
<b>Scenarios</b>		
100% Base scenario	(179)	(482)
100% Good scenario	(529)	(1,125)
100% Bad scenario	1,958	4,981

As of 31 December 2025 and 2024, the Bank’s financial assets comprise balances and placement with banks, investment in securities, loans and advances to customers and other assets. Balances and placement with banks are short dated and with counterparties of investment graded assigned by designated External Credit Assessment Institutions (“ECAI”) whereas other assets are treated as receivables in the normal course of business and management considered the credit risk for such are minimal and has insignificant amount of ECL. Investment in securities is considered to have low credit risk as all of them are with counterparties of investment grades assigned by ECAI and majority of them are limited to 12 months expected credit loss under stage 1.

During the year, the following impairment losses were recognised in profit or loss:

	<b>2025</b>	<b>2024</b>
	<b>HK\$000</b>	<b>HK\$000</b>
Impairment losses		
- Impairment losses on loans and advances to customers	2,964	9,860
- Reversal of impairment losses on other financial assets	(32)	(62)
Impairment losses on financial assets at amortised cost	2,932	9,798
Impairment losses on financial assets at FVOCI	135	86
Impairment losses on financial assets	3,067	9,884

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### a) Credit risk (continued)

The following tables show reconciliation from the opening to the closing balance of the gross carrying amount and impairment allowance of loans and advances to customers.

HK\$000	Stage 1		Stage 2		Stage 3		Total	
	<u>Gross carrying amount</u>	<u>ECL</u>	<u>Gross carrying amount</u>	<u>ECL</u>	<u>Gross carrying amount</u>	<u>ECL</u>	<u>Gross carrying amount</u>	<u>ECL</u>
<b>Balance as of 1 January 2024</b>	<b>682,939</b>	<b>17,371</b>	<b>2,560</b>	<b>1,678</b>	<b>14,106</b>	<b>11,787</b>	<b>699,605</b>	<b>30,836</b>
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(3,404)	(342)	10,042	5,679	(6,638)	(5,337)	-	-
Transfer to stage 3	(14,590)	(1,690)	(2,127)	(1,640)	16,717	3,330	-	-
Net remeasurement of impairment allowance	-	(1,798)	-	1,844	-	11,128	-	11,174
Net loans and advances to customers originated, top-up and repayments	34,109	(3,694)	(459)	(163)	467	2,543	34,117	(1,314)
Net Write-off	-	-	-	-	(18,321)	(18,321)	(18,321)	(18,321)
<b>Balance as of 31 December 2024 and 1 January 2025</b>	<b>699,054</b>	<b>9,847</b>	<b>10,016</b>	<b>7,398</b>	<b>6,331</b>	<b>5,130</b>	<b>715,401</b>	<b>22,375</b>
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	(2,126)	(151)	4,313	1,914	(2,187)	(1,763)	-	-
Transfer to stage 3	(9,456)	(1,322)	(3,220)	(2,439)	12,676	3,761	-	-
Net remeasurement of impairment allowance	-	(465)	-	69	-	6,753	-	6,357
Net loans and advances to customers originated, top-up and repayments	1,502,745	(2,855)	(1,787)	(269)	(2,507)	(268)	1,498,451	(3,392)
Net Write-off	-	-	-	-	(10,777)	(10,777)	(10,777)	(10,777)
<b>Balance as of 31 December 2025</b>	<b>2,190,217</b>	<b>5,054</b>	<b>9,322</b>	<b>6,673</b>	<b>3,536</b>	<b>2,836</b>	<b>2,203,075</b>	<b>14,563</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### a) Credit risk (continued)

##### Credit quality

##### Loans and advances to customers

HK\$000	Stage 1 12-month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total
<b>At 31 December 2025</b>				
<b>Credit grade:</b>				
Pass	2,190,217	-	-	2,190,217
Special Mention	-	9,322	-	9,322
Substandard	-	-	3,137	3,137
Doubtful	-	-	159	159
Loss	-	-	240	240
<b>Gross carrying amount</b>	<b>2,190,217</b>	<b>9,322</b>	<b>3,536</b>	<b>2,203,075</b>
<b>Expected credit loss provision</b>	<b>5,054</b>	<b>6,673</b>	<b>2,836</b>	<b>14,563</b>
<b>Net carrying amount</b>	<b>2,185,163</b>	<b>2,649</b>	<b>700</b>	<b>2,188,512</b>
<b>At 31 December 2024</b>				
<b>Credit grade:</b>				
Pass	699,054	-	-	699,054
Special Mention	-	10,016	-	10,016
Substandard	-	-	5,542	5,542
Doubtful	-	-	709	709
Loss	-	-	80	80
<b>Gross carrying amount</b>	<b>699,054</b>	<b>10,016</b>	<b>6,331</b>	<b>715,401</b>
<b>Expected credit loss provision</b>	<b>9,847</b>	<b>7,398</b>	<b>5,130</b>	<b>22,375</b>
<b>Net carrying amount</b>	<b>689,207</b>	<b>2,618</b>	<b>1,201</b>	<b>693,026</b>

The following tables present an analysis of the carrying value of investment in securities by rating from external credit agencies and stage classification:

	2025	2024
	HK\$000	HK\$000
<b>Investment in securities – At fair value through OCI</b>		
Credit grade:		
AA+ to AA-	943,846	1,035,103
A+ to A-	1,228,872	771,838
BBB+ to BBB-	-	8,382
<b>Carrying amount</b>	<b>2,172,718</b>	<b>1,815,323</b>
<b>Of which: Stage 1 expected credit loss provision</b>	<b>264</b>	<b>129</b>
<b>Investment in securities – At amortised cost</b>		
Credit grade:		
A+ to A-	60,566	286,722
BBB+ to BBB-	24,096	51,798
<b>Gross carrying amount</b>	<b>84,662</b>	<b>338,520</b>
<b>Of which: Stage 1 expected credit loss provision</b>	<b>(5)</b>	<b>(36)</b>
<b>Net carrying amount</b>	<b>84,657</b>	<b>338,484</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### a) Credit risk (continued)

###### Geographical concentration

The analysis of the Bank's gross loans and advances to customers by geographical area is based on the location of the counterparty after taking into account the transfer of risk. In general, transfer of risk applies if the claim is guaranteed by a party in a country which is different from that of the counterparty. As of 31 December 2025 and 2024, the Bank's gross loans and advances to customers are mostly located in Hong Kong.

##### b) Liquidity risk

Liquidity risk in the Bank is defined as the risk of incurring losses due to an inability to meet payment obligations in a timely manner when they become due or only being able to meet these obligations at excessive costs. The Bank maintains adequate level of high quality assets and diversified funding base in meeting its short-term obligations and long-term needs under normal circumstances or stress scenarios. The Board of Directors ("the Board") represents the highest authority of the Bank which is ultimately responsible for the overall asset and liability management, including the liquidity risk management. Delegated by the Board, the Risk Committee ("RC") is a board level committee responsible for establishing the liquidity risk management framework and overseeing the liquidity and funding risk management of the Bank.

The Bank has established the Liquidity and Funding Risk Management Policy with reference to the HKMA Supervisory Policy Manual ("HKMA SPM") LM-1 and LM-2 which sets out approaches for liquidity and funding risk management. The policy requires the Bank to conduct ongoing and periodic review of a set of liquidity metrics, including but not limited to regulatory requirements to ensure that the liquidity exposures are effectively captured and monitored. The internal limits for such liquidity measures are established, with sufficient buffer to regulatory minimum requirements to ensure the on-going compliance. In addition, daily cash flow analysis is required to ensure that the Bank has adequate liquidity and funding capacity to meet its normal business operations and to withstand a prolonged period of liquidity stress. The cash flow analysis covers both normal and stress scenarios to obtain a comprehensive view of cash flow positions and maturity profile of the balance sheet for ensuring sufficient liquidity can be maintained.

Treasury has the overall first line responsibilities for effective liquidity and funding position management where Risk Management Department has the overall second line responsibilities for the liquidity monitoring and control process, including policies preparation and limits setting. Asset and Liability Committee ("ALCO"), would be held on monthly basis to discuss and evaluate the liquidity and funding position. Any breach of the pre-defined thresholds of these metrics or analysis results will be escalated to the ALCO and RC, where appropriate. The Bank's Contingency Funding Plan would be ready for activation in severe situations.

The LMR and loan to deposit ratio were above the internal limits and HKMA requirements throughout 2025 and 2024.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### b) Liquidity risk (continued)

##### Maturity analysis

The tables below analyse the Bank's assets and liabilities as at 31 December 2025 and 2024 into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date:

##### At 31 December 2025

HK\$000	Repayable on demand	Up to 6 months	6-12 months	Over 1 year	Total
<b>Assets</b>					
Balance with banks	322,835	-	-	-	322,835
Placements with banks	-	-	-	-	-
Investment in securities	-	1,150,272	33,887	1,073,216	2,257,375
Loans and advances to customers	453	518,528	1,600,524	69,007	2,188,512
Prepayment and other assets	1,077	24,450	2,574	28,283	56,384
<b>Total financial assets</b>	<b>324,365</b>	<b>1,693,250</b>	<b>1,636,985</b>	<b>1,170,506</b>	<b>4,825,106</b>
<b>Liabilities</b>					
Deposits from customers	1,424,750	1,467,010	887,945	-	3,779,705
Other payables and accruals	-	113,168	6,908	-	120,076
Lease liabilities	-	6,268	1,058	2,237	9,563
<b>Total financial liabilities</b>	<b>1,424,750</b>	<b>1,586,446</b>	<b>895,911</b>	<b>2,237</b>	<b>3,909,344</b>
<b>Net position</b>	<b>(1,100,385)</b>	<b>106,804</b>	<b>741,074</b>	<b>1,168,269</b>	<b>915,762</b>

##### At 31 December 2024

HK\$000	Repayable on demand	Up to 6 months	6-12 months	Over 1 year	Total
<b>Assets</b>					
Balance with banks	189,658	-	-	-	189,658
Placements with banks	-	76,907	-	-	76,907
Investment in securities	-	1,325,222	189,000	639,585	2,153,807
Loans and advances to customers	559	216,668	285,695	190,104	693,026
Prepayment and other assets	-	20,198	3,884	31,854	55,936
<b>Total financial assets</b>	<b>190,217</b>	<b>1,638,995</b>	<b>478,579</b>	<b>861,543</b>	<b>3,169,334</b>
<b>Liabilities</b>					
Deposits from customers	913,347	1,353,203	132,836	-	2,399,386
Other payables and accruals	-	133,116	1,701	-	134,817
Lease liabilities	-	8,193	4,551	5,571	18,315
<b>Total financial liabilities</b>	<b>913,347</b>	<b>1,494,512</b>	<b>139,088</b>	<b>5,571</b>	<b>2,552,518</b>
<b>Net position</b>	<b>(723,130)</b>	<b>144,483</b>	<b>339,491</b>	<b>855,972</b>	<b>616,816</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### b) Liquidity risk (continued)

The following tables detail the Bank's cash flows as at 31 December 2025 and 2024 for non-derivative financial liabilities by remaining contractual maturity. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities including interest that will accrue, with reference to their respective contractual interest rate.

##### Non-derivative cash flows

###### 2025

HK\$000	Repayable on demand	Up to 6 months	6-12 months	Over 1 year	Total
<b>Liabilities</b>					
Deposits from customers	1,424,750	1,467,010	887,945	-	3,779,705
Other payables and accruals	-	112,764	6,908	-	119,672
Lease liabilities	-	6,371	1,100	2,281	9,752
<b>Total</b>	<b>1,424,750</b>	<b>1,586,145</b>	<b>895,953</b>	<b>2,281</b>	<b>3,909,129</b>

###### 2024

HK\$000	Repayable on demand	Up to 6 months	6-12 months	Over 1 year	Total
<b>Liabilities</b>					
Deposits from customers	913,347	1,353,203	132,836	-	2,399,386
Other payables and accruals	-	133,114	1,701	-	134,815
Lease liabilities	-	8,453	4,706	5,628	18,787
<b>Total</b>	<b>913,347</b>	<b>1,494,770</b>	<b>139,243</b>	<b>5,628</b>	<b>2,552,988</b>

##### c) Market risk

The Bank takes on exposure to market risk, which is risk of losses arising from adverse movements in market factors and prices relative to the position undertaken. Open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market factors, such as foreign exchange rates, interest rates, and credit spreads.

The Bank's interest rate risk exposure arises from mismatch of assets and liabilities in the banking book and the impact to the Bank's capital adequacy and earning from adverse movements in interest rate, i.e. Interest Rate Risk in Banking Book ("IRRBB"). It is inherent in the banking book positions, including both on and off-balance sheet item e.g. customers deposits, loans and advances and treasury investment activities.

The Bank does not have any trading portfolio as market risk exposures mainly arise from the foreign exchange risk of non-trading portfolios and IRRBB.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### c) Market risk (continued)

###### Management of market risk

The Board represents the highest authority whom is ultimately responsible for ensuring effective market risk management, including IRRBB. RC, delegated by the Board, is responsible for establishing the market risk and IRRBB management of the Bank. ALCO, accountable to RC, represents the senior management risk oversight at 1st line and 2nd line of defence respectively in relation to market risk and IRRBB management. Treasury has the first line responsibilities on managing the Bank's market risk and IRRBB risk profile and ensuring relevant risk exposure arising are within policy requirements. Risk Management Department has the second line responsibilities for setting policies and relevant risk metrics for monitoring and reporting to ensure in compliance with regulatory requirements. In particular, those policies and risk limits will be reviewed and updated on a regular basis to conform with the regulatory requirements and market standards.

An independent risk management and control function is responsible for monitoring the market risk and IRRBB exposures against the prescribed limits and requirements. ALCO provides the management oversight on the market risk management framework.

The interest rate risk impact on capital adequacy and earnings, which is measured by Economic Value Equity ("EVE") sensitivity and Net Interest Income respectively, are introduced, together with limits, to measure and monitor the interest rate risk exposure of the Bank. Starting from 2021, the Bank adopts the standardised framework, as prescribed in HKMA SPM IR-1, for IRRBB exposure measurement and monitoring. Risk report on IRRBB risk profile is measured by the Risk Management Department and prepared for different levels of governance on a regular basis.

###### *Sensitivity*

According to the approach mandated by regulatory requirements, the impact on earning is measured by net interest income sensitivity which would increase by HK\$20,099,000 (2024: decrease by HK\$2,173,000) and decrease by HK\$20,545,000 (2024: increase by HK\$1,841,000) under parallel up and parallel down scenarios respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### c) Market risk (continued)

###### Foreign exchange risk

The Bank undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The following table illustrates the carrying amount of the Bank's foreign currency denominated monetary assets and liabilities. It indicates the concentration of currency risk at the end of the reporting year:

(HK\$000 equivalent)	31 December 2025		31 December 2024	
	USD	CNY	USD	CNY
<b>Assets</b>				
Balances with banks	80,344	37,479	35,306	17,752
Placement with banks	-	-	7,763	19,145
Investment in securities	1,653,539	60,196	1,182,805	45,711
Loans and advances to customers	1	-	-	-
Other assets	25,143	7,059	20,712	4,216
<b>Liabilities</b>				
Deposits from customers	929,743	96,585	486,333	84,755
Other payables and accruals	5,795	353	1,753	399

###### *Foreign exchange sensitivity*

The Bank is exposed to USD and no sensitivity analysis is prepared as the management considered that the effect is insignificant under the linked exchange rate system.

The following table details the Bank's sensitivity to a 5% (2024: 5%) increase and decrease in HKD against CNY. The 5% is the sensitivity rate used when reporting the foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjust their translation at the year end at 5% change in foreign currency rates. For a 5% strengthening/weakening of the HKD against CNY, the impact on the loss after tax would be as follows:

HK\$000	2025	2024
(Profit)/loss after tax	(390)/390	(84)/84

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### d) Financial instruments by category

The Bank's financial instruments include the following:

	<b>2025</b>	<b>2024</b>
	<b>HK\$000</b>	<b>HK\$000</b>
Financial assets measured at amortised cost		
- Balances with banks	322,835	189,658
- Placement with banks	-	76,907
- Investment in securities	84,657	338,484
- Loans and advances to customers	2,188,512	693,026
- Other assets	47,670	41,648
Financial assets measured at FVOCI		
- Investment in securities	2,172,718	1,815,323
	<u>4,816,392</u>	<u>3,155,046</u>
Financial liabilities measured at amortised cost		
- Deposits from customers	3,779,705	2,399,386
- Other payables and accruals	120,076	134,817
	<u>3,899,781</u>	<u>2,534,203</u>

#### 3.2 Capital management

Capital Management Policy of the Bank sets out the guidelines in relation to the oversight, monitoring and management of the maintenance of an adequate amount of capital, with reference to the HKMA SPM - "CA-G-1 Overview of Capital Adequacy Regime for Locally Incorporated Authorised Institutions" and "CA-G-5 Supervisory Review Process".

The Bank's capital management strategy is defined as:

- ensuring capital management meets regulatory requirements;
- fully identify, measure, monitor and control all major risks to ensure that the Bank's capital level is compatible with the risk and risk management level it faces;
- ensure that the Bank's capital planning is matched with the operating conditions, risk trends and long-term development strategies; and
- optimise the asset structure, rationally allocate economic capital, and ensure the sustainable and healthy development of the Bank.

The Bank has complied with the capital requirements imposed by HKMA, including the key regulatory ratios, such as CET1 capital ratio, tier 1 capital ratio and total capital ratio above the HKMA requirements throughout 2025 and 2024.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 Financial risk management (continued)

#### 3.3 Fair value estimation

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as defined in HKFRS 13, "Fair value measurement". The following table and paragraph give information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of the Bank's financial instruments are assumed to approximate their fair values, because of the short-term maturities of these instruments.

The following table provides an analysis of financial instruments carried at fair value, grouped into Levels 1 to 3 on the degree to which the fair value is observable. There are no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the year ended 31 December 2025 and 2024.

<u>2025</u>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>HK\$000</b>	<b>HK\$000</b>	<b>HK\$000</b>	<b>HK\$000</b>
<b>Financial assets</b>				
Investment in securities at FVOCI	1,056,950	1,115,768	-	2,172,718
Derivative financial instruments	-	43	-	43
<b>Financial liabilities</b>				
Derivative financial instruments	-	404	-	404
<u>2024 (restated)</u>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>HK\$000</b>	<b>HK\$000</b>	<b>HK\$000</b>	<b>HK\$000</b>
<b>Financial assets</b>				
Investment in securities at FVOCI	873,788	941,535	-	1,815,323
Derivative financial instruments	-	51	-	51
<b>Financial liabilities</b>				
Derivative financial instruments	-	2	-	2

The management has revised the categorisation of its fair value hierarchy for the year ended 31 December 2024. Accordingly, certain investments in securities at FVOCI have been reclassified to Level 2. The reclassification has no effect on the statement of profit or loss for the year ended 31 December 2024 and the statement of financial position as at that date.

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *Critical accounting estimate – ECL*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Bank uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1.

#### *Critical accounting estimate – Taxation*

The Bank is subject to income tax in Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

## NOTES TO THE FINANCIAL STATEMENTS

### 5 Interest income

	<b>2025</b> <b>HK\$000</b>	<b>2024</b> <b>HK\$000</b>
Interest income arising from:		
Financial assets measured at amortised cost	68,249	66,241
Financial assets measured at FVOCI	78,426	43,535
	<hr/>	<hr/>
<b>Total</b>	<b>146,675</b>	<b>109,776</b>
	<hr/> <hr/>	<hr/> <hr/>

### 6 Interest expense

	<b>Note</b>	<b>2025</b> <b>HK\$000</b>	<b>2024</b> <b>HK\$000</b>
Interest expense arising from:			
Financial liabilities measured at amortised cost		64,966	57,992
Lease liabilities	15	500	1,036
		<hr/>	<hr/>
<b>Total</b>		<b>65,466</b>	<b>59,028</b>
		<hr/> <hr/>	<hr/> <hr/>

### 7 Net fee and commission income

	<b>2025</b> <b>HK\$000</b>	<b>2024</b> <b>HK\$000</b>
Fee and commission income arising from:		
- Loan	4,761	537
- Cards	1,588	118
- Others	5,758	1,019
Less: Fee and commission expense	(3,537)	(453)
	<hr/>	<hr/>
<b>Total</b>	<b>8,570</b>	<b>1,221</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS

### 8 Operating expenses

	Notes	2025 HK\$000	2024 HK\$000
Auditor's remuneration		2,092	2,165
Depreciation of property and equipment	16	2,281	6,406
Depreciation of right-of-use assets	15	14,175	17,429
Amortisation of intangible assets	17	30,151	40,663
Staff costs		126,926	121,088
- Salaries, allowances and benefits in kind		118,908	120,239
- Retirement benefit		6,662	(2,239)
- Employee share scheme	23	1,356	3,088
Legal and professional fees		6,858	6,678
Other operating expenses		158,884	148,186
- Marketing and agency fee		1,112	734
- Information services fee		150,998	135,008
- Others		6,774	12,444
<b>Total</b>		341,367	342,615

During the year ended 31 December 2025, there are in total HK\$ 150,998,000 (2024: HK\$ 144,788,000) IT related expenses. No expenditure relating to acquired and developed software was capitalised as intangible assets during the year (2024: HK\$ 9,780,000) (Note 17). All IT related expenses relating to software licensing and other IT cost are included in operating expenses during the year (2024: HK\$135,008,000).

### 9 Finance costs

	2025 HK\$000	2024 HK\$000
Bank charges	1,575	433
<b>Total</b>	1,575	433

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Income tax expense

Hong Kong profits tax has been provided at the effective rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong.

#### (a) Income tax expense

	<b>2025</b>	<b>2024</b>
	<b>HK\$000</b>	<b>HK\$000</b>
Current income tax	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

#### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	<b>2025</b>	<b>2024</b>
	<b>HK\$000</b>	<b>HK\$000</b>
<b>Loss before income tax</b>	<b>(254,742)</b>	<b>(299,635)</b>
Tax at the Hong Kong tax rate of 16.5%	(42,032)	(49,440)
Tax effects of:		
Tax effect of expenses not deductible	6,242	10,386
Temporary difference not recognised	(3,855)	(5,493)
Tax effect of tax losses not recognised	39,645	44,547
	<hr/>	<hr/>
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

Deferred tax assets arising from tax losses are recognised to the extent of deferred tax liabilities arising from taxable temporary differences relating to property and equipment.

As at 31 December 2025, the Bank had estimated unused and unrecognised tax losses of approximately HK\$ 1,523,610,000 available for offset against future profits (2024: HK\$ 1,283,337,000). No deferred tax assets have been recognised in respect of such losses due to unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

## NOTES TO THE FINANCIAL STATEMENTS

### 11 Balances and placement with banks

	2025 HK\$000	2024 HK\$000
Balances with banks		
- Balances with banks	125,701	61,062
- Due from HKMA	197,134	128,596
Less: Impairment allowances – Stage 1	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>322,835</b>	<b>189,658</b>
	<hr/> <hr/>	<hr/> <hr/>

Balances with banks are mainly denominated in Hong Kong dollars, Renminbi and United States dollars.

	Note	2025 HK\$000	2024 HK\$000
Placement with banks with original maturity			
- On or less than 3 months	21	-	69,463
- More than 3 months or less than 6 months		-	7,445
Less: Impairment allowances – Stage 1		-	(1)
		<hr/>	<hr/>
<b>Total</b>		<b>-</b>	<b>76,907</b>
		<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2025 and 2024, there were no impaired, overdue or rescheduled balances and placement with banks.

### 12 Loans and advances to customers

	2025 HK\$000	2024 HK\$000
Gross loans and advances to customers	2,203,075	715,401
Less: Impairment allowances		
- Stage 1	(5,054)	(9,847)
- Stage 2	(6,673)	(7,398)
- Stage 3	(2,836)	(5,130)
	<hr/>	<hr/>
<b>Total</b>	<b>2,188,512</b>	<b>693,026</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS

### 13 Investment in securities

	<b>2025</b>	<b>2024</b>
	<b>HK\$000</b>	<b>HK\$000</b>
Investment in securities measured at:		
- FVOCI	2,172,718	1,815,323
- Amortised cost	84,662	338,520
Less: Impairment allowances – Stage 1	(5)	(36)
	2,257,375	2,153,807
<b>Total</b>	<b>2,257,375</b>	<b>2,153,807</b>
Issued by:		
- Sovereigns	748,563	744,081
- Banks	664,240	737,917
- Corporates and Financial institutions	844,572	671,809
	2,257,375	2,153,807
<b>Total</b>	<b>2,257,375</b>	<b>2,153,807</b>

As at 31 December 2025 and 2024, there were no impaired, overdue or rescheduled investment in securities.

### 14 Prepayment and other assets

	<b>Notes</b>	<b>2025</b>	<b>2024</b>
		<b>HK\$000</b>	<b>HK\$000</b>
Prepayment		8,714	14,288
Interest receivables		17,927	19,323
Amount due from immediate holding company	24	774	685
Amounts due from fellow subsidiaries	24	1,012	-
Deposits		24,904	21,203
Derivative financial assets	20	43	51
Others		3,010	386
		56,384	55,936
<b>Total</b>		<b>56,384</b>	<b>55,936</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 15 Leases

The statement of financial position shows the following amounts relating to leases:

	<b>2025</b> <b>HK\$000</b>	<b>2024</b> <b>HK\$000</b>
<b>Right-of-use assets</b>		
Office and centres	5,415	15,825
Equipment and server racks	3,514	2,644
Staff quarters	839	185
	<hr/>	<hr/>
<b>Total</b>	<b>9,768</b>	<b>18,654</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Lease liabilities</b>		
Current	7,326	12,744
Non-current	2,237	5,571
	<hr/>	<hr/>
<b>Total</b>	<b>9,563</b>	<b>18,315</b>
	<hr/> <hr/>	<hr/> <hr/>

Additions to the right-of-use assets during the year were HK\$5,288,941 (2024: nil). The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 3.69% (2024: 4.09%).

The statement of profit or loss shows the following amounts relating to leases:

	<b>2025</b> <b>HK\$000</b>	<b>2024</b> <b>HK\$000</b>
<b>Depreciation of right-of-use assets</b>		
Office and centres	10,411	10,771
Equipment and server racks	3,076	5,920
Staff quarters	688	738
	<hr/>	<hr/>
<b>Total</b>	<b>14,175</b>	<b>17,429</b>
	<hr/> <hr/>	<hr/> <hr/>
Interest expense (Note 6)	500	1,036

The total cash outflow for leases for the year was HK\$ 14,336,000 (2024: HK\$ 17,972,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 16 Property and equipment

	Leasehold improvement HK\$000	Furniture and fixture HK\$000	Computer equipment HK\$000	Total HK\$000
<b>Cost</b>				
At 31 December 2023	14,396	2,025	52,644	69,065
Additions	-	-	149	149
At 31 December 2024	14,396	2,025	52,793	69,214
Additions	-	-	-	-
Disposals	-	-	(157)	(157)
At 31 December 2025	14,396	2,025	52,636	69,057
<b>Accumulated depreciation</b>				
At 31 December 2023	(14,367)	(1,677)	(44,322)	(60,366)
Depreciation charge	(29)	(331)	(6,046)	(6,406)
At 31 December 2024	(14,396)	(2,008)	(50,368)	(66,772)
Depreciation charge	-	(17)	(2,264)	(2,281)
Eliminated on disposals	-	-	157	157
At 31 December 2025	(14,396)	(2,025)	(52,475)	(68,896)
<b>Carrying Amount</b>				
At 31 December 2024	-	17	2,425	2,442
At 31 December 2025	-	-	161	161

## NOTES TO THE FINANCIAL STATEMENTS

### 17 Intangible assets

	<b>HK\$000</b>
<b>Cost</b>	
At 31 December 2023	193,536
Additions	9,780
	203,316
At 31 December 2024	203,316
Additions	-
	203,316
	203,316
<b>Accumulated Amortisation</b>	
At 31 December 2023	(97,995)
Amortisation charge	(40,663)
	(138,658)
At 31 December 2024	(138,658)
Amortisation charge	(30,151)
	(168,809)
	(168,809)
<b>Carrying Amount</b>	
At 31 December 2024	64,658
	64,658
At 31 December 2025	34,507
	34,507

### 18 Deposits from customers

	<b>2025 HK\$000</b>	<b>2024 HK\$000</b>
Current and saving accounts	1,424,750	913,347
Time deposits	2,354,955	1,486,039
	3,779,705	2,399,386
<b>Total</b>	<b>3,779,705</b>	<b>2,399,386</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 19 Other payables and accruals

	Notes	2025 HK\$000	2024 HK\$000
Accrued interest payable		20,780	20,705
Accrued expenses		30,611	84,714
Amounts due to fellow subsidiaries	24	31,889	172
Derivative financial liabilities	20	404	2
Bonus and other payable		36,392	29,224
<b>Total</b>		120,076	134,817

### 20 Derivative financial instruments

	Notional amounts HK\$000	2025 Derivative financial assets HK\$000	Derivative financial liabilities HK\$000
Exchange rate contracts			
- Forwards	2,165	-	3
- Swaps	295,307	43	401
	297,472	43	404

	Notional amounts HK\$000	2024 Derivative financial assets HK\$000	Derivative financial liabilities HK\$000
Exchange rate contracts			
- Forwards	4,109	5	2
- Swaps	27,212	46	-
	31,321	51	2

## NOTES TO THE FINANCIAL STATEMENTS

### 21 Analysis of the balances of cash and cash equivalents

	<b>2025</b> <b>HK\$000</b>	<b>2024</b> <b>HK\$000</b>
Balances with banks	322,835	189,658
Placement with banks with original maturity on or less than 3 months	-	69,463
	322,835	259,121
<b>Total</b>	<b>322,835</b>	<b>259,121</b>

### 22 Issued share capital

	<b>At</b> <b>31 December</b> <b>2025</b> <b>Shares</b>	<b>At</b> <b>31 December</b> <b>2024</b> <b>Shares</b>	<b>At</b> <b>31 December</b> <b>2025</b> <b>HK\$000</b>	<b>At</b> <b>31 December</b> <b>2024</b> <b>HK\$000</b>
Ordinary shares issued and fully paid	4,751,253,169	2,683,775,814	2,440,000	1,940,000

During the year, a total of 2,067,477,355 (2024: 1,183,775,814) ordinary shares have been issued for a total consideration of HK\$ 500,000,000 (2024: HK\$ 440,000,000).

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 23 Employee share scheme

#### Restricted Stock Unit (“RSUs”) Awards

Xiaomi Corporation granted RSUs awards to the employees of the Bank and the grantees are entitled to the ordinary shares of Xiaomi Corporation for no cash consideration. The shareholders’ rights of these shares were restricted and would be vested over 4 years upon fulfilling the service conditions and non-market performance conditions prescribed in the grantee agreement.

Movements in the number of RSUs granted to the Bank’s employees and the respective weighted average grant date fair value are as follows. The tables below summarise the effects of such adjustments as at 31 December 2024 and 31 December 2025. The adjustments do not affect the statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows.

	Number of shares	Weighted average grant date fair value per RSUs HK\$
Balance as at 31 December 2023	726,490	10.51
Granted	31,636	18.30
Forfeited	-	-
Vested	(246,735)	11.00
	<hr/>	
Balance as at 31 December 2024	511,391	11.19
Granted	78,600	14.50
Forfeited	(170,127)	11.66
Vested	(179,435)	11.27
	<hr/>	
Balance as at 31 December 2025	240,429	11.94
	<hr/>	

The weighted average remaining contract life for outstanding RSUs was 1.39 years as of 31 December 2025 (2024: 1.90 years).

The fair value of each RSUs at the grant dates was determined by reference to the fair value of the ordinary shares of Xiaomi Corporation that issued to its shareholders.

The total expenses recognised in the statement of profit or loss for aforementioned share-based awards granted to the Bank’s employees were HK\$ 1,356,000 as of 31 December 2025 (2024: HK\$ 3,088,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 24 Related party transactions

#### a) Parent entities

The Bank's shareholders were as follows:

Name	Place of incorporation	2025 Ownership interest	2024 Ownership interest
Gravitation Fintech HK Limited	Hong Kong	100%	100%
Futu VB Limited	Hong Kong	68.43%	44.11%
Xiaomi Finance H.K. Limited	Hong Kong	28.41%	50.30%
AMTD Group, Inc.	British Virgin Islands	3.16%	5.59%
Futu VB Holdings Limited	Hong Kong	68.43%	44.11%
Futu Holdings Limited*	Cayman Islands	68.43%	44.11%

The Bank is wholly-owned by Gravitation Fintech HK Limited, a company incorporated in Hong Kong. The Bank's ultimate holding company is Futu Holdings Limited, a company incorporated in the Cayman Islands and is listed in the United States.

\* Futu Holdings Limited holds 100% of the issued ordinary shares of Futu VB Holdings Limited. Futu VB Holdings Limited holds 100% of the issued ordinary shares of Futu VB Limited.

All related party transactions were carried out on terms similar to those applicable to transactions with unrelated parties.

#### b) Transactions with related parties

Relationship	Nature	2025 HK\$000	2024 HK\$000
Fellow subsidiary	Provision of system development service and call centre	97,271	61,000
Other related parties	Provision of IT support services	79	76
Other related parties	Provision of cloud services	4,370	-
Other related parties	Provision of marketing services	66	27
Other related parties	Interest received from investment securities	922	-
Other related parties	Provision of group insurance	1,468	6,343
Fellow subsidiary	Interest paid on deposit	11,585	-
Other related parties	Interest paid on deposit	7	-
Key management personnel and their close members	Interest paid on deposit	218	-

## NOTES TO THE FINANCIAL STATEMENTS

### 24 Related party transactions (continued)

#### c) Outstanding balances due from/(to) related parties

Relationship	Nature	2025 HK\$000	2024 HK\$000
Immediate holding company	Payment on behalf of professional expenses	774	685
Fellow subsidiary	Provision of system development service and call centre	(31,889)	(61,000)
Other related parties	Provision of IT support services	(60)	(109)
Other related parties	Provision of cloud services	(4,370)	-
Other related parties	Provision of marketing services	(129)	(63)
Other related parties	Provision of group insurance	987	4,055
Fellow subsidiary	Deposits from customers	(429,851)	(484,291)
Other related parties	Deposits from customers	(24,912)	-
Key management personnel and their close members	Deposits from customers	(24,351)	-
Fellow subsidiary	Deposits receivable	1,012	-
Other related parties	Deposits receivable	6,753	-
Other related parties	Investment securities	53,859	-

#### d) Key management personnel compensation

	2025 HK\$000	2024 HK\$000
Short-term employee benefits	20,311	21,222
Retirement benefit	943	1,035
Employee share scheme	1,356	3,088
<b>Total</b>	<b>22,610</b>	<b>25,345</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 25 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2025 HK\$000	2024 HK\$000
Directors' fees	1,500	1,500
Salaries, allowances and benefits in kind	-	-
Retirement benefit	-	-
Employee share scheme	-	-
	<hr/>	<hr/>
<b>Total</b>	<b>1,500</b>	<b>1,500</b>
	<hr/> <hr/>	<hr/> <hr/>

All remuneration received by the directors from the Bank are for their services in connection with the management of the affairs of the Bank.

During the year, no consideration was provided to or receivable by third parties for making available directors' services. There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities.

No director of the Bank had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Bank's business to which the Bank was or is a party that subsisted at the end of the year or at any time during the year.

There was no significant transactions, arrangements and contracts in relation to the Bank's business to which the Bank was a party and in which a director of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 26 Other reserves

	FVOCI reserve HK\$000	Other reserve HK\$000	Total HK\$000
At 31 December 2023	(3,182)	28,284	25,102
Other comprehensive income for the year	(1,838)	3,088	1,250
At 31 December 2024 and 1 January 2025	(5,020)	31,372	26,352
Other comprehensive income for the year	11,014	1,356	12,370
At 31 December 2025	5,994	32,728	38,722

### 27 Regulatory reserve

A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of impairment losses recognised which the Bank will or may incur on loans and advances. As at 31 December 2025, HK\$ 5,152,000 (2024: nil) was earmarked as the regulatory reserve from the accumulated losses.

## NOTES TO THE FINANCIAL STATEMENTS

### 28 Notes to the statement of cash flows

Reconciliation of liabilities arising from financing activities

The table below details changes in the Bank's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Bank's statement of cash flows as cash flows from financing activities.

	<b>Lease liabilities HK\$000</b>	<b>Total HK\$000</b>
<b>At 1 January 2024</b>	<b>35,251</b>	<b>35,251</b>
Changes from financing cash flows:		
Principal portion of lease payments	(16,936)	(16,936)
Interest element on lease liabilities	(1,036)	(1,036)
<b>Total changes from financing cash flows</b>	<u>(17,972)</u>	<u>(17,972)</u>
Other changes:		
Interest expense on lease liabilities	1,036	1,036
<b>Total other changes</b>	<u>1,036</u>	<u>1,036</u>
<b>At 31 December 2024 and 1 January 2025</b>	<b>18,315</b>	<b>18,315</b>
Changes from financing cash flows:		
Principal portion of lease payments	(13,836)	(13,836)
Interest element on lease liabilities	(500)	(500)
<b>Total changes from financing cash flows</b>	<u>(14,336)</u>	<u>(14,336)</u>
Other changes:		
Additions to lease liabilities	5,084	5,084
Interest expense on lease liabilities	500	500
<b>Total other changes</b>	<u>5,584</u>	<u>5,584</u>
<b>At 31 December 2025</b>	<u><b>9,563</b></u>	<u><b>9,563</b></u>

### 29 Event after the reporting period

Subsequent to the reporting period, the shareholder of the Bank has proposed and approved to increase in share capital. The proceeds from the capital increase are intended to support the Bank's business growth. No adjustment has been made to the financial statements for the reporting period in respect of this event.

### 30 Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 10 April 2026.

## **CORPORATE GOVERNANCE REPORT (Unaudited)**

The following information is disclosed as part of the accompanying information to the financial statements and does not form part of the audited financial statements.

### **Corporate Governance Practices and Objectives**

Airstar Bank Limited (the “Bank”) is a licensed bank and one of the digital banks in Hong Kong. The Bank is under the supervision of the Hong Kong Monetary Authority (“HKMA”). The board of directors of the Bank (the “Board” or “Directors”) is fully committed to adopting and implementing the principles and best practices in corporate governance as set out in the Supervisory Policy Manual Module CG-1 “Corporate Governance of Locally Incorporated Authorised Institutions” issued by the HKMA. The Bank has established special committees with defined terms of reference authorised by the Board.

### **The Board**

The Board currently comprises seven members, including one Executive Director, three Non-Executive Directors and three Independent Non-Executive Directors. All Directors possess appropriate experience and competence to fulfil their duties effectively.

The directors during the year and up to the date of this report were:

#### ***Chairman and Non-Executive Director***

Mr. Li Hua (Appointed as Non-Executive Director on 6 May 2025 and designated as the Chairman on 31 October 2025)

#### ***Executive Director***

Mr. Hu Wei

#### ***Non-Executive Directors***

Mr. Lam Sai Wai Alain (Resigned as the Chairman on 31 October 2025)

Mr. Chen Yu (Appointed on 17 March 2025)

Mr. Yue Kai (Resigned on 31 October 2025)

#### ***Independent Non-Executive Directors***

Prof. Mao Zhenhua

Prof. Tong Wai Cheung Timothy

Mr. Wong Shun Tak

Board meetings shall be held in any event no less than once every quarter. During the year, the Board held seven meetings (including five meetings by way of circulation of written resolutions).

## **CORPORATE GOVERNANCE REPORT (Unaudited) (continued)**

### **Chairman and Non-Executive Director**

Mr. Li Hua

Mr. Li joined the Bank in May 2025.

Mr. Li is the founder and serves as the Chairman of the Board, Executive Director and Chief Executive Officer of Futu Holdings Limited (listed on the NASDAQ: FUTU). He also holds various positions in several subsidiaries of Futu Holdings, including director, chief executive officer, legal representative and general manager.

Mr. Li has rich experience and expertise in the technology and internet sectors in China. Before founding Futu, Mr. Li had served in several senior management roles at Tencent, including the head of Tencent's multi-media business and its innovation center. Mr. Li joined Tencent in 2000 and was the 18th founding employee of Tencent. He was an early and key research and development participant of Tencent QQ. Mr. Li was also the founder of Tencent Video and led the product design and development of Tencent Video.

Mr. Li received his bachelor's degree in computer science and technology from Hunan University.

### **Executive Director**

Mr. Hu Wei

Mr. Hu joined the Bank in December 2021.

Prior to joining the Bank, Mr. Hu served as the General Manager of the Financial Institution Department of Airstar Digital Technology responsible for business joint venture and operational management of Internet Financing, Asset Securitization, and development of FinTech projects with banks, securities firms, and trust companies. Between 2007 and 2018, Mr. Hu held senior management roles in different finance companies including Huaan Fund Management Co., Ltd., China Asset Management Co., Ltd., and China International Fund Management Co., Ltd. He was responsible for the innovative development of internet funds and wealth management in these firms and accumulated extensive management experience in internet-based asset management business.

Mr. Hu holds a degree in Information Management and System (E-commerce focused) from Shanghai University of Finance and Economics.

### **Non-Executive Director**

Mr. Lam Sai Wai Alain

Mr. Lam joined the Bank in June 2021.

Mr. Lam currently serves as Vice President and the Chief Financial Officer of the Xiaomi Corporation (SEHK Stock Code: 1810) and Directors of several subsidiaries of Xiaomi Corporation.

Mr. Lam served as a Managing Director and Head of Technology, Media and Telecom in the Investment Banking and Capital Markets department of Credit Suisse between January 2016 and October 2020. Between July 1997 and December 2015, Mr. Lam worked at Morgan Stanley in various locations including London, New York, Menlo Park and Hong Kong.

Mr. Lam received a Master's degree in Engineering from the University of Oxford.

## **CORPORATE GOVERNANCE REPORT (Unaudited) (continued)**

### **Non-Executive Director**

Mr. Chen Yu, Arthur

Mr. Chen joined the Bank in March 2025.

Mr. Chen currently serves as the Chief Financial Officer of Futu Holdings Limited (listed on the NASDAQ: FUTU) and director of several subsidiaries of Futu Holdings Limited.

Mr. Chen served as a director at Citigroup Global Markets Asia Limited from 2009 to 2016 in its equity business. Mr. Chen also served as a vice president at China International Capital Corporation from 2005 to 2009.

Mr. Chen received his bachelor's degree in economics from Shanghai University of Finance & Economics and his master's degree in business administration from China Europe International Business School.

### **Independent Non-Executive Director**

Prof. Mao Zhenhua

Prof. Mao joined the Bank in January 2020.

Prof. Mao is currently the Chairman of China Chengxin Credit Management Co., Ltd. ("China Chengxin"), professor of the Renmin University of China, Chairman of the Institute of Economic Research of the Renmin University of China, Professor at Wuhan University and Dean of Dong Fureng Economic & Social Development School of Wuhan University. He also serves as a non-executive Director of Meilleure Health International Industry Group Limited (SEHK Stock Code: 2327), an independent non-executive director of China Infrastructure & Logistics Group Ltd. (SEHK Stock Code: 1719), an independent non-executive director of China SCE Group Holdings Limited (SEHK Stock Code: 1966) and a professor of Business School at the University of Hong Kong. From 2016 to 2025, Prof. Mao served as an independent non-executive director of China Bohai Bank Co., Ltd. (SEHK Stock Code: 9668).

Prof. Mao founded China Chengxin in 1992. Since then, he acted as its general manager, chairman as well as general manager, chief executive officer and chairman. He was the major shareholder and controller of China Cheng Xin International Credit Rating Co., Ltd. He had carried out economic analysis and policies research for the Hubei Provincial Government, Hainan Provincial Government and Research Office of the State Council.

Prof. Mao received a doctoral degree in Economics from Wuhan University.

## **CORPORATE GOVERNANCE REPORT (Unaudited) (continued)**

### **Independent Non-Executive Directors**

Prof. Tong Wai Cheung Timothy

Prof. Tong joined the Bank in August 2018.

Prof. Tong currently serves as an independent non-executive director of Gold Peak Technology Group Limited (SEHK Stock Code: 40), a non-executive director of Freetech Road Recycling Technology (Holdings) Limited (SEHK Stock Code: 6888), an independent non-executive director of GP Industries Limited (SGX Stock Code: G20) and an independent non-executive director of AMTD IDEA Group (NYSE Stock Code: AMTD, SGX Stock Code: HKB) and an independent non-executive Director and the chairman of the board of AMTD Digital Inc. (NYSE stock code: HKD).

Prof. Tong has been appointed a Non-official Justice of the Peace since 2010. He served as an independent non-executive Director of Xiaomi Corporation (SEHK Stock Code: 1810) from 2019 to 2023. He has over 30 years of teaching, research and administrative experience in universities in the United States and Hong Kong. Prior to taking the office as president of The Hong Kong Polytechnic University from 2009 to 2018, he was a professor and dean of the School of Engineering and Applied Science at The George Washington University. Prof. Tong has been serving as CEO of AMTD Foundation since July 2019, a director of China Association (H.K.) for Science and Society, Ltd. Since 2020, and a senior advisor for the Evantage Group since 2021. He is a fellow of the American Society of Mechanical Engineers, the Hong Kong Academy of Engineering Sciences and the International Thermal Conductivity Conference. He served as the president of HKAES in 2018.

Prof. Tong received a Bachelor's degree in Mechanical Engineering from Oregon State University, and a Master of Science and PhD degree in the same discipline from the University of California at Berkeley.

### **Independent Non-Executive Director**

Mr. Wong Shun Tak

Mr. Wong joined the Bank in August 2018.

Mr. Wong currently serves as an independent non-executive Director of Xiaomi Corporation (SEHK Stock Code: 1810 (HKD counter) and 81810 (RMB counter)), an independent non-executive Director of Kingsoft Corporation Limited (SEHK Stock Code: 3888), an independent non-executive Director of Goodbaby International Holdings Limited (SEHK Stock Code: 1086) and an independent non-executive Director of JNBY Design Limited (SEHK Stock Code: 3306).

Mr. Wong co-founded and concurrently served as the CFO of Rokid Corporation Ltd in 2014. Mr. Wong served as vice president of finance and corporate controller of Alibaba Group Holding Ltd (NYSE ticker: BABA; SEHK Stock Code: 9988) from August 2007 to September 2011. During his service with Alibaba Group, he also acted as the chairman of Group Financial Control Committee of Alibaba Group. He served as the CFO of Goodbaby Children Products Group ("Goodbaby") from August 2003 to August 2007, a leading children product manufacturer in China. Before joining Goodbaby, Wong Shun Tak worked as the vice president of finance in IDT International Limited (SEHK Stock Code: 167) from September 2001 to July 2003.

In the past, Mr. Wong held key financial management positions in various multi-nationals companies, including as the financial controller of AMF Bowling, Inc. from November 1996 to March 1998 and International Distillers China Ltd. from December 1993 to October 1996. He has extensive experience in financial control, operations, strategic planning and implementation, private fund investments and exit strategies.

Mr. Wong received a Master's degree in Finance from the University of Lancaster in the United Kingdom and a Master's degree in Accounting from Charles Stuart University in Australia. He is also a fellow CPA member of the Hong Kong Institute of Certified Public Accountants and a fellow CPA member of Australian Society of CPAs.

## **CORPORATE GOVERNANCE REPORT (Unaudited) (continued)**

### **Board-level Committees**

The Bank has set-up four board-level committees including the Audit Committee, Risk Committee, Nomination and Remuneration Committee and Connected Party Transactions Committee.

#### **1. Audit Committee**

The Audit Committee is formed to assist the Board in ensuring the adequacy of internal control systems and reinforcing the work of internal and external auditors while offering the Board an independent review of the integrity and effectiveness of the financial reporting process. The Audit Committee meetings shall be held on a quarterly basis and two meetings will coincide with the year-end and interim financial reporting cycles. The members of Audit Committee will meet at least annually with the external auditors and Head of Internal Audit individually without other management being present.

The Audit Committee comprises of two Independent Non-Executive Directors and one Non-Executive Director, namely Mr. Wong Shun Tak (Chairman), Prof. Tong Wai Cheung Timothy, Mr. Yue Kai (Resigned on 31 October 2025) and Mr. Chen Yu (Appointed on 31 October 2025). During the Year, the Audit Committee held five meetings (including 1 meeting by way of circulation of written resolutions).

#### **2. Risk Committee**

The Risk Committee is responsible to discharge the duties relating to overall risk management. It oversees the risk management framework, ensures the risks exposed are properly managed and advises the Board on the risk-related matters and the level of risk exposed is commensurate with the Bank's risk appetite, risk management systems and risk management measures. The Risk Committee meetings shall be held on a quarterly basis and the Risk Committee may from time to time, request ad hoc reports in addition to such reports submitted under the Risk Committee meeting agenda, from Chief Risk Officer if considered necessary.

The Risk Committee comprises of two Independent Non-Executive Directors and one Non-Executive Director, namely Prof. Mao Zhenhua (Chairman), Mr. Wong Shun Tak, Mr. Yue Kai (Resigned on 31 October 2025) and Mr. Chen Yu (Appointed on 31 October 2025). During the Year, the Risk Committee held five meetings (including 1 meeting by way of circulation of written resolutions).

#### **3. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is formed to assist the Board in discharging its responsibility for nomination, remuneration and bank culture related matters. The Nomination and Remuneration Committee meetings shall be held at least 2 times a year or more frequently as the chairman of the Nomination and Remuneration Committee deems necessary.

The Nomination and Remuneration Committee comprises of two Independent Non-Executive Directors and one Non-Executive Director, namely Prof. Tong Wai Cheung Timothy (Chairman), Prof. Mao Zhenhua, Mr. Wong Shun Tak (Resigned on 31 October 2025) and Mr. Chen Yu (Appointed on 31 October 2025). During the Year, the Nomination and Remuneration Committee held 11 meetings (including seven meetings by way of circulation of written resolutions).

#### **4. Connected Party Transactions Committee**

The Connected Party Transactions Committee is formed to assist the Board in overseeing the connected party transactions and non-credit Conflict of Interest transactions of the Bank and ensuring those transactions and/or scenarios are properly reviewed and approved. The Connected Party Transactions Committee Meetings shall be held with such frequency and at such time as the chairman of the Connected Party Transactions Committee may determine.

The Connected Party Transactions Committee comprises of three Independent Non-Executive Directors, namely Prof. Tong Wai Cheung Timothy (Chairman), Prof. Mao Zhenhua, Mr. Yue Kai (Resigned on 31 October 2025) and Mr. Wong Shun Tak (Appointed on 31 October 2025). During the Year, the Connected Party Transactions Committee held four meetings.

## **CORPORATE GOVERNANCE REPORT (Unaudited) (continued)**

### **Management-level Committees**

In addition to the Board-level committees, the Bank has set-up a Management Committee and five sub-committees to oversee and implement business strategies, risk management systems and internal controls.

#### **1. Management Committee**

The Management Committee has the responsibility for exercising all of the power, authorities and discretions of the Board in so far as they concern the management, new products and services, operations and day-to-day running of the Bank in accordance with relevant laws and regulations as well as internal policies and directions as the Board may determine from time to time determine, with power to sub-delegate.

The Management Committee shall meet at least once a month. During the Year, the Management Committee met the meeting frequency requirements.

#### **2. Information Technology and Operational Risk Committee(the "ITORC")**

The ITORC assist the Board and senior management in discharging its responsibility for overseeing the followings:

- The development, implementation, monitoring and review of the information technology ("IT") infrastructure and services, and cybersecurity of the Bank;
- Operational risk management issues with focuses on risk culture, risk profile, policies/frameworks and consideration of risk into strategic planning and business decisions.

#### **3. Asset and Liability Committee ("ALCO")**

The responsibility of ALCO is to oversight the bank's asset and liability management, interest rate risk, liquidity risk and market risk, and to ensure that capital management, earnings and the risk assumed is consistent with the overall risk appetite.

#### **4. Credit Committee**

The Credit Committee is formed to oversee all the credit risk related business of the bank and ensure its compliance with regulatory requirements and internal policies.

#### **5. Legal and Compliance Committee ("LCC")**

The LCC is in assisting the Board and senior management in discharging its responsibility for overseeing and managing legal, regulatory compliance, customer data protection & privacy, and financial crime compliance issues within the Bank, and ensuring the Bank's strict compliance with applicable laws, regulatory requirements, internal rules, policies and procedures for its banking and regulated activities.

## **CORPORATE GOVERNANCE REPORT (Unaudited) (continued)**

### **The Approach for Recruitment and Selection of Members of the Board and Senior Management**

The Board has established a Nomination and Remuneration Committee which is mandated to, amongst others, identify individuals suitably qualified to become members of the Board or senior management, and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships and senior management positions (taking account of his experience, knowledge, skills, track record, independence of mind and other relevant factors as may be determined by the Board), make recommendations to the Board on the appointment or re-appointment of directors and succession planning for Directors, including the chief executive, compliance with corporate governance standards set out in the HKMA Supervisory Policy Manual CG-1.

A candidate being considered for Board appointment is expected to devote adequate time to attend all Board meetings and, where relevant, Committee meetings in person. An individual who is to be appointed as an Independent Non-Executive Directors should also meet the independence status prior to their appointment.

### **Major share ownership and related party transactions**

Please refer to the Audited Financial Statements for the year ended 31 December 2025.