



Report of the Directors and Audited Financial Statements

ANT BANK (HONG KONG) LIMITED
螞蟻銀行（香港）有限公司

31 December 2025

ANT BANK (HONG KONG) LIMITED

CONTENTS

	Pages
REPORT OF THE DIRECTORS	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 5
AUDITED FINANCIAL STATEMENTS	
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to financial statements	10 - 37

ANT BANK (HONG KONG) LIMITED

REPORT OF THE DIRECTORS

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2025.

Principal place of business

Ant Bank (Hong Kong) Limited (the “Bank”) is a limited liability company incorporated and domiciled in Hong Kong and has its registered office at Suites 2101-2105, 2201-2204 and 2301, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

Principal activity

The principal activity of the Bank is the provision of banking services to its customers. The Bank is a licensed bank registered under the Hong Kong Banking Ordinance.

Share capital

During the year, a total of 300,000,000 (2024: Nil) ordinary shares have been issued for a total consideration of HK\$ 2,336,997,000 (2024: Nil). Details of the movements in the Bank’s share capital during the year are set out in note 17 to the financial statements.

Recommended dividend

The Bank’s loss for the year ended 31 December 2025 is set out in the statement of profit or loss and other comprehensive income on page 6. The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2025 (2024: Nil)

Directors

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

Executive directors

Leung Yin Fan Yvonne

Non-executive directors

Chen Leiming

Lam Wai Chung Gordon *

Liu Zheng 劉正 (resigned on 6 March 2026)

Liu Zheng 劉政 (appointed on 6 March 2026)

Wang Qing *

Zee John *

* Independent non-executive directors

Directors’ interests

Pursuant to the share option schemes of the Bank’s ultimate holding company and its fellow subsidiary, one of the directors of the Bank has been granted share-based payment awards.

During the year, one of the directors has exercised the Restricted Share Units (“RSUs”) and Share Appreciation Right (“SAR”) of the ultimate holding company and the fellow subsidiary. At the end of the reporting period, there were share options outstanding in respect of the abovementioned share-based payment awards granted by the fellow subsidiary to one of the directors of the Bank.

Further details of the share option schemes of the Bank’s ultimate holding company and its fellow subsidiary are set out in note 18 to the financial statements.

Save as disclosed above, at no time during the year was the Bank or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Bank’s directors to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

ANT BANK (HONG KONG) LIMITED

REPORT OF THE DIRECTORS (continued)

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Bank to which the Bank or any of the Bank's holding companies or fellow subsidiaries was a party during the year.

Management contracts

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

Compliance with the Banking (Disclosure) Rules

The Bank has fully complied with the requirements set out in the Banking (Disclosure) Rules under the Hong Kong Banking Ordinance.

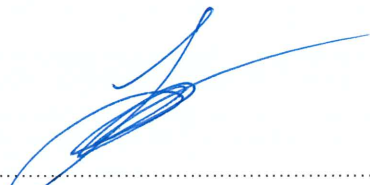
Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Bank is currently in force and was in force throughout this year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Bank is to be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



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Chen Leiming
Director

Hong Kong

29 APR 2026



Independent auditor's report to the sole member of Ant Bank (Hong Kong) Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Ant Bank (Hong Kong) Limited (the "Bank") set out on pages 6 to 37, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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.



Independent auditor's report to the sole member of Ant Bank (Hong Kong) Limited (continued)

(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors 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.

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. This report is made 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgement 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.



Independent auditor's report to the sole member of Ant Bank (Hong Kong) Limited (continued) *(Incorporated in Hong Kong with limited liability)*

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 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 Fong Hoi Wan (practising certificate number: P05026).

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 APR 2026

ANT BANK (HONG KONG) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Interest income		282,653	156,711
Interest expense		<u>(110,466)</u>	<u>(67,548)</u>
NET INTEREST INCOME	4	<u>172,187</u>	<u>89,163</u>
Fee and commission income		9,357	-
Fee and commission expense		<u>(49)</u>	<u>-</u>
NET FEE AND COMMISSION INCOME		<u>9,308</u>	<u>-</u>
Other income		<u>99</u>	<u>693</u>
		181,594	89,856
Net foreign exchange differences		(1,740)	(3,942)
Administrative expenses	5	(329,826)	(328,220)
Net charge of impairment allowances	6	<u>(112,893)</u>	<u>(32,850)</u>
LOSS BEFORE TAX		(262,865)	(275,156)
Income tax	8	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u>(262,865)</u>	<u>(275,156)</u>
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified subsequently to profit or loss:			
Financial investments at FVOCI - debt instruments			
- unrealised gain/(loss) on revaluation		<u>4,334</u>	<u>(870)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(258,531)</u>	<u>(276,026)</u>

The notes on pages 10 to 37 form part of these financial statements.

ANT BANK (HONG KONG) LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
ASSETS			
Balances with banks	9	2,920,749	498,181
Placement with banks	10	1,065,567	500,411
Loans and advances to customers	11	1,957,115	875,754
Amount due from a fellow subsidiary	19(a)	53	-
Financial investments at FVOCI	12(a)	6,559,626	1,813,424
Financial investments at amortised costs	12(b)	-	1,066,640
Intangible assets	13	-	6,500
Prepayments and other receivables		<u>8,253</u>	<u>983</u>
TOTAL ASSETS		<u>12,511,363</u>	<u>4,761,893</u>
LIABILITIES			
Deposits from customers	14	9,171,484	4,084,214
Repurchase agreements	16	487,203	-
Amounts due to fellow subsidiaries and other related parties	19(a)	66,300	52,967
Other payables and accruals		<u>122,916</u>	<u>45,833</u>
TOTAL LIABILITIES		<u>9,847,903</u>	<u>4,183,014</u>
NET ASSETS		<u>2,663,460</u>	<u>578,879</u>
EQUITY			
Share capital	17	3,900,507	1,563,510
Reserves		<u>(1,237,047)</u>	<u>(984,631)</u>
TOTAL EQUITY		<u>2,663,460</u>	<u>578,879</u>

Approved and authorised for issue by the board of directors on **29 APR 2026**



Chen Leiming
Director



Leung Yin Fan Yvonne
Director

The notes on pages 10 to 37 form part of these financial statements.

ANT BANK (HONG KONG) LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	<i>Note</i>	<i>Share capital HK\$'000</i>	<i>Other reserve HK\$'000</i>	<i>FVOCI reserve HK\$'000</i>	<i>Accumulated losses HK\$'000</i>	<i>Total HK\$'000</i>
At 1 January 2024		1,563,510	108,382	-	(825,130)	846,762
Loss for the year		-	-	-	(275,156)	(275,156)
Other comprehensive loss		-	-	(870)	-	(870)
Share-base payments	18	-	8,143	-	-	8,143
At 31 December 2024 and 1 January 2025		1,563,510	116,525	(870)	(1,100,286)	578,879
Capital injection	17	2,336,997	-	-	-	2,336,997
Loss for the year		-	-	-	(262,865)	(262,865)
Other comprehensive income		-	-	4,334	-	4,334
Share-base payments	18	-	6,115	-	-	6,115
At 31 December 2025		3,900,507	122,640	3,464	(1,363,151)	2,663,460

The notes on pages 10 to 37 form part of these financial statements.

ANT BANK (HONG KONG) LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(262,865)	(275,156)
Adjustments for:			
Share-based payment expense	18	6,115	8,400
Amortisation of intangible assets	5	6,500	9,750
Net charge of impairment allowances	6	112,893	32,850
		<u> </u>	<u> </u>
Operating cash flows before changes in operating assets and liabilities		(137,357)	(224,156)
Changes in operating assets and liabilities:			
Placements with banks with an original maturity beyond three months but less than one year		(372,395)	-
Loans and advances to customers		(1,237,524)	(593,263)
Prepayments and other receivables		(7,270)	(938)
Deposits from customers		5,087,270	3,450,392
Amounts due from a fellow subsidiary		(53)	37
Amounts due to fellow subsidiaries and other related parties		13,333	(14,652)
Other payables and accruals		77,083	159
Repurchase agreement		487,203	-
Financial assets and investments		(3,676,394)	(1,745,893)
Proceeds from loans disposal at NBV		45,219	-
		<u> </u>	<u> </u>
Net cash generated from operating activities		<u>279,115</u>	<u>871,686</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	17	2,336,997	-
		<u> </u>	<u> </u>
Net cash generated from financing activities		<u>2,336,997</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		2,616,112	871,686
		<u>998,871</u>	<u>127,185</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		<u>3,614,983</u>	<u>998,871</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Balances with central bank and banks	9	2,921,502	498,318
Placements with banks with original maturity of three months or less	10	693,481	500,553
		<u> </u>	<u> </u>
Cash and cash equivalents in the statement of cash flows		<u>3,614,983</u>	<u>998,871</u>
CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		256,045	139,106
Interest paid		74,443	62,781
		<u> </u>	<u> </u>

The notes on pages 10 to 37 form part of these financial statements.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE INFORMATION

Ant Bank (Hong Kong) Limited (the "Bank") is a limited liability company incorporated in Hong Kong on 16 August 2018. The banking license was approved and obtained on 9 May 2019. The registered office of the Bank is located at Suites 2101-2105, 2201-2204 and 2301, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The principal activity of the Bank is the provision of banking services to its customers. The Bank is a licensed bank registered under the Hong Kong Banking Ordinance.

The Bank's immediate holding company is Ant International (Hong Kong) Investment Limited (previously known as Alipay (Hong Kong) Investment Limited), a limited liability company incorporated in Hong Kong. Prior to 4 December 2024, the ultimate holding company of the Bank was formerly Ant Group Co., Ltd., which is a company established in the People's Republic of China ("PRC"). On 4 December 2024, the ultimate holding company of the Bank has been changed to Ant International (Cayman) Holding Limited, a limited company incorporated in Cayman Islands.

2. MATERIAL ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Bank are disclosed below.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following:

- financial assets at FVOCI – measured at fair value (Note 12).

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Bank.

The Bank has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*, issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Bank has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The adoption of the above amendments to standards did not have any significant impact on the significant accounting policies of the Bank and the presentation of these financial statements.

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

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES

Related parties

- (a) A person, or a close member of that person's family, is related to the Bank if that person:
- (i) has control or joint control over the Bank;
 - (ii) has significant influence over the Bank; or
 - (iii) is a member of the key management personnel of the Bank or the Bank's parent.
- (b) An entity is related to the Bank if any of the following conditions applies:
- (i) 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).
 - (ii) 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).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) 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).
 - (viii) 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.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Intangible assets

Intangible assets include purchased software. Purchased software is stated at cost less accumulated amortisation and impairment.

Software is recognised when it is separable or arise from contractual or other legal rights, and it is probable that future economic benefits will flow to the Bank, the cost of which can be measured reliably. The cost of internally generated software comprises all directly attributable costs necessary to create, produce and prepare the software to be capable of operating in the manner intended by management. Costs incurred in the ongoing maintenance of software are expensed immediately as incurred.

Intangible assets with finite useful lives are amortised over the shorter of the license period or 5 years on a straight-line basis. Amortisation are recognised as an expense in the month when the asset is available for use. The intangible assets are subject to impairment testing, and both the period and method of amortisation are reviewed annually.

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Bank assesses at the end of each reporting period whether there is an indication that non-financial asset may be impaired. If such an indication exists, the Bank makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to profit or loss in the year in which it arises.

Financial assets

All financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through other comprehensive income. Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Bank commits to purchase or sell the assets.

(a) Classification and measurement

Amortised cost: Financial assets are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains or losses together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

Fair value through other comprehensive income ("FVOCI"): Financial assets are measured at FVOCI, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

(b) Credit losses from financial assets

The Bank recognises an expected credit loss ("ECL") on loss allowances for all financial assets measured at amortized cost (including Balances with banks, placement with banks, loans and advances to customers, amount due from a fellow subsidiary and financial investments at amortised costs), financial investments at FVOCI and credit related commitments.

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Credit losses from financial assets (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

~~For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Bank if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Bank expects to receive if the loan is drawn down.~~

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

In measuring ECLs, the Bank takes into account reasonable and supportable information that is available without undue cost or effort. 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 the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Bank measures loss allowances at an amount equal to lifetime ECLs for financial assets where there has been a significant increase in credit risk since initial recognition ("Stage 2" or, where classified as credit-impaired, "Stage 3"). However, the following financial assets are measured at 12-months ECLs ("Stage 1"):

- financial assets that are determined to have low credit risk at the reporting date; and
- financial assets (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Credit losses from financial assets (continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment, that includes forward-looking information.

The Bank assumes that the credit risk on a financial asset has increased significantly if it is past due for 30 days or more or show early signs of cash flow or liquidity problems.

For credit related commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Bank becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Bank considers changes in the risk of default occurring on the loan to which the loan commitment relates.

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 financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling).

Credit-impaired financial assets

Financial assets are considered to be credit-impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. Financial assets that are credit-impaired (or defaulted) include those that are at least 90 days past due in respect of principal and/ or interest, except for financial assets that are fully covered by collateral that they are credit-impaired if they are past due for at least 365 days. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit-impaired.

Evidence that a financial assets is credit-impaired (or defaulted) includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

(b) Credit losses from financial assets (continued)

Significant increases in credit risk (continued)

Credit losses against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realization of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the cash flows expected to be recovered, discounted at the financial asset's original effective interest rate, and the gross carrying value of the financial assets prior to any credit impairment.

(c) Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 180 days past due or when the Bank otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(d) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Bank has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with an original maturity period within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Bank's cash management.

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, and that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value of the future outflow of resources expected to be required to settle the obligation at the end of the reporting period. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the end of the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Repurchase agreement

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as balances with banks with a corresponding obligation to return it, including accrued interest as a liability, reflecting the transaction's economic substance as a loan to the Bank.

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Net interest income arising from financial instruments

Interest income for financial assets held at amortised cost or fair value through other comprehensive income ("FVOCI"), and interest expense on all financial liabilities held at amortised cost is recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of a financial asset or the amortised cost of a financial liability. When calculating the effective interest rate for financial instruments other than credit impaired assets, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider expected credit losses. The calculation of effective interest rate includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability and all other premiums or discounts.

Interest income for financial assets that are held at amortised cost that have become credit impaired subsequent to initial recognition (stage 3) and have had amounts written off, is recognised using the credit adjusted effective interest rate. This rate is calculated in the same manner as the effective interest rate except that expected credit losses are included in the expected cash flows. Interest income is therefore recognised on the amortised cost of the financial asset including expected credit losses. Should the credit risk on a stage 3 financial asset improve such that the financial asset is no longer considered credit impaired, interest income recognition reverts to a computation based on the rehabilitated gross carrying value of the financial asset.

Employee benefits

(a) Bonus

Provisions for bonus plans are recognised when the Bank has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

The Bank recognises a liability and an expense for bonuses, with reference to the performance of the Bank. The Bank recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for bonus plans that are expected to be settled within twelve months are measured at the amounts expected to be paid when they are settled.

(b) Retirement benefit costs

The Bank operates a mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Bank in an independently administered fund. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as and when the contributions fall due.

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(c) Share-based payment

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Bank receives services and uses shares or other equity instruments as consideration for settlement. Share-based compensation benefits are provided to employees via share-based compensation plan granted by the Bank's parent and fellow subsidiaries. Information relating to the plan is set out in Note 18.

The Bank operates several plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Bank's operations. Employees (including directors) of the Bank receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Bank's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, a minimum expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Bank or the employee are not met. However, if a new award is substituted for the cancelled award and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification to the original award, as described in the previous paragraph.

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially at the grant date and at each reporting date up to and including the settlement date. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cumulative expense recognised for cash-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of awards that will ultimately vest.

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Bank using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Bank's financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of income, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed below:

- (i) **Classification of financial assets**
Assessment of the business model within which assets are held and assessment of whether the contractual terms of the financial asset comprise solely payments of principal and interest.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

- (i) **Share-based payment**
The parent and fellow subsidiaries of the Bank, granted share options and restricted share units to the employees of the Bank as a common feature of employee remuneration. HKFRS 2 "Share-based Payment" requires the recognition of an expense for equity-settled transactions (such as share options and restricted share units) based on the fair value at the grant date. For cash-settled transactions, the Bank recognizes a liability, which is measured at the grant date and subsequently remeasured at the fair value of the share options and restricted share units at each reporting date, and at the date of settlement. For share options and restricted share units granted to employees, in many cases market prices are not available because the share options and restricted share units granted are subject to terms and conditions that do not apply to traded equity instruments. If this is the case, the Bank estimates the fair value of the equity instruments granted using a valuation technique, which is consistent with generally accepted valuation methodologies.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(ii) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about expected credit losses. The Bank uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding, external rating agency data as well as the Bank's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss. Further details of the financial assets are given in note 20 to the financial statements.

(iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in note 15 to the financial statements.

4. NET INTEREST INCOME

	2025 HK\$'000	2024 HK\$'000
Interest income arising from financial assets at amortised cost	132,979	138,926
Interest income arising from financial assets at FVOCI	<u>149,674</u>	<u>17,785</u>
Total interest income calculated using the effective interest method	282,653	156,711
Interest expense arising from financial liabilities at amortised cost	<u>(110,466)</u>	<u>(67,548)</u>
Net interest income	<u><u>172,187</u></u>	<u><u>89,163</u></u>

5. ADMINISTRATIVE EXPENSES

	Notes	2025 HK\$'000	2024 HK\$'000
Staff costs (a):			
Salaries and others		120,507	106,075
Defined contribution pension scheme contributions		2,885	2,311
Server and technical service fees		104,764	87,647
Rental expenses		5,645	6,682
Legal and professional fees		13,925	11,393
Amortisation of intangible assets	13	6,500	9,750
Auditor's remuneration		1,536	850
Marketing expenses		50,433	63,659
Other expenses		<u>23,631</u>	<u>39,853</u>
		<u><u>329,826</u></u>	<u><u>328,220</u></u>

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

6. NET CHARGE OF IMPAIRMENT ALLOWANCES

The amount is arrived at after charging:

	Notes	2025 HK\$'000	2024 HK\$'000
Balances with banks	9	616	137
Placement with banks	10	167	142
Loans and advances to customers	20	110,944	31,883
Financial assets and investments	12	<u>1,166</u>	<u>688</u>
		<u>112,893</u>	<u>32,850</u>

7. DIRECTORS' REMUNERATION

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

	2025 HK\$'000	2024 HK\$'000
Fees	1,440	1,440
Other emoluments (a)	<u>3,673</u>	<u>3,875</u>
	<u>5,113</u>	<u>5,315</u>

Note (a): Included in other emoluments is a defined contribution pension scheme contribution of HK\$101,000 (2024: HK\$97,000).

During the years ended 31 December 2025 and 2024, share-based payment awards were granted by the Bank's parent company and fellow subsidiaries to certain directors in respect of their services rendered to the Bank. Further details of awards granted are set out in note 18 to the financial statements. The fair value of such awards has been recognised in profit or loss over the vesting period and was determined as at the date of grant. The amount included in the financial statements for current year is included in the above directors' remuneration disclosures.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Bank did not generate any assessable profits arising in Hong Kong during the year (2024: Nil).

A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	<u>(262,865)</u>	<u>(275,156)</u>
Tax at the statutory tax rate of 16.5%	(43,373)	(45,401)
Income not subject to tax	287	650
Expenses not deductible for tax	11,998	1,386
Tax losses not recognised	<u>31,088</u>	<u>43,365</u>
Income tax expense	<u>-</u>	<u>-</u>

9. BALANCES WITH BANKS

	2025 HK\$'000	2024 HK\$'000
Balances with central bank	1,126,741	190,448
Balances with banks	1,794,761	307,870
	<u>2,921,502</u>	<u>498,318</u>
Less: Allowances for expected credit losses - Stage 1	<u>(753)</u>	<u>(137)</u>
	<u>2,920,749</u>	<u>498,181</u>

The movement in allowances for expected credit losses is as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year - Stage 1	137	-
Net charge of impairment allowances	<u>616</u>	<u>137</u>
At end of year	<u>753</u>	<u>137</u>

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

10. PLACEMENTS WITH BANKS

	2025 HK\$'000	2024 HK\$'000
Placements with banks with original maturity of three months or less	693,481	500,553
Placements with banks with original maturity beyond three months but less than one year	372,395	-
	<u>1,065,876</u>	<u>500,553</u>
Less: Allowances for expected credit losses - Stage 1	(309)	(142)
	<u><u>1,065,567</u></u>	<u><u>500,411</u></u>

The movement in allowances for expected credit losses is as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of year - Stage 1	142	-
Net charge of impairment allowances	<u>167</u>	<u>142</u>
At the end of year	<u><u>309</u></u>	<u><u>142</u></u>

11. LOANS AND ADVANCES TO CUSTOMERS

	2025 HK\$'000	2024 HK\$'000
Loans and advances to customers	2,024,597	920,829
Less: Allowances for expected credit losses	<u>(67,482)</u>	<u>(45,075)</u>
	<u><u>1,957,115</u></u>	<u><u>875,754</u></u>

The Bank's credit risk policy, including the movement in allowances for expected credit losses, is set out in note 20.

ANT BANK (HONG KONG) LIMITED
 NOTES TO FINANCIAL STATEMENTS
 31 December 2025

12. FINANCIAL INVESTMENTS

(a) Financial investments at FVOCI

	2025 HK\$'000	2024 HK\$'000
At fair value:		
Debt securities	<u>6,559,626</u>	<u>1,813,424</u>

(b) Financial investments at amortised costs

	2025 HK\$'000	2024 HK\$'000
At amortised cost:		
Debt securities	-	1,066,944
Less: Allowances for expected credit losses - Stage 1	<u>-</u>	<u>(304)</u>
	<u>-</u>	<u>1,066,640</u>

The movement in allowances for expected credit losses is as follows:

Financial investments at FVOCI:

	2025 HK\$'000	2024 HK\$'000
At the beginning of year - Stage 1	519	-
Net charge of impairment allowances	<u>1,470</u>	<u>519</u>
At end of year	<u>1,989</u>	<u>519</u>

Financial investments at amortised costs:

	2025 HK\$'000	2024 HK\$'000
At beginning of year - Stage 1	304	135
Net (reversal)/charge of impairment allowances	<u>(304)</u>	<u>169</u>
At the end of year	<u>-</u>	<u>304</u>

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

13. INTANGIBLE ASSETS

Software
HK\$'000

Cost:

At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025

48,747

Accumulated amortisation:

At 1 January 2024

32,497

Amortisation charged during the year

9,750

At 31 December 2024 and 1 January 2025

42,247

Amortisation charged during the year

6,500

At 31 December 2025

48,747

Carrying amount:

At 31 December 2025

-

At 31 December 2024

6,500

14. DEPOSITS FROM CUSTOMERS

2025
HK\$'000

2024
HK\$'000

Savings deposits

6,462,899

3,059,525

Fixed deposits

2,708,585

1,024,689

At the end of year

9,171,484

4,084,214

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. DEFERRED TAX

Deferred tax assets and liabilities recognised

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

<i>Deferred tax arising from:</i>	<i>Depreciation allowances in excess of related amortisation of intangible assets HK\$'000</i>	<i>Impairment allowance HK\$'000</i>	<i>Unused tax losses HK\$'000</i>	<i>Total HK\$'000</i>
At 1 January 2024	2,681	(2,199)	(482)	-
Recognised in profit or loss	(1,609)	1,127	482	-
Recognised in revaluation reserve	-	-	-	-
At 31 December 2024 and 1 January 2025	1,072	(1,072)	-	-
Recognised in profit or loss	(1,072)	1,072	-	-
Recognised in revaluation reserve	-	-	-	-
At 31 December 2025	-	-	-	-

Deferred tax assets not recognised

Deferred tax assets are recognised for tax losses carried forwards and deductible temporary differences to the extent that the realization of the related tax benefit through the future taxable profit is probable.

As at 31 December 2025, the Bank has not recognized deferred tax assets of HK\$203,429,000 (2024: HK\$163,308,000), out of which HK\$192,119,000 (2024: HK\$156,701,000) is related to accumulated tax losses that can be carried forward against future taxable income.

As at 31 December 2025, the Bank has accumulated tax losses arising in Hong Kong of approximately HK\$1,164,356,000 (2024: HK\$975,948,000) that are available indefinitely for offsetting against its future taxable profits. The estimated tax loss in respect of the year of assessment 2025/26 has not yet been confirmed by the Hong Kong Inland Revenue Department.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

16. Repurchase agreement

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreement as at the end of the reporting periods:

	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets offset in the statement of financial position HK\$'000	Net amounts of financial liabilities presented in the statement of financial position HK\$'000	Related amounts not offset in the statement of financial position Financial investments HK\$'000	Net Amount HK\$'000
<u>At 31 December 2025</u>					
Repurchase agreement	<u>487,203</u>	<u>-</u>	<u>487,203</u>	<u>(496,261)</u>	<u>(9,058)</u>

The gross balance represents the financial liability for cash received under repurchase agreements, which are collateralized by Financial Investments at FVOCI with a market value of HKD 496,261,000 as at 31 December 2025.

The repurchase arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognised amounts that is enforceable only following an event of default. In addition, the bank and its counterparties do not intend to settle on a net basis.

17. SHARE CAPITAL

	2025		2024	
	Number of Shares	HK\$'000	Number of shares	HK\$'000
Ordinary shares, issued and fully paid				
At the beginning of year	200,000,000	1,563,510	200,000,000	1,563,510
Issuance of shares	<u>300,000,000</u>	<u>2,336,997</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>500,000,000</u>	<u>3,900,507</u>	<u>200,000,000</u>	<u>1,563,510</u>

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

(a) On 18 March 2025, the Bank increased its issued and fully paid up capital via the issuance of 100,000,000 new ordinary shares by cash.

On 26 September 2025, the Bank increased its issued and fully paid up capital via the issuance of 200,000,000 new ordinary shares by cash.

31 December 2025

18. SHARE OPTION SCHEMES

Share Economic Interest Rights ("SERs")

Since 2014, Hangzhou Junhan Equity Investment Partnership ("Junhan") made a grant of Share Economic Interest Rights ("SERs") similar to share-appreciation awards linked to the valuation of Ant Group Co., Ltd. ("Ant Group") to employees of the Bank. The vesting of SERs is conditional upon the fulfilment of requisite service conditions to the Bank, and SERs will be settled by Junhan according to the SERs plan. Junhan has the right to repurchase the vested awards from the holders upon certain conditions.

During the year, the Bank recognised equity-settled share-based payment expense of HK\$404,000 (2024: HK\$958,000) in connection with the above SERs.

Restricted Share Units ("RSUs")

In 2018, Ant Group adopted the 2018 Equity Incentive Plan (the "2018 Plan"). A fellow subsidiary, Ant International Co., Limited ("Ant International") was established to hold the 2018 Plan. Some employees were granted RSUs. The fair value of RSUs at the grant date was based on the fair value of an ordinary share of Ant Group. The vesting of RSUs is conditional upon the fulfilment of requisite service conditions to the Bank and RSUs will be settled by Ant International according to the RSUs plan.

During the year, the Bank recognised equity-settled share-based payment expense of HK\$1,121,000 (2024: HK\$1,533,000) in connection with the above RSUs.

Share Appreciation Right ("SAR")

According to the 2018 Equity Incentive Plan (the "2018 Plan"), some employees were granted SAR by Ant International. The fair value of SAR at the grant date was based on the fair value of an ordinary share of Ant Group. The vesting of SAR is conditional upon the fulfilment of requisite service conditions to the Bank and SAR will be settled by Ant International according to the SAR plan.

During the year, the Bank recognised equity-settled share-based payment expense of HK\$2,791,000 (2024: HK\$3,786,000) while none of cash-settled share-based payment expense was recognised (2024: HKD170,000) in connection with the above SAR plan.

Alibaba Restricted Share Units ("Alibaba RSUs")

Some employees were granted Alibaba RSUs by Alibaba Group Holding Limited. The fair values of Alibaba RSUs are the fair value of the underlying stock of Alibaba Group Holding Limited. The vesting of Alibaba RSUs is conditional upon the fulfilment of requisite service conditions to the Bank.

During the year, the Bank recognised equity-settled share-based payment expense of HK\$12,000 (2024: HK\$27,000) in connection with the above Alibaba RSUs.

Growth Rewards Units ("GRUs")

According to the 2021 equity incentive plan ("2021 plan"), some employees were granted GRUs by the Ant Group. The vesting of GRUs is conditional upon the fulfilment of requisite service conditions by the employee to the Bank. The value of GRUs is linked to the fair value of an ordinary share of Ant Group. Since GRUs shall be settled using cash of the subsidiaries of Ant Group according to the fair value of GRUs at exercise date, GRUs were recognised as cash-settled share-based payments.

During the year, the Bank reversed cash-settled share-based payment expense of HK\$194,000 (2024: recognised HK\$87,000) in connection with the above GRUs.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. SHARE OPTION SCHEMES (continued)

Ant International Option (“ESOP”)

In 2025, some of the employees of the Bank were granted ESOP. The fair value of ESOP at the grant date was based on the fair value of the relative ordinary share. The vesting of ESOP is conditional upon the fulfilment of requisite service conditions to the Bank.

During this year, the Bank recognised equity-settled share-based payment expense of HK\$1,787,000 (2024: 1,839,000).

The number and weighted-average exercise price of ESOP as follows:

	As at 31 December 2025	
	Weighted-average exercise price	Number of Options
Outstanding at the beginning of the year	1.06	14,151,100
Granted during the year	1.05	2,463,500
Vested during the year	1.05	4,896,528
Forfeited during the year	1.06	402,667
Transfer in	0.99	917,200
Transfer out	0.99	460,800
Outstanding at the end of the year	1.06	11,771,805
Exercisable at the end of the year	1.00	5,156,128

The fair values of SERs, RSUs, SAR, Alibaba RSUs and GRUs were determined at the grant date using the market approach. The fair values of ESOP were determined at the grant date using the binomial option-valuation model.

The following table lists the inputs to the pricing models for the years ended 31 December 2025 and 2024

Share-based payments plan	Valuation models	The main inputs in the model	Inputs	Inputs
			For the year ended 31 December 2025	For the year ended 31 December 2024
ESOP	Binomial option - valuation model	Expected dividend yield (%)	0.00%	0.00%
		Expected volatility (%)	29.49% - 30.01%	29.51%-29.90%
		Risk-free interest rate (%) (p.a.)	2.88% - 3.15%	2.57%-3.40%
		Expected life (years)	5	5
SERs, RSUs, SARs, and GRUs (exercise price at zero), Alibaba RSUs	Recent transaction price	Not applicable	Not applicable	Not applicable

Management estimated the equity volatility based on the average historical volatility of the comparable companies with a term commensurate with the time to expiration date as of the valuation dates.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. RELATED PARTY TRANSACTIONS

(a) The Bank had the following outstanding balances due from/(to) fellow subsidiaries and other related parties:

	2025 HK\$'000	2024 HK\$'000
AISG E-Commerce Private Limited	<u>53</u>	<u>-</u>
	<u>53</u>	<u>-</u>
AIHK Markets Limited (Previously known as Alipay Hong Kong Limited)	(37)	(35)
Alibaba Cloud (Singapore) Private Limited	(3,947)	(2,062)
Alipay (Hangzhou) Information Technology Co., Ltd.	(6)	(5)
Alipay Financial Services (HK) Limited	(9,919)	(13,864)
Alipay LABS (Singapore) Pte., Ltd.	-	(259)
Alipay Payment Services (HK) Limited	(26,107)	(19,207)
Ant International (Hong Kong) Holding Limited (Previously known as Ant (Hong Kong) Holding Limited)	(3,113)	(3,249)
Ant International Business (Shanghai) Co., Ltd. (Previously known as Shanghai Ant Chuangjiang Information Technology Co., Ltd.)	(9,384)	(7,269)
BNext (Hong Kong) Company Limited	(7,280)	-
Cainiao Smart Logistics Network (Hong Kong) Limited	(67)	-
Taobao China Holding Limited	(5,278)	(7,017)
World First Asia Pte. Ltd.	(1,162)	-
	<u>(66,300)</u>	<u>(52,967)</u>

The amounts due from/(to) fellow subsidiaries and other related parties are unsecured, interest-free and repayable within 12 months.

(b) The Bank had the following transactions with the related parties during the year:

	Notes	2025 HK\$'000	2024 HK\$'000
Interest income received from:			
Alipay Financial Services (HK) Limited	(v)	<u>23,111</u>	<u>12,600</u>
Fee and commission income received from:			
AISG E-Commerce Private Limited	(vi)	583	-
Alipay Payment Services (HK) Limited	(vi)	<u>207</u>	<u>-</u>
		<u>790</u>	<u>-</u>
Fee and commission expense paid to:			
World First Asia Pte. Ltd.	(vi)	<u>49</u>	<u>-</u>
Administrative expenses paid to:			
Alibaba Cloud (Singapore) Private Limited	(i)	25,922	31,084
Alipay Financial Services (HK) Limited		-	306
Alipay LABS (Singapore) Pte., Ltd.		-	150
Alipay Payment Services (HK) Limited	(iv)	23,691	17,658
Ant International (Hong Kong) Holding Limited (Previously known as Ant (Hong Kong) Holding Limited)	(iii)	2,375	3,054
Ant International Business (Shanghai) Co., Ltd. (Previously known as Shanghai Ant Chuangjiang Information Technology Co., Ltd.)	(ii)	81,060	59,341
SigmaLayer Company Limited	(iv)	77	-
Taobao China Holding Limited	(iii)	3,270	3,629
Zoloz Pte. Ltd.	(i)	<u>4,577</u>	<u>8,183</u>
		<u>140,972</u>	<u>123,405</u>

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

19. RELATED PARTY TRANSACTIONS (continued)

Notes:

- (i) The software support services provided by the related party were made on terms mutually agreed between the Bank and the related party.
- (ii) The IT system and software support services provided by the related parties were based on the direct costs incurred plus a margin, depending on the nature and location of the services performed.
- (iii) The premises fee charged by the related party was based on the actual usage of the premises.
- (iv) The marketing fee charged by the related party was based on the actual usage.
- (v) The interest income received from the related party was based on the transaction amount funded by the Bank during the year.
- (vi) The fee and commission income/(expense) received from/(paid to) the related party was based on the actual usage during the year.

(c) Compensation of key management personnel of the Bank

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	14,436	7,856
Pension scheme contributions	527	311
Share-based payments	<u>3,784</u>	<u>2,741</u>
	<u>18,747</u>	<u>10,908</u>

Further details of directors' remunerations are disclosed in note 7 to the financial statements.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Bank's exposure to credit, liquidity, interest rate and currency risks arises in the normal course of its business. These risks are managed by the Bank's financial management policies and practices described below:

Credit risk

Credit risk is the risk of financial loss to the Bank if a counterparty of a financial instrument fails to meet its obligations, and arise principally from banks, other financial and corporate institutions.

All the Bank's balances with banks are held in major financial institutions or central bank located in Hong Kong, which management believes are of high credit quality. All the Bank's Financial assets and investments are issued by financial institutions at investment grade, Hong Kong government and US Treasury bonds. The Bank has no significant concentration of credit risk.

Expected credit loss ("ECL")

HKFRS 9 requires an impairment model that calculates the recognition of ECL on all financial debt instruments held at amortised cost, fair value through other comprehensive income, undrawn loan commitments and financial guarantees. ECL is computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward looking.

The internal rating and probability of defaults ("PDs") estimation process

The Bank operates its internal rating models for its key portfolios in which its customers are rated or assigned to specific internal grades or risk pools. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. The Bank adjusts the PDs to incorporate forward looking information and the HKFRS 9 stage classification of the exposure to determine the PDs for ECL calculations. This is repeated for each economic scenario as appropriate. Loans and advances to customers mainly comprise retail loans and corporate loans. These products are rated based on the models.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Bank's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025 and 2024. The amounts presented are gross carrying amounts for financial assets.

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
<u>At 31 December 2025</u>				
Balances with banks	2,921,502	-	-	2,921,502
Placement with banks	1,065,876	-	-	1,065,876
Loans and advances to customers	1,998,100	13,078	13,419	2,024,597
Financial assets and investments	6,559,626	-	-	6,559,626
Off balance sheet exposures	3,029,227	-	-	3,029,227
	<u>15,574,331</u>	<u>13,078</u>	<u>13,419</u>	<u>15,600,828</u>
<u>At 31 December 2024</u>				
Balances with banks	498,318	-	-	498,318
Placement with banks	500,553	-	-	500,553
Loans and advances to customers	852,022	42,612	26,195	920,829
Financial assets and investments	2,880,368	-	-	2,880,368
Off balance sheet exposures	3,021,416	70	-	3,021,486
	<u>7,752,677</u>	<u>42,682</u>	<u>26,195</u>	<u>7,821,554</u>

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The details of the exposure of loans and advances to customers for which allowances for expected credit losses is recognised are set out as below.

Loans and advances to customers – gross amount

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 January 2024	325,172	1,301	1,094	327,567
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(140)	140	-	-
Transfer to Stage 3	(4,526)	-	4,526	-
Net change in exposures	<u>531,516</u>	<u>41,171</u>	<u>20,575</u>	<u>593,262</u>
At 31 December 2024 and 1 January 2025	852,022	42,612	26,195	920,829
Transfer to Stage 1	2	(2)	-	-
Transfer to Stage 2	(756)	756	-	-
Transfer to Stage 3	(1,112)	(27)	1,139	-
Net change in exposures	<u>1,147,944</u>	<u>(30,261)</u>	<u>(13,915)</u>	<u>1,103,768</u>
At 31 December 2025	<u>1,998,100</u>	<u>13,078</u>	<u>13,419</u>	<u>2,024,597</u>

Loans and advances to customers – Allowances for expected credit losses

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 January 2024	11,536	562	1,094	13,192
Net transfers between stages	(217)	85	132	-
Net change in exposures	(1,572)	12,595	18,054	29,077
Net re-measurement from stage change	-	671	4,316	4,987
Net charge / release due to change in estimation methodology	<u>(2,121)</u>	<u>(39)</u>	<u>(21)</u>	<u>(2,181)</u>
At 31 December 2024 and 1 January 2025	7,626	13,874	23,575	45,075
Net transfers between stages	(25)	12	13	-
Net change in exposures	42,797	(8,085)	74,928	109,640
Net re-measurement from stage change	1	472	831	1,304
Financial assets that have been disposed	(402)	(866)	(34,477)	(35,745)
Write-offs and recovery	<u>-</u>	<u>-</u>	<u>(52,792)</u>	<u>(52,792)</u>
At 31 December 2025	<u>49,997</u>	<u>5,407</u>	<u>12,078</u>	<u>67,482</u>

In September 2025, the Bank disposed a portfolio of loans for a consideration of USD5,800,650, equivalent to HKD 45,219,000. The transaction was conducted on an arm's length basis with an affiliate. As the consideration approximated the loans' net carrying amount, no gain or loss was recognised on disposal. The transaction was carried out as part of the bank's portfolio management strategy.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Liquidity risk

The Bank aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Bank finances its working capital requirements through balances with banks.

The tables below summarise the maturity profile of the Bank's non-derivative financial liabilities at 31 December 2025 and 2024 based on the contractual undiscounted cash flows:

	Total contractual undiscounted cash flow HK\$'000	On demand HK\$'000	Less than 3 months HK\$'000	3 to 12 months HK\$'000
<u>At 31 December 2025</u>				
Deposits from customers	9,183,734	6,462,899	1,898,901	821,934
Amounts due to fellow subsidiaries and other related parties	66,300	-	66,300	-
Repurchase agreements	487,447	-	487,447	-
Financial liabilities included in other payables and accruals	93,876	-	93,876	-
	<u>9,831,357</u>	<u>6,462,899</u>	<u>2,546,524</u>	<u>821,934</u>
<u>At 31 December 2024</u>				
Deposits from customers	4,096,205	3,059,525	640,730	395,950
Amounts due to fellow subsidiaries and other related parties	52,967	-	52,967	-
Financial liabilities included in other payables and accruals	29,047	-	29,047	-
	<u>4,178,219</u>	<u>3,059,525</u>	<u>722,744</u>	<u>395,950</u>

Interest rate risk

As at 31 December 2025 and 2024, the Bank has placements with banks, loans and advances to customers, financial assets and investments and deposits from customers with fixed interest rates and the interest rate risk is considered to be minimal.

Currency risk

The Bank has no significant foreign currency risk because most of the transactions are denominated in the Bank's functional currency and United States dollars. Since the Hong Kong dollar is pegged to the United States dollars, the Bank's exposure to foreign currency risk in respect of the financial instruments denominated in United States Dollars is considered to be minimal.

31 December 2025

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurement

Valuation of financial assets and liabilities held at fair value are subject to a review independent from the business. The Bank has established a formal valuation governance framework where fair values are recorded by Finance, and independent price verification is performed on a monthly basis by Risk Management Department using external market data. Valuation methodologies and key assumptions are approved and reviewed periodically by senior management under the Bank's valuation governance framework. For those financial assets and liabilities whose fair value is determined by reference to external quoted prices, an assessment is made against external market data. Financial instruments held at fair value in the statement of financial position have been classified into a valuation hierarchy that reflects the significance of the inputs used in the fair value measurements.

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).

During the reporting period, the Bank has no financial instrument categorised as Level 3.

The fair value of the bank's financial investments at FVOCI is based entirely on quoted prices for identical assets. Categorization is determined by the level of market activity of the assets.

The carrying amounts of the Bank's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025 and 2024, except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Carrying amount HK\$'000	Fair value HK\$'000	Fair value measurement categorised into		
			Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<u>At 31 December 2025</u>					
Financial assets and investments at FVOCI	<u>6,559,626</u>	<u>6,559,626</u>	<u>509,693</u>	<u>6,049,933</u>	<u>-</u>
<u>At 31 December 2024</u>					
Financial assets and investments at FVOCI	1,813,424	1,813,424	109,087	1,704,337	-
Financial assets and investments at amortised cost	<u>1,066,640</u>	<u>1,067,085</u>	<u>46,739</u>	<u>1,020,346</u>	<u>-</u>

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Capital management

The Bank's primary objectives when managing its capital are to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and to secure access to finance at a reasonable cost.

The Hong Kong Monetary Authority ("HKMA") sets out capital requirements for the Bank. In implementing current capital requirements, the HKMA requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted amount. The Bank calculates its capital adequacy ratios in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance.

The Bank actively and regularly reviews and manages its capital structure to maintain a balance between maximising return on capital with higher borrowing level, and the advantages of a higher capital level, and adjusts the capital level and structure in light of changes in economic conditions and business opportunities. The Bank engages in banking activities is regulated by the HKMA. The capital management function is undertaken by the Asset and Liability Management Committee and is reviewed regularly by the board of directors.

ANT BANK (HONG KONG) LIMITED

NOTES TO FINANCIAL STATEMENTS

31 December 2025

21. POSSIBLE IMPACTS OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Bank.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature- dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Bank is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, income taxes and discontinued operations categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Bank does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.