ANT BANK 螞蟻銀行（香港）

Ant Bank (Hong Kong) Limited

Regulatory Disclosures

For the period ended
31 December 2024
(Unaudited)

ANT BANK 螞蟻銀行（香港）

Table of contents

Introduction

Purpose

The information contained in this document is for Ant Bank Hong Kong Limited (“the Bank”) prepared in accordance with the Banking (Disclosure) Rules (“BDR”) and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

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

Basis of preparation

Except where indicated otherwise, the financial information contained in this Banking Disclosure Statement has been prepared on the basis of regulatory scope specified by the HKMA to the Bank.

The capital adequacy ratios (“CAR”) were compiled in accordance with the Banking (Capital) Rules (“BCR”) issued by the HKMA. In calculating the risk weighted assets, the Bank adopted the Standardised (Credit Risk) Approach and the Standardised (Market Risk) Approach for credit risk and market risk respectively. For operational risk, the capital requirement is calculated using the Basic Indicator Approach.

Basis of consolidation

As of 31 December 2024, the Bank does not have any subsidiaries to consolidate the financial information in this Banking Disclosure Statement.

KM1: Key Prudential Ratios

The following table provides an overview of the Bank's key prudential ratios which were calculated in accordance with the Banking (Capital) Rules and Banking (Liquidity) Rules, issued by the HKMA.

	Amount expressed in HKD'K	31 Dec 2024	30 Sept 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	572,379	660,257	718,900	783,356	830,512
2	Tier 1	572,379	660,257	718,900	783,356	830,512
3	Total capital	593,491	673,079	733,522	794,287	839,866
	RWA (amount)					
4	Total RWA	1,794,706	1,803,153	1,368,534	931,891	821,587
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	31.89%	36.62%	52.53%	84.06%	101.09%
6	Tier 1 ratio (%)	31.89%	36.62%	52.53%	84.06%	101.09%
7	Total capital ratio (%)	33.07%	37.33%	53.60%	85.23%	102.22%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	0.5%	1.0%	1.0%	1.0%	1.0%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0%	0%	0%	0%	0%
11	Total AI-specific CET1 buffer requirements (%)	3.00%	3.50%	3.50%	3.50%	3.50%
12	CET1 available after meeting the AI's minimum capital requirements (%)	23.89%	28.62%	44.53%	76.06%	93.09%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	5,059,128	4,911,443	3,503,313	2,284,093	1,666,537
14	LR (%)	11.31%	13.44%	20.52%	34.30%	49.83%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institution only:					
17a	LMR (%) *	98.88%	98.97%	112.29%	135.89%	192.25%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

* 17a LMR (%) disclosed above represents the arithmetic mean of the average value of the LMR for each calendar month within the quarter.

Decrease in CET1%, Tier 1%, Total Capital % and LR as of 31 December 2024 were mainly due to the decrease in RWAs for Q4 2024. Decrease in LMR was mainly due to the increase in qualifying liabilities driven by increase in deposits.

OVA: Overview of risk management

The Bank regularly conducts risk assessments to identify risks arising from business activities, establishes risk appetite, and sets risk limits and KRIs at different levels under the overall risk management framework. Through such risk limits and KRIs, risk appetite is allocated into business departments and become corresponding performance indicators so as to supervise the business departments and make appropriate adjustments to the Bank's business according to the current risk situation.

The key types of risk inherent in the Bank’s business include: credit risk, market risk, interest rate risk, liquidity risk, operational risk, technology risk, legal and compliance risk (including anti-money laundering risk), reputation risk, strategic risk and climate risk. The risks inherent in the business that make up the risk profile of the Bank are as follow:

- Credit risk: the risk that a borrower or counterparty fails to meet its obligations. It exists in both the banking book and the trading book, and both on and off the balance sheet of the Bank.

- Market risk: the risk of loss arising from changes in the value of the Bank’s assets and liabilities resulting from the changes in market variables, such as interest rates, exchange rates or credit spreads. Market risk also includes Interest rate risk in the banking book (IRRBB) which is the risk of changes to net interest income & economic value of equity as a result of fluctuations in the market interest rates.

- Liquidity risk: the risk that the Bank may not be able to meet its obligations as they fall due without incurring unacceptable losses.This may be caused by inability to liquidate assets or to obtain funding to meet its liquidity needs, whether because of institution-specific reasons or market stress.

- Strategic risk: the risk to current or anticipated earnings, capital, reputation or standing arising from improper implementation of decisions, an inability to adapt to changes in the operating environment, or lack of responsiveness to industry, economic or technological changes.

- Operational risk (Non-financial risk): the risk of loss resulting from inadequate or failed internal processes, systems, human factors, or from external events. Operational risk is inherent in all activities, products, and services of the bank and can transverse multiple activities and business units within the bank. It includes a wide spectrum of heterogeneous risks such as Anti-Bribery & Corruption (“AB&C”), Market Anti-Money Laundering (“AML”) & Sanctions, Climate, Data Privacy, Financial Reporting and Tax, Fraud, Legal, People, Regulatory Compliance, Reputation, Transaction Processing, Technology and Third-party.

OVA: Overview of risk management (continued)

To ensure an adequate oversight and delegation of duties by the Board to various departments and functional units while at the same time providing clear and efficient channels for the functional units to report and escalate issues in a timely manner, the Bank will exercise clear segregation of duties between the risk-taking business units and risk-monitoring business units with defined roles and responsibilities, and adopt "Three lines of defence" model, as a means to facilitate risk governance. The Bank’s risk governance structure covers 3 layers: the Board of Directors and its subordinate committees, the senior management and the management level committees, the three lines of defence risk management functions.

Board of Directors: Board of Directors represents the highest authority of the Bank and is ultimately responsible for the overall risk management. In order to properly oversee the risk management framework, the Board of Directors delegates its authority to board-level and management-level committees to manage all kinds of material risks. Risk Committee is a Board-level Committee which assists the Board in overseeing the risk management framework. The Bank’s overall risk appetite is reviewed, monitored and approved by the Bank’s Board of Directors through regular reporting.

Senior management: Senior management includes Chief Executive, Chief Risk Officer, Chief Financial Officer, Chief Technology Officer and Chief Compliance Officer, Head of Business and Marketing, Head of Product and Head of Wealth Management and Insurance. Chief Executive (“CE”) runs the Bank and ensures the overall business activities and the assocated risk profile remian within the Board approved risk appetite. The Chief Risk Officer ("CRO") oversees the Bank's risk taking activities and ensures that adequate controls and resources are being deployed for mitigating material risks.

The First Line of Defence: The functional units responsible for the day-to-day frontline and middle-line risk-taking digital banking business are the first line of defence. It is responsible for identifying, assessing, managing and reporting the Bank's risk exposures in an ongoing basis, with reference to the overall risk appetite, risk control measures, risk management policies, operational manuals.

The Second Line of Defence: The Second Line of Defence mainly sits within Legal and Compliance department and Risk Management department. For the Risk Management Department (consisting of Credit Risk Team, Enterprise Risk & Treasury Risk Team, Technology & Operational Risk Team), they are responsible for the duties in relation to inherent risks of Ant Bank: including overseeing the risk-taking activities; establishing and maintaining the risk management framework including risk identification, assessment, response, and monitoring; conducting risk assessments and stress testing; monitoring of any breach of risk limits and risk tolerance levels; and reporting to the senior management regularly and independently. For the Legal and Compliance Department, it is responsible for reviewing legal documentation, as well as for advising the Bank on compliance with laws, regulations and rules, including those on Anti-Bribery & Corruption (“AB&C”), Market Anti-Money Laundering (“AML”) & Sanctions, Data Privacy, Legal and Regulatory Compliance.

The Third Line of Defence: The Internal Audit Department is the third line of defence. It is responsible for assuring the effectiveness and evaluating the overall performance of the Bank's risk management framework, including the risk governance arrangements.

OVA: Overview of risk management (continued)

The Bank has formulated various codes of conduct and the standard of conduct has been stipulated in its risk management policy and other operating principles and guidelines. When conducting business, all employees must follow them. The Bank uses appropriate training programs, compensation, incentives, rewards and punishment mechanisms, evaluation and feedback mechanisms to guide and promote employees to conduct business in a responsible, honest, pragmatic and appropriate manner.

The Bank will act in accordance to the risk management framework outlined in the respective risk management policies to manage, assess, monitor and report the risk. The risk management information system for capturing, aggregating, controlling, validating and reporting risk-related data and information in a timely manner are used to facilitate the risk management. The required technology and data analytic capability are supported by the Technology Department.

The Bank's risk management framework covers comprehensive quantitative and qualitative indicators for the main risk categories required by regulator. Under this framework, the Bank sets risk appetite, regularly reviews and monitors risk appetite and risk limits based on operating and risk conditions, and reports regularly to senior management and the board of directors. Regularly reports to the senior management and the Board of Directors include: the status of the Bank's risk appetite, risk limits and KRI; the risk status of investment portfolios and exposures; the major regulatory compliance requirements and implementation status; major risk, compliance and internal control events/incidents; concerns and main tasks. It also provides reports to the senior management and the Board of Directors in accordance with the business needs of risk management and internal control.

The Bank regularly conducts sensitivity analysis and stress-testing on all major business activities as well as on a bank-wide basis in order to ensure the Bank's resilience to adverse scenarios.

For the sensitivity analysis, the Bank tests the sensitivity of the earnings to a change in individual risk factors. It highlights how different values of an independent variable affect a particular dependent variable under a given set of assumptions.

For the stress test, the Bank tests its vulnerability to various hypothetical or historical adverse scenarios for the purpose of evaluating the capacity to withstand extreme market scenarios. The stress-testing scenarios range from stressed events specific to the Bank to certain global macro-economic adverse scenarios in which markets exhibit different stress events such as volatile price moves and reduce in liquidity.

OVA: Overview of risk management (continued)

The Bank's risk strategy and processes to manage, hedge and mitigate risks that arise from the Bank’s business model would be summarized as follows:

- refusal to take any unnecessary and excessive risk during the course of business, and as a prudential banking practice, the risk taken as part of the business development will be maintained within the risk appetite set by the Board of Directors;
- setting up of robust risk governance structure with defined roles and responsibilities, escalation lines, reporting duties, supported by three lines of defence, which underpins the risk management framework;
- close monitoring of adherence to risk appetite, thresholds and limits, exception or exceeding of which needs proper approval from the senior management and the Board;
- facilitating employees' risk awareness and professional behaviour in handling risk-taking tasks through trainings, bulletins, guidelines and coaching from senior management;
- early identification of risk exposure through early warning indicators; If such indicators are close to or exceed the early warning level or the preset limit, the relevant functional departments will conduct a timely assessment and report to the corresponding approved level, and appropriate mitigation measures will be taken accordingly;
- carrying out stress test and sensitivity analysis to test the Bank's resilience to adverse scenario and financial soundness;
- self-developing risk management information system which has capability of risk reporting, risk data aggregation and capturing, monitoring of risk limits, to ensure strict compliance with regulatory requirements on risk management;
- Establishing effective communication system and fostering a risk culture which promotes risk awareness and encourages open communication and challenge with regards to risk-taking activities;
- periodic reporting of risk exposure to the senior management and the Board for review, as well as the regular disclosure of information to relevant government and/or regulatory bodies, including the HKMA, in a transparent fashion and timely manner; and
- ensuring the confidentiality, integrity and availability of the Bank's information and protecting its intellectual property and IT assets.
- The Bank has established and implemented an Operational Risk Management Framework which provides a comprehensive framework to identifying and managing operational risks. The framework defines roles and responsiblities across "Three Lines of Defence", Risk and Control Self-Assessment (RCSA), issue management as well as to establish early warning indicators for issue alert and timely escalation. The risk profile should be regularly monitored, measured against the Bank's appetite, and reported to the Board and/or RMC for their review.
- The Bank also established Operational Resilience Framework to assess to ability to deliver critical operations through severe but plausible scenarios while supporting adherence to regulatory requirements. Drills are conducted annually, simulating different scenarios to test business continuity plans and crisis management protocol.

OV1: Overview of RWA

The following table provides an overview of the capital requirements in terms of detailed breakdown of RWAs for various risks. Minimum capital requirement means the amount of capital required to be held for that risk based on its risk-weighted amount multiplied by 8%.

	Amount expressed in HKD'K	RWA		Minimum capital requirements
		31 Dec 2024	30 Sept 2024	31 Dec 2024
1	Credit risk for non-securitization exposures	1,688,930	1,711,365	135,114
2	Of which STC approach	1,688,930	1,711,365	135,114
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	-	-	-
7	Of which SA-CCR	-	-	-
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	N/A	N/A	N/A
13	CIS exposures – MBA	N/A	N/A	N/A
14	CIS exposures – FBA	N/A	N/A	N/A
14a	CIS exposures – combination of approaches	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	3,938	7,613	315
21	Of which STM approach	3,938	7,613	315
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (N/A before the revised market risk framework takes effect)	N/A	N/A	N/A
24	Operational risk	101,838	84,175	8,147
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	-	-	-
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
27	Total	1,794,706	1,803,153	143,576

Decrease in credit risk for non-securitization exposures as of 31 Dec 2024 was mainly due to the decrease in financial investments. Decrease in market risk was mainly due to decrease in net CNY exposure in Q4 2024. Increase in operational risk exposure was mainly due to the increase in gross income generated as compared with last quarter.

LI1: Differences between accounting and regulatory scope of consolidation and mapping of financial statement categories with regulatory risk categories

The following table shows the differences between the carrying values as reported in the Bank's financial statements following the scope of accounting consolidation and the carrying values under the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation. There is no difference between the carrying values as reported in published financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation.

Amount expressed in HKD'K

	(a) & (b)	(c)	(d)	(e)	(f)	(g)
	Carrying values as reported in published financial statements and under scope of regulatory consolidation	Carrying values of items:				
		subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Assets						
Balances with banks	998,592	998,592	-	-	-	-
Financial investments	2,880,064	2,880,064	-	-	-	-
Intangible assets	6,500	-	-	-	-	6,500
Loans and advances to customers	875,754	875,754	-	-	-	-
Prepayment and other receivables	983	983	-	-	-	-
Amounts due from fellow subsidiaries and other related parties	-	-	-	-	-	-
Total assets	**4,761,893**	**4,755,393**	**-**	**-**	**-**	**6,500**
Liabilities						
Deposits from customers	4,084,214	-	-	-	-	4,084,214
Amounts due to fellow subsidiaries and other related parties	52,967	-	-	-	-	52,967
Other payables and accruals	45,833	-	-	-	-	45,833
Total liabilities	**4,183,014**	**-**	**-**	**-**	**-**	**4,183,014**

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

Amount expressed in HKD'K

		(a)	(b)	(c)	(d)	(e)
		Total	Items subject to:			
			credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	4,755,393	4,755,393	-	-	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	4,755,393	4,755,393	-	-	-
4	Off-balance sheet amounts	3,022,011	-	-	-	-
5	*Differences due to impairments*	26,529	26,529	-	-	-
6	**Exposure amounts considered for regulatory purposes**	7,803,933	4,781,922	-	-	-

LIA: Explanations of differences between accounting and regulatory exposure amounts

<u>Off-balance sheet amounts</u>

Off-balance sheet amounts subject to credit risk regulatory framework includes undrawn commitments which are unconditionally cancellable without prior notice by the Bank. Credit conversion factors to the item is applied.

<u>Differences due to impairments</u>

The carrying value of assets in accounting is net of impairments. From the regulatory perspective, non-defaulted exposure under the STC approach is reported in gross value.

PV1: Prudent valuation adjustments

The following table shows a detailed breakdown of the constituent elements of valuation adjustment that have not been taken into account in the calculation of the amount of the Bank's retained earnings or other disclosed reserves.

The Bank does not have any valuation adjustments as of 31 December 2024.

Amount expressed in HKD'K

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

CC1: Composition of regulatory capital

The following table sets out the detailed composition of the regulatory capital:

	Amount expressed in HKD'K	31 Dec 2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,563,510	(1)
2	Retained earnings	(1,100,286)	(2)
3	Disclosed reserves	115,655	(3)
4	*Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)*	N/A	
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	**CET1 capital before regulatory deductions**	578,879	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	6,500	(4)
10	Deferred tax assets (net of associated deferred tax liabilities)	-	
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	

	Amount expressed in HKD'K	31 Dec 2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
22	Amount exceeding the 15% threshold	N/A	N/A
23	of which: significant investments in the ordinary share of financial sector entities	N/A	N/A
24	of which: mortgage servicing rights	N/A	N/A
25	of which: deferred tax assets arising from temporary differences	N/A	N/A
26	National specific regulatory adjustments applied to CET1 capital	-	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	
26b	Regulatory reserve for general banking risks	-	
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	**Total regulatory deductions to CET1 capital**	6,500	
29	**CET1 capital**	572,379	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	*Capital instruments subject to phase-out arrangements from AT1 capital*	-	

	Amount expressed in HKD'K	31 Dec 2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	*of which: AT1 capital instruments issued by subsidiaries subject to phase- out arrangements*	-	
36	**AT1 capital before regulatory deductions**	-	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	**Total regulatory deductions to AT1 capital**	-	
44	**AT1 capital**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	572,379	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	*Capital instruments subject to phase-out arrangements from Tier 2 capital*	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	*of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	21,112	
51	**Tier 2 capital before regulatory deductions**	21,112	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	

	Amount expressed in HKD'K	31 Dec 2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non- capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	-	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	21,112	
59	**Total regulatory capital (TC = T1 + T2)**	593,491	
60	**Total RWA**	1,794,706	
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio**	31.89%	
62	**Tier 1 capital ratio**	31.89%	
63	**Total capital ratio**	33.07%	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	3.00%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	0.50%	

	Amount expressed in HKD'K	31 Dec 2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	23.89%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	N/A	N/A
70	National Tier 1 minimum ratio	N/A	N/A
71	National Total capital minimum ratio	N/A	N/A
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	21,112	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	21,112	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	*Current cap on CET1 capital instruments subject to phase-out arrangements*	N/A	N/A
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	N/A	N/A
82	*Current cap on AT1 capital instruments subject to phase-out arrangements*	-	

	Amount expressed in HKD'K	**31 Dec 2024**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
83	*Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)*	-	
84	*Current cap on Tier 2 capital instruments subject to phase-out arrangements*	-	
85	*Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)*	-	

For the key drivers of significant changes in RWA, please refer to OV1.

Notes to the Template

	Description	Hong Kong basis	Basel III basis
9	**Other intangible assets (net of associated deferred tax liabilities)**	6,500	6,500
	Explanation As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	**Deferred tax assets (net of associated deferred tax liabilities)**	-	-
	Explanation As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
18	**Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	Explanation For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

Notes to the Template (Continued)

	Description	Hong Kong basis	Basel III basis
19	**Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	Explanation For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
39	**Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)**	-	-
	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
54	**Insignificant LAC investments in Tier 2 capital instruments issued by, and non- capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)**	-	-
	Explanation The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and noncapital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

Remarks:

The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.

CC2: Reconciliation of regulatory capital to balance sheet

There is no difference between the balances reported under balance sheet in published financial statements and under regulatory scope of consolidation.

Balance Sheet Reconciliation	Balance sheet as in published financial statements & Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
	31 Dec 2024	
	HKD'K	
Assets		
Balances with banks	998,592	
Loans and advances to customers	875,754	
Financial assets at FVOCI	1,813,424	
Financial assets at amortised costs	1,066,640	
Intangible assets	6,500	(4)
Prepayment and other receivables	983	
Total assets	**4,761,893**	
Liabilities		
Deposits from customers	4,084,214	
Amounts due to fellow subsidiaries and other related parties	52,967	
Other payables and accruals	45,833	
Total liabilities	**4,183,014**	
Shareholders' Equity		
Paid-in share capital	1,563,510	**(1)**
Of which: amount eligible for CET1	1,563,510	
Retained earnings	(1,100,286)	**(2)**
Reserves	115,655	**(3)**
Total shareholders' equity	**578,879**	

ANT BANK 螞蟻銀行（香港）

CCA: Main features of regulatory capital instruments

		CET1 capital USD ordinary shares
1	Issuer	Ant Bank (Hong Kong) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for privateplacement)	N/A
3	Governing law(s) of the instrument	Hong Kong Law
	Regulatory treatment	
4	Transitional Basel III rules #	N/A
5	Post-transitional Basel IIIrules +	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Solo
7	Instrument type (types tobe specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD200M
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	16 Aug 2018: 1 Ordinary Share 29 Aug 2018: 100,000,000 Ordinary Shares 26 Oct 2021: 99,999,999 Ordinary Shares
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No

		CET1 capital USD ordinary shares
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

The full terms and conditions of the Bank's capital instruments can be found in the Regulatory Disclosures section of our website, www.antbank.hk.

CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer

The table below provides an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the Bank's CCyB ratio:

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	**Applicable JCCyB ratio in effect (%)**	**RWA used in computation of CCyB ratio HKD'K**	**AI-specific CCyB ratio (%)**	**CCyB amount HKD'K**
1	Hong Kong SAR	0.500%	923,794		
2	Sum		923,866		
3	Total		923,866	0.500%	4,619

LR1: Summary comparison of accounting assets against leverage ratio exposure measure

Below shows the reconciliation from the total assets in the published financial statements to the LR exposure measure.

	Item	Value under the LR framework HKD'K
1	Total consolidated assets as per published financial statements	4,807,550
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	-
5	Adjustment for SFTs (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	302,201
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(46,176)
7	Other adjustments	(4,447)
8	**Leverage ratio exposure measure**	**5,059,128**

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

ANT BANK 螞蟻銀行（香港）

LR2: Leverage ratio ("LR")

Amount expressed in HKD'K		HKD'K	
		31 Dec 2024	30 Sept 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	4,809,603	4,676,079
2	Less: Asset amounts deducted in determining Tier 1 capital	(6,500)	(8,937)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	4,803,103	4,667,142
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
5	Add-on amounts for PFE associated with all derivative contracts	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	**Total exposures arising from derivative contracts**	-	-
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	**Total exposures arising from SFTs**	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	3,022,011	2,742,796
18	Less: Adjustments for conversion to credit equivalent amounts	(2,719,810)	(2,468,516)
19	**Off-balance sheet items**	302,201	274,280
Capital and total exposures			
20	**Tier 1 capital**	572,379	660,257
20a	**Total exposures before adjustments for specific and collective provisions**	5,105,304	4,941,422
20b	**Adjustments for specific and collective provisions**	(46,176)	(29,979)
21	**Total exposures after adjustments for specific and collective provisions**	5,059,128	4,911,443
Leverage ratio			
22	**Leverage ratio**	11.31%	13.44%
Decrease in Tier 1 capital was mainly due to operating loss incurred during the reporting period. Increase in on-balance sheet exposure and off-balance sheet exposure at gross notional amount was mainly due to the increase in retail loan exposures.			

LIQA: Liquidity Risk Management

Ant Bank Liquidity Risk Management Policy requires Treasury to maintain a strong liquidity position and ensure sufficient cash flows to meet all financial commitment and to capitalize on opportunities for business expansion. This includes the Bank's ability to meet deposit withdrawals on demand, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and make new loans and investments as opportunities arise. The Bank maintains a pool of diversified and stable funding sources which is an appropriate mix of liabilities including borrowing from the interbank market and customer deposits. The Bank seeks to maintain a diversified and stable source of funding to avoid over-reliance on a funding category or a small group of fund providers through setting up monitoring metric on funding concentration and setting up appropriate funding strategy and structure in the budget process.

Policies and Procedures

The Bank has formulated Liquidity Risk Management Policy that outlines the liquidity risk management framework according to the requirements of HKMA's Supervisory Policy Manuals "Regulatory Framework for Supervision of Liquidity Risk (LM1)" and "Sound Systems and Controls for Liquidity Risk Management (LM2)". The purpose of the policy is to ensure sufficient cash flows to meet all financial obligation and to comply with relevent regulatory requirements.

The Bank has established an Asset and Liability Management Committee ("ALCO"). The ALCO Charter includes the monitoring and control of liquidity and funding. ALCO monitors trends in balance sheet and ensures that any concerns that might impact the stability of the customer deposits are addressed effectively.

It is the responsibility of the Bank's management to ensure compliance with local regulatory requirements and limits set by ALCO. The Bank's liquidity resources are centrally managed by the its treasure function on a dailiy and forward-looking basis. The Board is ultimately responsible for overseeing liquidity risk that the Bank is able to take and ensure that there is a robust liquidity management process in place.

The Bank's liquidity risk management framework requires limits and the internal targets to be set for prudent liquidity management. These limits and internal targets include Liquidity Maintainance Ratios, Loan to Deposit and Capital ratio, Maturity Gap analysis, Maximum Cumulative Outflow and Liquidity Stress Testing. The intraday cash inflows and outflows are continuously being monitored during business day to ensure payment obligation can be met at all time.

All policy limits and internal targets are reviewed at least annually and more frequently if required, to ensure that they are remain to current market conditions and business strategy. These limits and targets are monitored and reviewed by ALCO on a regular basis. Any limit excess will be escalated under a delegated authority structure and reviewed by ALCO and the Board. A Contingency Funding Plan ("CFP") playbook is in place which lays out the trigger points and actions in the event of liquidity crisis to ensure that there is an effective response by senior management in case of such an event.

LIQA: Liquidity Risk Management (continued)

Stress Test

Stress testing and scenario analyzes are designed to quantify the potential impact of a liquidity event on the balance sheet (including on and off-balance sheet), contingent funding obligations and other liquidity exposures, and to identify viable funding alternatives that can be utilized.

The Bank conducts cash flow analysis and projection to identify funding needs arising from balance sheet items in specific time frame. 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 and informing necessary actions in advance when needed. According to HKMA SPM LM-2, three stress scenarios (institution specific, market-wide and combined) are designed and employed where the Bank is required to maintain positive net cash flow.

To monitor the liquidity of the Bank, those stress tests and potential mismatches are calculated with varying frequencies, with intraday stress testing performed monthly and regular stress testing covering one month cashflow performed quarterly. All assumptions used in the stress scenarios are approved under ALCO.

As of 31 December 2024, the Bank maintains the LMR of 97.63%. In addition, the following table shows the Bank's maturity profile as of 31 December 2024, covering on and off-balance sheet items broken down by maturity buckets and the resultant liquidity gaps. The off-balance sheet claims is the committed line granted by parent company and other banks. It is considered as our risk mitigation tools and reviewed annually. The Bank does not have off-balance sheet obligations as of 31 December 2024.

	2024					
HKD ('K)	Total	Within 1 month	1-3 months	3 months - 1 year	Over 1 year	Balancing amount
On-balance sheet assets						
Due from MA for A/C of Exchange Fund	190,448	190,448	-	-	-	-
Due from Banks	808,423	808,423	-	-	-	-
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)	2,880,509	2,880,509	-	-	-	-
Loan Receivables	922,883	263,014	218,577	351,644	43,331	46,317
Other Assets	7,483	983	-	-	-	6,500
Total Assets	4,809,746	4,143,377	218,577	351,644	43,331	52,817
On-balance sheet liabilities						
Deposits from Customers	4,084,214	3,671,390	27,129	385,695	-	-
Other Liabilities	100,854	81,730	-	17,070	-	2,054
Capital and reserves	578,360	-	-	-	-	578,360
Total liabilities	4,763,428	3,753,120	27,129	402,765	-	580,414
Off-balance sheet claims						
Irrevocable loan commitments of facilities received - others	310,535	-	-	-	-	310,535
Total Off-balance sheet claims	310,535	-	-	-	-	310,535
Contractual Maturity Mismatch		390,257	191,448	(51,121)	43,331	
Cumulative Contractual Maturity Mismatch		390,257	581,705	530,584	573,915	

LIQA: Liquidity Risk Management (continued)

HKD ('K)	2023 Total	Within 1 month	1-3 months	3 months - 1 year	Over 1 year	Balancing amount
On-balance sheet assets						
Due from MA for A/C of Exchange Fund	86,552	86,552	-	-	-	-
Due from Banks	40,632	40,632	-	-	-	-
Debt securities, prescribed instruments and structured financial instruments held (net of short positions)	1,135,663	1,135,663	-	-	-	-
Loan Receivables	328,783	74,376	110,762	140,061	592	2,992
Other Assets	16,330	37	-	-	-	16,293
Total Assets	1,607,960	1,337,260	110,762	140,061	592	19,285
On-balance sheet liabilities						
Deposits from Customers	633,822	633,822	-	-	-	-
Other Liabilities	114,250	113,033	-	-	-	1,217
Capital and reserves	846,762	-	-	-	-	846,762
Total liabilities	1,594,834	746,855	-	-	-	847,979
Off-balance sheet claims						
Irrevocable loan commitments of facilities received - others	312,460	-	-	-	-	312,460
Total Off-balance sheet claims	312,460	-	-	-	-	312,460
Contractual Maturity Mismatch		590,405	110,762	140,061	592	
Cumulative Contractual Maturity Mismatch		590,405	701,167	841,228	841,820	

CRA: Credit quality of exposures

Credit risk is the potential that a borrower or counterparty will fail to meet its obligations with agreed terms. Credit risk exists throughout the activities of a bank, including in the banking book and in in trading book, and both on- and off-balance sheet transaction. The credit risk exposure principally will arise from the on-balance sheet banking book activities.

The Bank has formulated a comprehensive set of policies and procedures that outlines the governance framework and appropriate credit limits to manage and monitor the credit risk that may arise from different credit portfolios in both portfolio level and individual level. The policies cover various areas including credit risk governance structure, customer selection criteria, customer acceptance criteria and post-approval monitoring. The principal objectives of such mechanism are:

- To analyze the credit risks of various credit portfolios, geographic locations, industries, categories of borrowers, types of loans, groups of related parties and single borrowers, etc.;
- To forecast and monitor any changes in the credit rating and risk return dynamics in each credit portfolio;
- To evaluate the components and allocations of the credit portfolios regularly and make timely adjustments in case of changes in the economic environment/industry situations; and
- To implement effective capital and resources allocation over different types of credit-related activities, mainly through the rebalancing and controlling of the portfolios and the migration of the overall portfolio's credit risk hedging.

The Bank has taken into account of market condition, asset quality of retail banks in Hong Kong and market practice in designing the Bank's personal credit policy, credit delegation authority and various risk limits. Credit approval authorities are delegated to Credit Risk and Major Risk Management Committee and Chief Risk Officer. Chief Risk Officer further delegated the credit approval authorities to selected credit approvers according to the experience and expertise of individual credit approver.

Ant Bank has established credit policies that govern credit extension criteria, credit approval, review and monitoring processes, the internal credit rating system and impairment assessment processes. The Bank's credit risk management are conducted by Credit Risk Team. Risk monitoring reports are presented to the Credit Risk and Major Risk Management Committee on a regular basis. The Board of Directors has ultimate responsibility for the effectiveness of credit risk management processes.

CRA: Credit quality of exposures (continued)

The Head of Credit Risk who reports directly to the CRO and leads the Credit Risk Team, is responsible for managing the Bank's credit risk arisign from lending and credit businesses. Business units act as the first line of defense. The Credit Risk team, which is independent from the business units, is responsible for the day-to-day management of credit risks and has the primary responsibility for providing an independent due diligence through identifying, measuring, monitoring and controlling credit risk to ensure an effective checks and balances, as well as drafting, reviewing and updating credit risk management policies and procedures. Back offices are responsible for credit administration, providing operations support and supervision on the implementation of prerequisite terms and conditions of credit facilities.

The Credit Risk Team closely cooperates with compliance staff to confirm enforceability of relevant legal documents and ensure compliance with all applicable rules and regulations of the Bank’s credit-related matters. Meanwhile, the Internal Audit Department is responsible for conducting independent reviews on the adequacy and effectiveness of credit risk management framework, as well as the compliance to internal policies and procedures.

The Bank also established a comprehensive monitoring process and intends to manage the risk level in the credit portfolio that aligns with the Bank’s risk appetite and identify any early warning signal of credit deterioration. Various metric is adopted to assess and monitor the quality of credit exposure in both acquisition stage and post-approval stage.

The Credit Risk Team provides regular credit management information reports and ad hoc reports to the Credit Risk,Major Risk Management Committee (CRMRMC), Board’s Risk Committee, and the Board to facilitate their continuous monitoring of credit risk.

The Bank adopts the five categories loan classification system under HKMA loan classification system in which accounts will be classified into different loan classes based on their latest credit status and history. For loan facilities that miss the scheduled payment are managed separately with proper follow-up action. From the perspective of impairment allowance measurement and allocation, the Bank adopts a 3-stage expected credit loss model which is in line with the impairment requirements under HKFRS 9 standard.

In addition to the condition of the customers, the quality of credit exposure may deteriorate due to adverse economic environment. The Bank monitors the performance of key macro-economic indicators. The Bank also applies stress testing technique periodically to assess the vulnerability of the credit portfolio under adverse market condition. Ad hoc stress assessment will also be conducted when market seem to deteriorate.

CRA: Credit quality of exposures (continued)

The quality of the overall credit portfolio will be assessed and monitored closely and regularly by a few key indicators which include but not limited to NPL ratio of the total loan portfolio and write off amount in a calendar year. Senior management of the Bank is alerted if the indicators breach the limit defined in risk appetite. Remedial action may be taken if necessary.

The Bank also aims at holding a credit portfolio that has diversified characteristic to minimize the concentration risk. The Bank identifies credit concentration risk by nature of products, geography, customer, counterparty and industry. The Bank is currently with simple business strategy and operations. Products are currently classified to personal loan and SME loan. Personal loan currently capture around 90% of the loan portfolio, while SME loan is around 10%. Concentration Risk is inherently diversified throughout different segment of customers and industries.

The Expected Credit Loss (“ECL”) allowance is recognized by rating designated by regulator or agency designation at the end of the reporting period. The ECL as of 31 December 2024 is HK$46,176K.

The Bank does not hold collateral or other credit enhancement associated with the financial assets.

CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 31 Dec 2024:

Amount expressed in HKD'K

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / Impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	24,053	1,399,383	42,777	22,495	20,282	-	1,380,659
2	Debt securities	-	2,880,367	822	-	822	-	2,879,545
3	Off-balance sheet exposures	-	-	-	-	-	-	-
4	**Total**	24,053	4,279,750	43,599	22,495	21,104	-	4,260,204

As at 31 December 2024, amount in Loans represents placement with banks and loans and advances to customers.

CR2: Changes in defaulted loans and debt securities

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as at 31 December 2024:

		(a)
		Amount HKD'K
1	**Defaulted loans and debt securities at end of the previous reporting period**	1,018
2	Loans and debt securities that have defaulted since the last reporting period	42,320
3	Returned to non-defaulted status	(450)
4	Amounts written off	(18,835)
5	Other changes	-
6	**Defaulted loans and debt securities at end of the current reporting period**	24,053

The defaulted loans increased during the second half of 2024 mainly due to the growth of retail loans exposures majority in the second half of 2024.

CRB: Additional disclosure related to credit quality of exposures

Expected Credit Loss(“ECL”)

The Bank recognizes an allowance for Expected Credit Loss (“ECL”) for all financial aseets including balances and placements with banks, loans and advances to customers and debt instructments at the end of the reporting period. The ECL as of 31 December 2024 is HK$46,176K.

ECL is calculated according to the impairment requirement under IFRS9 standard. The point-in-time probability weighted ECL amount is calculated based on 3 possible economic scenarios (baseline, uptrend and downtrend), and other relevant information as of the reporting date. ECL is determined based on the level 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.

<u>Credit risk exposures are classified into three stages:</u>

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these credit exposures, 12-month ECL are recognized for impairment allowance.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since origination but that do not have objective evidence of impairment. For these credit exposures, lifetime ECL are recognized for impairment allowance.
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these credit exposures, lifetime ECL are recognized for impairment allowance.

<u>Significant increase in credit risk</u>

The Bank would assess information available to the Bank to determine whether there is significant increase in credit risk for the financial instruments since origination. Financial instruments which are not credit-impaired and past due for 30 days or above, or any early signs of cashflow/liquidity problems are observed by the Bank, are considered to have significant increase in credit risk.

<u>Impaired / Default exposure</u>

The Bank defines “past due” as payment that has not been made by its due date, and “impaired asset” as asset classified as stage 2 and stage 3 under the expected credit loss (“ECL”) accounting model. The accounting definition of impaired exposures and the regulatory definition of defaulted exposures are generally aligned. The Bank would consider a financial instrument as Impaired / Default exposure when one or more scenarios below are met:

- Financial instruments which are not credit-impaired and past due for 90 days or above
- Forbearance is granted to borrower by the Bank
- Other situation (bankruptcy / insolvency / death of borrower, etc.)

<u>Forward looking</u>

The Bank would consider the forward-looking information such as macroeconomic factors in to the ECL calculation. Assumption of forward looking would be used in probability of default based on forward looking macroeconomic factor. The forecast of macroeconomic factor would be reviewed and updated periodically based on the forward looking of the economy and availability data sources.

CRB: Additional disclosure related to credit quality of exposures (Continued)

Restructured exposure

The Bank defines "restructure exposure" as the modification, renegotiation or refinancing of loans and debt securities that results from an obligor's financial difficulty to meet the original repayment schedule and the terms for such modification, renegotiation or refinancing loans and debt securities are non-commercial to the Bank. The Bank records restructured exposure of HKD1,841K for the period ended 31 Dec 2024.

The following table sets out an additional qualitative and quantitative information on the credit quality of exposures to supplement the quantitative information provided under templates CR1 and CR2.

I. Exposures by geographical location (CRB1)

	At 31 December 2024 Gross carrying amount (HKD'K)
Hong Kong	1,983,012
China	678,378
Australia	219,449
Taiwan	213,301
France	208,413
South Korea	206,649
Others	794,601
Total	4,303,803

CRB: Additional disclosure related to credit quality of exposures (Continued)

II. Exposures by Industry (CRB2)

	At 31 December 2024 Gross carrying amount (HKD'K)
Banks and financial institutions	3,380,920
Individuals	827,060
Others	95,823
	4,303,803

III. Exposures by residual maturity (CRB3)

At 31 December 2024

Amount expressed in HKD'K

	Repayable on demand to 1 year	Due between 1 to 5 years	Due after 5 years	Total
Loans	1,423,436	-	-	1,423,436
Debt securities	2,880,367	-	-	2,880,367
Off-balance sheet exposures	-	-	-	-
Total	4,303,803		-	4,303,803

CRB: Additional disclosure related to credit quality of exposures (Continued)

IV. Aging analysis of accounting past due exposures (CRB4)

	At 31 December 2024 Gross carrying amount (HKD'K)
1 – 3 months	10,339
3 – 6 months	14,151
6 months – 1 year	9,784
Over 1 year	118
Total	34,392

V. Impaired exposures and related allowances and write-offs by geographical areas and industries (CRB5)
Please refer to note "Loans and advances to customers" for impaired exposures for details.

CRC: Qualitative disclosures related to credit risk mitigation

The Bank has in place policies and procedures with respect to counterparty credit risk management and netting should only be applied where there is a legal right to do so. Recognized netting can only be done pursuant to a valid bilateral netting agreement in accordance with the Banking (Capital) Rules. The Bank adopts the netting approach which is consistent with the Banking (Capital) Rules for capital adequacy purposes.

The Bank has set out maximum credit exposure to each individual or counterparty in relations to the Banking (disclosure) rules.

The Bank does not hold collateral or other credit enhancement associated with the financial assets.

CR3: Overview of recognized credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognized CRM as at 31 December 2024:

Amount expressed in HKD'K

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	1,380,659	-	-	-	-
2	Debt securities	2,879,545	-	-	-	-
3	**Total**	**4,260,204**	**-**	**-**	**-**	**-**
4	Of which defaulted	24,053	-	-	-	-

Increase in the unsecured exposures as at 31 December 2024 was mainly due to the increase in placements and loan to customers.

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

The Bank uses the following external credit assessment institutions ("ECAIs") to calculate its capital adequacy requirements under the Standardized (Credit Risk) Approach prescribed in the Banking (Capital) Rules:

▪ Moody's Investors Service

▪ Standard & Poor's Ratings Services

▪ Fitch Ratings

The Bank adopts STC approach based on external credit rating to determine the risk weight of the exposures listed below:

– Sovereign exposures;

– Public sector entity exposures; and

– Bank exposures

The Bank follows the process prescribed in Part 4 of the Banking (Capital) Rules to map the ratings to the exposures booked in the bank's banking book.

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

The following table illustrates the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 31 December 2024:

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	On-balance sheet amount (HKD'K)	Off-balance sheet amount (HKD'K)	On-balance sheet amount (HKD'K)	Off-balance sheet amount (HKD'K)	RWA (HKD'K)	RWA density
1	Sovereign exposures	960,170	-	960,170	-	4,663	0.5%
2	PSE exposures	123,609	-	123,609	-	24,722	20.0%
2a	Of which: domestic PSEs	123,609	-	123,609	-	24,722	20.0%
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	2,795,458	-	2,795,458	-	981,913	35.1%
5	Securities firm exposures	818	-	818	-	409	50.0%
6	Corporate exposures	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-
8	Cash items	1,346	-	1,346	-	-	0.0%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-
10	Regulatory retail exposures	897,934	3,022,011	897,934	-	673,451	75.0%
11	Residential mortgage loans	-	-	-	-	-	-
12	Other exposures which are not past due exposures	165	-	165	-	139	84.2%
13	Past due exposures	2,422	-	2,422	-	3,633	150.0%
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	**Total**	**4,781,922**	**3,022,011**	**4,781,922**	**-**	**1,688,930**	**35.3%**

Increase in credit risk exposures as at 31 December 2024 was mainly due to the increase in Bank exposures.

CR5: Credit risk exposures by asset classes and by risk weights – for STC approach

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 31 December 2024:

HKD'K

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Exposure class / **Risk Weight**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**250%**	**Others**	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	913,536	46,634	-	-	-	-	-	-	-	-	960,170
2	PSE exposures	-	-	123,609	-	-	-	-	-	-	-	123,609
2a	Of which: domestic PSEs	-	-	123,609	-	-	-	-	-	-	-	123,609
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	1,386,054	-	1,409,404	-	-	-	-	-	2,795,458
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	1,346	-	-	-	818	-	-	-	-	-	2,164
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	897,934	-	-	-	-	897,934
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	32	-	-	-	133	-	-	-	165
13	Past due exposures	-	-	-	-	-	-	-	2,422	-	-	2,422
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	**Total**	**914,882**	**46,634**	**1,509,695**	**-**	**1,410,222**	**897,934**	**133**	**2,422**			**4,781,922**

Increase in credit risk exposures as at 31 December 2024 was mainly due to the increase in bank exposures.

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

As of 31 December 2024, the Bank does not have counterparty default risk exposure and credit-related derivative contracts.

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

Amount expressed in HKD'K		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	-	-		1.4	-	-
1a	CEM	-	-		1.4	-	-
2	IMM(CCR) approach				-	-	-
3	Simple Approach (for SFTs)					-	-
4	Comprehensive Approach (for SFTs)			-		-	-
5	VaR (for SFTs)					-	-
6	**Total**						-

CCR2: CVA capital charge

Amount expressed in HKD'K		(a)	(b)
		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	-	-
4	**Total**	**-**	**-**

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

Amount expressed in HKD'K

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	Exposure class / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	-	-	-	-	-	-	-	-	-
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	**Total**	-	-	-	-	-	-	-	-	-	-	-

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

Amount expressed in HKD'K	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

CCR6: Credit-related derivatives contracts

Amount expressed in HKD'K	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

MRA: Qualitative disclosures related to market risk

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, etc. The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to manage the Bank's exposure to the volatility inherent in financial instruments.

The risk can exist in both non-trading and trading activities. Currently, the Bank does not involve in trading book business and market risk predominantly arises from the Bank's treasury activities. The Bank's major types of market risk come into two forms, interest rate risk and currency risk, and the risk mainly comes from the Bank's debt security portfolios held as investment and/or liquidity management. The primary objective of such market risk management is to limit the potential adverse effect of interest rate movements and FX rate movement.

The Bank has formulated Market Risk Management Policy that outlines the governance structure and measurements and controls of market risk in the Bank. The policy details a clear strategy to manage different types of market risk that the Bank is exposed to. A market risk framework for different types of risk are established to clearly define risk profiles to ensure it is consistent with the overall risk appetite. Risk limits are developed by the Risk Management Department in conjunction with the Treasury Department. The Bank has set limit on net open position for FX risk which is monitored regularly. All exceptions are reviewed and approved by the appropriate level of Market Risk Management.

The Treasury Department manages interest rate risk and FX risk within the limits approved by different level of parties. Market Risk Team reviews and sets limits package as well as permitted product list, ensuring adherence to risk management objectives.

The Board is ultimately responsible for the overall market risk and treasury investment management to ensure the risks are properly identified, measured and monitored by different level of parties. ALCO and CRMRMC represent the first line and second line senior management oversight and monitoring on market risk and treasury investment related exposure.

The Bank adopts factor sensitivities analysis to identify, measure, monitor and control the market risk of the Bank. All transactions are captured for market risk measurements. The factor sensitivities are calculated, monitored and in most cases, limited for all relevant risks taken. Market risk limits would be reviewed regularly, at least annually.

As of 31 December 2024, the Bank only has interest rate risk exposure in banking book and the FX exposure in banking book is considered to be immaterial. The Bank has no trading book exposure. Refer to Section IRRBB for more details in relation to interest rate risk exposure.

MR1: Market risk under STM approach

The table below provides the components of the market risk capital requirements calculated using the STM approach as at 31 December 2024:

		(a)
		RWA HKD'K
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	-
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	3,938
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	**Total**	3,938

The increase in foreign exchange exposures was mainly due to the increase in CNY net open position.

IRRBB: Interest rate exposures in banking book

IRRBBA: Interest rate risk in banking book – risk management objectives and policies

Interest rate risk is referred to the risk to the Bank's financial condition resulting from adverse movements in interest rates. This consists of gap risk, basis risk and option risk. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movement arises.

Interest rate risks comprise those originating from both trading and non-trading portfolio. The Bank's interest rate risk exposure is solely contributed by non-trading portfolio. The Bank has formulated Interest Rate Risk in Banking Book Management Policy that outlines the interest rate risk management framework according to the requirements of HKMA's Supervisory Policy Manuals "Interest Rate Risk in the Banking Book (IR-1)". The purpose of the policy is to ensure sufficient risk control on interest rate risk and to comply with regulatory requirement. The Bank manages interest rate risks within the risk appetite limits approved by the Board and Risk Committee ("RC") and under the monitoring of ALCO. Limits such as EVE and PV01 are set on the level of mismatch of interest rate repricing that maybe undertaken, which is monitored and reported to ALCO on monthly basis and RC and Board on quarterly basis.

The Bank maintains controllable interest rate positions on its treasury portfolio. Interest rate risk arises primarily from the timing differences in the re-pricing of and the different bases of pricing interest-sensitive assets, liabilities and off-balance sheet positions. Interest rate risk is regularly monitored by regular sensitivity analysis of the net re-pricing gap and of different scenarios of pricing bases of assets and liabilities grouped with reference to their next contractual repricing date or maturity date. For non-maturity deposits ("NMDs"), the Bank didn't use the modelling on NMD and the maturity assigned is overnight in according with HKMA's requirement when the Bank lacks of enough historical data. The Bank has no term loan and didn't use the modelling on revolving loan and assigned the maturity date to the longest tenor on prudent purpose when the Bank lacks of enough historical data. The Bank has no term deposit and automatic options or embedded options.

In the standardized framework implementation, the Bank includes commercial margins and other spread components into the cash flows and discounts them at risk-free rates. The Bank applies the methodology prescribed in IR-1 for aggregating the exposure across different major currencies comprising HKD and USD that accounts for 5% or more of the Bank's total on-balance sheet interest rate-sensitive position in all currencies.

The key assumptions the Bank uses in the measurements of EVE/NII in internal measurement system are the same with the disclosure including:

(a) for fixed rate items, the earliest interest repricing date is the maturity dates of the assets or liabilities concerned;

(b) constant balance sheet;

(c) the repricing maturity assigned to non-maturity deposits ("NMDs") is overnight which is more prudent.

(d) for revolving loan, the repricing tenor is assigned to the longest tenor the customer can use which is more prudent.

The Bank calculates the NII and EVE according to the standard framework for measuring IRRBB risk exposure based on Hong Kong Monetary Authority's Supervisory Policy Manual IR-1, which includes six interest rate shock scenarios:

- parallel shock up;
- parallel shock down;
- steepener shock (short rates down and long rates up);
- flattener shock (short rates up and long rates down);
- short rates shock up; and
- short rates shock down.

The Bank uses scenario analyses and stress tests to assess the banking book interest rate risk that the Bank would face under adverse circumstances. The Bank's hedge strategy is to use interest rate swap when necessary to shorten the repricing tenor of the debt instruments in amortized cost to mitigate the interest rate risk.

IRRBB: Interest rate exposures in banking book (Continued)

IRRBB1: Quantitative information on interest rate risk in banking book

HKD'K	ΔEVE		ΔNII*	
Period	**As at December 31 2024**	**As at December 31 2023**	**As at December 31 2024**	**As at December 31 2023**
Parallel up	20,337	5,126	13,862	10,534
Parallel down	(20,566)	(5,165)	(13,862)	(10,534)
Steepener	(13,570)	(3,953)		
Flattener	17,219	4,978		
Short rate up	22,432	6,423		
Short rate down	(22,673)	(6,478)		
Maximum	22,432	6,423	13,862	10,534
	As at December 31 2024		**As at December 31 2023**	
Tier 1 capital	571,860		830,513	

*ΔNII=NII(parallel up/down scenario)-NII(base scenario)

As of 31 December 2024, the most adverse of the six interest rate scenarios with regard to ΔEVE was the 'Short rate up' scenario, resulting in a change of the economic value of equity of HKD 22.4 million, representing impact of 3.92% of tier 1 capital, which is well below the regulatory outlier test of 15% of tier 1 capital. The ΔEVE increases by HKD 16 million by comparing December 2024 with December 2023. The changes were mainly driven the longer tenors and larger scale of debt securities and loans.

As of 31 December 2024, the most adverse of the two parallel interest rate scenarios with regard to ΔNII over the next 12 months was the 'Parallel Down' scenario resulting in a potential change of the net interest income of HKD 13.9 million. The ΔNII increased by HKD 3.3 million, comparing December 2024 and December 2023. The changes were mainly driven by the larger scale of deposits and loans.

REMA: Remuneration policy

Governance Structure

The Nomination and Remuneration Committee (“NRC”) is established with specific terms of reference and chaired by an Independent Non-executive Director with majority of its members (over 50%) are Independent Non-executive Directors. The NRC meets at least once a year to review the Bank's overall remuneration policy and structure, and specific remuneration plans for senior management, as well as the overall remuneration plan for all employees of the Bank, and make recommendations to the Board of Directors.

The NRC shall ensure that remuneration policy is in line with the business strategy, objectives, risk appetite, culture, control environment, long-term interests of the Bank, as well as any legal or regulatory requirements. Risk control personnel are compensated in a manner that is independent of the business areas they oversee, aligned with their performance objectives and commensurate their respective roles in the Bank.

Senior management refers to individual employees who are responsible for oversight of the bank-wide strategy or activities or those of the Bank's material business lines, which includes chief executive and other senior executives. Key Personnel refers to individual employees whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Bank. The remuneration policy was approved by the board in Dec 2019. An annual review of the Remuneration Policy of the Bank was conducted by NRC in October 2024. The review concludes that the Remuneration Policy are consistent with the principles set out in the Remuneration Guideline.

Remuneration Structure and Design

Our remuneration policy and structure aim to enhance core competitiveness, mobilize the enthusiasm of employees and to ensure the internal equity and externally competitive remuneration incentive mechanism that is compatible with risk control, so as to promote stable operation and sustainable development.

The Remuneration Policy is established to provide the key remuneration principles and practices covering all employees of the Bank, and the key risk management requirements relating to remuneration, performance and risk control.

The remuneration of employees is composed of an appropriate mix of fixed and variable remuneration. Remuneration payment follows policy guidelines and maintains an appropriate balance. Fixed remuneration refers to base salary. Variable remuneration, comprising mainly bonus payments, year-end bonus and/or long term incentives (if applicable), is paid based on the overall performance of the Bank, relevant business departments and the employee, taking into account the full range of current and potential short-term and longer-term risks connected with the activities of employees which may affect the performance of the Bank. Variable remuneration is currently awarded in form of cash or shares (if applicable). The fixed remuneration is set at a level which is sufficient to attract and retain employees with relevant skills, knowledge and expertise to discharge their functions while the award of variable remuneration does not induce excessive risk taking. In general, the proportion of variable remuneration to total remuneration increases in line with the seniority, roles, responsibilities and activities of employees within the Bank.

Performance Measurements and the Award of Variable Remuneration

Performance of the Bank will be evaluated against pre-determined performance criteria and assessable financial and non-financial factors, including but not limited to the Bank’s performance on risk management perspectives. Financial factors include quantitative measures such as profit, revenue, sales or volume. Non-financial factors include but not limited to legal/ regulatory/ethical standards, improper behavior that leads to major consequences (including financial and non-financial losses to the Bank), fraud or serious violation of internal rules, or other risk management factors. In general, both quantitative measures and qualitative assessments play vital roles in determining risk adjustments and assessments for all types of risk and have been incorporated as part of performance measures of the Bank. The variable remuneration shall be deducted or possibly deducted to zero while employees whose performance does not meet the relevant standards.

REMA: Remuneration policy (Continued)

Deferral Arrangements

Deferral of the payment of a portion of variable remuneration is conducive to restraining excessive short-term risk-taking and to aligning actual variable remuneration payments with risks and risk outcomes. Generally, the proportion of variable remuneration made subject to deferment would be expected to increase in line with the seniority and responsibility of the employee in question. For senior managers and key personnel whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the Bank, the vesting period shall not be less than three years and generally vest gradually over a period of years and no faster than on a pro rata basis, subject to fulfilment and validation of the pre-defined performance conditions.

In the event of resignation, or it is later established that there has been fraud or other malfeasance on the part of the relevant employees, or violations of internal control policies, the unvested portion of deferred variable remuneration will be forfeited or claw-back.

REM1: Remuneration awarded during financial year

Amount expressed in HKD'K

			(a)	(b)
Remuneration amount and quantitative information			Senior management	Key personnel
1	Fixed remuneration	Number of employees	3	7
2		Total fixed remuneration	6,216	7,665
3		Of which: cash-based	6,216	7,665
4		Of which: deferred	-	-
5		Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	-	-
8		Of which: deferred	-	-
9	Variable remuneration	Number of employees	3	7
10		Total variable remuneration	9,208	3,939
11		Of which: cash-based	1,570	1,430
12		Of which: deferred	-	-
13		Of which: shares or other share-linked instruments	7,638	2,509
14		Of which: deferred	7,638	2,509
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	**Total remuneration**		15,424	11,604

REM2: Special payments

Amount expressed in HKD'K

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

REM3: Deferred remuneration

Amount expressed in HKD'K

		(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
1	Senior management					
2	Cash					
3	Shares	38,569				38,659
4	Cash-linked instruments					
5	Other					
6	Key personnel					
7	Cash					
8	Shares	9,477				9,477
9	Cash-linked instruments					
10	Other					
11	**Total**	**48,046**	**-**	**-**	**-**	**48,046**

Off-balance sheet exposures other than derivative transactions

Contingent liabilities and commitments

	At 31 Dec 2024 HK$'K
Contractual or notional amounts	-
Direct credit substitutes	-
Transaction-related contingencies	-
Trade-related contingencies	-
Note issuance and revolving underwriting facilities	-
Forward asset purchases	-
Forward forward deposits placed	-
Other commitments:	-
which are not unconditionally cancellable:	-
with original maturity of not more than one year	-
with original maturity of more than one year	-
which are unconditionally cancellable	3,022,011
	3,022,011
Credit risk weighted amount	-

International claims

International claims are exposures recorded on the statement of financial position based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate international claims are shown as follows:

Amount expressed in HKD'M

	As at 31 December 2024				
			Non-bank private sector		
	Banks	**Official sector**	**Non-bank financial institutions**	**Non-financial private sector**	**Total**
Developing Asia and Pacific	1,300	-	-	-	1,300
- of which China	679	-	-	-	679
Developed countries	1,118	47	-	-	1,165
Offshore centres	251	-	-	4	255

Loans and advances to customers

Loans and advances to customers analysed by industry sector

The analysis of gross loans and advances to customers by industry sector is based on the categories used by the HKMA.

Amount expressed in HKD'K

	As at 31 December 2024	
	Gross loans and advances to customers	% of gross loans and advances covered by collateral or other security
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
– Financial concerns	990	0%
– Wholesale and retail trade	62,899	0%
– Manufacturing	4,427	0%
– Transport and transport equipment	300	0%
– Recreational activities	5,000	0%
– Information technology	400	0%
– Others	21,228	0%
Individuals		
– Others	825,312	0%
Total	920,556	0%

The amount of impaired and overdue loans and advances to customers and individually and collectively assessed impairment provision for industry sectors which constitute not less than 10% of the Bank and its subsidiaries' total advances to customers are as follows:

	Total gross loans and advances to customers	Impaired loans and advances to customer	Overdue loans and advances to customers	Stage 1 & 2 expected credit loss provision	Stage 3 expected credit loss provision
Loans and advances for use in Hong Kong					
Individuals	825,312	11,257	15,207	13,554	9,218
Others	95,244	7,578	28,548	5,971	13,277
Total	920,556	18,835	43,755	19,525	22,495

Loans and advances to customers (Continued)

Loans and advances to customers analysed by geographical sector

The analysis of gross loans and advances to customers by geographical location is in accordance with the location of counterparties, after taking into account any recognised risk transfer.

Amount expressed in HKD'K

At 31 December 2024	Total gross loans and advances to customers	Impaired loans and advances to customer	Overdue loans and advances to customers	Stage 1 & 2 expected credit loss provision	Stage 3 expected credit loss provision
Hong Kong	920,556	18,835	43,755	19,525	22,495
Total	920,556	18,835	43,755	19,525	22,495

Overdue and rescheduled assets

	As at 31 December 2024	
	HK$'000	% of loans and advances to customers
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
— 6 months or less but over 3 months	24,490	2.66%
— 1 year or less but over 6 months	9,784	1.06%
— Over 1 year	118	0.01%
	34,392	3.73%

	At 31 December 2024 HK$'000
Fair value of collateral held against the covered portion of overdue loans and advances to customers	
—Covered portion of overdue loans and advances to customers	-
—Uncovered portion of overdue loans and advances to customers	34,392

Overdue and rescheduled assets (Continued)

	At 31 December 2024 HK$'000
Stage 3 expected credit loss provision against loans and advances to customers overdue more than 3 months	22,495

Rescheduled loans and advances to customers

	As at 31 December 2024	
	HK$'000	% of advances to customers
Rescheduled loans and advances to customers, excluding those which have been overdue for more than 3 months	1,841	0.2%
	1,841	0.2%

Rescheduled loans and advances are those loans and advances, which have been restructured or renegotiated because of a deterioration in the financial position of the borrowers, or the inability of the borrowers to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Bank.

Rescheduled loans and advances to customers are stated net of any loans and advances that have subsequently become overdue for over 3 months.

Currency risk

The Bank is exposed to foreign exchange risk, primarily United States dollar ("USD").

HKD'K equivalent	**USD**	**CNY**
Spot assets	800,897	6,692
Spot liabilities	(802,248)	(10,628)
Forward purchases	-	-
Forward sales	-	-
Net options position	-	-
Net (short) / long position	(1,351)	(3,936)

The Bank had no structural position as of 31 December 2024.

Mainland activities

The table below summarises the Mainland activities exposure of the Bank, categorised by types of non-bank counterparties:

Amount expressed in HKD'K

As at 31 December 2024

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	-	-	-
(b) Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
(d) Other entities of central government not reported in part (a) Above	-	-	-
(e) Other entities of local governments not reported in part (b) above	-	-	-
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	**-**	**-**	**-**

Total assets after provision	4,772,971
On-balance sheet exposures as percentage of total assets	%

Asset under security

The Bank does not have any secured liabilities and assets used as security as of 31 December 2024.

Corporate Governance

The Board of Directors and the Management of Ant Bank (Hong Kong) Limited (the “Bank”) are committed to maintaining a high standard of corporate governance practices and devote considerable effort to identify and formalize best practices. We believe that sound and effective corporate governance practices are essential for delivering sustainable value, enhancing a culture of business integrity and maintaining investors’ confidence. Good corporate governance promotes and safeguards the interests of shareholders and other stakeholders including customers and employees, thereby enhancing the credibility and reputation of the Bank.

The Bank is committed to effective corporate governance in order to ensure its proper functioning and protect the interests of all the Bank’s stakeholders. The Bank is an authorized institution supervised by the Hong Kong Monetary Authority (“HKMA”) under the Banking Ordinance. Throughout the year ended 31 December 2024, the Bank has complied, in all material aspects, with the guidelines set out in the HKMA Supervisory Policy Manual CG-1 Corporate Governance of Locally Incorporated Authorized Institutions.

Board of directors

The Board of directors of the Bank (the “Board”) has the ultimate responsibilities to the depositors, creditors, employees and shareholders, for the supervision, leadership, operations and financial soundness of the Bank, and is responsible for providing strategic direction and overseeing the implementation of strategic objectives and goals by the Management. In discharging its responsibilities, the Board actively engages in the affairs of the Bank and is cognizant of material changes in the Bank’s business and the external environment in which the Bank operates. The Board acts honestly and in good faith in the interest of the Bank, and on an informed and prudent basis, having regard to the legitimate interests of depositors, shareholders and other relevant stakeholders. The Board has established Board-level specialized committees with clear delegation and formal terms of reference setting out the authorities, responsibilities and membership for the oversight of certain major functional areas.

The Board also has a well-balanced composition of Executive Director, Non-executive Directors and Independent Non-executive Directors (“INEDs”) to ensure independence and objectivity of the decisions as well as robustness and impartiality of the Board’s oversight of the Management. As of 31 December 2024, the Board comprised six members, including one Executive Director, two Non-Executive Directors and three INEDs. Members of the Board are as follows:

#Mr. Leiming Chen *(Chairman)*
#Mr. Liu Zheng (appointed on 12 April 2024)
#Ms. Lee Wing Sze Venetia (resigned on 15 March 2024)
^Ms. Leung Yin Fan Yvonne
*Mr. Lam Wai Chung Gordon
*Mr. Wang Qing
*Mr. Zee John

^ Executive Director & Chief Executive
 # Non-executive Director
** INED*

The biographical information of the Directors is disclosed in the Appendix.

The Board meets regularly to formulate objectives, strategies, business plans and annual budgets and to assess the Bank’s performance, position and prospects throughout the year. All Directors have unfettered access to board papers and related materials which are provided in a timely manner. All Directors are also given opportunities to propose matters in the meeting agenda. Board meetings are held at least four times a year. In addition, special Board meetings are held when necessary. All Board meetings involve the active participation, either in person or through other electronic means of communication, of Directors. The Board held four meetings in 2024. Attendance records of the Board are set out below:

Corporate Governance (Continued)

	No. of meetings attended/ No. of meetings held
Mr. Leiming Chen (Chairman)	4/4
Mr. Liu Zheng (appointed on 12 April 2024)	3/3
Ms. Lee Wing Sze Venetia (resigned on 15 March 2024)	0/1
Ms. Leung Yin Fan Yvonne	4/4
Mr. Lam Wai Chung Gordon	4/4
Mr. Wang Qing	4/4
Mr. Zee John	4/4

Board-level Specialized Committees

The Board has established three Board-level committees, namely, the Audit Committee, the Nomination and Remuneration Committee and the Risk Committee, to assist it in carrying out its responsibilities. Each of these committees has specific written terms of reference, which set out in detail their authorities and responsibilities.

Audit Committee

The Audit Committee ("AC") has the authority to oversee matters relating to financial reporting, internal audits and external audits and internal financial controls for the Bank.

The AC meets at least four times each year, and may invite any Director, executive, external auditor or other persons (including, but not limited to, the Chief Financial Officer, the Chief Risk Officer, the Chief Compliance Officer and the Head of Internal Audit) to attend any AC meeting as it may from time to time consider desirable to assist the AC in the discharge of its responsibilities. The AC will meet separately with the external auditor and with the Head of Internal Audit at least once each year without the presence of the Bank's Senior Management. Special meetings of the AC are held when necessary.

The AC currently comprises three members, all of whom are INEDs. The members of the AC are Messrs. Wang Qing (Chairman), Lam Wai Chung Gordon and Zee John. The AC held five meetings in 2024. Attendance records of the AC are set out below:

	No. of meetings attended/No. of meetings held
Mr. Wang Qing (Chairman)	5/5
Mr. Lam Wai Chung Gordon	5/5
Mr. Zee John	5/5

The AC was established with written terms of reference and its major roles and functions are as follows:-

- To ensure the integrity of the annual and interim financial statements of the Bank, regulatory disclosure, and any formal announcements in relation to the Bank's financial performance and corporate governance;
- To recommend to the Board the appointment of the Head of Internal Audit and review the performance of the Head of Internal Audit;
- To review and approve periodically the Internal Audit Charter;
- To approve periodically, the annual audit plan, as well as the related manpower and financial resources/budget required to support the carrying out of the audit plan;
- To monitor and assess the effectiveness, performance, resourcing, independence and standing of the internal audit function;
- To review reports and significant recommendations provided by the internal audit function and management plans for their implementation;
- To make recommendations to the Board, on the appointment, re-appointment and removal of the external auditor, and the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of the external auditor;

Corporate Governance (Continued)

- To review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process, considering relevant professional, regulatory and other requirements;
- To oversee the work of external auditor;
- To review the effectiveness of the Bank's internal financial controls (the systems established to identify, assess, manage and monitor financial risks); and
- To consider any findings of major investigations of internal controls over financial reporting matters, the management's response and the conclusions of any testing carried out by the Head of Internal Audit or external auditor.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") is responsible for overseeing the remuneration matters of the Bank, and also to review and endorse the nomination of candidates for appointment as Non-Executive Directors (including INEDs), Executive Directors and Senior Management, prior to the approval by the Board.

The NRC meets at least twice a year, and may invite any Director, executive or other persons to attend any NRC meeting as it may from time to time consider necessary to assist the NRC in the attainment of its objective. Special meetings of the NRC are held when necessary.

The NRC is chaired by an INED and currently comprises three members, majority of whom are INEDs. The members of the NRC are Messrs. Zee John (Chairman), Lam Wai Chung Gordon and Chen Leiming. In 2024, the NRC held two meetings. Attendance records of the NRC are set out below:

	No. of meetings attended/No. of meetings held
Mr. Zee John (Chairman)	2/2
Mr. Lam Wai Chung Gordon	2/2
Mr. Leiming Chen	2/2

The NRC was established with written terms of reference and its major roles and functions are as follows:-

- To lead the process for Board appointments and identify and nominate for the approval of the Board, candidates for appointment to the Board;
- To identify individuals suitably qualified to become members of senior management and selecting, or making recommendations to the Board on the selection of, individuals nominated for senior management positions;
- To review whether the Bank's remuneration policy complies with all relevant local regulations, in line with the Bank's risk appetite, culture and long-term interests, and is appropriate to attract, retain and motivate Directors and senior management of the quality required to run the Bank successfully and make recommendations to the Board on any action needed to resolve concerns or improvements; and
- To assist the Board in establishing the Bank's culture and behavioral standards that promote prudent risk-taking and fair treatment of customers, and discharging its responsibilities on the Bank's culture-related matter.

Corporate Governance (Continued)

Risk Committee

The Risk Committee ("RC") has authority to oversee risk-related matters relating to the Bank, including risk governance, cyber security risk management strategies, overall risks control and internal control systems (other than internal controls over financial reporting).

The RC meets at least four times a year, and may invite any Director, executive, external auditor, cyber security experts, other relevant experts or other persons (including, but not limited to, the Chief Financial Officer, the Chief Risk Officer, the Chief Compliance Officer, the Chief Technology Officer and the Head of Internal Audit) to attend any RC meeting as it may from time to time consider desirable to assist the RC in the discharge of its responsibilities. Special meetings of the RC are held when necessary.

The RC is chaired by an INED and currently comprises three members, majority of whom are INEDs. The members of the RC are Mr. Lam Wai Chung Gordon, Mr. Zee John and Mr. Liu Zheng. In 2024, the RC held four meetings. Attendance records of the RC are set out below:

	No. of meetings attended/No. of meetings held
Mr. Lam Wai Chung Gordon (Chairman)	4/4
Mr. Zee John	4/4
Ms. Lee Wing Sze Venetia (resigned on 15 March 2024)	1/1
Mr. Liu Zheng (appointed on 12 April 2024)	3/3

The RC was established with written terms of reference and its major roles and functions are as follows:-

- To review and endorse for the Board's approval the Bank's Risk Appetite Statement;
- To review and approve all risk-related policies, except those the Board's approval are specifically required;
- To oversee and advise the Board on risk related matters, including both financial and non-financial risks;
- To review and discuss, and to bring to the Board's attention, the critical comments of the regulators on the Bank's risk management related issues;
- To review and approve, the Bank's final stress testing submissions to regulatory authorities;
- To recommend the Board to approve and annually review the Bank's enterprise risk management framework and satisfy itself that it is operating effectively;
- To oversee the implementation of risk management policies and the compliance with the respective statutory rules and regulations, and to review the effectiveness of internal control systems (other than internal controls over financial reporting);
- To review and endorse the cyber security programme;
- To monitor the effectiveness and independence (from the business) of the Chief Risk Officer and to review the composition and effectiveness of the risk management function; and
- To recommend to the Board the appointment or removal of the Chief Risk Officer.

Delegation by the Board

In addition to the Audit Committee, Nomination and Remuneration Committee and Risk Committee, the Board has also established the following management-level specialized committees, each of which has specific written terms of reference in order to ensure that they discharge their functions properly.

Information on these committees is set out below:

Corporate Governance (Continued)

Executive Committee

The Executive Committee ("EC") comprises the Chief Executive and senior management of the Bank. It is responsible for developing and setting the strategies and objectives of the Bank for the approval of the Board. It provides direction and guidance to business divisions, reviews business performance, ensures effective internal control systems, allocates resources, prioritises business initiatives and investment, and is delegated with the authority of the Board to exercise the authority and power of the Board on matters relating to the normal course of business of the Bank.

The EC is chaired by the Chief Executive, and can call upon such members of senior management for advice or participation in its discussions as it deems appropriate.

Asset and Liability Management Committee

The Asset and Liability Management Committee ("ALCO") oversees the overall management of the statement of financial position, liquidity, funding, interest rate risk and market risk of the Bank. It is responsible for formulating business plans affecting lending business, portfolio mix, treasury investments, deposit taking and capital management. It also plays a key role in the overall risk governance and management of the Bank.

ALCO meets every month and its regular tasks include the review of key business emphasis and development, loan and deposit structures and dynamics, funding strategy, liquidity, surplus funds investments, capital market dealing, and review of market changes and competition. ALCO also conducts a regular monthly review of overall statement of financial position, including trend analysis and actual positions against limits and targets.

ALCO is chaired by the Chief Executive Officer. Members of the committee include senior management of the Bank, such as heads of most business divisions, risk management and treasurer

Credit Risk and Major Risk Management Committee

The Credit Risk and Major Risk Management Committee is primarily responsible for setting up the risk strategies and approving the risk appetite limits based on board's approved risk appetite for credit risk management and non-financial risk management, together with the policy formulation, and the handling of the risk events. This committee is chaired by the Chief Risk Officer with senior management and head of credit risk as members and meets every quarter. Credit risk measurement, underwriting, approval and monitoring requirements are detailed in credit policies.

AML Committee

The AML Committee is responsible for overseeing and guiding the development, maintenance and enhancement of the overall AML/CFT program, which includes the formulation of sound AML/CFT policies and procedures and the development of effective ongoing AML monitoring systems and mechanism of the Bank to ensure the Bank's compliance with all AML/CFT statutory requirements and their regulatory guidelines in Hong Kong. The committee serves to uphold a high level of oversight and accountability of the Bank's senior management to the day to day banking operations, products, and technology from AML/CFT perspective. Throughout the AML Committee, the Bank has already adopted a sound AML/CFT program with ongoing control and monitoring process after collaboration with the business and other support functions, such as, AML, Operations and Risk Management.

Members of the AML Committee include the Chief Executive, the Chief Compliance Officer, the Chief Risk Officer, the Head of Operations / Customer Service, and the Head of AML. The Bank AML Committee meets every two months. Formal Terms of Reference and Minutes of the AML Committee meetings are recorded for proper audit trail purpose.

Corporate Governance (Continued)

Risk Appetite Framework

This risk appetite framework guides Management in the pursuit of the Bank's strategy and business plans and is encapsulated in a formal risk appetite statement which considers capital adequacy, earnings volatility and the various risk types including but not limited to credit risk, market risk, liquidity risk, operational risk and technology risk. Risk appetite takes into account potential impact arising from stressed conditions and concentration risk. Portfolio risk limits for the quantifiable risk types are established through a top-down approach and operationalised through a formal framework. Other significant risk aspects are guided by qualitative expression of principles. The risk appetite framework is reviewed annually.

Recruitment and Selection of Members of the Board

The Bank uses a formal, considered and transparent procedure for the appointment of new Directors. The proposed appointment will first be reviewed by the NRC, taking into account the balance of skills, knowledge and experience on the Board. Upon recommendation of the NRC, the proposed appointment will then be reviewed and, if thought fit, approved by the Board after due deliberation.

In accordance with the requirement under the Banking Ordinance, approval from the HKMA will need to be sought prior to the appointment of any person as a Director of the Bank.

The Bank issues appointment letters to each of the INEDs, setting out the terms and conditions of their appointments. For proposed appointment as INEDs of the Bank, the factors as laid down in the HKMA's Guidance on Empowerment of INEDs will be considered to assess the independence of a proposed INED of the Bank. The same factors will be revisited to reassess the independence of any INED who has served the Board of the Bank for more than 9 years, where applicable.

The Board or NRC will satisfy itself that a candidate nominated for appointment as Director is a fit and proper person for appointment, taking into account the following features and attributes of the candidate:-

- age
- education background and professional qualification
- experience, especially working and commercial experience
- capability
- professional and/ or business management skills
- track record
- independence of mind (particularly in the case of non-executive directors and INEDs)
- any financial or other interest in the business of the Bank
- other directorship

Candidates as proposed Board members should not have any conflict of interest that may impede their ability to perform their duties independently and objectively or subject them to undue influence from:-

- personal, professional or other economic relationships with other members of the board or management (or with other entities within the group)
- other persons including shareholders
- relationship arising from or connected to past or present positions held

Remuneration Information

Remuneration information in line with the requirements set out in CG-5 is disclosed in this disclosure statement.

Corporate Governance (Continued)

Major Share Ownership and Voting Rights and Related-party Transactions

The Bank is a wholly owned subsidiary of Alipay (Hong Kong) Investment Limited, a company incorporated in Hong Kong and the ultimate holding company of the Bank is Ant International (Cayman) Holding Limited, a company incorporated in the Cayman Islands.

The Bank’s related party transactions are set out in the Note 17 of the Bank‘s Annual Report 2024 published in the Bank’s website at https://www.antbank.hk/disclosures?lang=en_us.

Others

During the year ended 31 December 2024, the Bank did not engage in any material and complex or non-transparent structure that is difficult for supervisors and stakeholders of the Bank to reasonably assess the risks to which it is exposed.

Appendix

The biographical information of the Directors is disclosed as below:

Mr. Leiming Chen

Mr. Chen has been a Non-executive Director of Ant Bank (Hong Kong) Limited (the "Bank") since May 2019 and was appointed as the Chairman of the Bank in July 2021. He is also the Chairman of Alipay (Hong Kong) Investment Limited ("Alipay Investment"), the holding company of the Bank. Mr. Chen is the Chief Sustainability Officer of Ant International. He leads the international sustainability initiatives and the implementation of the sustainable development strategy of Ant International businesses. He is also responsible for International Public Policy and Government Affairs of Ant International. Mr. Chen has been a senior executive member of Ant Group since March 2016 and served as Ant Group's General Counsel from March 2016 to May 2020. In his day-to-day responsibilities, Mr. Chen undertakes a broad range of regulatory engagements in connection with Ant International's business activities. Prior to joining Ant Group, Mr. Chen was a partner at Simpson Thacher & Bartlett LLP, a New York-based international law firm where he led the China practice and worked on a variety of equity and debt offerings. He was also responsible for mergers and acquisitions involving PRC companies. Mr. Chen has extensive experience in corporate governance and regulatory matters. He is qualified to practice law in the State of New York and is a solicitor of the High Court of Hong Kong. Mr. Chen obtained a Juris Doctor (J.D.) from Osgoode Hall Law School, York University in Toronto, Canada.

Mr. Liu Zheng

Mr. Liu was appointed as a Non-executive Director of the Bank in April 2024. He is also a Non-executive Director of Alipay Investment. Mr. Liu joined Ant Group in April 2016 and is currently General Manager of the global merchant service division (Antom) at Ant International. Before taking up the current role, he led the International Investment team at Ant Group, responsible for the company's M&A, joint venture and strategic investment activities in the overseas market. Prior to joining Ant Group, Mr. Liu had over 10 years of experience in the financial services sector, including 9 years of direct investment experience with CVC Capital Partners, one of the top 5 private equity investment firms globally. He started his career as an investment banker at Citigroup in Hong Kong. Mr. Liu holds an undergraduate degree from the University of Hong Kong.

Ms. Leung Yin Fan Yvonne

Ms. Leung has been the Executive Director and Chief Executive of the Bank since November 2021. She is also Executive Director of Alipay Investment. Ms. Leung joined the Bank in November 2019 and served successively as the Head of Personal Banking, the Chief Operating Officer and Alternate Chief Executive of the Bank. Prior to joining the Bank, she held various positions in Hang Seng Bank Limited from July 2002 to November 2019, and her last position was the Head of Business Banking Portfolio Managed. Ms. Leung obtained her Bachelor's degree in Economics from University of British Columbia and her Master's degree in Business Administration from University of Leicester.

Mr. Lam Wai Chung Gordon

Mr. Lam has been an Independent Non-executive Director ("INED") of the Bank since May 2019. He is also an INED of Alipay Investment. Mr. Lam has over 35 years of extensive experience in banking industry. Mr. Lam held various positions in HSBC Group since 1988. From 2009 to 2011, he served as Managing Director and Head of Global Banking of HSBC Bank (China) Co Ltd. From November 2012 to April 2018, Mr. Lam was Vice Chairman and Chief Executive of Hang Seng Bank (China) Limited. He then acted as an adviser to Hang Seng Bank Limited from May 2018 to July 2019. Mr. Lam currently is a Director of Shaw College of CUHK (Shenzhen) and an INED of Bank of Montreal (China) Co. Ltd. and Hang Seng Qianhai Fund Management Company Limited (恒生前海基金管理有限公司). Mr. Lam obtained his Bachelor's degree of Business Administration from CUHK in 1982.

Appendix (Continued)

Mr. Wang Qing

Mr. Wang has been an INED of the Bank since May 2019. He is also an INED of Alipay Investment. Mr. Wang has over 20 years of experience in investment banking and corporate finance. He is an INED of Baioo Family Interactive Limited (a company listed in Hong Kong, stock code: 2100), China Continent Insurance Co., Ltd. (中國大地財產保險股份有限公司) and Bank of Taizhou Co., Ltd. (台州銀行). Mr. Wang is also the Chairman of Shanghai Chongyang Investment Management Co., Ltd, a privately managed fund in China, and the CEO of Chongyang International Asset Management Ltd. Before joining Chongyang Investment in April 2013, Mr. Wang was Executive Head of Investment Banking Department at China International Capital Corporation ("CICC") from June 2011 to April 2013. He joined CICC from Morgan Stanley, where he served as Managing Director and Chief Economist for Greater China in the research division in Hong Kong from May 2007 to June 2011. Prior to that, Mr. Wang spent six years, from June 1999 to October 2005, in Washington, D.C. as an economist with the International Monetary Fund. Mr. Wang received his Ph.D. in economics from the University of Maryland at College Park, U.S. in August 2000. He received his Bachelor's degree and Master's degree in Economics from Renmin University of China (中國人民大學) in July 1991 and January 1994, respectively.

Mr. Zee John

Mr. Zee has been an INED of the Bank since November 2019. He is also an INED of Alipay Investment. Mr. Zee has worked in the financial industry for over 30 years and possesses extensive experience in different fields such as investment banking, asset management and securities services. From October 2008 to August 2010, he served as Managing Director, Chief Information Officer, China – Group Technology & Operations Division in Deutsche Bank (China) Co, Ltd. From August 2010 to March 2017, Mr. Zee served as Managing Director – Head of Operations in China International Capital Corporation (Hong Kong) Limited. Mr. Zee also served as Group Deputy Chief Executive Officer in Delta Asia Group (Holdings) Limited from June 2017 to March 2019. Mr. Zee was a founder member of Zsolution Consulting Limited which is engaged in financial advisory services from March 2019 to February 2024. Mr. Zee obtained a Master's degree of Business Administration (Investment and Finance) from The University of Hull in 1994 and a Bachelor's degree of Science from McMaster University in 1987.

Glossary

Abbreviations	Descriptions
AT1	Additional Tier 1
BSC	Basic approach
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CCyB	Countercyclical capital buffer
CEM	Current exposure method
CET1	Common equity tier 1
CFR	Core funding ratio
CMT	Crisis management team
CIS	Collective investment scheme
CRM	Credit risk mitigation
CVA	Credit valuation adjustment
D-SIB	Domestic systemically important authorized institution
EAD	Exposure at default
ECAI	External credit assessment institutions
EL	Expected loss
EPE	Expected positive exposure
EVE	economic value of equity
EVS	Economic Value Sensitivity
FBA	Fall-back approach
G-SIB	Global systemically important banks
HQLA	High Quality Liquid Assets
IMM	Internal models approach
IMM (CCR)	Internal models (counterparty credit risk) approach
IRB	Internal ratings-based approach
KOR	Key Operational Risk
KRI	Key Risk Index
LAC	Loss-absorbing Capacity

Abbreviations	Descriptions
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
LTA	Look through approach
MBA	Mandate-based approach
NII	Net Interest Income
NSFR	Net Stable Funding Ratio
ORM	Operational Risk Management
PFE	Potential future exposure
PSE	Public sector entity
RC	Replacement cost
RSF	Required stable funding
RW	Risk-weight
RWA	Risk-weighted asset/risk-weighted amount
SA-CCR	Standardized approach for counterparty credit risk
SEC-ERBA	securitization external ratings-based approach
SEC-FBA	securitization fall-back approach
SEC-IRBA	securitization internal ratings-based approach
SEC-SA	securitization standardized approach
SFT	Securities financing transaction
STC	Standardized (credit risk) approach
STM	Standardized (market risk) approach
VaR	Value at risk