HAITONG BANK, MACAU BRANCH

Disclosure of Financial Information – 31 December 2024

(Circular No. 004/B/2024-DSB/AMCM)

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1 DISCLOSURE OF INFORMATION

This information is disclosed under Circular No. 004/B/2024-DSB/AMCM and together with the 2024 financial statements of Haitong Bank, Macau Branch ("Macau Branch") fulfils the disclosure obligations outlined in the aforementioned Circular.

The information concerning the financial statements of the Macau Branch set out on pages 7 to 10, which comprise the statement of the Branch's financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in head office account, and the statement of cash flow, as well as the summary of significant accounting policies were extracted from the Macau Branch audited financial statements for the year ended at 31 December 2024.

The disclosed information relates to the Macau Branch and to its head office, Haitong Bank, S.A.. For the sake of clarity, the information related to the Macau Branch is labelled as "Macau Branch" and the information concerning the head office on a consolidated or integrated basis is presented as "Haitong Bank" or "Haitong Bank Group".

2 BRIEF MANAGEMENT REPORT

The world economy grew by 3.2% in 2024, showing resilience amid geopolitical tensions and inflation-targeting monetary policies. Mainland China's GDP grew by 5%, driven by the rise in exports, the expansionary measures announced in October, and expansion in high-tech manufacturing, meeting the projections made by the Central Government at the beginning of the year.

Macau's economy continued its recovery path, with real GDP increasing 8.8% yearly, reaching 86.4% of pre-pandemic levels. A 23.8% rise in tourist visitors seems to have driven this increase, leading to a 9.2% growth in service exports compared to the previous year.

In this context, our Branch reinforced its role as a gateway to Asia-Pacific markets, drawing upon Group synergies and contributing to the growth of our Bank's balance sheet and diversification of revenues, propelling Haitong Bank’s defined strategy.

The Macau Branch posted a net profit of MOP 54.3 million in the exercise, and total assets reached MOP 281 million, while liabilities increased to MOP 48.3 million.

This outcome was mainly due to the strong performance of the Debt Capital Markets product area, which managed to join several bond transactions during the year, which included notable deals within the Green, Sustainable and Social Bonds frameworks.

During the reporting period, interest and similar income began to reflect in the overall performance of the Branch, reflecting the growing contributions of our Fixed Income team, whose expertise was instrumental in steering the Bank's investment decisions to manage the Branch's banking book and treasury portfolio efficiently.

In addition to the supporting role in facilitating the Group's several M&A cross-border transactions spanning different industries, our Branch also acted as the Exclusive Buy-Side Financial Advisor to one of the world's top providers of industrial automation components and solutions in their acquisition of a French simulation software company while also securing a new mandate for the Bank to serve as financial adviser to a top Chinese energy player in the sale of its renewable power projects in Southeast Asia.

Our team of Senior Bankers provided comprehensive client coverage, introducing new business opportunities to the various Branches of the Bank across our different geographies, facilitating new opportunities in Central Asia, Southeast Asia, Africa, and other regions.

In 2025, we will strengthen our Branch's foundations by improving existing strategies while expanding our business scope to serve clients better and drive growth. To ensure our growth is solid and sustainable, we will improve internal controls and governance, scale the team proportionately to the expanded operations, and enhance risk management and compliance frameworks.

Finally, we have to express our gratitude to our staff for their hard work and commitment throughout the year, to our clients for their trust, to our Group for their continuous support, and to the Macau Regulatory Authorities for their guidance and ongoing cooperation.

3 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(MOP)

	2024	2023
Assets		
Cash and balances with banks	41 296 556	181 579 716
Deposits with AMCM	1 460 516	736 613
Financial assets at fair value through other comprehensive income	160 457 768	-
Financial assets at amortised cost	61 435 540	-
Other tangible assets	8 151 412	10 802 361
Intangible assets	48 457	139 870
Other assets	8 024 417	1 204 824
Total Assets	**280 874 666**	**194 463 384**
Liabilities		
Other liabilities	(8 660 361)	(7 963 071)
Current income tax liabilities	(7 628 722)	(9 415 804)
Deferred income tax liabilities	(160 676)	-
Loan from Head Office	(31 847 501)	-
Total Liabilities	**(48 297 260)**	**(17 378 875)**
Head Office Account		
Working Capital	(50 000 000)	(50 000 000)
Fair-value reserve	(1 178 290)	-
Retained earnings and other reserves *	(161 948 862)	(107 634 255)
Head Office Account	(19 450 254)	(19 450 254)
Total Head Office Account	**(232,577,406)**	**(177 084 509)**
Total Liabilities and Head Office Account	**(280 874 666)**	**(194 463 384)**

* Included the regulatory reserve required by Monetary Authority of Macau ("AMCM"):		
- General	-	-
- Specific	-	-
Total regulatory reserve	-	-

4 MACAU BRANCH STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED AT 31 DECEMBER 2024

(MOP)

	2024	2023
Interest income	12 081 454	3 456 590
Interest expense	(525 700)	-
Net interest income	11 555 754	3 456 590
Fee and commission income	94 309 801	150 371 333
Fee and commission expense	(1 494 700)	(43 702 466)
Net fee and commission income	92 815 101	106 668 867
(Loss)/gain from foreign exchange differences	(3 185 858)	1 053 631
Total operating income	**101 184 997**	**111 179 088**
Staff costs	(20 934 490)	(20 392 801)
General and administrative expenses	(13 120 787)	(9 766 222)
Depreciation and amortisation	(2 765 062)	(2 739 985)
Operating profit before impairment allowance	**64 364 658**	**78 280 080**
Net (charge)/reversal of impairment allowance on financial assets	(2 591 605)	771 222
Profit before Income Tax	**61 773 053**	**79 051 302**
Income tax	(7 458 446)	(9 414 156)
Profit for the year	**54 314 607**	**69 637 146**
Other comprehensive income for the year		
Items that may be reclassified to profit or loss		
Financial assets at fair value through other comprehensive income		
Fair value changes	1 338 966	-
Deferred income tax related to the above	(160 676)	-
Total other comprehensive income for the year	**1 178 290**	**-**
Total comprehensive income for the year	**55 492 897**	**69 637 146**

5 STATEMENT OF CHANGES IN HEAD OFFICE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2024

(MOP)

	Working capital	Fair-value reserves	Retained earnings and other reserves			Head Office Account	Total
			Retained earnings	General regulatory reserve	Specific regulatory reserve		
Balance at 1 January 2023	50 000 000	-	37 997 109	-	-	19 450 254	107 447 363
Profit for the year	-		69 637 146				69 637 146
Balance at 31 December 2023	50 000 000	-	107 634 255	-	-	19 450 254	177 084 509
Profit for the year	-	-	54 314 607	-	-	-	54 314 607
Changes in fair value, net of taxes	-	1 178 290	-	-	-	-	1 178 290
Balance at 31 December 2024	50 000 000	1 178 290	161 948 862	-	-	19 450 254	232 577 406

6 MACAU BRANCH STATEMENT OF CASH FLOW FOR THE YEAR ENDED AT 31 DECEMBER 2024

(MOP)

	2024	2023
Cash flow from operating activities		
Profit before tax	61 773 053	79 051 302
Adjustments		
Depreciation and amortisation	2 765 062	2 739 985
Interest income	(12 081 454)	(3 456 590)
Interest expense	525 700	-
Net charge/(reversal) of impairment allowance on financial assets	2 591 605	(771 222)
Exchange difference	(1 235 372)	(1 295 857)
	54 338 594	76 267 618
Decrease in balances with banks with original maturity beyond three months	50 000 000	-
Decrease / (increase) in minimum statutory deposit with AMCM	78 470	(298 594)
(Increase)/decrease in operating assets:		
Other assets	(9 233 300)	4 944 778
Increase in operating liabilities:		
Other liabilities	697 290	2 420 163
Cash flow generated from operations	95 881 054	83 333 965
Interest received	8 614 134	2 706 095
Income tax paid	(9 245 528)	(3 703 242)
Net cash flow generated from operating activities	95 249 660	82 336 818
Cash flow from investing activities		
Acquisition of property and equipment	(22 700)	(108 613)
Acquisition of intangible assets	-	(124 604)
Acquisition of financial assets at fair value through other comprehensive income	(262 179 101)	-
Acquisition of financial assets at amortised cost	(61 681 256)	-
Redemption of financial assets at fair value through other comprehensive income	107 034 105	-
Net cash flow used in investing activities	(216 848 952)	(233 217)
Cash flow from financing activities		
Loans received from Head office	31,322,716	-
Net cash flow from financing activities	31,322,716	-
Net (decrease)/ increase in cash and cash equivalents	(90 276 576)	82 103 601
Exchange differences in respect of cash and cash equivalents	2 021 015	1 295 857
Cash and cash equivalents at beginning of year	130 779 341	47 379 883
CASH AND CASH EQUIVALENTS AT END OF YEAR	42 523 780	130 779 341

7 MAIN ACCOUNTING POLICIES OF THE MACAU BRANCH

7.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Financial Reporting Standards issued by the Government of Macao Special Administrative Region under Administrative Regulation No. 44/2020 on 27 March 2020 ("MFRS").

The Branch is part of Head Office and it is registered as a branch under the Financial System Act under the Supervision of the AMCM, accordingly, it is not a separate legal entity. These financial statements have been prepared from the books and records of the Branch, which contain evidence of all transactions entered into locally.

The financial statements have been prepared under the historical cost convention, except for financial instruments measured at fair value through other comprehensive income ("FVOCI") as explained in the accounting policies set out in Note 7.2.1.

The preparation of financial statements in conformity with MFRSs requires the Branch's management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

<u>New standards and interpretations issued but is not effective or adopted</u>

Effective from 1 January 2026, the MFRS will be replaced by the Financial Reporting Standards issued by the Professional Committee of Accountants of the Government of the Macau Special Administrative Region Notice No. 2/2024/CPC on 19 December 2024 ("New MFRS"). The New MFRS is mandatory for adoption from the annual period beginning 1 January 2028. The management is assessing the impact of new MFRS to the Branch's financial statements.

7.2 SIGNIFICANT ACCOUNTING POLICIES

7.2.1 Financial instruments

7.2.1.1 Financial assets classification

At the initial recognition, financial assets are classified into one of the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income ("FVOCI");
- Financial assets at fair values through profit or loss ("FVPL");

Financial assets classification and measurement depends on the SPPI test results (assessment if the contractual cash flows characteristics, in order to conclude if it corresponds solely payments of principal and interests) and on the business model, under which they are managed. The Branch does not hold financial assets at FVPL as at 31 December 2024 and 31 December 2023.

(i) Financial assets at amortised cost

A financial asset is classified under the category "Financial assets at amortised cost" if both the following conditions are met:

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect business model); and

b) The contractual terms of the financial asset establish cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

The "Financial assets at amortised cost" category mainly includes debt securities.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is classified under the category of “Financial assets at FVOCI” if both of the following conditions are met:

a) The financial asset is held within a business model whose objective is to both collect contractual cash flows and sell financial assets (hold to collect and sale business model); and

b) The contractual cash flows occur on specified dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

In addition, in the initial recognition of a capital instrument that is not held for trading, the Branch may irrevocably choose to classify it in the category of “Financial assets at FVOCI”. This option is exercised on a case-by-case basis, investment by investment and is only available for financial instruments that comply with the definition of equity instruments set forth in IAS 32 and cannot be used for financial instruments whose classification as a capital instrument in the issuer is made under the exceptions provided in paragraphs from 16A to 16D of IAS 32. Currently, the Branch does not hold instruments for which they applied this irrevocable option under IFRS 9, and only debt securities were classified in this category.

(iii) Business model evaluation for financial assets management

In relation to the evaluation of the business model, this does not depend on management intentions for an individual instrument, but on a portfolio of instruments, taking into account the frequency, value, sales frequency in previous years, the reasons for such sales and expectations regarding future sales. Infrequent sales, close to the maturity of the asset due to increases in the credit risk of financial assets, among others, may be compatible with the model of holding assets for the collection of contractual cash flows.

(iv) Evaluation if the contractual cash flows correspond to solely payments of principal and interest (SPPI)

If a financial asset contains a contractual clause which may modify the timing or value of contractual cash flows (such as early amortization clauses or extension of duration), the Branch determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of the contractual clause, are only payments of principal and interest on the value of the capital outstanding.

The contractual conditions of financial assets that, at the time of initial recognition, have an effect on cash flows or depend on the occurrence of exceptional or highly improbable events do not prevent their classification in the portfolios at amortised cost or at FVOCI.

7.2.1.2 Initial recognition

At initial recognition all financial instruments are recognised at their fair value. For financial instruments that are not recognised at fair value through profit or loss, the fair value is adjusted by the transaction costs directly attributable to their acquisition or issue.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset or to the issue or assumption of a financial liability that would not have been incurred if the Branch had not realized the transaction. If the Branch considers that the costs are directly attributable to the transaction, they are specialized in results according to the effective interest rate method.

7.2.1.3 Subsequent measurement

After initial recognition, the Branch proceeds to the subsequent measurement of the financial assets at amortised cost or at FVOCI.

The fair value of quoted financial assets is their current bid price. This price is estimated by the Branch according to a hierarchy that meets the IFRS 13 requirements. In the absence of a market quotation, the Branch estimates the fair value using valuation methodologies such as (i) the use of prices of recent transactions, similar and carried out under market conditions, (ii) discounted cash flow techniques and (iii) customized option valuation models in order to reflect the particularities and circumstances of each instrument, and (ii) whenever possible, the Branch uses valuation assumptions based on market information. These methodologies also incorporate credit risk and counterparty risk. These methodologies may require the use of assumptions or judgments in the estimate of fair value.

7.2.1.4 Reclassifications between categories of financial instruments

Only if the Branch decides to change its business model for the management of a portfolio of financial assets. In this case, all financial assets affected would be reclassified in accordance with the requirements of IFRS 9. This reclassification would be applied prospectively from the date of reclassification. According to the approach of IFRS 9, this reclassification must be infrequent, decided by the senior management resulting from events beyond the Branch's control and demonstrable to external entities.

7.2.1.5 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Branch has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Branch has transferred substantially all the risks and rewards of the asset, or (b) the Branch has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset;
- when a significant change in the counterparty structure of that asset occur; or
- when a significant change on the asset terms and conditions occur.

All the following three conditions are required to meet for “pass-through” arrangement: (a) the Branch has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset; (b) the Branch is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; (c) the Branch has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

When the Branch has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Branch's continuing involvement in the asset. In that case, the Branch also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Branch has retained.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

When a debt instrument measured at FVOCI is derecognised from the statement of financial position, the gain or loss recognised in other comprehensive income is reclassified to income for the year.

7.2.1.6 Write-off

Financial assets are written off with related impairment allowances (either partially or in full) when there is no realistic prospect of recovery. This is the case when the Branch determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Financial assets written off may still be subject to enforcement activities under the Branch's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

7.2.2 Impairment of financial assets

The Branch determines impairment losses on debt instruments measured at amortised cost and at FVOCI.

The IFRS 9 requirements aim to recognise expected losses, assessed on an individual and collective basis, considering all reasonable, reliable and reasoned information available, without incurring undue costs or efforts, at each reporting date, including forward-looking information.

The impairment losses of debt instruments in the exercise are recognised as impairment allowance on financial assets in the statement of profit or loss. The Branch registers the impairment losses on debt instruments measured at amortised cost against a cumulative the statement of financial position impairment account, which reduces the book value of the asset. The Branch recognises the impairment losses on debt instruments measured at FVOCI against the fair value reserve, whereby its recognition does not reduce the balance sheet value of the financial instruments.

Impairment losses on exposures that have associated credit risk, and which are not debt instruments (namely, guarantees and other irrevocable commitments), are recognised as provisions on the liability side.

<u>(i) Impairment model</u>

Under IFRS 9, the Branch determines the expected credit losses (ECL) using a forward-looking model. The expected credit losses over the lifetime of financial instruments are required to be measured through a loss allowance. Accordingly, the calculation of ECL incorporates macroeconomic factors, as well as other forward-looking information, whose changes impact expected losses.

According to the IFRS 9, the expected credit loss for financial assets is the present value of the difference between (1) the contractual cash flows that are due to an entity under the contract, and (2) the cash flows that the entity expects to receive.

The recognition of an impairment allowance is required on financial assets measured at amortised cost or FVOCI. Given that, the financial asset types that should have impairment assessment are the following:

- Bank balances and balances with the AMCM;
- Financial assets at FVOCI;
- Financial assets at amortised cost;
- Accounts receivable.

(ii) Measurement of Expected Credit Loss ("ECL")

ECL is a probability-weighted estimate of credit losses under different economic scenarios. ECL is measured as:

Exposure at Default x Probability of Default x Loss Given Default

The key inputs used in the measurement of ECL are:

- Probability of default (PD) – This is an estimate of the likelihood of default over a given time horizon;
- Exposure at default (EAD) – This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest as well as expected drawdowns on committed facilities;
- Loss given default (LGD) – This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Branch would expect to receive, including from any collateral.

The Branch measures impairment allowances for 12-month ECL or lifetime ECL using a 3-stage approach as follows:

STAGE	DESCRIPTION	IMPAIRMENT LOSS
1	Credit risk on the financial instrument has not increased significantly since initial recognition	12-month ECL
2	Credit risk on the financial instrument has increased significantly since initial recognition	Lifetime ECL
3	Financial instrument that is considered as credit-impaired	Lifetime ECL

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Life-time ECL is the ECL that results from all possible default events over the expected life of the financial instrument.

The Branch recognises a loss allowance equal to 12-month ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

A discount factor considering the adjusted maturity and effective interest rate is used to account for the time value of money in the ECL model.

At initial recognition, any instrument is allocated to Stage 1, except for purchased or originated credit impaired (POCI) financial instruments. For each reporting date, an assessment of the change in the risk of a default occurring over the expected life of the financial instrument is performed.

When a financial asset is no longer assessed to be impaired (Stage 3), it is reclassified to Stage 2, after its due probation period. It is assumed that when a financial asset recovers from Stage 3, it will still have a demonstrated significant increase in credit risk since initial recognition and must therefore be included in Stage 2. From that date on, the impairment will continue to be recognised based on lifetime expected credit losses.

All key inputs (PD, LGD and EAD) used to estimate Stage 1 and Stage 2 expected credit losses are modelled based on two macroeconomic scenarios (or changes in macroeconomic variables) that are most closely correlated with expected credit losses in the relevant portfolio.

The two macroeconomic scenarios represent a most likely “Baseline” outcome, and a less likely “Downside” scenario. These scenarios are probability-weighted and underlying key macroeconomic assumptions are based on in-house views. The assumptions are subject to regular management reviews to reflect current economic situations.

Each macroeconomic scenario used in the expected credit losses calculation includes a projection of all relevant macroeconomic variables used in the models for the lifetime period. The primary macroeconomic variables adopted are Gross Domestic Product, Inflation, and Interest Rate. The Branch also carried out a sensitivity analysis, as of December 31st, 2024, based on the impact assessment of a 10% variation in external parameters considered in the collective model for the calculation of expected credit losses (PD and LGD). The Branch does not apply any management overlay upon assessment of ECL.

<u>(iii) Significant increase in credit risk (“SICR”) and Default</u>

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Branch compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. The Branch considers the following criteria in its credit deterioration assessment processes, which differentiate an account between stage 1 and stage 2:

- Notch difference analysis of internal or external rating change
- Number of days past due exceeding 30 days
- Other qualitative assessment

Financial instruments with default criteria (stage 3 criteria) will be classified as stage 3, which includes the following:

- Default ratings observed in external ratings
- Number of days past due exceeding 90 days
- Other qualitative assessment

The Branch considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and ratings.

ECL is re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Branch recognises an impairment loss or reversal for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

7.2.3 Income and expense

Interest income and expenses

Interest income and expense for all interest-bearing financial instruments are recognised in the profit or loss on an accrual basis using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Fee and commission income and expenses

The Branch adopts a five-step process for recognising revenue from contracts with customers:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when, or as, the entity satisfies a performance obligation

The Branch recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service that is distinct or a series of distinct services that are substantially the same. Fee and commission income from agency services and advisory services recognised at a point in time under transaction-based arrangements when the service has been fully provided to the customer. Agency services relates to services such as assisting meetings and identifying investors for the customers, while advisory services relates to services such as providing consulting services and conducting market research.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Branch's performance as the Branch performs;
- the Branch's performance creates or enhances an asset that the customer controls as the Branch performs; or
- the Branch's performance does not create an asset with an alternative use to the Branch and the Branch has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Fee and commission expenses are charged to profit or loss during the reporting period in which they are incurred.

7.2.4 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held at call with financial institutions and AMCM, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7.2.5 Foreign currency transactions

Functional and presentation currency

In view of the Branch's development and business operations in Macau, the Branch management assessed the functional currency of the Branch and determined that Macau Patacas ("MOP") reflects the economic substance of the Branch and its business activities as a Branch in Macau providing banking and related financial services. Accordingly, the functional currency of the Branch is Macau Patacas. The financial statements are presented in MOP. MOP is the Branch's presentation currency and functional currency.

Transactions and balances

Foreign currency transactions of the Branch are translated into functional currency at the exchange rates prevailing at the dates of the transactions or a spot exchange rate which is approximate to the spot exchange rate of the transaction date at initial recognition. Exchange gains or losses arising from the settlement of such foreign currency transactions are included in the statement of profit and loss.

At the financial reporting date, monetary assets and liabilities dominated in foreign currencies are translated at the exchange rates prevailing at the financial reporting date, and exchange gains or losses are directly recognised in the statement of profit and loss. Difference arising from foreign currency translation of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost and other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in the statement of profit and loss, and other changes in the carrying amount are recognised in "other comprehensive income".

Non-monetary items denominated in foreign currencies that are measured at historical costs are translated using the spot exchange rates at the date of the transactions.

7.2.6 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Branch's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised on the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, and against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Branch expects, at the statement of financial position date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Branch intends to settle its current tax assets and liabilities on a net basis.

7.2.7 Other tangible assets

Other tangible assets are stated at acquisition cost net of the accumulated depreciation and impairment losses, if any. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will flow to the Branch.

Depreciation is calculated to write off the cost of other tangible assets using a straight-line method over their estimated useful lives as follows:

	NUMBER OF YEARS
Improvements to leasehold buildings	10
Furniture and equipment	4 to 10
Computer equipment	4 to 10
Motor vehicles	5
Security equipment	5 to 10

The useful life of an asset and its residual value, if any, are reviewed annually.

7.2.8 Intangible assets

Software

The Branch records the costs associated with software acquired from external entities as intangible assets. These assets are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated on straight-line basis over an estimated useful life of three years.

7.2.9 Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the non-financial asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment losses are recognised in profit or loss for the current period. The reversal of impairment losses is subject to the carrying amount of assets that should have been determined assuming that no impairment losses were recognised in prior years. The impairment losses reversed are recognised in profit or loss for the current period in the year in which the reversal is recognised.

7.2.10 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are expensed in the income statement on a straight-line basis over the period of the lease.

7.2.11 Employee benefits

Salaries and bonuses are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

7.2.12 Provisions and contingent liabilities

Provisions are recognised when (i) the Branch has a current, legal or constructive obligation, (ii) it is likely that its payment will be required and (iii) when the amount of such obligation may be estimated in a reliable manner.

When the effect of the passage of time (discounting) is material, the provision corresponds to the net present value of the expected future payments, discounted at an appropriate rate considering the risk associated with the obligation.

If it is not likely for payment to be required, it is a contingent liability. Contingent liabilities are only subject to disclosure, unless the likelihood of their realisation is remote.

7.2.13 Related Parties

For the purpose for these financial statements, related parties include:

a) Any person or any close family member of that person if that person:

(i) Has control or joint control over the Branch;

(ii) Has significant influence over the Branch;

(iii) Holds a qualifying holding in the Branch;

(iv) Is a member of the board of directors or Supervisory Board of the Branch or of a parent of the Branch; or

(v) Is a member of key management personnel, other than a member of the board of directors or Supervisory Board as identified in sub-item (iv) above, of the Branch or of a parent of the Branch.

b) An entity if any of the following conditions apply:

(i) That entity and the Branch are members of the same group (e.g. parent, subsidiary and fellow subsidiary);

(ii) That entity holds a qualifying holding in the Branch;

(iii) That entity is an associate or joint venture of the Branch (or an associate or joint venture of a member of a group of which the branch is a member);

(iv) The Branch is an associate or joint venture of that entity (or an associate or joint venture of a member of a group of which that entity is a member);

(v) That entity and the Branch are both joint ventures of the same third party;

(vi) That entity is a joint venture of a third entity and the Branch is an associate of that third party.

(vii) The Branch is a joint venture of a third entity and that entity is an associate of that third entity.

(viii) That entity is controlled or jointly controlled by a person identified in (a)

(ix) A person identified in (a)(i) has significant influence over that entity or is a member of the key management personnel of that entity (or of a parent of that entity);

(x) A person identified in (a)(iv) is a member of the key management personnel of that entity (or of a parent of that entity).

8 INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Haitong Bank, Macau Branch set out on pages 3 to 45, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in head office account and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Auditing Standards issued by the Professional Committee of Accountants of the Government of the Macao Special Administrative Region. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Haitong Bank, Macau Branch as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards issued by the Government of the Macao Special Administrative Region.

Li Ching Lap Bernard

Certified Public Accountant

PricewaterhouseCoopers

9 LIST OF SHAREHOLDERS OF HAITONG BANK WITH QUALIFYING HOLDINGS

As at 31 December 2024, Haitong International Holdings Limited, a company incorporated in Hong Kong and a subsidiary of Haitong Securities Co., Ltd.*, held 100% of the share capital of Haitong Bank S.A.

**Note: Following the completion of the merger, on 14 March 2025, between Guotai Junan Securities Co., Ltd. and Haitong Securities Co., Ltd., carried out through absorption and exchange of shares, Guotai Junan Securities Co., Ltd., subsequently renamed Guotai Haitong Securities Co., Ltd., assumed the position previously held by Haitong Securities Co., Ltd.*

10 MEMBERS OF THE CORPORATE BODIES OF HAITONG BANK

*From January 01, 2024,
to December 31, 2024*

General Meeting Board

Chair Mª João Ricou
Secretary David Ramalhete

Audit Committee

Chair
M.ª do Rosário Ventura
Members
Martina García
Chen Xuemei (Michelle Chen)

Statutory Auditor

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. ("PWC SROC") represented by Cláudia Sofia Gonçalves Parente de Palma

Board of Directors

Chair
Pan Guangtao
Members
Wu Min
Alan Fernandes
Nuno Carvalho
Vasco Câmara Martins
Miguel Guiomar
Lu Xiaoli (Nick Lu)
Zhang Xinjun (Jeff Zhang)
António Domingues
M.ª do Rosário Ventura
Martina García
Chen Xuemei (Michelle Chen)

Remuneration Committee

Chair
Martina García
Members
António Domingues
M.ª do Rosário Ventura
Pan Guangtao

Company Secretary

Pedro Costa
Alternate: António Pacheco

Corporate Governance Committee

Chair
Chen Xuemei
(Michelle Chen)
Members
Zhang Xinjun (Jeff Zhang)
António Domingues

Executive Committee

CEO
Wu Min
Members
Alan Fernandes
Nuno Carvalho
Vasco Câmara Martins
Miguel Guiomar
Lu Xiaoli (Nick Lu)

Senior Managers with a Seat on the Executive Committee
António Pacheco
Pedro Costa

Risk Committee

Chair
António Domingues
Members
Pan Guangtao
Martina García

Board Credit Review Committee

Chair
Pan Guangtao
Members
António Domingues
Zhang Xinjun (Jeff Zhang)

New Business Committee

Chair: Executive Board Member responsible for Risk Management
Members: Deputy Head of the CEO Office; Head of Finance; Head of Legal; Head of the CISO Office; Head of Operations; Head of IT Infrastructure; Head of IT Development and Application Support; Head of the Risk Management Function; Head of the Compliance Function; Data Protection Officer

IBK Global Adoption Committee

Chair: Executive Board Member responsible for Investment Banking
Members: Seven Members including the Head of the Risk Management Function and the Head of the Compliance Function

Credit Committee[1]

Members: Eight Voting Members, including the Moderator, and the Head of the Risk Management Function

Impairment Committee

Chair and Members: One Chair and Three Members

Assets and Liabilities Committee

Chair and Members: One Chair and Seven Members

[1] On June 12, 2024, the Executive Committee reviewed the Bank's Credit Decision framework aiming to ensure full alignment with the Bank's credit strategy and thus extinguished the Credit Committee.

11 MEMBERS OF THE MANAGEMENT OF MACAU BRANCH

General Manager	Branch Managers
Lu Xiaoli	Luís Valença Pinto
	André Castanheira Pinto

12 HAITONG BANK CONSOLIDATED FINANCIAL INFORMATION AS AT 31 DECEMBER 2024 AND 31 DECEMBER 2023

(thousand euros)

	31.12.2024	31.12.2023
Assets		
Cash and cash equivalents	38 159	17 164
Financial assets at fair value through profit or loss	811 783	893 703
Financial assets held for trading	794 723	880 215
Securities	770 902	848 480
Derivative financial assets	23 821	31 735
Non-trading financial assets mandatorily at fair value through profit or loss	17 060	13 488
Securities	17 037	13 464
Loans and advances to customers	23	24
Financial assets at fair value through other comprehensive income	357 444	226 584
Financial assets measured at amortised cost	1 848 526	2 090 669
Securities	617 566	818 722
Loans and advances to banks	512 202	583 288
Loans and advances to customers	718 758	688 659
Other tangible assets	11 662	11 883
Intangible assets	1 152	1 814
Tax assets	120 647	127 643
Current income tax assets	21 447	21 806
Deferred income tax assets	99 200	105 837
Other assets	113 911	129 182
Total Assets	**3 303 284**	**3 498 642**
Liabilities		
Financial liabilities held for trading	23 948	25 878
Securities	817	846
Derivative financial liabilities	23 131	25 032
Financial liabilities measured at amortised cost	2 558 131	2 726 784
Resources of credit institutions	946 670	916 921
Resources of customers	1 293 048	1 174 221
Debt securities issued	318 413	635 642
Provisions	3 916	9 867
Tax liabilities	17 122	14 451
Current income tax liabilities	11 549	8 657
Deferred income tax liabilities	5 573	5 794
Other liabilities	61 930	69 233
Total Liabilities	**2 665 047**	**2 846 213**
Equity		
Share capital	871 278	871 278
Share premium	8 796	8 796
Other equity instruments	105 042	105 042
Fair-value reserves	(1 875)	(4 876)
Other reserves and retained earnings	(367 631)	(367 854)
Net profit/(loss) for the period attributable shareholders of the parent company	5 078	17 262
Total equity attributable to the shareholders of the parent company	**620 688**	**629 648**
Non-controlling interests	17 549	22 781
Total Equity	**638 237**	**652 429**
Total Equity and Liabilities	3 303 284	3 498 642

(thousand euros)

	31.12.2024	31.12.2023
Profit before Income Tax	9 670	26 629

13 CONSOLIDATED CAPITAL ADEQUACY RATIO OF HAITONG BANK

As of December 2024, Haitong Bank's capital ratios were calculated under CRR (Regulation EU no. 575/2013) and CRD V (Directive EU no 2013/36/EU). The capital ratios under the Standard Approach are shown in the following table.

	DECEMBER 2024		DECEMBER 2023	
	PHASED-IN	FULLY-LOADED	PHASED-IN	FULLY-LOADED
CET1 ratio	19.3%	19.3%	19.0%	19.0%
Tier 1 ratio	24.1%	24.1%	23.7%	23.7%
Total capital ratio	24.2%	24.2%	23.8%	23.8%

14 RELATED PARTY TRANSACTIONS

The Macau Branch follows Haitong Bank's Regulation of Transactions with Related Parties, which lays down the internal procedures and limitations for approval of transactions between the Bank or companies in a parent-subsidiary or group relationship with the Bank and a related party.

These rules aim to ensure stringent control over compliance with the legal rules, including the arm's-length principle and prevention of conflicts of interest.

The Macau Branch discloses below the respective related parties' balances:

(MOP)

RELATED PARTIES										31 DECEMBER 2024
	ASSETS			LIABILITIES						
	CASH AND CASH EQUIVALENTS	OTHER ASSETS	TOTAL	LOAN FROM HEAD OFFICE	OTHER LIABILITIES	TOTAL	WORKING CAPITAL	HEAD OFFICE ACCOUNT	PROFIT	LOSS
Head Office										
Haitong Bank, S.A.	31 103 915	3 869	31 107 784	31 847 501	434 746	32 282 247	50 000 000	19 450 254	1 561 910	5 148 486
Subsidiaries and associates of shareholders										
Haitong International Finance Holdings Limited	-	-	-	-	-	-	-	-	1 757 551	-
Haitong UT Brilliant Limited	-	-	-	-	-	-	-	-	11 144	-
Total	31 103 915	3 869	31 107 784	31 847 501	434 746	32 282 247	50 000 000	19 450 254	3 330 605	5 148 486

(MOP)

RELATED PARTIES	ASSETS						31 DECEMBER 2023
	CASH AND CASH EQUIVALENTS	TOTAL	WORKING CAPITAL	HEAD OFFICE ACCOUNT	PROFIT	LOSS
Head Office						
Haitong Bank, S.A.	110 549 680	110 549 680	50 000 000	19 450 254	1 963 200	-
Ultimate parent company						
Haitong Securities Co., Ltd.	-	-	-	-	78 328 200	-
Subsidiaries and associates of shareholders						
Haitong International Finance Holdings Limited	-	-	-	-	3 929 062	-
Haitong Innovation Securities Investment	-	-	-	-	8 723 400	
Haitong Investment Ireland plc.	-	-	-	-	-	43 666 600
TOTAL	110 549 680	110 549 680	50 000 000	19 450 254	92 943 862	43 666 600

15 OFF BALANCE SHEET EXPOSURES OTHER THAN DERIVATIVES

The Macau Branch has no off-balance sheet exposures.

(MOP)

OFF-BALANCE SHEET EXPOSURES	31 DECEMBER 2024	31 DECEMBER 2023
Credit substitutes	-	-
Transaction-related contingencies;	-	-
Acceptances and other trade-related contingencies;	-	-
Note issuance facilities, revolving underwriting facilities and other similar facilities;	-	-
Forward asset purchases;	-	-
Unpaid portion of partly paid shares and other securities;	-	-
Forward deposits;	-	-
Asset sales with repurchase option;	-	-
Undrawn credit facilities and other commitments to extend credit;	-	-
Other off-balances-sheet items.	-	-

16 DERIVATIVES TRANSACTIONS

The Macau Branch has no derivative balances.

(MOP)

DERIVATIVES TRANSACTIONS	31 DECEMBER 2024	31 DECEMBER 2023
Exchange rate contracts	-	-
Interest rate contract	-	-
Equities contracts	-	-
Commodities contracts	-	-
Others	-	-

(MOP)

CREDIT RISK WEIGHTED AMOUNTS OF DERIVATIVES	31 DECEMBER 2024	31 DECEMBER 2023
Exchange rate contracts	-	-

17 CREDIT RISK

Credit risk is the potential financial loss arising from the failure of an obligor or counterparty to honour its contractual obligation.

Past Due and Credit-impaired exposures at Haitong Bank are defined as follows.

Past Due exposures are those where clients have failed to make payments of principal, interest or fees for more than 30 days in accordance with the contractual terms of their facilities but do not meet the credit impaired criteria described below.

Credit-impaired exposure includes all exposures classified as non-performing exposures ("NPE") in accordance with the European Banking Authority's requirements on the application of the definition of default under Article 178 of Regulation (EU) no. 575/2013, which includes the days past due criteria (over 90-days) and whenever a debtor is assessed as unlikely to pay its debt obligations in full, without realisation of collateral, and regardless of the existence of any past due amount or the number of days past due.

The table below reflects the credit risk geographic distribution of exposures of the Macau Branch as at 31 December 2024 and 31 December 2023:

(MOP)

GEOGRAPHIC DISTRIBUTION OF EXPOSURES						31 DECEMBER 2024
			OF WHICH			
Countries and Regions	Loan and advances to customers	Debt securities	Overdue loans	Impaired loans	Individually assessed impairment provision	Additional provision under AMCM rules
Macau	-	84 091 603	-	-	9 160	-
China	-	137 983 800	-	-	172 935	-

(MOP)

GEOGRAPHIC DISTRIBUTION OF EXPOSURES	OF WHICH					31 DECEMBER 2023
Countries and Regions	Loan and advances to customers	Debt securities	Overdue loans	Impaired loans	Individually assessed impairment provision	Additional provision under AMCM rules
-	-	-	-	-	-	-
-	-	-	-	-	-	-

The table below reflects the credit risk industry distribution of exposures of the Macau Branch as at 31 December 2024 and 31 December 2023:

(MOP)

INDUSTRY DISTRIBUTION OF EXPOSURES	31 DECEMBER 2024	31 DECEMBER 2023
Agriculture and fisheries	-	-
Mining industries	-	-
Manufacturing industries	-	-
Electricity, gas and water	-	-
Construction and public works	-	-
Wholesale and retail trade	-	-
Restaurants, hotels and similar	-	-
Transport, warehouse and communications	-	-
Non-monetary financial institutions	-	-
Gaming	-	-
Exhibition and conference	-	-
Education	-	-
Information technology	-	-
Other industries	-	-
Personal loans	-	-
Total	-	-

The table below reflects the credit risk ageing analysis of accounting past due exposures of the Macau Branch as at 31 December 2024 and 31 December 2023:

(MOP)

	31 DECEMBER 2024		31 DECEMBER 2023	
LOANS AND ADVANCES TO BANKS THAT HAVE BEEN PAST DUE FOR PERIODS OF:	% OF TOTAL LOANS	AMOUNT	% OF TOTAL LOANS	AMOUNT
more than 3 months but not more than 6 months	-	-	-	-
more than 6 months but not more than 1 year	-	-	-	-
more than 1 year	-	-	-	-
Total	-	-	-	-
Collateral	-	-	-	-
ECL	-	-	-	-

(MOP)

LOANS AND ADVANCES TO NON-BANK CUSTOMERS THAT HAVE BEEN PAST DUE FOR PERIODS OF:	31 DECEMBER 2024		31 DECEMBER 2023	
	% OF TOTAL LOANS	AMOUNT	% OF TOTAL LOANS	AMOUNT
more than 3 months but not more than 6 months	-	-	-	-
more than 6 months but not more than 1 year	-	-	-	-
more than 1 year	-	-	-	-
Total	-	-	-	-
Collateral	-	-	-	-
ECL	-	-	-	-

(MOP)

OTHER ASSETS THAT HAVE BEEN PAST DUE FOR PERIODS OF:	31 DECEMBER 2024 AMOUNT	31 DECEMBER 2023 AMOUNT
more than 3 months but not more than 6 months	-	15 500
more than 6 months but not more than 1 year	9 594 600	-
more than 1 year	-	-
Total	9 594 600	15 500

The table below reflects the credit quality analysis under regulatory asset classification of the Macau Branch as at 31 December 2024 and 31 December 2023:

(MOP)

CREDIT QUALITY ANALYSIS UNDER REGULATORY ASSET CLASSIFICATION							31 DECEMBER 2024
	Outstanding Balance	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Net amount	General Provision according to Notice no.012/2021-AMCM	Collateral
Loans and advances to banks							
Pass	-	-	-	-	-	-	-
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
Loans and advances to non-bank customers							
Pass	-	-	-	-	-	-	-
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
Other assets							
Pass	222 075 403	(182 095)	-	-	221 893 308	-	-
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
TOTAL	**222 075 403**	**(182 095)**	**-**	**-**	**221 893 308**	**-**	**-**

(MOP)

CREDIT QUALITY ANALYSIS UNDER REGULATORY ASSET CLASSIFICATION							31 DECEMBER 2023
	Outstanding Balance	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Net amount	General Provision according to Notice no.012/2021-AMCM	Collateral
Loans and advances to banks							
Pass	-	-	-	-	-	-	-
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
Loans and advances to non-bank customers							
Pass	-	-	-	-	-	-	-
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
Other assets							
Pass	-	-	-	-	-	-	-
Special Mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-

18 MARKET RISK / FOREIGN EXCHANGE RISK

Market risk corresponds to the possibility of occurrence of losses in on- and off-balance sheet positions resulting from adverse movements in market prices, such as equity, interest rates or foreign exchange rates and credit spreads.

In the development of its activities, the Macau Branch is mainly exposed to variations in foreign exchange.

The Macau Branch considers the potential changes to the market value of the trading book positions, by considering an historical simulation of the value at risk (VaR), based on a 10-day holding period and a 1-year historical observations, as well as a 99% confidence interval.

The Macau Branch has the following analysis of foreign currency as of 31 December 2024 and 31 December 2023:

(Equivalent in MOP)

	31 DECEMBER 2024				
	MOP	EUR	USD	HKD	CNY
Assets					
Cash and balances with banks	7 768 960	14 433 355	16 670 560	12 113	2 411 568
Deposits with AMCM	1 460 516	-	-	-	-
Financial assets at fair value through other comprehensive income	84 082 443	-	76 375 325	-	-
Financial assets at amortised cost	-	-	61 435 540	-	-
Other tangible assets	8 151 412	-	-	-	-
Intangible assets	48 457	-	-	-	-
Other assets	385 448	67 608	7 231 370	339 991	-
Liabilities					
Loan from Head Office	-	-	(31 847 501)	-	-
Other liabilities	(8 226 812)	(433 465)	-	(84)	-
Income tax liabilities	(7 628 722)	-	-	-	-
Deferred income tax liabilities	(160 676)	-	-	-	-
TOTAL (net open positions long or short)	**85 881 026**	**14 067 498**	**129 865 294**	**352 020**	**2 411 568**

(Equivalent in MOP)

	31 DECEMBER 2023					
	MOP	EUR	USD	HKD	CNY	Others
Assets						
Cash and balances with banks	57 780 569	53 428 756	57 120 924	19 323	13 230 144	-
Deposits with AMCM	736 613					
Other tangible assets	10 802 361	-	-	-	-	-
Intangible assets	139 870	-	-	-	-	-
Other assets	464 527	-	207 728	333 036	192 372	7 161
Liabilities						
Other liabilities	(7 157 356)	-	-	(805 715)	-	-
Income tax liabilities	(9 415 804)	-	-	-	-	-
TOTAL (net open positions long or short)	53 350 780	53 428 756	57 328 652	(453 356)	13 422 516	7 161

*All the assets/liabilities are spot, no forward purchases/sales

19 INTEREST RATE RISK

Haitong Bank aims to capture all material sources of interest rate risk in the banking book (IRRBB) and assess the effect of market changes on the scope of its activities, and manage IRRBB by measuring the sensitivity of the economic value of its banking book and the sensitivity of its net interest margin expected in a given time horizon.

There are three main sources of IRRBB: repricing risk (or gap risk), basis risk and optionality risk (automatic and behavioural).

- **Repricing risk:** It arises from the term structure of banking book instruments, and describes the risk arising from the timing of instrument rate changes. Since rate resets on different instruments occur at different tenors, the risk to the Bank arises when the rate of interest paid on liabilities increases before the rate of interest received on assets. Unless hedged in terms of tenor and amount, the Bank may be exposed to a period of reduced or negative interest margins, or may experience changes in the relative economic values of assets and liabilities. The extent of gap risk depends also on whether changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk).
- **Basis risk:** It describes the impact of relative changes in interest rates for financial instruments that have similar tenors but are repriced using different interest rate indices (for instance an asset repriced off Euribor 3M funded by a liability repriced off Euribor 6M).
- **Option risk:** It arises from option derivative positions or from the optional elements embedded in many bank assets, liabilities and off-balance sheet items, where the Bank or its customers can alter the level and timing of their cash flows.

Main interest rate risk in the banking book metrics

The management, measurement and control of IRRBB risk and metrics is performed by Haitong Bank for each subsidiary, its branches (including the Macau Branch), and in full consolidation. The set of metrics used in the group is homogeneous to ensure consistent measurement. However, the range of specific metrics implemented in each subsidiary depends on the dimensions and risk factors identified as relevant by each subsidiary in its IRRBB self-assessment, based on the individual features and nature of its business, its balance sheet structure and the complexity of the markets in which it operates.

IRRBB metrics are calculated under various scenarios and provide a static and /or dynamic overview of the balance sheet exposures and net interest margin in response to adverse interest rate movements. The main metrics are as follows:

- **Repricing gap:** It measures the difference between the volume of sensitive assets and liabilities, on and off the balance sheet, that re-price (i.e. that mature or are subject to rate revisions) at certain times.
- **Economic value and its sensitivity:** Economic value of the equity (EVE) is the difference between the present value of assets and the present value of liabilities of the banking book, excluding own equity and other instruments that do not generate interest. The present value is calculated by discounting projected cash flows of assets and liabilities with the appropriate discount curve. EVE sensitivity is calculated as the difference between the EVE in a selected interest rates scenario and the EVE calculated in the baseline scenario. Therefore, EVE can have as many sensitivities as scenarios considered. This metric enables the identification of long-term risk, and so supplements net interest income.

- **Net interest income and its sensitivity:** Net interest income is calculated as the difference between the interest income as percentage of assets and the interest cost of the liabilities of the banking book in a determined time horizon (the Bank's standard being one year). Its sensitivity reflects the impact of changes in interest rates on net interest income in the given time horizon. Net interest income sensitivity is calculated as the difference between the net interest income in a selected scenario and the net interest income in the baseline scenario. Therefore, the net interest income can have as many sensitivities as scenarios considered. This metric enables the identification of short-term risk, and supplements economic value of equity (EVE) sensitivity.

The measurement and reporting of the interest rate risk on internal value and earnings is monitored, at least, on a monthly basis, based on the European Banking Authority's (EBA) GL 2018/02 final report on guidelines on the management of interest rate risk arising from non-trading book activities, using the previous month's closing data.

Methodologies

For the economic value, Haitong Bank uses a run-off balance sheet, where existing assets and liabilities are not replaced as they mature, whether for earnings metrics, Haitong Bank follows a stable balance sheet model, where maturing contracts are replaced like for like, but with rates equal to be forward rates at the time of maturing.

Other assumptions used in both calculations are as follows:

- All cash flows from all interest rate-sensitive assets, liabilities and off-balance sheet items in the banking book are included in the calculation, i.e., assets, liabilities and off-balance sheet items in the non-trading book, excluding assets deducted from CET1 capital, e.g. real estate or intangible assets or equity exposures in the non-trading book.
- Repricing is said to occur at the earliest date at which either the Bank or its counterparty is entitled to unilaterally change the interest rate, or at which the rate on a floating rate instrument changes automatically in response to a change in an external benchmark.
- Any interest payment or principal on fixed rate instruments that has not yet been repaid and any spread component of interest payments of floating rate instruments that has not yet been repaid and which do not reprice must be slotted until their contractual maturity, whether the principal has been repriced or not.
- Floating rate instruments are assumed to reprice fully at the first reset date, hence, the entire principal amount is slotted into the bucket in which that date falls, with no additional slotting of notional repricing cash flows to later time buckets.
- Instruments that are non-maturity instruments like current account and nostro or vostro accounts are projected to the fifth day after the reference date.
- If a non-performing exposure (NPE) ratio is above the materiality threshold of 2%, NPEs should be included, as they are considered as interest rate sensitive instruments reflecting expected cash flows and their timing.
- There are no drawdowns on fixed rate loans commitments.

Cash flows are discounted using a zero coupon risk-free curves for each currency. The curve should not include instrument-specific or entity-specific credit spread or liquidity spreads (e.g. Swaps curves).

20 OPERATIONAL RISK

Operational risk corresponds to the probability of occurrence of events with a negative impact on earnings or capital resulting from inadequate internal procedures or their negligent application, inadequacy or failure of information systems, staff behaviour, or external events. Legal risk is included in this definition.

Operational risk is managed through a set of procedures that standardise, systematise, and measure the frequency of actions aimed at the identification, monitoring, control, and mitigation of this risk. The priority in operational risk management is to identify and mitigate or eliminate risk sources.

The Haitong Bank Group management methodologies in place are supported by the principles issued by the Basel Committee, recognised as reflecting the best practices in this area.

The operational risk management model is supported by an exclusively dedicated structure within the Haitong Bank Group which is responsible for the following processes:

- Identification and assessment of processes, risks and controls through risk and control self-assessment exercises;
- Identification and assessment of operational risks in new products, services and in the Bank's IT environment, including the need to implement new controls to mitigate identified risks;
- Identification, analysis and reporting of operational risk events;
- Monitoring risk through a selected set of risk indicators;
- Calculation of capital requirements in accordance with the Standardised Approach

As at 31 December 2024, the Macau Branch has no record of operational risk events.

21 LIQUIDITY RISK

Liquidity risk arises from an institution's present or future inability to meet all payment obligations when they come due or secure such resources only at an excessive cost.

Liquidity and funding management is a key element for the Haitong Bank Group business strategy and a fundamental pillar, together with capital, in supporting its strength and resilience.

Liquidity management and the funding strategy are the responsibility of the Haitong Bank Executive Committee which ensures the management of Haitong Bank's liquidity in an integrated way, with the treasuries of all Haitong Bank's entities.

In order to provide protection against unexpected fluctuations and based on a solid organizational and governance model, Haitong Bank liquidity risk management envisages delivering appropriate term and structure of funding consistent with the following principles:

- Ensure the ability to meet obligations as they come due in a timely manner and at a reasonable cost;
- Comply with regulatory standards on liquidity in each geography the Bank operates in;
- Ensure full alignment with liquidity and funding risk appetite;
- Make available a sufficient immediate liquidity buffer to ensure the ability to react to any event of stress that could restrict the ability to access financial markets under both normal and stressed conditions;
- Develop a diversified investor base and maintain access to a variety of alternative funding sources, while minimising the cost of funding; and

- Continuously develop an appropriate internal framework for the identification, measurement, limitation, monitoring and mitigation of liquidity risk

The table below reflects the liquidity risk maturity analysis on assets and liabilities of the Macau Branch as 31 December 2024 and 31 December 2023:

(MOP)

MATURITY ANALYSIS ON ASSETS AND LIABILITIES							31 DECEMBER 2024
Assets	On demand	Within 1 month	>1 Month < 3 months	>3 Months < 1 Year	>1 Year < 3 Years	> 3 years	Undated/ overdue
Loans and advances to customers;	-	-	-	-	-	-	-
Cash and balances with banks;	41 296 556	-	-	-	-	-	-
Deposits with AMCM;	1 460 516	-	-	-	-	-	-
Certificates of deposit held;	-	-	-	-	-	-	-
Securities issued by Macao SAR Government and/or AMCM;	-	1 994 068	3 978 742	78 109 633	-	-	-
Other securities;	-	-	-	953 330	136 857 535	-	-
Other tangible assets;	-	-	-	-	-	-	8 151 412
Intangible assets;	-	-	-	-	-	-	48 457
Other assets;	-	-	-	824 598	-	-	7 199 819
Total assets	**42 757 072**	**1 994 068**	**3 978 742**	**79 887 561**	**136 857 535**	**-**	**15 399 688**
	On demand	Within 1 month	>1 Month < 3 months	>3 Months < 1 Year	>1 Year < 3 Years	> 3 years	Undated/ overdue
Liabilities							
Deposits and balances of banks and financial institutions	-	-	-	-	-	-	-
Deposits from public sector entities	-	-	-	-	-	-	-
Deposits from holding and associated companies	-	-	-	-	-	-	-
Deposits from non-bank customers	-	-	-	-	-	-	-
Certificates of deposits issued	-	-	-	-	-	-	-
Other securities issued	-	-	-	-	-	-	-
Loan from Head office	-	-	-	-	(31 847 501)	-	-
Other liabilities	-	(1 384 251)	(1 013 147)	(5 895 414)	(367 549)	-	-
Income tax liabilities	-	-	-	(7 628 722)	-	-	-
Deferred income tax liabilities	-	-	-	-	(160 676)	-	-
Total liabilities	**-**	**(1 384 251)**	**(1 013 147)**	**(13 524 136)**	**(32 375 726)**	**-**	**-**
Net liquidity gap	**42 757 072**	**609 817**	**2 965 595**	**66 363 425**	**104 481 809**	**-**	**15 399 688**

(MOP)

MATURITY ANALYSIS ON ASSETS AND LIABILITIES							31 DECEMBER 2023
Assets	On demand	Within 1 month	>1 Month < 3 months	>3 Months < 1 Year	>1 Year < 3 Years	> 3 years	Undated/ overdue
Loans and advances to customers;	-	-	-	-	-	-	-
Cash and balances with banks;	124 666 992	5 687 460	-	51 225 264	-	-	-
Deposits with AMCM;	736 613	-	-	-	-	-	-
Certificates of deposit held;	-	-	-	-	-	-	-
Securities issued by Macao SAR Government and/or AMCM;	-	-	-	-	-	-	-
Other securities;	-	-	-	-	-	-	-
Other tangible assets;	-	-	-	-	-	-	10 802 361
Intangible assets;	-	-	-	-	-	-	139 870
Other assets;	192 372	119 546	180 585	698 371	-	-	13 950
Total assets	**125 595 977**	**5 807 006**	**180 585**	**51 923 635**	**-**	**-**	**10 956 181**
	On demand	Within 1 month	>1 Month < 3 months	>3 Months < 1 Year	>1 Year < 3 Years	> 3 years	Indefinite period
Liabilities							
Deposits and balances of banks and financial institutions	-	-	-	-	-	-	-
Deposits from public sector entities	-	-	-	-	-	-	-
Deposits from holding and associated companies	-	-	-	-	-	-	-
Deposits from non-bank customers	-	-	-	-	-	-	-
Certificates of deposits issued	-	-	-	-	-	-	-
Other securities issued	-		-	-	-	-	-
Other liabilities	-	(1 728 604)	(606 688)	(391 400)	-	(5 236 379)	-
Income tax liabilities	-	-	-	(9 415 804)	-	-	-
Total liabilities	**-**	**(1 728 604)**	**(606 688)**	**(9 807 204)**	**-**	**(5 236 379)**	**-**
Net liquidity gap	**125 595 977**	**4 078 402**	**(426 103)**	**42 116 431**	**-**	**(5 236 379)**	**10 956 181**

The table below reflects the liquidity risk indicators of the Macau Branch as at 31 December 2024 and 31 December 2023.

(MOP)

LIQUIDITY RISK INDICATORS	31 DECEMBER 2024
Arithmetic mean of the minimum weekly amount of cash in hand that is required to be held during the year	320 533
Arithmetic mean of the average weekly amount of cash in hand during the year	1 653 346
Arithmetic mean of the specified liquid assets at the end of each month during the year	234 981 700
Average ratio of specified liquid asset to total basic liabilities at the end of each month during the year	1 091%
Arithmetic mean of its one-month liquidity ratio in the last week of each month during the year	1 574%
Arithmetic mean of its three-month liquidity ratio in the last week of each month during the year	5 473%

(MOP)

LIQUIDITY RISK INDICATORS	31 DECEMBER 2023
Arithmetic mean of the minimum weekly amount of cash in hand that is required to be held during the year	85 512
Arithmetic mean of the average weekly amount of cash in hand during the year	166 833
Arithmetic mean of the specified liquid assets at the end of each month during the year	73 318 300
Average ratio of specified liquid asset to total basic liabilities at the end of each month during the year	950%
Arithmetic mean of its one-month liquidity ratio in the last week of each month during the year	18 937%
Arithmetic mean of its three-month liquidity ratio in the last week of each month during the year	7 893%