



Unaudited Quarterly Regulatory Disclosure

For the quarter ended 31 March 2024

Mox Bank Limited

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1. Introduction

This unaudited quarterly regulatory disclosure complies with the Banking (Disclosure) Rules (“Rules”) under section 60A of the Banking Ordinance. These banking disclosures are governed by the Bank’s disclosure policy, which has been approved by the Board of Directors. The disclosure policy sets out the approach to determine the content, appropriateness and frequency of the disclosures, the approach to ensure the relevance and adequacy of the disclosures, and the internal control over the process for making the disclosures. The disclosures have been subject to independent review in accordance to the disclosure policy.

According to the Rules, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Prior period disclosures can be found in the Regulatory Disclosure section of our website: <https://mox.com/>.

Basis of preparation

The capital adequacy ratio (“CAR”) was 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 March 2024, the Bank does not have any subsidiaries for consolidation purpose.

2. Key prudential ratios (KM1)

The following table sets out an overview of the Bank's key prudential ratios.

		(a)	(b)	(c)	(d)	(e)
		31 Mar 2024 HK\$'000	31 Dec 2023 HK\$'000	30 Sep 2023 HK\$'000	30 Jun 2023 HK\$'000	31 Mar 2023 HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	967,304	1,160,533	1,176,433	1,131,176	1,294,049
2	Tier 1	1,201,046	1,160,533	1,176,433	1,131,176	1,294,049
3	Total capital	1,269,995	1,234,295	1,253,143	1,204,988	1,359,009
4	Total RWA	5,699,445	6,277,208	6,478,837	6,206,356	5,389,340
5	CET1 ratio (%)	16.97	18.49	18.16	18.23	24.01
6	Tier 1 ratio (%)	21.07	18.49	18.16	18.23	24.01
7	Total capital ratio (%)	22.28	19.66	19.34	19.42	25.22
8	Capital conservation buffer requirement (%)	2.50	2.50	2.50	2.50	2.50
9	Countercyclical capital buffer requirement (%)	1.00	1.00	1.00	1.00	1.00
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	3.50	3.50	3.50	3.50	3.50
12	CET1 available after meeting the AI's minimum capital requirements (%)	14.28	11.65	11.34	11.42	17.22
13	Total leverage ratio (LR) exposure measure	18,236,106	16,091,812	14,939,253	14,453,579	13,425,092
14	LR (%)	6.59	7.21	7.87	7.83	9.64
	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 (%)	69.89	48.43	41.75	38.64	41.03
	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

The capital ratios and LMR remained well above the minimum regulatory requirements.

CET1 ratio dropped as the Bank has been launching its products and services resulting in consumption of capital for business operation costs. Tier 1 and total capital ratio increased due to issuance of Additional Tier 1 Capital in Q1 2024.

Leverage ratio dropped as the Bank has been launching its products and services resulting in higher exposure and consumption of capital for business operation costs.

3. Overview of risk-weighted amount (“RWA”) (OV1)

The following table sets out an overview of capital requirement in terms of a detailed breakdowns of RWAs for various risk.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Mar 2024 HK\$'000	31 Dec 2023 HK\$'000	31 Mar 2024 HK\$'000
1	Credit risk for non-securitization exposures	5,515,956	5,900,958	441,276
2	Of which STC approach	5,515,956	5,900,958	441,276
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 approach	-	-	-
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	625	400	50
21	Of which STM approach	625	400	50
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	N/A	N/A	N/A
24	Operational risk	483,613	605,550	38,689
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	300,749	229,700	24,060
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	300,749	229,700	24,060
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	5,699,445	6,277,208	455,955

Decrease in credit risk for non-securitization exposures is mainly due to decrease in customer loan balances.

4. Main features of regulatory capital instruments (CCA)

The following is a summary of the bank's common equity tier 1 ("CET1") capital, additional tier 1 ("AT1") capital and tier 2 capital instruments.

		HKD Ordinary Shares
1	Issuer	Mox Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong
<i>Regulatory treatment</i>		
4	Transitional Basel III rules ¹	N/A
5	Post-transitional Basel III rules ²	CET1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$4,731 Million
9	Par value of instrument	N/A
10	Accounting classification	Equity
11	Original date of issuance	10 Aug 2018: 20,000 ordinary shares 25 Feb 2019: 29,980,000 ordinary shares 3 Apr 2019: 131,092,000 ordinary shares 19 Nov 2020: 46,920,000 ordinary shares 26 Feb 2021: 46,920,000 ordinary shares 10 Mar 2022: 65,688,000 ordinary shares 25 Nov 2022: 31,280,000 ordinary shares 1 Feb 2023: 54,740,000 ordinary shares 21 Jul 2023: 31,280,000 ordinary shares 30 Nov 2023: 35,190,000 ordinary shares
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
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
<i>Coupons / dividends</i>		
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	Non-cumulative 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
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 in the insolvency creditor hierarchy of the legal entity concerned).	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

¹ Regulatory treatment of capital instruments subject to transitional arrangements set out in Schedule 4H to the BCR.

² Regulatory treatment of capital instruments not subject to transitional arrangements set out in Schedule 4H to the BCR.

4. Main features of regulatory capital instruments (CCA) (continued)

		HKD AT1 Capital
1	Issuer	Mox Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong
<i>Regulatory treatment</i>		
4	Transitional Basel III rules ¹	N/A
5	Post-transitional Basel III rules ²	Additional Tier 1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Perpetual debt instrument
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$234.6 Million
9	Par value of instrument	HK\$234.6 Million
10	Accounting classification	Equity
11	Original date of issuance	20 Mar 2024
12	Perpetual or dated	Perpetual
13	Original maturity date	Undated
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional Call Date: 20 Mar 2029 Redemption amount at par.
16	Subsequent call dates, if applicable	Each Reset Date thereafter
<i>Coupons / dividends</i>		
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	Year 1 to 5: 8.37 per cent. per annum payable semi-annually in arrear Year 5 onwards: Resets every 5 years
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative 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	Yes
31	If write-down, write-down trigger(s)	Upon a Non-Viability Event. "Non-Viability Event" means the earlier of: (i) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; and the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to

¹ Regulatory treatment of capital instruments subject to transitional arrangements set out in Schedule 4H to the BCR.

² Regulatory treatment of capital instruments not subject to transitional arrangements set out in Schedule 4H to the BCR.

**4. Main features of regulatory capital instruments (CCA)
(continued)**

		HKD AT1 Capital
		make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
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 in the insolvency creditor hierarchy of the legal entity concerned).	<p>The rights and claims of Securityholders against the Issuer to payment in respect of the Securities (including, without limitation, any payments in respect of damages awarded for breach of any obligations), in the event of the winding-up of the Issuer (other than pursuant to a Permitted Reorganisation), shall rank:</p> <ul style="list-style-type: none"> (i) subordinate and junior in right of payment to, and of all claims of (x) all unsubordinated creditors of the Issuer (including its depositors), (y) all creditors in respect of Tier 2 Capital Instruments of the Issuer and (z) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Securities or rank senior to the Securities by operation of law or contract; (ii) pari passu in right of payment to, and of all claims of the holders of Parity Obligations; and (iii) senior in right of payment to, and of all claims of holders of Junior Obligations. <p>"Additional Tier 1 Capital Instruments" means any instrument issued, entered into or guaranteed by the Issuer that constitutes or qualifies as Additional Tier 1 capital of the Issuer pursuant to the Banking Capital Regulations.</p> <p>"CET1 Capital Instruments" means any instrument issued or entered into by the Issuer that constitutes Common Equity Tier 1 capital of the Issuer pursuant to the Banking Capital Regulations.</p> <p>"Junior Obligations" means all classes of the Issuer's share capital (including without limitation any preference shares) and any instrument or other obligation issued, entered into or guaranteed by the Issuer that constitutes or qualifies as CET1 Capital Instruments or that ranks or is expressed to rank junior to the Securities by operation of law or contract.</p> <p>"Parity Obligations" means any instrument or other obligation issued, entered into or guaranteed by the Issuer that constitutes or qualifies as an Additional Tier 1 Capital Instrument or any instrument or other obligation issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank pari passu with the Securities by operation of law or contract,</p>

¹ Regulatory treatment of capital instruments subject to transitional arrangements set out in Schedule 4H to the BCR.

² Regulatory treatment of capital instruments not subject to transitional arrangements set out in Schedule 4H to the BCR.

**4. Main features of regulatory capital instruments (CCA)
(continued)**

		HKD AT1 Capital
		<p>which excludes any Junior Obligations of the Issuer.</p> <p>"Subordinated Creditors" means all creditors the indebtedness of which is subordinated, in the event of winding-up of the Issuer, in right of payment to, and of all claims of, the depositors and other unsubordinated creditors of the Issuer other than those whose claims rank or are expressed to rank by operation of law or contract pari passu with, or junior to, the claims of the Securityholders. For this purpose "indebtedness" shall include all liabilities, whether actual or contingent.</p> <p>"Tier 2 Capital Instruments" means any instrument or other obligation issued, entered into or guaranteed by the Issuer that constitutes or qualifies as Tier 2 capital of the Issuer pursuant to the Banking Capital Regulations.</p>
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

¹ Regulatory treatment of capital instruments subject to transitional arrangements set out in Schedule 4H to the BCR.

² Regulatory treatment of capital instruments not subject to transitional arrangements set out in Schedule 4H to the BCR.

5. Leverage ratio (LR2)

The following table sets out a detailed breakdown of the components of the LR denominator.

		(a)	(b)
		HKD'000	
		31 Mar 2024	31 Dec 2023
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	16,846,537	14,659,293
2	Less: Asset amounts deducted in determining Tier 1 capital	(617,523)	(609,463)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	16,229,014	14,049,830
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 collateral provided in respect of derivative contracts 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	24,275,755	24,082,766
18	Less: Adjustments for conversion to credit equivalent amounts	(21,836,902)	(21,662,827)
19	Off-balance sheet items	2,438,853	2,419,939
Capital and total exposures			
20	Tier 1 capital	1,201,046	1,160,533
20a	Total exposures before adjustments for specific and collective provisions	18,667,867	16,469,769
20b	Adjustments for specific and collective provisions	(431,761)	(377,957)
21	Total exposures after adjustments for specific and collective provisions	18,236,106	16,091,812
Leverage ratio			
22	Leverage ratio	6.59%	7.21%

Leverage ratio dropped as the Bank has been launching its products and services resulting in higher exposure and consumption of capital for business operation costs.

Acronyms

AI	Authorized institutions	LCR	Liquidity coverage ratio
AIRB	Advanced internal ratings-based approach	LGD	Loss given default
ALCO	Asset and Liability Committee	LMR	Liquidity Maintenance Ratio
ASA	Alternative standardized approach	LR	Leverage Ratio
ASF	Available stable funding	LTA	Look through approach
AT1	Additional Tier 1	MBA	Mandate-based approach
Bank	Mox Bank Limited	MSRs	Mortgage servicing rights
BCBS	Basel Committee on Banking Supervision	N/A	Not applicable
BCR	Banking (Capital) Rules	NSFR	Net stable funding ratio
BDR	Banking (Disclosure) Rules	OF	Object finance
BIA	Basic indicator approach	OTC	Over-the-counter
BSC	Basic approach	PD	Probability of default
CCF	Credit conversion factor	PF	Project finance
CCP	Central counterparty	PFE	Potential future exposure
CCR	Counterparty credit risk	PRC	People's Republic of China
CCyB	Countercyclical capital buffer	PVA	Prudential Valuation Adjustments
CEM	Current exposure method	PSE	Public sector entity
CET1	Common equity tier 1	QRRE	Qualifying revolving retail exposures
CF	Commodities finance	RC	Replacement cost
CIS	Collective investment scheme	RSF	Required stable funding
CRC	Comprehensive risk charge	RW	Risk-weight
CRM	Credit risk mitigation	RWA	Risk-weighted asset/risk-weighted amount
CVA	Credit valuation adjustment	S&P	Standard & Poor's
D-SIB	Domestic systematically important authorized institution	SA-CCR	Standardized approach for counterparty credit risk
DTAs	Deferred tax assets	SEC-ERBA	Securitization external ratings-based approach
EAD	Exposure at default	SEC-FBA	Securitization fall back approach
EL	Expected loss	SEC-IRBA	Securitization internal ratings-based approach
EPE	Expected positive exposures	SEC-SA	Securitization standardized approach
FBA	Fall-back approach	SFT	Securities financing transaction
G-SIB	Global systematically important bank	SME	Small and Medium Enterprises
HKMA	Hong Kong Monetary Authority	SRW	Supervisory risk-weights
HVCRE	High-volatility commercial real estate	STC	Standardized (credit risk) approach
HQLA	High quality liquid assets	STM	Standardized (market risk) approach
IMM	Internal models approach	STO	Standardized (operational risk) approach
IMM (CCR)	Internal models approach (counterparty credit risk) approach	VaR	Value at risk
ICAAP	Internal Capital Adequacy Assessment Process		
IPRE	Income-producing real estate		
IRB	Internal ratings-based approach		
JCCyB	Jurisdictional countercyclical capital buffer		
JVs	Joint ventures		
LAC	Loss-absorbing capacity		