



Unaudited Quarterly Regulatory Disclosure

For the quarter ended 30 September 2021

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 alternative approach communicated to HKMA pursuant to section 340 of the BCR.

Basis of consolidation

As of 30 September 2021, 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)
		30 Sep 2021 HK\$'000	30 Jun 2021 HK\$'000	31 Mar 2021 HK\$'000	31 Dec 2020 HK\$'000	30 Sep 2020 HK\$'000
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	758,273	944,647	1,127,603	841,403	535,279
2	Tier 1	758,273	944,647	1,127,603	841,403	535,279
3	Total capital	764,903	946,050	1,127,614	841,413	535,279
RWA (amount)						
4	Total RWA	2,151,721	2,148,309	1,659,088	1,424,640	628,694
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	35.24	43.97	67.97	59.06	85.14
6	Tier 1 ratio (%)	35.24	43.97	67.97	59.06	85.14
7	Total capital ratio (%)	35.55	44.04	67.97	59.06	85.14
Additional CET1 buffer requirements (as a percentage of RWA)						
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 (%)	27.55	36.04	59.97	51.06	77.14
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	7,050,058	6,857,450	6,779,893	6,344,595	2,239,548
14	LR (%)	10.76	13.78	16.63	13.26	23.90
Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)						
Applicable to category 1 institution only:						
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
Applicable to category 2 institution only:						
17a	LMR (%)	50.40	51.05	58.31	81.64	215.69
Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)						
Applicable to category 1 institution only:						
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
Applicable to category 2A institution only:						
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

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

CET1, Tier 1, total capital ratios dropped as the Bank has been launching its products and services resulting in consumption of capital for business operation costs.

Leverage ratio dropped because 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
		30 Sep 2021 HK\$'000	30 Jun 2021 HK\$'000	30 Sep 2021 HK\$'000
1	Credit risk for non-securitization exposures	2,151,721	2,147,846	172,138
2	Of which STC approach	2,151,721	2,147,846	172,138
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	-	-	-
21	Of which STM approach	-	-	-
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	-	463	-
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	-	-	-
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
27	Total	2,151,721	2,148,309	172,138

There was no significant movement in credit risk for non-securitization exposures during the Q3 2021.

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\$2,549 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
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.

5. Leverage ratio (LR2)

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

		(a)	(b)
		HKD'000	
		30 Sep 2021	30 Jun 2021
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	7,152,478	7,094,629
2	Less: Asset amounts deducted in determining Tier 1 capital	(464,250)	(458,566)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	6,688,228	6,636,064
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	3,535,211	2,106,458
18	Less: Adjustments for conversion to credit equivalent amounts	(3,166,616)	(1,883,668)
19	Off-balance sheet items	368,595	222,790
Capital and total exposures			
20	Tier 1 capital	758,273	944,647
20a	Total exposures before adjustments for specific and collective provisions	7,056,823	6,858,854
20b	Adjustments for specific and collective provisions	(6,765)	(1,403)
21	Total exposures after adjustments for specific and collective provisions	7,050,058	6,857,450
Leverage ratio			
22	Leverage ratio	10.76%	13.78%

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