



Supplementary Notes to Financial Statements (unaudited)

For period ended 31 December 2023

Mox Bank Limited

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1. Supplementary Notes to Financial Statements (unaudited)

Introduction

These notes are supplementary to and should be read in conjunction with the 2023 Annual Financial Statements. The financial statements and this supplementary notes to financial statements (unaudited) taken together comply 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. Additional disclosures as required by the Banking (Disclosure) Rules will be available on our website: <https://mox.com/> on or before 30 April 2024.

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 December 2023, the Bank does not have any subsidiaries for consolidation purpose.

2. Key prudential ratios and metrics

a. Key prudential ratios (KM1)

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

		(a)	(b)	(c)	(d)	(e)
		31 Dec 2023 HK\$'000	30 Sep 2023 HK\$'000	30 Jun 2023 HK\$'000	31 Mar 2023 HK\$'000	31 Dec 2022 HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	1,160,533	1,176,433	1,131,176	1,294,049	827,013
2	Tier 1	1,160,533	1,176,433	1,131,176	1,294,049	827,013
3	Total capital	1,234,295	1,253,143	1,204,988	1,359,009	881,504
	RWA (amount)					
4	Total RWA	6,277,208	6,478,837	6,206,356	5,389,340	4,640,427
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	18.49	18.16	18.23	24.01	17.82
6	Tier 1 ratio (%)	18.49	18.16	18.23	24.01	17.82
7	Total capital ratio (%)	19.66	19.34	19.42	25.22	19.00
	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 (%)	11.66	11.34	11.42	17.22	11.00
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	16,091,812	14,939,253	14,453,579	13,425,092	11,899,561
14	LR (%)	7.21	7.87	7.83	9.64	6.95
	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 (%)	48.43	41.75	38.64	41.03	44.19
	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 increased due to decrease in total risk-weighted assets.

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 management and RWA

a. Overview of risk-weighted amount (OVA)

Note 27 on pages 40 to 64 of the 2023 financial statements sets out a description of risk management objectives and policies and how the Board of Directors and senior management assess and manage risks, enabling users to gain a clear understanding of risk tolerance and appetite in relation to the main activities and all significant risks.

b. 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 Dec 2023 HK\$'000	30 Sep 2023 HK\$'000	31 Dec 2023 HK\$'000
1	Credit risk for non-securitization exposures	5,900,958	6,136,783	472,077
2	Of which STC approach	5,900,958	6,136,783	472,077
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	400	275	32
21	Of which STM approach	400	275	32
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	605,550	498,300	48,444
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	229,700	156,521	18,376
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	229,700	156,521	18,376
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	6,277,208	6,478,837	502,177

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

4. Linkage between financial statements and regulatory exposures

a. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory categories (L11)

The following table sets out an information on assets and liabilities to enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, with a breakdown into regulatory risk categories of every item of the assets and liabilities reported in financial statements based on the scope of accounting consolidation.

As of 31 Dec 2023	Carrying values as reported in published financial statements HK\$'000	Carrying values under scope of regulatory consolidation HK\$'000	Carrying values of items:				
			subject to credit risk framework HK\$'000	subject to counterparty credit risk framework HK\$'000	subject to the securitization framework HK\$'000	subject to market risk framework HK\$'000	not subject to capital requirements or subject to deduction from capital HK\$'000
Assets							
Balances with central bank	1,387,149	1,387,149	1,387,149	-	-	-	-
Investment securities	4,184,349	4,184,349	4,184,349	-	-	-	-
Advances to customers	6,305,825	6,305,825	6,305,825	-	-	-	-
Amount due from immediate holding company	1,620,086	1,620,086	1,620,086	-	-	-	-
Amount due from fellow subsidiary	178	178	178	-	-	-	-
Amount due from related companies	90,237	90,237	90,237	-	-	-	-
Intangible assets	501,685	501,685	-	-	-	-	501,685
Property and equipment	45,232	45,232	45,232	-	-	-	-
Prepayment and other assets	124,776	124,776	124,776	-	-	-	-
Deferred tax assets	107,778	107,778	-	-	-	-	107,778
Total assets	14,367,295	14,367,295	13,757,832	-	-	-	609,463
Liabilities							
Repurchase agreement at amortised cost	750,000	750,000	-	-	-	-	750,000
Deposits from customers	11,133,292	11,133,292	-	-	-	-	11,133,292
Amount due to immediate holding company	147,126	147,126	-	-	-	-	147,126
Amount due to fellow subsidiary	1,399	1,399	-	-	-	-	1,399
Amount due to related companies	4,635	4,635	-	-	-	-	4,635
Other payables	472,872	472,872	-	-	-	-	472,872
Total liabilities	12,509,324	12,509,324	-	-	-	-	12,509,324

4. Linkage between financial statements and regulatory exposures (continued)

b. Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2)

The following table sets out information on the main sources of differences between the carrying values in financial statements and the exposure amounts used for the calculation of regulatory capital in respect of the assets and liabilities based on the scope of regulatory consolidation.

As of 31 Dec 2023		Total HK\$'000	Items subject to:			
			credit risk framework HK\$'000	securitization framework HK\$'000	counterparty credit risk framework HK\$'000	market risk framework HK\$'000
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	14,367,295	13,757,832	-	-	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	14,367,295	13,757,832	-	-	-
4	Off-balance sheet amounts	12,958	12,958	-	-	-
5	Differences due to allowances	217,520	217,520	-	-	-
				-	-	-
6	Exposure amounts considered for regulatory purposes	14,597,773	13,988,310	-	-	-

c. Explanations of differences between accounting and regulatory exposure amounts (LIA)

The key differences between regulatory exposure amounts and accounting carrying values under the regulatory scope of consolidation are:

- (i) Off-balance sheet amounts: Off-balance sheet amounts include contingent liabilities and guarantees after application of credit conversion factors
- (ii) Differences due to allowances: The carrying value of assets in the financial statements are net of allowances. However, regulatory exposures under standardized approach are net of specific allowances

4. Linkage between financial statements and regulatory exposures (continued)

d. Prudent valuation adjustments (PV1)

The following table sets out a detailed breakdown of the constituent elements of valuation adjustment.

As of 31 Dec 2023		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Equity HK\$'000	Interest rates HK\$'000	FX HK\$'000	Credit HK\$'000	Commodities HK\$'000	Total HK\$'000	Of which: In the trading book HK\$'000	Of which: In the banking book HK\$'000
1	Close-out uncertainty, of which:	-	-	-	-	-	-	-	-
2	<i>Mid-market value</i>	-	-	-	-	-	-	-	-
3	<i>Close-out costs</i>	-	-	-	-	-	-	-	-
4	<i>Concentration</i>	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risks	-	-	-	-	-	-	-	-
8	Investing and funding costs	-	-	-	-	-	-	-	-
9	Unearned credit spreads	-	-	-	-	-	-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other adjustments	-	-	-	-	-	-	-	-
12	Total adjustments	-	-	-	-	-	-	-	-

5. Composition of regulatory capital

a. Composition of regulatory capital (CC1)

As of 31 Dec 2023		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	4,643,125	(2)
2	Retained earnings	(2,878,134)	(3)
3	Disclosed reserves	5,005	(4)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	CET1 capital before regulatory deductions	1,769,996	
CET1 capital: regulatory deductions			
7	Valuation adjustments	-	

5. Composition of regulatory capital

a. Composition of regulatory capital (CC1)

		(a)	(b)
As of 31 Dec 2023		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
8	Goodwill (net of associated deferred tax liabilities)	-	-
9	Other intangible assets (net of associated deferred tax liabilities)	420,123	(1)
10	Deferred tax assets (net of associated deferred tax liabilities)	189,340	(5)
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	-	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	
26b	Regulatory reserve for general banking risks	-	
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	

5. Composition of regulatory capital

a. Composition of regulatory capital (CC1)

As of 31 Dec 2023		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
28	Total regulatory deductions to CET1 capital	609,463	
29	CET1 capital	1,160,533	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	AT1 capital before regulatory deductions	-	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	-	
45	Tier 1 capital (T1 = CET1 + AT1)	1,160,533	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	73,762	

5. Composition of regulatory capital

a. Composition of regulatory capital (CC1)

As of 31 Dec 2023		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
51	Tier 2 capital before regulatory deductions	73,762	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	-	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	73,762	
59	Total regulatory capital (TC = T1 + T2)	1,234,295	
60	Total RWA	6,277,208	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	18.49%	
62	Tier 1 capital ratio	18.49%	
63	Total capital ratio	19.66%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.50%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	1.00%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	11.66%	

5. Composition of regulatory capital

a. Composition of regulatory capital (CC1)

		(a)	(b)
As of 31 Dec 2023		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	-	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	-	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

5. Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1)

Notes to the template

As of 31 Dec 2023

	Description	Hong Kong basis HKD'000	Basel III basis HKD'000
9	Other intangible assets (net of associated deferred tax liabilities)	420,123	420,123
	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	Deferred tax assets (net of associated deferred tax liabilities)	189,340	189,340
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

5. Composition of regulatory capital (continued)

a. Composition of regulatory capital (CC1)

Notes to the template

As of 31 Dec 2023

	Description	Hong Kong basis HKD'000	Basel III basis HKD'000
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	-
	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
<p>Remarks:</p> <p>The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.</p>			

5. Composition of regulatory capital (continued)

b. Reconciliation of regulatory capital to balance sheet (CC2)

	(a)	(b)	(c)
	Balance sheet as in published financial statements (as at 31 Dec 2023) (HKD'000)	Under regulatory scope of consolidation (as at 31 Dec 2023) (HKD'000)	Cross reference to note 5(a) of (CC1)
Assets			
Balances with central bank	1,387,149	1,387,149	
Investment securities	4,184,349	4,184,349	
Advances to customers	6,305,825	6,305,825	
Amount due from immediate holding company	1,620,086	1,620,086	
Amount due from fellow subsidiary	178	178	
Amount due from related companies	90,237	90,237	
Property and equipment	45,232	45,232	
Intangible assets	501,685	501,685	(1)
Prepayments and other assets	124,776	124,776	
Deferred tax assets	107,778	107,778	(5)
Total assets	14,367,295	14,367,295	
Liabilities			
Repurchase agreement at amortised cost	750,000	750,000	
Deposits from customers	11,133,292	11,133,292	
Amount due to immediate holding company	147,126	147,126	
Amount due to fellow subsidiary	1,399	1,399	
Amount due to related companies	4,635	4,635	
Other liabilities	472,872	472,872	
Total liabilities	12,509,324	12,509,324	
Shareholders' equity			
Share capital	4,731,100	4,731,100	
Of which: amount eligible for CET1	4,643,125	4,643,125	(2)
Reserves	(2,873,129)	(2,873,129)	
Of which: FVOCI reserves - debt	5,005	5,005	(4)
Of which: Retained earnings	(2,878,134)	(2,878,134)	(3)
Total shareholders' equity	1,857,971	1,857,971	

5. Composition of regulatory capital (continued)

c. 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\$4,643 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.

5. Composition of regulatory capital (continued)
c. 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 and group
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.

5. Composition of regulatory capital (continued)
c. 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, which</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.

5. Composition of regulatory capital (continued)
c. Main features of regulatory capital instruments (CCA) (continued)

		HKD AT1 Capital
		<p>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.

6. Macroprudential supervisory measures

a. Geographical distribution of credit exposures used in countercyclical capital buffer (CCyB1)

The following table shows the geographical breakdown of risk-weighted amount (“RWA”) in relation to private sector credit exposures as of 31 Dec 2023:

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio HKD’000	AI-specific CCyB ratio (%)	CCyB amount (HKD’000)
1	Hong Kong SAR	1.00	5,031,171		
2	Australia	1.00	9		
3	Estonia	1.50	248		
4	France	0.50	4		
5	Netherlands	1.00	20		
6	United Kingdom	2.00	193		
7	Sum ¹		5,032,044		
8	Total ²		5,032,821	1.00	62,772

¹This represents the sum of RWAs for the private sector credit exposures in jurisdictions with a non-zero countercyclical buffer rate.

²The total RWAs used in the computation of the CcyB ratio in row 4 represents the total RWAs for the private credit exposures in all jurisdictions to which the bank is exposed, including jurisdictions with no countercyclical buffer rate or with a countercyclical buffer rate set at zero.

7. Leverage ratio

a. Summary comparison of accounting assets against leverage ratio exposures measure (LR1)

The following table reconciles the total assets in the published financial statements to the LR exposure measure.

As of 31 Dec 2023

	Item	Value under the LR framework HKD’000
1	Total consolidated assets as per published financial statements	14,367,295
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	-
5	Adjustment for SFTs (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	2,419,939
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	-
7	Other adjustments ¹	(695,422)
8	Leverage ratio exposure measure	16,091,812

¹ Any other adjustments that are necessary for the reconciliation but not included in rows 1 to 6a above. These may include adjustments in relation to any items that are deducted from Tier 1 capital under the risk-based capital framework in accordance with BCR §38(2), §43 and §47, but are not already excluded from the calculation of the LR exposure measure.

7. Leverage ratio (continued)

b. Leverage ratio (LR2)

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

		(a)	(b)
		HKD'000	
		31 Dec 2023	30 Sep 2023
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	14,659,293	13,250,358
2	Less: Asset amounts deducted in determining Tier 1 capital	(609,463)	(480,292)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	14,049,830	12,770,066
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	24,082,766	24,458,299
18	Less: Adjustments for conversion to credit equivalent amounts	(21,662,827)	(22,002,166)
19	Off-balance sheet items	2,419,939	2,456,133
Capital and total exposures			
20	Tier 1 capital	1,160,533	1,176,433
20a	Total exposures before adjustments for specific and collective provisions	16,469,769	15,226,199
20b	Adjustments for specific and collective provisions	(377,957)	(286,946)
21	Total exposures after adjustments for specific and collective provisions	16,091,812	14,939,253
Leverage ratio			
22	Leverage ratio	7.21%	7.87%

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.

8. Liquidity

a. Liquidity Risk Management (LIQA)

The following Liquidity Risk Management related information provides the supplement to the Liquidity Risk Section from 2023 Mox Bank Limited Directors' Report and Financial Statements.

As of 31 December 2023, the Bank maintains the LMR of 63.42%.

In addition, the following table is an extraction from Part 4 of Liquidity Monitoring Tools return, which sets out the details of the Bank's maturity profile covering on- and off-balance sheet items broken down by maturity buckets and the resultant liquidity gaps.

As at 31 December 2023 HK\$'000	Total Amount	Within 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Over 5 years	Balancing Amount
On-balance sheet assets							
Due from MA for a/c of Exchange Fund	1,378,992	1,378,992	-	-	-	-	-
Due from banks	1,627,336	448,257	661,001	518,078	-	-	-
Debt securities, prescribed instructions and structured financial instruments (net of short positions)	4,184,349	4,184,349	-	-	-	-	-
Loans and advances to non-bank customers	6,595,955	83,069	3,370	10,002	22,872	19	6,476,623
Other assets (including provisions)	871,639	-	90,237	-	-	-	781,402
Total	14,658,271	6,094,667	754,608	528,080	22,872	19	7,258,025
On-balance sheet liabilities							
Deposits from non-bank customers							
(a) Pledged deposits	-	-	-	-	-	-	-
(b) Demand, savings and current account deposits	7,394,219	7,394,219	-	-	-	-	-
(c) Term, call and notice deposits	3,739,073	282,173	1,433,792	1,939,115	83,993	-	-
Due to Banks	-	-	-	-	-	-	-
Amount payable arising from securities financing transactions (other than securities swap transactions)	750,000	750,000	-	-	-	-	-
Other Liabilities (including provisions)	917,005	438,226	45,528	8,387	26,989	-	397,875
Capital and reserves	1,857,974	-	-	-	-	-	1,857,974
Total	14,658,271	8,864,618	1,479,320	1,947,502	110,982	-	2,255,849
Off-balance sheet claims							
Other off-balance sheet claims	-	-	-	-	-	-	-
Off-balance sheet obligations							
Other off-balance sheet obligations	18,533	5,575	12,958	-	-	-	-
Total	18,533	5,575	12,958	-	-	-	-
Funding Gaps							
Contractual Maturity Mismatch		(2,775,527)	(737,670)	(1,419,422)	(88,110)	19	
Cumulative Contractual Maturity Mismatch		(2,775,527)	(3,513,197)	(4,932,619)	(5,020,729)	(5,020,710)	

9. Credit risk for non-securitization exposures

a. General information about credit risk (CRA)

Our approach to credit risk can be found in the Risk management approach section in Note 27 on pages 40 to 64 of the 2023 financial statements.

b. Credit quality of exposures (CR1)

The following table sets out an overview of the credit quality of on- and off-balance sheet exposures.

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted Exposures	Non- defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
As of 31 Dec 2023		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	78,061	9,544,578	377,957	74,494	303,463	-	9,244,682
2	Debt securities	-	4,184,349	-	-	-	-	4,184,349
3	Off-balance sheet exposures	-	12,958	-	-	-	-	12,958
4	Total	78,061	13,741,885	377,957	74,494	303,463	-	13,441,989

The categorization of Expected Credit Loss (“ECL”) accounting provisions into the regulatory categories of specific and collective provisions follows the treatment specified in the completion instruction of the HKMA Capital Adequacy Ratio – MA(BS)3 return. According to the completion instruction, the ECL accounting provisions classified into Stage 1 and Stage 2 are treated as collective provisions, while those classified under Stage 3 are treated as specific provisions.

Loans included balances with central banks and banks, loans and advances to customers, corporate exposures, securities firm exposures, and related accrued interest receivables.

Off-balance sheet exposures included direct credit substitutes and unconditionally cancellable commitments.

9. Credit risk for non-securitization exposures (continued)

c. Changes in defaulted loans and debt securities (CR2)

The following table sets out information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs.

	HKD\$'000
1 Defaulted loans and debt securities at end of the previous reporting period (30 June 2023)	35,446
2 Loans and debt securities that have defaulted since the last reporting period	260,751
3 Returned to non-defaulted status	-
4 Amounts written off	(215,308)
5 Other changes ¹	(2,828)
6 Defaulted loans and debt securities at end of the current reporting period (31 Dec 2023)	78,061

¹Other changes included loan repayment.

d. Additional disclosure related to credit quality of exposures (CRB)

The following table sets out an additional qualitative and quantitative information on the credit quality of exposures to supplement the quantitative information provided under templates CR1 and CR2. Please refer to note 2(d) of the financial statements for the approach for determining credit-impairment provisions and definition of “credit impaired”.

I. Exposures by geographical location (CRB1)

As at 31 Dec 2023	Gross carrying amount HKD\$'000
1 Hong Kong	13,818,286
2 Others	1,660
Total	13,819,946

Increase in exposures in HK was mainly driven by the growth in balance sheet.

II. Exposures by Industry (CRB2)

As at 31 Dec 2023	Gross carrying amount HKD\$'000
1 Individuals	6,610,798
2 Financial concerns	1,626,872
3 Others ¹	5,582,276
Total	13,819,946

¹ “Others” constitutes segment less than 10% of total RWA and is disclosed on an aggregated basis.

Increase in exposures across industries was mainly driven by the growth in balance sheet.

9. Credit risk for non-securitization exposures (continued)

d. Additional disclosure related to credit quality of exposures (CRB) (continued)

III. Exposures by residual maturity (CRB3)

As at 31 Dec 2023		Repayable on demand to 1 year HKD\$'000	Due between 1 year to 5 years HKD\$'000	Due after 5 years HKD\$'000	Total HKD\$'000
1	Loans	7,333,697	2,288,942	-	9,622,639
2	Debt securities	4,184,349	-	-	4,184,349
3	Off-balance sheet exposures	-	-	12,958	12,958
Total		11,518,046	2,288,942	12,958	13,819,946

Increase in exposures across industries was mainly driven by the growth in balance sheet.

IV. Impaired exposures and related allowances and write-offs by geographical location (CRB4)

As at 31 Dec 2023		Gross impaired advances HKD\$'000	Specific provisions HKD\$'000	Advances written-off in a year HKD\$'000
1	Hong Kong	77,980	74,417	296,509
2	Others	81	77	1,010
Total		78,061	74,494	297,519

V. Impaired exposures and related allowances and write-offs by Industry (CRB5)

As at 31 Dec 2023		Gross impaired advances HKD\$'000	Specific provisions HKD\$'000	Advances written-off in a year HKD\$'000
1	Individuals	78,061	74,494	297,519
Total		78,061	74,494	297,519

VI. Aging analysis of accounting past due exposures (CRB6)

Please refer to Note 27 of the 2023 financial statements for aging analysis of past due exposures.

VII. Breakdown of restructured exposures (CRB7)

As at 31 Dec 2023	HKD\$'000
Impaired	2,023
Not impaired	2,499
Total	4,522

9. Credit risk for non-securitization exposures (continued)

e. Qualitative disclosures related to credit risk mitigation (CRC)

The Bank has established a Credit Risk Type framework that sets out policies and procedures covering the measurement and management of credit risk. Details can be found in the Risk management approach section in Note 27 on pages 40 to 64 of the 2023 financial statements.

f. Overview of recognized credit risk mitigation (CR3)

As of 31 Dec 2023

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Loans	9,622,639	-	-	-	-
2	Debt securities	4,184,349	-	-	-	-
3	Total	13,806,988	-	-	-	-
4	Of which defaulted	78,061	-	-	-	-

g. Qualitative disclosures on use of ECAI ratings under STC approach (CRD)

External ratings where available are used to assign risk-weights for standardized approach (SA) exposures for various exposure classes.

These external ratings must come from External Credit Assessment Institutions (ECAI); which currently include Moody's, Standard & Poor's and Fitch. The bank uses the ECAI rating from these agencies in its day-to-day business, which are tracked and kept updated.

The bank determines ECAI issuer ratings or ECAI issue-specific ratings in a process consistent with Part 4 of BCR and the exposure classes are assigned risk weightings as prescribed in the BCR.

9. Credit risk for non-securitization exposures (continued)

h. Credit risk exposures and effects of recognized credit risk mitigation – for STC approach (CR4)

The following table sets out the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of capital requirements. RWA density provides a synthetic metric on riskiness of each portfolio.

As of 31 Dec 2023		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	%
1	Sovereign exposures	5,571,499	-	5,571,499	-	-	0%
2	PSE exposures	-	-	-	-	-	0%
2a	Of which: domestic PSEs	-	-	-	-	-	0%
2b	Of which: foreign PSEs	-	-	-	-	-	0%
3	Multilateral development bank exposures	-	-	-	-	-	0%
4	Bank exposures	1,619,041	-	1,619,041	-	738,684	46%
5	Securities firm exposures	7,831	-	7,831	-	3,916	50%
6	Corporate exposures	10,777	-	10,777	-	8,043	75%
7	CIS exposures	-	-	-	-	-	0%
8	Cash items	-	-	-	-	-	0%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	0%
10	Regulatory retail exposures	6,520,563	24,069,808	6,520,563	-	4,890,423	75%
11	Residential mortgage loans	-	-	-	-	-	0%
12	Other exposures which are not past due exposures	241,637	12,958	241,637	12,958	254,595	100%
13	Past due exposures	3,532	-	3,532	-	5,297	150%
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	Total	13,974,880	24,082,766	13,974,880	12,958	5,900,958	42%

Note:

Decrease in credit risk exposures under STC approach during the period is mainly due to decrease in regulatory retail exposures.

9. Credit risk for non-securitization exposures (continued)

i. Credit risk exposures by asset classes and by risk weights – for STC approach (CR5)

The following table sets out a breakdown of credit risk exposures by asset classes and by risk weights (corresponding to the classification of exposures according to the approaches used).

As of 31 Dec 2023		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Exposure class	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	Sovereign exposures	5,571,499	-	-	-	-	-	-	-	-	-	5,571,499
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	236,121	-	1,382,920	-	-	-	-	-	1,619,041
5	Securities firm exposures	-	-	-	-	7,831	-	-	-	-	-	7,831
6	Corporate exposures	-	-	954	-	3,943	-	5,880	-	-	-	10,777
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-	-	-	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	6,520,563	-	-	-	-	6,520,563
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-	254,595	-	-	-	254,595
13	Past due exposures	-	-	-	-	-	-	-	3,532	-	-	3,532
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	5,571,499	-	237,075	-	1,394,694	6,520,563	260,475	3,532	-	-	13,987,838

Note:

Decrease in credit risk exposures under STC approach during the period is mainly due to decrease in regulatory retail exposures.

10. Counterparty Credit risk

As at 31 Dec 2023, the Bank does not have any counterparty default risk exposures.

11. Securitization exposures

As at 31 Dec 2023, the Bank does not have any Securitization exposures.

12. Market risk

a. Qualitative disclosures related to market risk (MRA)

The Bank uses the standardized (market risk) approach for its exposures.

Further information relating to market risk governance and management is set out in Note 27 on pages 40 to 64 of the 2023 financial statements.

b. Market risk under STM approach (MR1)

The following tables sets out the components of the market risk capital requirements calculated using the standardized (market risk) approach (STM approach).

As of 31 December 2023		RWA
		HKD'000
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	-
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	400
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	Total	400

Increase in market risk RWA under STM approach was mainly due to increase in net open position in non-USD exposures.

13. Interest rate Risk

a. Interest rate risk in banking book – risk management objectives and policies (IRRBB)

Overview

The Bank defines Interest Rate Risk in the Banking Book (“IRRBB”) as the potential for a reduction in future earnings or economic value due to changes in interest rates. This risk arises from differences in the re-pricing profile, interest rate basis, and optionality of banking book assets, liabilities, an off-balance sheet items. IRRBB represents an economic and commercial risk to the Bank and its capital adequacy. The Bank monitors IRRBB against Board-approved Risk Appetite.

IRRBB is managed by the ALCO and is independently monitored by Treasury Risk. IRRBB is also subject to Internal Audit review and model governance. IRRBB models, if any, will be independently validated a designated model validation party and approved by the Executive Risk Committee.

Measurement of IRRBB

The Bank uses two key metric types for measuring IRRBB: Net Interest Income (“NII”) Sensitivity, an income measure which quantifies the potential change in projected net interest income over a one-year horizon from defined movements in interest rates; and Economic Value of Equity (“EVE”), a value measure which estimates the potential change in the present value of the Bank’s Banking Book assets and liabilities from defined movements in interest rates. Both NII and EVE are monitored monthly against defined Risk Appetite limits.

Methodology

NII and EVE are calculated under various interest rate scenarios, including parallel and non-parallel shifts and a range of internally designed scenarios that assess vulnerabilities in the Bank’s business model and key assumptions under interest rate shocks and stresses. Risk Appetite limits are monitored with respect to six interest rate scenarios prescribed by the HKMA.

The model assumptions used internally do not differ from the ones set by the HKMA.

The EVE is calculated based on the assumption that expired interest rate sensitive positions are not replaced. The cash flows include commercial spread components and financial investments consider credit dependent spread components, if applicable. Cash flows including commercial margins and other spread components are discounted with a risk-free rate curve per currency (based on IBOR and Swap market rates).

The NII is computed based on the assumption of a constant balance sheet excluding non-rate-sensitive items. All the positions captured are assumed to run to maturity and slotted into the appropriate time bands according to the earliest interest repricing date (as per MA(BS)12A) including for non-maturing deposits (“NMD”).

As at 31 December 2023, the Bank’s average and longest repricing maturing assigned to NMD is 1 day.

Prepayment model has been used to forecast prepayment rates on retail fixed rate loans. The redemption rates has been applied to Term deposits.

Adverse currency impacts on EVE are aggregated for significant currencies following HKMA’s standardized framework.

13. Interest rate risk (continued)

a. Interest rate risk in banking book – risk management objectives and policies (IRRBB) (continued)

Management of IRRBB

Risk limits and management action triggers (“MAT”) are established for on-going monitoring of impact to economic value of equity (“EVE”) and net interest income (“NII”) resulting under IRRBB scenarios being independently monitor by Treasury Risk and subject to monthly review by ALCO.

b. Quantitative information on interest rate risk in banking book (“IRRBB1”)

The interest rate risk sensitivity figures presented in the IRRBB1 table represent the effect of six interest rate scenarios defined by HKMA on the expected present value of the banking book as well as the impact of the two parallel shock scenarios on the net interest income of the banking book.

HK\$M	Period	(a)	(b)	(c)	(d)
		Δ EVE ¹ Change in economic value of equity		Δ NII ¹ Change in net interest income	
		As 31 December 2023	As 31 December 2022	At 31 December 2023	As 31 December 2022
1	Parallel up	103	84	21	30
2	Parallel down	-	-	(21)	(30)
3	Steepener	-	-		
4	Flattener	68	46		
5	Short rate up	84	66		
6	Short rate down	-	-		
7	Maximum	103	84	21	30
	Period	As 31 December 2023		As 31 December 2022	
8	Tier 1 capital	1,161		827	

¹ Positive values of Δ EVE and Δ NII indicate losses under the respective scenarios, in accordance with HKMA’s disclosure requirement.

As of 31 December 2023, the most adverse of the six HKMA interest rate scenarios with regard to EVE was the “Parallel up” scenario, resulting in an adverse change of economic value of equity of HK\$103 million, representing an effect equal to 8.9% of Tier 1 Capital.

The more adverse of the two parallel interest rate scenarios with regard to NII over the next 12 months was the “Parallel up” scenario, resulting in a potential loss of HK\$ 21 million.

14. Remuneration

a. Remuneration policy (REMA)

As an Authorised Institution majority owned by Standard Chartered PLC (the Group), Mox Bank Limited (the Bank) is governed by both the Hong Kong and the UK remuneration regulations where the Group is headquartered, as set out by the Hong Kong Monetary Authority (HKMA), the Prudential Regulation Authority and the Financial Conduct Authority.

The Board of Directors of the Bank have delegated authority to approve remuneration matters to its Remuneration Committee (the RemCo), which is responsible for ensuring the Bank’s remuneration framework and policy are in line with needs of the business and in compliance with applicable Hong Kong laws and regulations. The RemCo comprises of 5 non-executive directors, of which 3 are independent non-executive directors. It oversees the remuneration of all colleagues and has direct oversight of individual performance and pay recommendations for members of the Executive Committee, who are identified as Senior Management under the HKMA supervisory framework. The Bank has not classified any individuals as Key Personnel under the HKMA framework given employees below the Executive Committee level are not authorised to take material risk on behalf of the Bank.

14. Remuneration (continued)

a. Remuneration policy (REMA) (continued)

The Group's remuneration framework which applies globally across all Group subsidiaries and branches is applicable to the Bank, with certain policies and programmes tailored to align with the Bank's business or local regulatory needs. The Bank's remuneration approach is applicable to all employees, and is designed to reward colleagues for the progress made in the execution of Bank strategy and to promote sound risk management. In addition, the Group's Fair Pay Charter sets out the principles used to guide reward and performance decision-making globally and supports the Group's commitment to deliver fair and competitive remuneration to all colleagues.

The Bank's remuneration components are salary, benefits and variable compensation. Variable compensation is designed to support embedding a performance-oriented culture and the principle that colleagues should share in the success of the Bank and is determined based on a review of business and individual performance. At the Bank and business unit level, balanced scorecards include financial and strategic measures and have a significant risk, control and conduct performance weighting. In reviewing the scorecard outcome, the RemCo carefully considers the balance between rewarding colleagues for strong performance and delivering growth for shareholders, and takes into account underlying business performance, the Bank's risk appetite, as well as the broader macroeconomic environment. At an individual level, all employees' performance is assessed by what is achieved and how it is achieved in line with the Bank's valued behaviours.

In addition to the RemCo's consideration of risk management performance in variable compensation funding, to ensure a strong alignment between conduct, risk management and reward, the control functions provide input to risk adjustment processes such as the assessment of malus and clawback of variable compensation. Individual level control breaches and conduct cases are linked to performance ratings and corresponding variable compensation reductions. Independence of the control functions is supported through the use of balanced scorecards for variable remuneration such that employees in the audit, risk and compliance functions are not incentivised to drive financial performance of the business unit they oversee.

Variable compensation is typically delivered in cash. For Senior Managers identified under the HKMA framework who have a direct impact on the Bank's strategic direction, at least 40% of the variable compensation is deferred either in phantom options in the Bank's shares, or deferred cash and deferred equity awards made in Standard Chartered Bank PLC shares, in order to comply with HKMA guidelines and to align with the Bank's long-term interest. The deferred portions vest over at least three years in equal tranches and are subject to malus and clawback provisions in line with other forms of variable compensation. As approved by the RemCo, the Bank has engaged an independent advisor in the share valuation for the Bank's phantom option awards.

The remuneration approach is reviewed and adopted by the RemCo annually and the Bank engaged an external provider to conduct the annual review on the Bank's remuneration system in 2023. No material changes were made to the remuneration approach following the review that took place during December 2023.

Further details of the Group, Standard Chartered PLC, remuneration approach can be found in the most recent Directors' Remuneration Report in the [Annual Report of Standard Chartered PLC](#).

14. Remuneration (continued)

b. Remuneration awarded during financial year (REM1)

Remuneration amount and quantitative information			2023	2022
			Senior management and Key personnel HK\$'000	Senior management and Key personnel HK\$'000
1	Fixed remuneration	Number of employees	11	16
2		Total fixed remuneration	27,939	35,498
3		Of which: cash-based	26,335	33,423
4		Of which: deferred	-	-
5		Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	1,604	2,075
8		Of which: deferred	-	-
9	Variable remuneration	Number of employees	11	12
10		Total variable remuneration	10,878	17,083
11		Of which: cash-based	6,213	10,325
12		Of which: deferred	654	965
13		Of which: shares or other share-linked instruments	4,665	6,758
14		Of which: deferred	3,684	5,793
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	Total remuneration		38,817	52,581

c. Special payments (REM2)

As of 31 Dec 2023

Special payments	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
		HKD'000		HKD'000		HKD'000
Senior management and Key personnel	-	-	-	-	-	-

As of 31 Dec 2022

Special payments	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
		HKD'000		HKD'000		HKD'000
Senior management and Key personnel	-	-	-	-	-	-

14. Remuneration (continued)

d. Deferred remuneration (REM3)

The table below shows the deferred and retained remuneration for Senior Management and Key Personnel ^(note 1)

	2023	2022
	Senior Management and Key Personnel	Senior Management and Key Personnel
Analysis of total amount of outstanding deferred remuneration		
Total amount of outstanding deferred and retained remuneration	HKD'000	HKD'000
Cash (Note 2)	965	-
Shares or other share-linked instruments (Note 3)	10,608	6,473
Others	-	-
Total	11,573	6,473
Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment (Note 4)		
Cash (Note 2)	-	-
Shares or other share-linked instruments (Note 3)	10,608	6,473
Others	-	-
Total	10,608	6,473

	2023	2022
	Senior Management and Key Personnel	Senior Management and Key Personnel
Analysis of adjustments of deferred remuneration		
Total amount of amendment during the year due to ex post explicit adjustments	HKD'000	HKD'000
Cash (Note 2)	-	-
Shares or other share-linked instruments (Note 3)	-	-
Others	-	-
Total	-	-
Total amount of amendment during the year due to ex post implicit adjustment		
Cash (Note 2)	-	-
Shares or other share-linked instruments (Note 3)	475	(434)
Others	-	-
Total	475	(434)
Total amount of deferred remuneration paid out in the financial year		
Cash (Note 2)	-	-
Shares or other share-linked instruments (Note 3)	3,456	2,094
Others	-	-
Total	3,456	2,094

14. Remuneration (continued)

d. Deferred remuneration (REM3) (continued)

Note:

- (1) The Bank has classified members of the Bank's Executive Committee as Senior Management under HKMA's CG-5 supervisory framework, and has not identified individuals as Key Personnel as employees below the Executive Committee level are not authorised to take material risk on behalf of the Bank.
- (2) Deferred remuneration in cash reflects deferred cash granted by the Bank to Senior Management that remain outstanding during the year.
- (3) Deferred remuneration in shares and share-linked instruments reflects deferred equity awards granted by the Bank to Senior Management that remain outstanding and include Mox phantom share awards and equity awards made in Standard Chartered Bank PLC shares as applicable.
- (4) Ex post adjustments refers to adjustments made after the awards are granted.

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		