



**REGULATORY DISCLOSURE STATEMENT  
For the quarter ended 30 September 2024**

**(Unaudited)**

**WELAB BANK LIMITED**

**REGULATORY DISCLOSURE STATEMENT**

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# **WELAB BANK LIMITED**

## **REGULATORY DISCLOSURE STATEMENT**

### **1 Introduction**

#### **1.1 Purpose**

The information contained in this document is for Welab Bank Limited (the “Bank”) and its subsidiaries (together the “Group”) to comply with the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance. The banking disclosures are prepared in accordance with the Banking (Disclosure) Rules (“BDR”) and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

The 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 governance, control and assurance requirements for publication of the document. While the Regulatory Disclosures is not required to be externally audited, the document has been subject to independent review in accordance with the Bank’s policies on disclosure and its financial reporting and governance processes.

#### **1.2 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 (“RWA”), the Bank adopted the Standardized (Credit Risk) Approach for credit risk and the Standardized (Market Risk) Approach for market risk. For operational risk, the capital requirement is calculated using the basic indicator approach.

According to the BDR, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates.

Relevant information can be found in the Regulatory Disclosures section of our website, [www.welab.bank](http://www.welab.bank).

#### **1.3 Basis of consolidation**

On 6 June 2024, the Bank acquired 100% equity interests in Welab Crest Limited (“Welab Crest”) at a cash consideration of HK\$6,259,000. Through this acquisition, the Bank indirectly gained full ownership of Welend Limited (“Welend”), which is entirely owned by Welab Crest. Except where indicated otherwise, the financial information contained in this Regulatory Disclosure Statement has been prepared on a consolidated basis. The scope of accounting consolidation is the same as the scope of regulatory consolidation.

The financial information for periods prior to June 2024 was prepared on an unconsolidated basis and may not be directly comparable.

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### 2 Key prudential ratios and overview of RWA

#### 2.1 KM1: Key prudential ratios

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

		At 30 September 2024	At 30 June 2024	At 31 March 2024	At 31 December 2023	At 30 September 2023
In HK\$'000		Consolidated	Consolidated	Unconsolidated	Unconsolidated	Unconsolidated
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	968,930	1,013,461	529,438	376,187	404,074
2	Tier 1	968,930	1,013,461	529,438	376,187	404,074
3	Total capital	1,023,048	1,066,766	549,024	396,614	424,604
	<b>RWA (amount)</b>					
4	Total RWA	5,365,065	5,224,574	1,646,514	1,737,257	1,727,962
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	18.1%	19.4%	32.2%	21.7%	23.4%
6	Tier 1 ratio (%)	18.1%	19.4%	32.2%	21.7%	23.4%
7	Total capital ratio (%)	19.1%	20.4%	33.3%	22.8%	24.6%
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	1.0%	1.0%	1.0%	1.0%	1.0%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total AI-specific CET1 buffer requirements (%)	3.5%	3.5%	3.5%	3.5%	3.5%
12	CET1 available after meeting the AI's minimum capital requirements (%)	5.1%	6.4%	19.3%	8.8%	9.8%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	8,752,797	8,633,653	5,946,177	3,726,272	3,332,891
14	LR (%)	11.1%	11.7%	8.9%	10.1%	12.1%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	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 (%)*	221.1%	587.4%	327.1%	259.1%	175.8%
	<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>					
	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.

The decrease in the CET1 ratio, Tier 1 ratio, and total capital ratio were mainly due to the increase in operational risk RWA driven by higher gross income. Please refer to Template OV1 for a detailed breakdown of RWA and the changes between these periods.

The decrease in the average LMR was mainly due to the lower average holding of Exchange Fund Bills.

\* The LMR disclosed above represents the arithmetic mean of the average LMR of the 3 calendar months within each quarter respectively.

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### 2 Key prudential ratios and overview of RWA (continued)

#### 2.2 OV1: Overview of risk-weighted assets

The following table sets out the Bank's risk-weighted assets ("RWA") and the corresponding minimum capital requirements by risk types.

		At 30 September 2024	At 30 June 2024	At 30 September 2024
		(a)	(b)	(c)
		RWA		Minimum capital requirements
In HK\$'000		Consolidated	Consolidated	Consolidated
1	Credit risk for non-securitization exposures	4,329,477	4,264,386	346,358
2	Of which STC approach	4,329,477	4,264,386	346,358
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	N/A	N/A	N/A
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	–	–	–

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**2 Key prudential ratios and overview of RWA (continued)**

**2.2 OV1: Overview of risk-weighted assets (continued)**

		At 30 September 2024	At 30 June 2024	At 30 September 2024
		(a)	(b)	(c)
		RWA		Minimum capital requirements
In HK\$'000		Consolidated	Consolidated	Consolidated
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	1,035,588	960,188	82,847
24a	Sovereign concentration risk	N/A	N/A	N/A
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	5,365,065	5,224,574	429,205

The increase in operational risk RWA was due to the increase in gross income.

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**3 Leverage Ratio**

**3.1 LR2: Leverage ratio**

		At 30 September 2024	At 30 June 2024
		(a)	(b)
In HK\$'000		Consolidated	Consolidated
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	9,051,300	8,908,775
2	Less: Asset amounts deducted in determining Tier 1 capital	(103,714)	(93,611)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	<b>8,947,586</b>	<b>8,815,164</b>
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	–	–
5	Add-on amounts for PFE associated with all derivative contracts	–	–
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	–	–
8	Less: Exempted CCP leg of client-cleared trade exposures	–	–
9	Adjusted effective notional amount of written credit derivative contracts	–	–
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	–	–
11	<b>Total exposures arising from derivative contracts</b>	<b>–</b>	<b>–</b>
<b>Exposures arising from SFTs</b>			
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	<b>Total exposures arising from SFTs</b>	<b>–</b>	<b>–</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	411,590	379,074
18	Less: Adjustments for conversion to credit equivalent amounts	(370,431)	(341,167)
19	<b>Off-balance sheet items</b>	<b>41,159</b>	<b>37,907</b>
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	<b>968,930</b>	<b>1,013,461</b>
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	<b>8,988,745</b>	<b>8,853,071</b>
20b	<b>Adjustments for specific and collective provisions</b>	<b>(235,948)</b>	<b>(219,418)</b>
21	<b>Total exposures after adjustments for specific and collective provisions</b>	<b>8,752,797</b>	<b>8,633,653</b>
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>11.1%</b>	<b>11.7%</b>

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## REGULATORY DISCLOSURE STATEMENT

### 4 Abbreviations

<b>Abbreviations</b>	<b>Brief Description</b>
AI	Authorized Institution
BCR	Banking (Capital) Rules
BSC	Basic Approach
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CEM	Current Exposure Method
CVA	Credit Valuation Adjustment
D-SIBs	Domestic Systematically Important Authorized Institution
FBA	Fall-Back Approach
G-SIBs	Global Systematically Important Authorized Institution
IAA	Internal Assessment Approach
IMM	Internal Models Approach
IMM(CCR)	Internal Models Approach (Counterparty Credit Risk)
IRB	Internal Ratings-Based Approach
LTA	Look Through Approach
MBA	Mandate-Based Approach
N/A	Not Applicable
PFE	Potential Future Exposure
RW	Risk-Weight
RWA	Risk-Weighted Asset/Risk-Weighted Amount
SA-CCR	Standardized Approach (Counterparty Credit Risk)
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-Back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
STC	Standardized (Credit Risk) Approach
STM	Standardized (Market Risk) Approach