



**ANT BANK** 螞蟻銀行

# **Ant Bank (Hong Kong) Limited**

## **Regulatory Disclosures**

**For the period ended  
30 June 2020  
(Unaudited)**



## Table of contents

Introduction			2
Template	KM1:	Key prudential ratios	3
Template	OV1:	Overview of RWA	4
Template	CC1:	Composition of regulatory capital	5
Template	CC2:	Reconciliation of regulatory capital to balance sheet	12
Table	CCA:	Main features of regulatory capital instruments	13
Template	CCyB1:	Geographical distribution of credit exposures used in countercyclical capital buffer	14
Template	LR1:	Summary comparison of accounting assets against leverage ratio exposure measure	15
Template	LR2:	Leverage ratio ("LR")	16
Template	CR1	Credit quality of exposures	17
Template	CR2	Changes in defaulted loans and debt securities	17
Template	CR3	Overview of recognized credit risk mitigation	18
Template	CR4	Credit risk exposures and effects of recognized credit risk mitigation - for STC approach	19
Template	CR5	Credit risk exposures by asset classes and by risk weights - for STC approach or BSC approach	20
Template	CCR1	Analysis of counterparty default risk exposures (other than those to CCPs) by approach	21
Template	CCR2	CVA capital charge	21
Template	CCR3	Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights - for STC approach	22
Template	CCR5	Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)	23
Template	CCR6	Credit-related derivatives contracts	23
Template	MR1	Market risk under Standardized (market risk) approach (STM approach)	24
Off-balance sheet exposures other than derivative transactions			25
International claims			25
Loans and advances to customers			25
Currency concentrations			25
Mainland activities exposures			26
Glossary			27



## **Introduction**

### **Purpose**

The information contained in this document is for The Ant Bank (Hong Kong) Limited (“the Bank”) prepared in accordance with the Banking (Disclosure) Rules (“BDR”) and disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

These banking disclosures are governed by the Bank’s disclosure policy, which has been approved by the Board. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. While the banking disclosure statement 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.

### **Basis of preparation**

Except where indicated otherwise, the financial information contained in this Banking Disclosure Statement has been prepared on the basis of regulatory scope specified by the HKMA to the Bank.

The capital adequacy ratios (“CAR”) were compiled in accordance with the Banking (Capital) Rules (“BCR”) issued by the HKMA. In calculating the risk weighted assets, the Group 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 30 June 2020, the Bank does not have any subsidiaries to consolidate the financial information in this Regulatory Disclosure Statement.



**KM1: Key Prudential Ratios**

The following table provides an overview of the Bank's key prudential ratios which were calculated in accordance with the Banking (Capital) Rules and Banking (Liquidity) Rules, issued by the HKMA.

<i>Amount expressed in HKD'K</i>		<b>30 Jun 2020</b>	<b>31 Mar 2020</b>	<b>31 Dec 2019</b>	<b>30 Sep 2019</b>	<b>30 Jun 2019</b>
<b>Regulatory capital (amount)</b>						
1	Common Equity Tier 1 (CET1)	704,703	729,819	N/A	N/A	N/A
2	Tier 1	704,703	729,819	N/A	N/A	N/A
3	Total capital	704,703	729,819	N/A	N/A	N/A
<b>RWA (amount)</b>						
4	Total RWA	224,631	254,312	N/A	N/A	N/A
<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>						
5	CET1 ratio (%)	313.72%	286.98%	N/A	N/A	N/A
6	Tier 1 ratio (%)	313.72%	286.98%	N/A	N/A	N/A
7	Total capital ratio (%)	313.72%	286.98%	N/A	N/A	N/A
<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>						
8	Capital conservation buffer requirement (%)	2.5%	2.5%	N/A	N/A	N/A
9	Countercyclical capital buffer requirement (%)	1.0%	1.0%	N/A	N/A	N/A
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0%	0%	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	3.5%	3.5%	N/A	N/A	N/A
12	CET1 available after meeting the AI's minimum capital requirements (%)	301.72%	274.98%	N/A	N/A	N/A
<b>Basel III leverage ratio</b>						
13	Total leverage ratio (LR) exposure measure	727,019	779,582	N/A	N/A	N/A
14	LR (%)	96.93%	93.62%	N/A	N/A	N/A
<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 (%)	469.30%	6906.23%	N/A	N/A	N/A
<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



### OV1: Overview of RWA

The following table provides an overview of the capital requirements in terms of detailed breakdown of RWAs for credit risk, market risk and operational risk. Minimum capital requirement means the amount of capital required to be held for that risk based on its risk-weighted amount multiplied by 8%.

<i>Amount expressed in HKD'K</i>		RWA		Minimum capital requirements
		30 Jun 2020	31 Mar 2020	30 Jun 2020
1	Credit risk for non-securitization exposures	144,331	174,012	11,546
2	Of which STC approach	144,331	174,012	11,546
2a	Of which BSC approach	N/A	N/A	N/A
3	Of which foundation IRB approach	N/A	N/A	N/A
4	Of which supervisory slotting criteria approach	N/A	N/A	N/A
5	Of which advanced IRB approach	N/A	N/A	N/A
6	Counterparty default risk and default fund contributions	-	-	-
7	Of which SA-CCR	N/A	N/A	N/A
7a	Of which CEM	N/A	N/A	N/A
8	Of which IMM(CCR) approach	N/A	N/A	N/A
9	Of which others	N/A	N/A	N/A
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weight method and internal	N/A	N/A	N/A
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	N/A	N/A	N/A
16	Securitization exposures in banking book	N/A	N/A	N/A
17	Of which SEC-IRBA	N/A	N/A	N/A
18	Of which SEC-ERBA (including IAA)	N/A	N/A	N/A
19	Of which SEC-SA	N/A	N/A	N/A
19a	Of which SEC-FBA	N/A	N/A	N/A
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 (N/A before the revised market risk framework takes effect)	-	-	-
24	Operational risk	80,300	80,300	6,424
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	224,631	254,312	17,970



**CC1: Composition of regulatory capital**

The following table sets out the detailed composition of the regulatory capital:

<i>Amount expressed in HKD'K</i>		Jun 30 2020	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	784,870	(1)
2	Retained earnings	(101,427)	(2)
3	Disclosed reserves	21,260	(3)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	N/A	
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	<b>CET1 capital before regulatory deductions</b>	704,703	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	-	
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)	-	



<i>Amount expressed in HKD'K</i>		Jun 30 2020	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
20	Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
22	Amount exceeding the 15% threshold	N/A	N/A
23	of which: significant investments in the ordinary share of financial sector entities	N/A	N/A
24	of which: mortgage servicing rights	N/A	N/A
25	of which: deferred tax assets arising from temporary differences	N/A	N/A
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	-	
28	<b>Total regulatory deductions to CET1 capital</b>	-	
29	<b>CET1 capital</b>	704,703	
<b>AT1 capital: instruments</b>			
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	<b>AT1 capital before regulatory deductions</b>	-	



<i>Amount expressed in HKD'K</i>		Jun 30 2020	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>AT1 capital: regulatory deductions</b>			
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	<b>Total regulatory deductions to AT1 capital</b>	-	
44	<b>AT1 capital</b>	-	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	704,703	
<b>Tier 2 capital: instruments and provisions</b>			
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	-	
51	<b>Tier 2 capital before regulatory deductions</b>	-	
<b>Tier 2 capital: regulatory deductions</b>			
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%	-	





<i>Amount expressed in HKD'K</i>		Jun 30 2020	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	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	<b>Total regulatory adjustments to Tier 2 capital</b>	-	
58	<b>Tier 2 capital (T2)</b>	-	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	704,703	
60	<b>Total RWA</b>	224,631	
	<b>Capital ratios (as a percentage of RWA)</b>		
61	<b>CET1 capital ratio</b>	313.72%	
62	<b>Tier 1 capital ratio</b>	313.72%	
63	<b>Total capital ratio</b>	313.72%	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	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	<b>CET1 (as a percentage of RWA) available after meeting minimum capital requirements</b>	301.72%	
	<b>National minima (if different from Basel 3 minimum)</b>		
69	National CET1 minimum ratio	N/A	N/A
70	National Tier 1 minimum ratio	N/A	N/A
71	National Total capital minimum ratio	N/A	N/A



*Amount expressed in HKD'K*

		Jun 30 2020	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
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)	N/A	N/A
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
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	-	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	N/A	N/A
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	N/A	N/A
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>	-	



Notes to the Template

	Description	Hong Kong basis	Basel III basis
9	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	-	-
	<p><u>Explanation</u></p> <p>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.</p>		
10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	-	-
	<p><u>Explanation</u></p> <p>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.</p>		
18	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u></p> <p>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.</p>		



Notes to the Template (Continued)

	Description	Hong Kong basis	Basel III basis
19	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u></p> <p>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.</p>		
39	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<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	<b>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)</b>	-	-
	<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 noncapital 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>			



**CC2: Reconciliation of regulatory capital to balance sheet**

There is no difference between the balances reported under balance sheet in published financial statements and under regulatory scope of consolidation.

**Balance Sheet Reconciliation**

	Balance sheet as in published financial statements & Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
	Jun 30 2020	
	HKD'K	
<b>Assets</b>		
Balances with central bank	5,380	
Placements with and advances to banks	719,836	
Interest receivables and Others	1,803	
<b>Total assets</b>	<b>727,019</b>	
<b>Liabilities</b>		
Customer accounts	1,344	
Amount due to follow subsidiaries	7,079	
Accruals, deferred income and other liabilities	13,893	
<b>Total liabilities</b>	<b>22,316</b>	
<b>Shareholders' Equity</b>		
Paid-in share capital	784,870	(1)
Of which: amount eligible for CET1	784,870	
Retained earnings	(101,427)	(2)
Reserves	21,260	(3)
<b>Total shareholders' equity</b>	<b>704,703</b>	



CCA: Main features of regulatory capital instruments

		CET1 capital USD ordinary shares
1	Issuer	Ant Bank (Hong Kong) 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 Law
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules <sup>#</sup>	N/A
5	Post-transitional Basel III rules <sup>+</sup>	Common Equity Tier 1
6	Eligible at solo*/group/ group & solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD100M
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	16 Aug 2018: 1 Ordinary Share 29 Aug 2018 : 100,000,000 Ordinary Shares
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
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	Noncumulative 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



		CET1 capital USD ordinary shares
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)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

### CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer

The table below provides an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the Group's CCyB ratio:

		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio HKD'K	AI-specific CCyB ratio (%)	CCyB amount HKD'K
1	Hong Kong SAR	1.00	4		
2	Sum		4		
3	Total		4	1.00	2,246

**LR1: Summary comparison of accounting assets against leverage ratio exposure measure**

Below shows the reconciliation from the total assets in the published financial statements to the LR exposure measure.

	Item	Value under the LR framework HKD'K
1	Total consolidated assets as per published financial statements	727,019
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
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)	-
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	-
7	Other adjustments	-
8	<b>Leverage ratio exposure measure</b>	<b>727,019</b>





**LR2: Leverage ratio (“LR”)**

<i>Amount expressed in HKD'K</i>		HKD'K	
		30 Jun 2020	31 Mar 2020
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	727,019	779,582
2	Less: Asset amounts deducted in determining Tier 1 capital	-	-
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	727,019	779,582
<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>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>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	-	-
18	Less: Adjustments for conversion to credit equivalent amounts	-	-
19	<b>Off-balance sheet items</b>	-	-
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	704,703	729,819
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	727,019	779,582
20b	<b>Adjustments for specific and collective provisions</b>	-	-
21	<b>Total exposures after adjustments for specific and collective provisions</b>	727,019	729,819
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	96.93%	93.62%



### CR1: Credit quality of exposures

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 30 June 2020:

*Amount expressed in HKD'K*

		(a)		(b)	(c)	(d)		(e)	(f)	(g)
		Gross carrying amounts of		Non- defaulted exposures	Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Allocated in regulatory category of collective provisions	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			
1	Loans	-	727,015	-	-	-	-	-	-	727,015
2	Debt securities	-	-	-	-	-	-	-	-	-
3	Off-balance sheet exposures	-	-	-	-	-	-	-	-	-
4	<b>Total</b>	-	727,015	-	-	-	-	-	-	727,015

### CR2: Changes in defaulted loans and debt securities

The table below provides 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 as at 30 June 2020:

		(a)
		Amount HKD'K
1	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	-
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	-
6	<b>Defaulted loans and debt securities at end of the current reporting period</b>	-



### CR3: Overview of recognised credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognized CRM as at 30 June 2020:

*Amount expressed in HKD'K*

		(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
1	Loans	727,015	-	-	-	-
2	Debt securities	-	-	-	-	-
3	<b>Total</b>	727,015	-	-	-	-
4	Of which defaulted	-	-	-	-	-



**CR4: Credit risk exposures and effects of recognised credit risk mitigation – for STC approach**

The following table illustrates the effect of any recognized CRM (including recognized collateral under both comprehensive and simple approaches) on the calculation of credit risk capital requirements under STC approach as at 30 June 2020:

		(a)	(b)	(c)	(d)	(e)	(f)
Exposure classes		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount (HKD'K)	Off-balance sheet amount (HKD'K)	On-balance sheet amount (HKD'K)	Off-balance sheet amount (HKD'K)	RWA (HKD'K)	RWA density
1	Sovereign exposures	5,380	-	5,380	-	-	-
2	PSE exposures	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	721,635	-	721,635	-	144,327	20.0%
5	Securities firm exposures	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-
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	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	-	-	-
12	Other exposures which are not past due exposures	4	-	4	-	4	100.0%
13	Past due exposures	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	<b>Total</b>	<b>727,019</b>	<b>-</b>	<b>727,019</b>	<b>-</b>	<b>144,331</b>	<b>20%</b>



**CR5: Credit risk exposures by asset classes and by risk weights – for STC approach**

The following table presents a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as at 30 June 2020:

HKD'K		(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)
	1	Sovereign exposures	5,380	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	721,635	-	-	-	-	-	-	-	721,635
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-	4	-	-	-	4
13	Past due exposures	-	-	-	-	-	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	<b>Total</b>	<b>5,380</b>	-	<b>721,635</b>	-	-	-	<b>4</b>	-	-	-	<b>727,019</b>



**CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches**

*Amount expressed in HKD'K*

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	-	-		-	-	-
1a	CEM	-	-		-	-	-
2	IMM(CCR) approach						
3	Simple Approach (for SFTs)						
4	Comprehensive Approach (for SFTs)						
5	VaR (for SFTs)						
<b>6</b>	<b>Total</b>						

**CCR2: CVA capital charge**

*Amount expressed in HKD'K*

		(a)	(b)
		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	-	-
<b>4</b>	<b>Total</b>		



CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach

Amount expressed in HKD'K		(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 default risk exposure after CRM
	1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	-	-	-	-	-	-	-	-	-
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-



**CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)**

*Amount expressed in HKD'K*

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**CCR6: Credit-related derivatives contracts**

*Amount expressed in HKD'K*

	(a)	(b)
	Protection bought	Protection sold
<b>Notional amounts</b>		
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
<b>Total notional amounts</b>	-	-
<b>Fair values</b>		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-





### MR1: Market risk under STM approach

The table below provides the components of the market risk capital requirements calculated using the STM approach as at 30 June 2020:

		(a)
		RWA HKD'K
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	-
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	-
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
<b>9</b>	<b>Total</b>	-



## Off-balance sheet exposures other than derivative transactions

The Bank does not have off-balance sheet exposures as of 30 June 2020.

## International claims

International claims are exposures recorded on the statement of financial position based on the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, amounting to 10% or more of the aggregate international claims are shown as follows:

Amount expressed in HKD'K

	As at 30 June 2020				Total
	Banks	Official sector	Non-bank private sector		
			Non-bank financial institutions	Non-financial private sector	
Developing Asia and Pacific	558,733	-	-	-	558,733
- of which China	558,733	-	-	-	558,733
Offshore centres - Singapore	132,473	-	-	-	132,473

## Loans and advances to customers

The bank does not have loans and advances to customers as of 30 Jun 2020.

## Overdue and rescheduled Assets

There were no overdue and rescheduled loans and advances and other assets as of 30 Jun 2020.

## Currency concentrations

The Bank is exposed to foreign exchange risk, primarily United States dollar ("USD").

HKD'K equivalent	USD
Spot assets	580,488
Spot liabilities	(6,479)
Forward purchases	-
Forward sales	-
Net (short) / long position	<u>574,009</u>



## Mainland activities exposures

The table below summarises the Mainland activities exposure of the Bank, categorised by types of non-bank counterparties:

Amount expressed in HKD'K

As at 30 June 2020

<b>Types of Counterparties</b>	<b>On-balance sheet exposure</b>	<b>Off-balance sheet exposure</b>	<b>Total</b>
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	-	-	-
(b) Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
(d) Other entities of central government not reported in part (a) above	-	-	-
(e) Other entities of local governments not reported in part (b) above	-	-	-
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	-	-	-
Total assets after provision	727,019		
On-balance sheet exposures as percentage of total assets	0.0%		



## Glossary

<u>Abbreviations</u>	<u>Descriptions</u>	<u>Abbreviations</u>	<u>Descriptions</u>
ASF	Available stable funding	SEC-SA	securitization standardized approach
AT1	Additional Tier 1	SFT	Securities financing transaction
BSC	Basic approach	STC	Standardized (credit risk) approach
CCF	Credit conversion factor	STM	Standardized (market risk) approach
CCP	Central counterparty	VaR	Value at risk
CCR	Counterparty credit risk		
CCyB	Countercyclical capital buffer		
CEM	Current exposure method		
CIS	Collective investment scheme		
CRM	Credit risk mitigation		
CVA	Credit valuation adjustment		
D-SIB	Domestic systemically important authorized institution		
EAD	Exposure at default		
EPE	Expected positive exposure		
FBA	Fall-back approach		
G-SIB	Global systemically important banks		
IMM	Internal models approach		
IMM (CCR)	Internal models (counterparty credit risk) approach		
IRB	Internal ratings-based approach		
LTA	Look through approach		
MBA	Mandate-based approach		
PFE	Potential future exposure		
PSE	Public sector entity		
RC	Replacement cost		
RSF	Required stable funding		
RW	Risk-weight		
RWA	Risk-weighted asset/risk-weighted amount		
SA-CCR	Standardized approach for counterparty credit risk		
SEC-ERBA	securitization external ratings based approach		
SEC-FBA	securitization fall-back approach		
SEC-IRBA	securitization internal ratings-based approach		