

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

## **Regulatory Disclosures**

**For the period ended**

**30 June 2021**

**(Unaudited)**

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## **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 2021, 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>  |   | 30 Jun<br>2021 | 31 Mar<br>2021 | 31 Dec<br>2020 | 30 Sept<br>2020 | 30 Jun<br>2020 |
|---|---|----------------|----------------|----------------|-----------------|----------------|
| <b>Regulatory capital (amount)</b>  |   |                |                |                |                 |                |
| 1   | Common Equity Tier 1 (CET1)   | 475,574        | 517,550        | 571,816        | 623,875         | 704,703        |
| 2   | Tier 1  | 475,574        | 517,550        | 571,816        | 623,875         | 704,703        |
| 3   | Total capital   | 476,007        | 518,984        | 573,363        | 625,394         | 704,703        |
| <b>RWA (amount)</b>   |   |                |                |                |                 |                |
| 4   | Total RWA   | 356,839        | 294,469        | 257,020        | 221,366         | 224,631        |
| <b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>      |   |                |                |                |                 |                |
| 5   | CET1 ratio (%)  | 133.27%        | 175.76%        | 222.48%        | 281.83%         | 313.72%        |
| 6   | Tier 1 ratio (%)  | 133.27%        | 175.76%        | 222.48%        | 281.83%         | 313.72%        |
| 7   | Total capital ratio (%)   | 133.40%        | 176.24%        | 223.08%        | 282.52%         | 313.72%        |
| <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 (%)                                | 0.34%          | 0.38%          | 0.05%          | 1.0%            | 1.0%           |
| 10  | Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs) | 0%             | 0%             | 0%             | 0%              | 0%             |
| 11  | Total AI-specific CET1 buffer requirements (%)                                | 2.84%          | 2.88%          | 2.55%          | 3.5%            | 3.5%           |
| 12  | CET1 available after meeting the AI's minimum capital requirements (%)        | 125.27%        | 167.76%        | 214.48%        | 273.83%         | 301.72%        |
| <b>Basel III leverage ratio</b>   |   |                |                |                |                 |                |
| 13  | Total leverage ratio (LR) exposure measure                                    | 1,102,998      | 1,065,709      | 1,346,108      | 836,199         | 727,019        |
| 14  | LR (%)  | 43.12%         | 48.56%         | 42.48%         | 74.61%          | 96.93%         |
| <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 (%) *   | 135.94%        | 129.28%        | 133.49%        | 508.45%         | 469.30%        |
| <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            |

\* 17a LMR (%) disclosed above represents the arithmetic mean of the average value of the LMR for each calendar month within the quarter.

## 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 2021 | 31 Mar 2021 | 30 Jun 2021                  |
| 1                                | Credit risk for non-securitization exposures   | 276,539     | 214,169     | 22,123                       |
| 2                                | Of which STC approach  | 276,539     | 214,169     | 22,123                       |
| 2a                               | Of which BSC approach  | -           | -           | -                            |
| 3                                | Of which foundation IRB approach   | -           | -           | -                            |
| 4                                | Of which supervisory slotting criteria approach  | -           | -           | -                            |
| 5                                | Of which advanced IRB approach   | -           | -           | -                            |
| 6                                | Counterparty default risk and default fund contributions   | -           | -           | -                            |
| 7                                | Of which SA-CCR approach   | -           | -           | -                            |
| 7a                               | Of which CEM   | -           | -           | -                            |
| 8                                | Of which IMM(CCR) approach   | -           | -           | -                            |
| 9                                | Of which others  | -           | -           | -                            |
| 10                               | CVA risk   | -           | -           | -                            |
| 11                               | Equity positions in banking book under the simple risk-weight method and internal models method  | -           | -           | -                            |
| 12                               | Collective investment scheme ("CIS") exposures – LTA*  | N/A         | N/A         | N/A                          |
| 13                               | CIS exposures – MBA*   | N/A         | N/A         | N/A                          |
| 14                               | CIS exposures – FBA*   | N/A         | N/A         | N/A                          |
| 14a                              | CIS exposures – combination of approaches*   | N/A         | N/A         | N/A                          |
| 15                               | Settlement risk  | -           | -           | -                            |
| 16                               | Securitization exposures in banking book   | -           | -           | -                            |
| 17                               | Of which SEC-IRBA  | -           | -           | -                            |
| 18                               | Of which SEC-ERBA (including IAA)  | -           | -           | -                            |
| 19                               | Of which SEC-SA  | -           | -           | -                            |
| 19a                              | Of which SEC-FBA   | -           | -           | -                            |
| 20                               | Market risk  | -           | -           | -                            |
| 21                               | Of which STM approach  | -           | -           | -                            |
| 22                               | Of which IMM approach  | -           | -           | -                            |
| 23                               | Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)* | N/A         | N/A         | N/A                          |
| 24                               | Operational risk   | 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  | 356,839     | 294,469     | 28,547                       |

## CC1: Composition of regulatory capital

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

| <i>Amount expressed in HKD'K</i>              |   | 30 Jun 2021 | Source based on<br>reference<br>numbers/letters of the<br>balance sheet under<br>the regulatory scope<br>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   | (328,546)   | (2)   |
| 3   | Disclosed reserves  | 59,872      | (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>  | 516,196     |   |
| <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)  | 40,622      | (4)   |
| 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)       | -           |   |

| <i>Amount expressed in HKD'K</i> |   | 30 Jun 2021 | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|----------------------------------|---|-------------|--|
| 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)  | 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>  | 40,622      |  |
| 29                               | <b>CET1 capital</b>   | 475,574     |  |
|                                  | <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>   | -           |  |

| <i>Amount expressed in HKD'K</i>                  |  | 30 Jun 2021 | Source based on<br>reference<br>numbers/letters of the<br>balance sheet under<br>the regulatory scope<br>of consolidation |
|---|--|-------------|---|
| 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>  | -           |   |
| <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>  | 475,574     |   |
| <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  | 433         |   |
| 51  | <b>Tier 2 capital before regulatory deductions</b>   | 433         |   |
| <b>Tier 2 capital: regulatory deductions</b>      |  |             |   |
| 52  | Investments in own Tier 2 capital instruments  | -           |   |



| <i>Amount expressed in HKD'K</i>               |  | 30 Jun 2021 | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|--|--|-------------|--|
| 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   | <b>Total regulatory adjustments to Tier 2 capital</b>  | -           |  |
| 58   | <b>Tier 2 capital (T2)</b>   | 433         |  |
| 59   | <b>Total regulatory capital (TC = T1 + T2)</b>   | 476,007     |  |
| 60   | <b>Total RWA</b>   | 356,839     |  |
| <b>Capital ratios (as a percentage of RWA)</b> |  |             |  |
| 61   | <b>CET1 capital ratio</b>  | 133.27%     |  |
| 62   | <b>Tier 1 capital ratio</b>  | 133.27%     |  |
| 63   | <b>Total capital ratio</b>   | 133.40%     |  |
| 64   | <b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>  | 2.84%       |  |
| 65   | of which: capital conservation buffer requirement  | 2.50%       |  |
| 66   | of which: bank specific countercyclical capital buffer requirement   | 0.34%       |  |

| <i>Amount expressed in HKD'K</i>   |   | 30 Jun 2021 | Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation |
|--|---|-------------|--|
| 67   | of which: higher loss absorbency requirement  | 0.00%       |  |
| 68   | CET1 (as a percentage of RWA) available after meeting minimum capital requirements  | 125.27%     |  |
| <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  |
| <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)                       | 433         |  |
| 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  | 3,457       |  |
| 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>   | -           |  |

| <i>Amount expressed in HKD'K</i> |  | <b>30 Jun 2021</b> | <b>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation</b> |
|----------------------------------|--|--------------------|---|
| 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>   | 40,622          | 40,622          |
|    | <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

| Balance Sheet Reconciliation                    | Balance sheet as in published financial statements & Under regulatory scope of consolidation | Cross reference to Definition of Capital Components |
|---|--|---|
|   | 30 Jun 2021  |   |
|   | HKD'K  |   |
| <b>Assets</b>                                   |  |   |
| Cash and Balances with banks                    | 453,691  |   |
| Placements with and advances to banks           | 349,458  |   |
| Investments                                     | 298,285  |   |
| Intangible Assets                               | 40,622   | (4)   |
| Interest receivables and Others                 | 1,564  |   |
| <b>Total assets</b>                             | <b>1,143,620</b>   |   |
| <b>Liabilities</b>                              |  |   |
| Customer accounts                               | 578,602  |   |
| Amount due to follow subsidiaries               | 31,343   |   |
| Accruals, deferred income and other liabilities | 17,479   |   |
| <b>Total liabilities</b>                        | <b>627,424</b>   |   |
| <b>Shareholders' Equity</b>                     |  |   |
| Paid-in share capital                           | 784,870  | (1)   |
| Of which: amount eligible for CET1              | 784,870  |   |
| Retained earnings                               | (328,546)  | (2)   |
| Reserves  | 59,872   | (3)   |
| <b>Total shareholders' equity</b>               | <b>516,196</b>   |   |

## CCA: Main features of regulatory capital instruments

|    |   | CET1 capital<br>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<br>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<br>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                                 | 367   |                            |                   |
| 2 | Sum  |                                      | 367   |                            |                   |
| 3 | Total                                      |                                      | 1,195                                       | 0.34                       | 4                 |



## 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<br>HKD'K |
|----|--|---------------------------------------|
| 1  | Total consolidated assets as per published financial statements  | 1,144,053                             |
| 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)   | -                                     |
| 6a | Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure   | (433)                                 |
| 7  | Other adjustments  | (40,622)                              |
| 8  | <b>Leverage ratio exposure measure</b>   | <b>1,102,998</b>                      |

## LR2: Leverage ratio (“LR”)

Amount expressed in HKD’K

|  |  | HKD’K       |             |
|--|--|-------------|-------------|
|  |  | 30 Jun 2021 | 31 Mar 2021 |
| <b>On-balance sheet exposures</b>                  |  |             |             |
| 1  | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)  | 1,144,053   | 1,110,202   |
| 2  | Less: Asset amounts deducted in determining Tier 1 capital   | (40,622)    | (43,059)    |
| 3  | <b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>  | 1,103,431   | 1,067,143   |
| <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 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-related derivative contracts  | -           | -           |
| 10   | Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts  | -           | -           |
| 11   | Total exposures arising from derivative contracts  | -           | -           |
| <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   | Off-balance sheet items  | -           | -           |
| <b>Capital and total exposures</b>                 |  |             |             |
| 20   | <b>Tier 1 capital</b>  | 475,574     | 517,550     |
| 20a  | <b>Total exposures before adjustments for specific and collective provisions</b>   | 1,103,431   | 1,067,143   |
| 20b  | <b>Adjustments for specific and collective provisions</b>  | (433)       | (1,434)     |
| 21   | <b>Total exposures after adjustments for specific and collective provisions</b>  | 1,102,998   | 1,065,709   |
| <b>Leverage ratio</b>                              |  |             |             |
| 22   | <b>Leverage ratio</b>  | 43.12%      | 48.56%      |

## 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 Jun 2021:

*Amount expressed in HKD'K*

|   |                             | (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 |  |                    |
| 1 | Loans                       | -                         | 464,910                 | 327                      | -  | 327   | -  | 464,583            |
| 2 | Debt securities             | -                         | 298,458                 | 106                      | -  | 106   | -  | 298,352            |
| 3 | Off-balance sheet exposures | -                         | -                       | -                        | -  | -   | -  | -                  |
| 4 | <b>Total</b>                | -                         | 763,368                 | 433                      | -  | 433   | -  | 762,935            |

As at 30 Jun 2021, the Bank does not have loans and advances to customers. Amounts in Loans represents the placements and balances with banks.

## 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 Jun 2021:

|   |  | (a)             |
|---|--|-----------------|
|   |  | Amount<br>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>  | -               |

There are no defaulted debt securities and does not have exposures in loans and advances to customers as at 30 June 2021.

### CR3: Overview of recognized credit risk mitigation

The following table presents the extent of credit risk exposures covered by different types of recognized CRM as at 30 Jun 2021:

*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              | 464,583                              | -                       | -  | -  | -   |
| 2 | Debt securities    | 298,352                              | -                       | -  | -  | -   |
| 3 | Total              | 762,935                              | -                       | -  | -  | -   |
| 4 | Of which defaulted | -                                    | -                       | -  | -  | -   |

#### CR4: Credit risk exposures and effects of recognized 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 2021:

|                  |  | (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 (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  | 338,566                         | -                                | 338,566                         | -                                | -                   | -            |
| 2                | PSE exposures  | -                               | -                                | -                               | -                                | -                   | -            |
| 2a               | Of which: domestic PSEs  | -                               | -                                | -                               | -                                | -                   | -            |
| 2b               | Of which: foreign PSEs   | -                               | -                                | -                               | -                                | -                   | -            |
| 3                | Multilateral development bank exposures  | -                               | -                                | -                               | -                                | -                   | -            |
| 4                | Bank exposures   | 763,671                         | -                                | 763,671                         | -                                | 275,345             | 36.0%        |
| 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   | 1,194                           | -                                | 1,194                           | -                                | 1,194               | 100.0%       |
| 13               | Past due exposures   | -                               | -                                | -                               | -                                | -                   | -            |
| 14               | Significant exposures to commercial entities   | -                               | -                                | -                               | -                                | -                   | -            |
| 15               | <b>Total</b>   | <b>1,103,431</b>                | <b>-</b>                         | <b>1,103,431</b>                | <b>-</b>                         | <b>276,539</b>      | <b>25.0%</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 2021:

| 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 | 338,566 | -              | -   | -              | -   | -            | -    | -    | -      | -  |
| 2              | PSE exposures  | -                   | -       | -              | -   | -              | -   | -            | -    | -    | -      | -  |
| 2a             | Of which: domestic PSEs  | -                   | -       | -              | -   | -              | -   | -            | -    | -    | -      | -  |
| 2b             | Of which: foreign PSEs   | -                   | -       | -              | -   | -              | -   | -            | -    | -    | -      | -  |
| 3              | Multilateral development bank exposures  | -                   | -       | -              | -   | -              | -   | -            | -    | -    | -      | -  |
| 4              | Bank exposures   | -                   | -       | 354,967        | -   | 408,704        | -   | -            | -    | -    | -      | 763,671  |
| 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   | -                   | -       | -              | -   | -              | -   | 1,194        | -    | -    | -      | 1,194  |
| 13             | Past due exposures   | -                   | -       | -              | -   | -              | -   | -            | -    | -    | -      | -  |
| 14             | Significant exposures to commercial entities   | -                   | -       | -              | -   | -              | -   | -            | -    | -    | -      | -  |
| 15             | <b>Total</b>   | <b>338,566</b>      | -       | <b>354,967</b> | -   | <b>408,704</b> | -   | <b>1,194</b> | -    | -    | -      | <b>1,103,431</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**

| <i>Amount expressed in HKD'K</i> |  | (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 2021:

|   |   | (a)          |
|---|---|--------------|
|   |   | RWA<br>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                            | -            |
| 9 | <b>Total</b>  | -            |

## Off-balance sheet exposures other than derivative transactions

The Bank does not have off-balance sheet exposures as of 30 June 2021.

## 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'M

As at 30 June 2021

|                                    | Banks      | <u>Non-bank private sector</u> |                                 |                              | Total      |
|------------------------------------|------------|--------------------------------|---------------------------------|------------------------------|------------|
|                                    |            | Official sector                | Non-bank financial institutions | Non-financial private sector |            |
| <b>Developing Asia and Pacific</b> | <b>326</b> | -                              | -                               | <b>1</b>                     | <b>327</b> |
| - of which China                   | 248        | -                              | -                               | 1                            | 249        |
| Taiwan                             | 78         | -                              | -                               | -                            | 78         |
| <b>Offshore centres</b>            | <b>82</b>  | -                              | -                               | -                            | <b>82</b>  |
| - of which Hong Kong               | 82         | -                              | -                               | -                            | 82         |

### **Loans and advances to customers**

The bank does not have loans and advances to customers as of 30 June 2021.

### **Overdue and rescheduled Assets**

There were no overdue and rescheduled loans and advances and other assets as of 30 June 2021.

### **Currency concentrations**

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

| <b>HKD’K equivalent</b>     | <b>USD</b>     |
|-----------------------------|----------------|
| Spot assets                 | 433,392        |
| Spot liabilities            | (10,820)       |
| Forward purchases           | -              |
| Forward sales               | -              |
| Net options position        | -              |
| Net (short) / long position | <u>422,572</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 2021

| <b>Types of Counterparties</b>  | <b>On-balance<br/>sheet<br/>exposure</b> | <b>Off-balance<br/>sheet<br/>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                            | 620                                      | -   | 620          |
| (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>  | <b>620</b>                               | <b>-</b>                                  | <b>620</b>   |
| Total assets after provision  | 1,143,687                                |   |              |
| On-balance sheet exposures as percentage of total assets  | 0.05%                                    |   |              |

## 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         |                      |                                      |