

Ant Bank (Hong Kong) Limited

Regulatory Disclosures

For the period ended

30 June 2022

(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 Bank adopted the Standardised (Credit Risk) Approach and the Standardised (Market Risk) Approach for credit risk and market risk respectively. For operational risk, the capital requirement is calculated using the Basic Indicator Approach.

Basis of consolidation

As of 30 June 2022, 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 2022	31 Mar 2022	31 Dec 2021	30 Sept 2021	30 Jun 2021
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	1,075,118	1,121,325	1,160,885	427,093	475,574
2	Tier 1	1,075,118	1,121,325	1,160,885	427,093	475,574
3	Total capital	1,075,420	1,121,545	1,161,161	427,638	476,007
RWA (amount)						
4	Total RWA	507,109	571,094	481,187	266,710	356,839
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	212.01%	196.35%	241.25%	160.13%	133.27%
6	Tier 1 ratio (%)	212.01%	196.35%	241.25%	160.13%	133.27%
7	Total capital ratio (%)	212.07%	196.39%	241.31%	160.34%	133.40%
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical capital buffer requirement (%)	1.0%	0.96%	1.0%	0.11%	0.34%
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 (%)	3.5%	3.46%	3.5%	2.61%	2.84%
12	CET1 available after meeting the AI's minimum capital requirements (%)	204.01%	188.35%	233.25%	152.13%	125.27%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	1,820,871	2,008,551	1,953,190	1,213,781	1,102,998
14	LR (%)	59.04%	55.83%	59.44%	35.19%	43.12%
Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)						
Applicable to category 1 institution only:						
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
Applicable to category 2 institution only:						
17a	LMR (%) *	198.90%	220.49%	205.97%	110.26%	135.94%
Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)						
Applicable to category 1 institution only:						
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
Applicable to category 2A institution only:						
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

* 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 various risks. 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 2022	31 Mar 2022	30 Jun 2022
1	Credit risk for non-securitization exposures	495,009	567,606	39,601
2	Of which STC approach	495,009	567,606	39,601
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	-	-	-
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 (N/A before the revised market risk framework takes effect)	N/A	N/A	N/A
24	Operational risk	12,100	3,488	968
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	507,109	571,094	40,569

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 2022	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,563,510	(1)
2	Retained earnings	(545,260)	(2)
3	Disclosed reserves	87,741	(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	CET1 capital before regulatory deductions	1,105,991	
CET1 capital: regulatory deductions			
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	30,873	(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>		Jun 30 2022	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	Total regulatory deductions to CET1 capital	30,873	
29	CET1 capital	1,075,118	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	

<i>Amount expressed in HKD'K</i>		Jun 30 2022	Source based on reference numbers/letters of the balance sheet under the regulatory scope 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	AT1 capital before regulatory deductions	-	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	-	
45	Tier 1 capital (T1 = CET1 + AT1)	1,075,118	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	302	
51	Tier 2 capital before regulatory deductions	302	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	-	

<i>Amount expressed in HKD'K</i>		Jun 30 2022	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	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	302	
59	Total regulatory capital (TC = T1 + T2)	1,075,420	
60	Total RWA	507,109	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	212.01%	
62	Tier 1 capital ratio	212.01%	
63	Total capital ratio	212.07%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.50%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	1.00%	

<i>Amount expressed in HKD'K</i>		Jun 30 2022	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	204.01%	
National minima (if different from Basel 3 minimum)			
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
Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	N/A	N/A
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	N/A	N/A
Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	302	
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	6,188	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	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>		Jun 30 2022	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	<p>Other intangible assets (net of associated deferred tax liabilities)</p> <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>	30,873	30,873
10	<p>Deferred tax assets (net of associated deferred tax liabilities)</p> <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	<p>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</p> <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	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<p><u>Explanation</u></p> <p>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	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non- capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	-
	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and 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
	30 Jun 2022	
	HKD'K	
Assets		
Balances with banks	923,454	
Loans and advances to customers	2,916	
Financial investments	893,662	
Intangible Assets	30,873	(4)
Interest Receivables and Others	417	
Total assets	1,851,322	
Liabilities		
Deposits from customers	686,454	
Amounts due to fellow subsidiaries and other related parties	36,860	
Other payables and accruals	22,017	
Total liabilities	745,331	
Shareholders' Equity		
Paid-in share capital	1,563,510	(1)
Of which: amount eligible for CET1	1,563,510	
Retained earnings	(545,260)	(2)
Reserves	87,741	(3)
Total shareholders' equity	1,105,991	

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 [#]	N/A
5	Post-transitional Basel III rules ⁺	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)	USD200M
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 26 Oct 2021: 99,999,999 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	N/A

		CET1 capital USD ordinary shares
	into	
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 Bank'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	1.0	3,392		
2	Sum		3,392		
3	Total		3,392	1.0	34

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	1,851,322
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)	422
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	-
7	Other adjustments	(30,873)
8	Leverage ratio exposure measure	1,820,871

LR2: Leverage ratio (“LR”)

Amount expressed in HKD'K

		HKD'K	
		30 Jun 2022	31 Mar 2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	1,851,624	2,041,947
2	Less: Asset amounts deducted in determining Tier 1 capital	(30,873)	(33,310)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	1,820,751	2,008,637
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
5	Add-on amounts for PFE associated with all derivative contracts	-	-
6	Gross-up for 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	Total exposures arising from derivative contracts	-	-
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	4,223	1,342
18	Less: Adjustments for conversion to credit equivalent amounts	(3,801)	(1,208)
19	Off-balance sheet items	422	134
Capital and total exposures			
20	Tier 1 capital	1,075,118	1,121,325
20a	Total exposures before adjustments for specific and collective provisions	1,821,173	2,008,771
20b	Adjustments for specific and collective provisions	(302)	(220)
21	Total exposures after adjustments for specific and collective provisions	1,820,871	2,008,551
Leverage ratio			
22	Leverage ratio	59.04%	55.83%

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 2022:

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	-	271,030	158	-	158	-	270,872
2	Debt securities	-	895,465	144	-	144	-	895,321
3	Off-balance sheet exposures	-	-	-	-	-	-	-
4	Total	-	1,166,495	302	-	302	-	1,166,193

As at 30 June 2022, amount in Loans represents placement with banks and loans and advances to customers.

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 2022:

		(a)
		Amount HKD'K
1	Defaulted loans and debt securities at end of the previous reporting period	-
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	Defaulted loans and debt securities at end of the current reporting period	-

There were no defaulted debt securities as at 30 June 2022.

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 June 2022:

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	270,872	-	-	-	-
2	Debt securities	895,321	-	-	-	-
3	Total	1,166,193	-	-	-	-
4	Of which defaulted	-	-	-	-	-

Increase in the unsecured exposures as at 30 June 2022 was mainly due to the increase in financial investments.

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 2022:

		(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	412,829	-	412,829	-	-	-
2	PSE exposures	78,360	-	78,360	-	15,672	20%
2a	Of which: domestic PSEs	78,360	-	78,360	-	15,672	20%
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	1,326,170	-	1,326,170	-	476,688	35.9%
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	2,975	4,223	2,975	-	2,232	75%
11	Residential mortgage loans	-	-	-	-	-	-
12	Other exposures which are not past due exposures	417	-	417	-	417	100.0%
13	Past due exposures	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	Total	1,820,751	4,223	1,820,751	-	495,009	27.2%

Decrease in credit risk exposures as at 30 June 2022 was mainly due to the decrease in customer deposits and retained earnings.

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 2022:

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	412,829	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	78,360	-	-	-	-	-	-	-	78,360
2a	Of which: domestic PSEs	-	-	78,360	-	-	-	-	-	-	-	78,360
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	621,326	-	704,844	-	-	-	-	-	1,326,170
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	-	-	-	-	-	2,975	-	-	-	-	2,975
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-	417	-	-	-	417
13	Past due exposures	-	-	-	-	-	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	412,829	-	699,686	-	704,844	2,975	417	-	-	-	1,820,751

Decrease in credit risk exposures as at 30 June 2022 was mainly due to the decrease in customer deposits and retained earnings.

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 (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	-	-		1.4	-	-
1a	CEM	-	-		1.4	-	-
2	IMM(CCR) approach				-	-	-
3	Simple Approach (for SFTs)					-	-
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	Total						-

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	-	-
4	Total	-	-

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	Total	-	-	-	-	-	-	-	-	-	-	-

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	-	-	-	-	-	-
Total	-	-	-	-	-	-

CCR6: Credit-related derivatives contracts

Amount expressed in HKD'K

	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
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 2022:

		(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	-
9	Total	-

Off-balance sheet exposures other than derivative transactions

Contingent liabilities and commitments

	At 30 Jun 2022 HK\$'000
Contractual or notional amounts	-
Direct credit substitutes	-
Transaction-related contingencies	-
Trade-related contingencies	-
Forward asset purchases	-
Forward forward deposits placed	-
Other commitments:	-
which are not unconditionally cancellable:	-
with original maturity of not more than one year	-
with original maturity of more than one year	-
which are unconditionally cancellable	4,223
	4,223
Credit risk weighted amount	-

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 Jun 2022

	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
Developing Asia and Pacific	784	-	-	-	784
- of which China	589	-	-	-	589
- of which Taiwan, China	156	-	-	-	156
Developed countries	144	-	-	-	144
- of which Spain	118	-	-	-	118
Offshore centres	39	-	78	-	117

Loans and advances to customers

Advances to customers analysed by industry sector

The analysis of gross advances to customers by industry sector is based on the categories used by the HKMA.

Amount expressed in HKD'K

	As at 30 June 2022	
	Gross loans and advances to customers	% of gross loans and advances covered by collateral or other security
Loans for use in Hong Kong		
Wholesale and retail trade	2,100	0%
Individuals	870	0%
Others	-	-
Total	2,970	0%

The amount of impaired and overdue advances to customers and individually and collectively assessed impairment provision for industry sectors which constitute not less than 10% of the Bank and its subsidiaries' total advances to customers are as follows:

	Total gross loans and advances to customers	Impaired advances to customer	Overdue advances to customers	Stage 3 expected credit loss provision	Stage 1 & 2 expected credit loss provision
Loans for use in HK					
Wholesale and retail trade	2,100	-	-	-	(47)
Individuals	870	-	-	-	(11)
Total	2,970	-	-	-	(58)

Advances to customers analysed by geographical sector

The analysis of gross advances to customers by geographical location is in accordance with the location of counterparties, after taking into account any recognised risk transfer.

Amount expressed in HKD'K

	Total gross loans and advances to customers	Impaired advances to customer	Overdue advances to customers	Stage 3 expected credit loss provision	Stage 1 & 2 expected credit loss provision
At 30 June 2022					
Hong Kong	2,970	-	-	-	(58)
Total	2,970	-	-	-	(58)

Overdue and rescheduled Assets

There were no overdue and rescheduled loans and advances and other assets as of 30 June 2022.

Currency concentrations

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

HKD'K equivalent	USD
Spot assets	1,050,938
Spot liabilities	(10,768)
Forward purchases	-
Forward sales	-
Net options position	-
Net (short) / long position	<u>1,040,170</u>

The Bank had no structural position as of 30 June 2022.

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 2022

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
(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	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Total assets after provision	<u>1,852,810</u>		
On-balance sheet exposures as percentage of total assets	<u>0.00%</u>		

Glossary

<u>Abbreviations</u>	<u>Descriptions</u>	<u>Abbreviations</u>	<u>Descriptions</u>
AT1	Additional Tier 1	LCR	Liquidity Coverage Ratio
BSC	Basic approach	LMR	Liquidity Maintenance Ratio
CCF	Credit conversion factor	LR	Leverage Ratio
CCP	Central counterparty	LTA	Look through approach
CCR	Counterparty credit risk	MBA	Mandate-based approach
CCyB	Countercyclical capital buffer	NII	Net Interest Income
CEM	Current exposure method	NSFR	Net Stable Funding Ratio
CET1	Common equity tier 1	ORM	Operational Risk Management
CFR	Core funding ratio	PFE	Potential future exposure
CMT	Crisis management team	PSE	Public sector entity
CIS	Collective investment scheme	RC	Replacement cost
CRM	Credit risk mitigation	RSF	Required stable funding
CVA	Credit valuation adjustment	RW	Risk-weight
D-SIB	Domestic systemically important authorized institution	RWA	Risk-weighted asset/risk-weighted amount
EAD	Exposure at default	SA-CCR	Standardized approach for counterparty credit risk
ECAI	External credit assessment institutions	SEC-ERBA	securitization external ratings-based approach
EL	Expected loss	SEC-FBA	securitization fall-back approach
EPE	Expected positive exposure	SEC-IRBA	securitization internal ratings-based approach
EVE	economic value of equity	SEC-SA	securitization standardized approach
EVS	Economic Value Sensitivity	SFT	Securities financing transaction
FBA	Fall-back approach	STC	Standardized (credit risk) approach
G-SIB	Global systemically important banks	STM	Standardized (market risk) approach
HQLA	High Quality Liquid Assets	VaR	Value at risk
IMM	Internal models approach		
IMM (CCR)	Internal models (counterparty credit risk) approach		
IRB	Internal ratings-based approach		
KOR	Key Operational Risk		
KRI	Key Risk Index		
LAC	Loss-absorbing Capacity		