

Ant Bank (Hong Kong) Limited

Regulatory Disclosures

**For the period ended
30 September 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 Sept 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 Sept 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sept 2020
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	427,093	475,574	517,550	571,816	623,875
2	Tier 1	427,093	475,574	517,550	571,816	623,875
3	Total capital	427,638	476,007	518,984	573,363	625,394
RWA (amount)						
4	Total RWA	266,710	356,839	294,469	257,020	221,366
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	160.13%	133.27%	175.76%	222.48%	281.83%
6	Tier 1 ratio (%)	160.13%	133.27%	175.76%	222.48%	281.83%
7	Total capital ratio (%)	160.34%	133.40%	176.24%	223.08%	282.52%
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 (%)	0.11%	0.34%	0.38%	0.05%	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 (%)	2.61%	2.84%	2.88%	2.55%	3.5%
12	CET1 available after meeting the AI's minimum capital requirements (%)	152.13%	125.27%	167.76%	214.48%	273.83%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	1,213,781	1,102,998	1,065,709	1,346,108	836,199
14	LR (%)	35.19%	43.12%	48.56%	42.48%	74.61%
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 (%) *	110.26%	135.94%	129.28%	133.49%	508.45%
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 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 Sept 2021	30 Jun 2021	30 Sept 2021
1	Credit risk for non-securitization exposures	257,697	276,539	20,616
2	Of which STC approach	257,697	276,539	20,616
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	9,013	80,300	721
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	266,710	356,839	21,337

LR2: Leverage ratio (“LR”)

Amount expressed in HKD’K

		HKD’K	
		30 Sept 2021	30 Jun 2021
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral) *	1,252,511	1,144,053
2	Less: Asset amounts deducted in determining Tier 1 capital	(38,185)	(40,622)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	1,214,326	1,103,431
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
5	Add-on amounts for PFE associated with all derivative contracts	-	-
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-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	-	-
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	-	-
18	Less: Adjustments for conversion to credit equivalent amounts	-	-
19	Off-balance sheet items	-	-
Capital and total exposures			
20	Tier 1 capital**	427,093	475,574
20a	Total exposures before adjustments for specific and collective provisions	1,214,326	1,103,431
20b	Adjustments for specific and collective provisions	(545)	(433)
21	Total exposures after adjustments for specific and collective provisions	1,213,781	1,102,998
Leverage ratio			
22	Leverage ratio	35.19%	43.12%

* Increase in on-balance sheet exposures (excluding derivative and SFTs) was in line with the increase in customer deposits.

** Decrease in Tier 1 capital was mainly due to operating loss incurred during the reporting period.

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		