



PING AN ONECONNECT BANK (HONG KONG) LIMITED
(平安壹賬通銀行(香港)有限公司)

REGULATORY DISCLOSURE STATEMENT (Unaudited)

AS AT 30 JUNE 2020

PING AN ONECONNECT BANK (HONG KONG) LIMITED
(平安壹賬通銀行(香港)有限公司)

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1. Introduction

General information

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

Basis of preparation

The capital adequacy ratios of the Bank were calculated in accordance with Banking (Capital) Rules (“BCR”) of the Banking Ordinance. The Bank adopted the following approach to calculate its capital charge for:

Credit risk: Standardised (Credit Risk) Approach;

Market risk: Standardised (Market Risk) Approach;

Operational Risk: Alternative approach communicated to HKMA pursuant to section 340 of the BCR.

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2. Key prudential ratios

2.1 KM1: Key prudential ratios

The table below provides the key prudential ratios related to regulatory capital and buffers, leverage ratio and liquidity standards.

HK\$ '000		(a)	(b)	(c)	(d)	(e)
		At 30 Jun 2020	At 31 Mar 2020*	At 31 Dec 2019*	At 30 Sep 2019*	At 30 Jun 2019*
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	619,879	-	-	-	-
2	Tier 1	619,879	-	-	-	-
3	Total capital	619,894	-	-	-	-
RWA (amount)						
4	Total RWA	511,029	-	-	-	-
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	121.3%	-	-	-	-
6	Tier 1 ratio (%)	121.3%	-	-	-	-
7	Total capital ratio (%)	121.3%	-	-	-	-
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500%	-	-	-	-
9	Countercyclical capital buffer requirement (%)	0.893%	-	-	-	-
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	NA	NA	NA	NA	NA
11	Total AI-specific CET1 buffer requirements (%)	3.393%	-	-	-	-
12	CET1 available after meeting the AI's minimum capital requirements (%)	113.3%	-	-	-	-
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	731,366	-	-	-	-
14	LR (%)	84.8%	-	-	-	-
Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)						
Applicable to category 1 institution only:						
15	Total high quality liquid assets (HQLA)	NA	NA	NA	NA	NA
16	Total net cash outflows	NA	NA	NA	NA	NA
17	LCR (%)	NA	NA	NA	NA	NA
Applicable to category 2 institution only:						
17a	LMR (%)	612.2%	-	-	-	-
Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)						
Applicable to category 1 institution only:						
18	Total available stable funding	NA	NA	NA	NA	NA
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR (%)	NA	NA	NA	NA	NA
Applicable to category 2A institution only:						
20a	CFR (%)	NA	NA	NA	NA	NA

* Note: Comparative information is not required prior to 30 Jun 2020.

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3. Overview of risk-weighted amount (“RWA”)

3.1 OV1: Overview of risk-weighted amount (“RWA”)

The following table provides an overview of capital requirements in terms of a detailed breakdowns of RWAs for various risks.

HK\$ '000		RWA	Minimum capital requirements
		At 30 Jun 2020	
1	Credit risk for non-securitization exposures	163,941	13,115
2	Of which STC approach	163,941	13,115
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	NA	NA
13	CIS exposures – MBA	NA	NA
14	CIS exposures – FBA	NA	NA
14a	CIS exposures – combination of approaches	NA	NA
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	538	43
21	Of which STM approach	538	43
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)	-	-
24	Operational risk	346,550	27,724
24a	Sovereign concentration risk	NA	NA
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	511,028	40,882

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4. Composition of regulatory capital

4.1 CC1: Composition of regulatory capital

The following table below provides a breakdown of regulatory capital according to the scope of regulatory consolidation.

		(a)	(b)
		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
As at 30 Jun 2020			
HK\$ '000			
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	900,000	(4)
2	Retained earnings	(205,898)	(5)
3	Disclosed reserves	4,842	(6)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	NA	NA
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	698,944	
CET1 capital: regulatory deductions			
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	(2)
9	Other intangible assets (net of associated deferred tax liabilities)	79,065	(3)
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	NA	NA
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	NA	NA
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	NA	NA
22	Amount exceeding the 15% threshold	NA	NA
23	of which: significant investments in the ordinary share of financial sector entities	NA	NA
24	of which: mortgage servicing rights	NA	NA
25	of which: deferred tax assets arising from temporary differences	NA	NA
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	-	

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4. Composition of regulatory capital (continued)

4.1 CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
As at 30 Jun 2020			
HK\$ '000			
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	79,065	
29	CET1 capital	619,879	
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>	-	
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)	619,879	
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	15	(1)
51	Tier 2 capital before regulatory deductions	15	

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4. Composition of regulatory capital (continued)

4.1 CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
As at 30 Jun 2020			
HK\$'000			
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% 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)	15	
59	Total regulatory capital (TC = T1 + T2)	619,894	
60	Total RWA	511,029	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	121.3%	
62	Tier 1 capital ratio	121.3%	
63	Total capital ratio	121.3%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.393%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.893%	
67	of which: higher loss absorbency requirement	NA	NA
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	113.3%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	NA	NA
70	National Tier 1 minimum ratio	NA	NA
71	National Total capital minimum ratio	NA	NA

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4. Composition of regulatory capital (continued)

4.1 CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
As at 30 Jun 2020			
HK\$'000			
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)	NA	NA
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	NA	NA
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)	15	
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	2,049	
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>	NA	NA
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	NA	NA
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

Notes to the Template

Description	Hong Kong basis	Basel III basis
9 Other intangible assets (net of associated deferred tax liabilities)	79,065	79,065
<u>Explanation</u> 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.		

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4. Composition of regulatory capital (continued)

4.2 CC2: Reconciliation of regulatory capital to balance sheet

The following table below shows the link between the Bank's balance sheet in published financial statements and the numbers that are used in the composition of regulatory capital disclosure template set out in Template CC1 (i.e., composition of regulatory capital).

	(a)	(b)	(c)
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
As at 30 Jun 2020			
HK\$'000			
Assets			
Balances with banks and central bank	82,688	82,688	
Placements with and advances to banks	609,359	609,359	
Of which: Stage 1 and Stage 2 impairment allowances reflected in regulatory capital	-	(15)	(1)
Amounts due from related company	4,987	4,987	
Property, plant and equipment	8,342	8,342	
Goodwill and intangible assets	79,065	79,065	
Of which: goodwill	-	-	(2)
Of which: other intangibles assets	79,065	79,065	(3)
Right-of-use asset	11,483	11,483	
Other assets	14,507	14,507	
Total assets	810,431	810,431	
Liabilities			
Deposits from customers	6,591	6,591	
Lease Liability	13,785	13,785	
Amount due to related companies	52,603	52,603	
Other payables and accruals	38,508	38,508	
Total liabilities	111,487	111,487	
Shareholders' equity			
Share capital	900,000	900,000	(4)
Retained earnings	(205,898)	(205,898)	(5)
Other reserves	4,842	4,842	(6)
Total shareholders' equity	698,944	698,944	
Total equity and liabilities	810,431	810,431	

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4. Composition of regulatory capital (continued)

4.3 CCA: Main features of regulatory capital instruments

As at 30 Jun 2020		CET 1 Capital Ordinary Shares
1	Issuer	Ping An OneConnect 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
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules ¹	N/A
5	Post-transitional Basel III rules ²	CET1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$ 900 Million
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1 share issued on 7 Dec 2018
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
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	Non-cumulative 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
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 in the insolvency creditor hierarchy of the legal entity concerned).	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

¹ Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.

² Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

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5. Macprudential supervisory measures

5.1 CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer (“CCyB”)

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.

As at 30 Jun 2020 HK\$’000	Geographical breakdown by Jurisdiction (J)	(a)	(c)	(d)	(e)
		Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio	AI-specific CCyB ratio (%)	CCyB amount
1	Hong Kong SAR	1.000%	34,615		
2	Sum		34,615		
3	Total		38,756	0.893%	346

6. Leverage ratio

6.1 LR1: Summary comparison of accounting assets against leverage ratio (“LR”) exposure measure

The table below provides the reconciliation of the total assets in the published financial statement to the LR exposure measure.

As at 30 Jun 2020 HK\$’000		(a)
	Item	Value under the LR framework
1	Total consolidated assets as per published financial statements (before adjustments for specific and collective provisions per 6a below)	810,446
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4	Adjustments for derivative contracts	-
5	Adjustment for SFTs (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	-
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(15)
7	Other adjustments	(79,065)
8	Leverage ratio exposure measure	731,366

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6. Leverage ratio (continued)

6.2 LR2: Leverage ratio (“LR”)

The table below provides a detailed breakdown of the components of the LR denominator as at 30 Jun 2020.

As at 30 Jun 2020

HK\$'000

On-balance sheet exposures		
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	810,446
2	Less: Asset amounts deducted in determining Tier 1 capital	(79,065)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	731,381
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	-
18	Less: Adjustments for conversion to credit equivalent amounts	-
19	Off-balance sheet items	-
Capital and total exposures		
20	Tier 1 capital	619,879
20a	Total exposures before adjustments for specific and collective provisions	731,381
20b	Adjustments for specific and collective provisions	(15)
21	Total exposures after adjustments for specific and collective provisions	731,366
Leverage ratio		
22	Leverage ratio	84.8%

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7. Credit risk for non-securitization exposures

7.1 CR1: Credit quality of exposures

There were no loans and advances, debt securities and off-balance sheet exposures as at 30 Jun 2020.

7.2 CR2: Changes in defaulted loans and debt securities

There were no defaulted loans and debt securities as at 30 Jun 2020.

7.3 CR3: Overview of recognized credit risk mitigation

There were no loan and advances, debt securities and off-balance sheet exposures as at 30 Jun 2020.

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7. Credit risk for non-securitization exposures(continued)

7.4 CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach

The following table illustrate 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 of 30 Jun 2020.

As at 30 Jun 2020		(a)	(b)	(c)	(d)	(e)	(f)
HK\$'000		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	66,702	-	66,702	-	-	0%
2	PSE exposures	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	625,923	-	625,923	-	125,185	20%
5	Securities firm exposures	-	-	-	-	-	-
6	Corporate exposures	4,987	-	4,987	-	4,987	100%
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	33,769	-	33,769	-	33,769	100%
13	Past due exposures	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	Total	731,381	-	731,381	-	163,941	22%

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7. Credit risk for non-securitization exposures (continued)

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

The following table present a breakdown of credit risk exposures under STC approach by asset classes and by risk weights as of 30 Jun 2020.

As at 30 Jun 2020 HK\$'000		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
	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	66,702	-	-	-	-	-	-	-	-	-	66,702
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	625,923	-	-	-	-	-	-	-	625,923
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	4,987	-	-	-	4,987
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	-	-	-	-	-	-	33,769	-	-	-	33,769
13	Past due exposures	-	-	-	-	-	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	66,702	-	625,923	-	-	-	38,756	-	-	-	731,381

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8. Counterparty credit risk

There were no counterparty default risk exposures and credit-related derivative contracts as at 30 Jun 2020.

9. Market risk

9.1 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 Jun 2020:

As at 30 Jun 2020 HK\$'000		(a)
		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	-
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	538
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	Total	538

10. Off-balance sheet exposures (other than derivative transactions)

There were no off-balance sheet exposures (other than derivative transactions) as at 30 Jun 2020.

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11. International claims

International claims are on-balance sheet exposures of counterparties based on the location of the counterparties after taking into account any risk transfer. Transfer of risk from one country to another is recognised if the claims against a counterparty are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

As at 30 Jun 2020 HK\$'000	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
Developed countries	200,063	-	-	-	200,063
Offshore centres, of which	53,600	66,702	-	311,237	431,539
Cayman Islands	-	-	-	206,745	206,745
Hong Kong	-	66,702	-	104,492	171,194
Developing Asia and Pacific, of which:	372,260	-	-	4,141	376,401
Mainland China	241,936	-	-	4,141	246,077
Malaysia	130,324	-	-	-	130,324
	625,923	66,702	-	315,378	1,008,003

Note: Comparative information is not required prior to 30 Jun 2020.

12. Loan and advances – Sector information

There were no loan and advances as at 30 Jun 2020.

13. Overdue and rescheduled assets

There were no impaired, overdue or rescheduled assets as at 30 Jun 2020.

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14. Non-bank mainland exposures

The analysis of Mainland activities exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA Return of Mainland Activities, which includes the Mainland activities exposures extended by the Bank.

As at 30 Jun 2020 HK\$'000	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
Types of Counterparties			
1. Central government, central government-owned entities and their subsidiaries and Joint Ventures	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,987	-	4,987
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	4,987	-	4,987
 Total assets after provisions	 810,431		
On-balance sheet exposures as % of total assets	0.62%		

Note: Comparative information is not required prior to 30 Jun 2020.

15. Foreign currency exposures

As at 30 Jun 2020 Equivalent in HK\$'000	USD	CNY	Total
Spot assets	-	50,482	50,482
Spot liabilities	(3,008)	(49,944)	(52,952)
Forward purchases	-	-	-
Forward sales	-	-	-
Net options position	-	-	-
Net (short)/ long position	(3,008)	538	(2,470)

The Bank had no structural position as of 30 Jun 2020.

Note: Comparative information is not required prior to 30 Jun 2020.

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16. Abbreviations

Abbreviations	Brief Description
AT1	Additional Tier 1
BSC	Basic Approach
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorized Institution
DTAs	Deferred Tax Assets
EL	Expected Loss
FBA	Fall-Back Approach
G-SIB	Global Systemically Important Authorized Institution
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
IMM	Internal Models Method
IMM (CCR)	Internal Models Method (Counterparty Credit Risk)
IRB	Internal Ratings-Based
JCCyB	Jurisdictional Countercyclical Capital Buffer
LAC	Loss-absorbing Capacity
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
LTA	Look Through Approach
MBA	Mandate-based Approach
MSRs	Mortgage Servicing Rights
NA	Not Applicable
NSFR	Net Stable Funding Ratio
PFE	Potential Future Exposure
RWA	Risk Weighted Assets
SA-CCR	Standardized Approach (Counterparty Credit Risk)
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-FBA	Securitization Fall-back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
STC	Standardized (Credit Risk)
STM	STM Standardized (Market Risk)