

MORGAN STANLEY ASIA INTERNATIONAL LIMITED

Quarterly Financial Disclosure Statement

As at 31 March 2018

MORGAN STANLEY ASIA INTERNATIONAL LIMITED

UNAUDITED QUARTERLY FINANCIAL DISCLOSURE STATEMENT
As at 31 March 2018

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UNAUDITED QUARTERLY FINANCIAL DISCLOSURE STATEMENT As at 31 March 2018

1. PILLAR 3 DISCLOSURE

The capital adequacy ratios of Morgan Stanley Asia International Limited (the “Company”) were calculated in accordance with Banking (Capital) Rules of the Banking Ordinance. The Company uses the following approaches to calculate its capital charge for:

- (a) credit risk: Standardized (Credit Risk) Approach (“STC approach”); and
- (b) operational risk: Basic Indicator Approach (“BIA approach”).

There was no risk-weighted amount (“RWA”) for market risk for the Company because the Company was exempted by the Hong Kong Monetary Authority (“HKMA”) from the calculation of market risk.

The following template and tables show the standard disclosure template and tables specified by the HKMA in relation to the Pillar 3 disclosure required under the Banking (Disclosure) Rules. Other Pillar 3 templates or tables not disclosed below are either not applicable to the Company or having no reportable amount for the period.

a. Key Capital Ratios Disclosures

	As at 31 March 2018 USD'000
Capital Adequacy Ratios	
Common Equity Tier 1 (“CET1”) capital	232,685
Tier 1 capital	232,685
Total capital	239,638
Total RWA	987,955
CET1 capital ratio	24%
Tier 1 capital ratio	24%
Total capital ratio	24%

	As at 31 March 2018 USD'000
Leverage ratio	
Tier 1 capital	232,685
Total exposures	4,423,128
Leverage ratio	5.26%

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1. PILLAR 3 DISCLOSURE (CONTINUED)

b. Template OV1: Overview of RWA

		RWA		Minimum capital requirements
		As at 31 March 2018 USD'000	As at 31 December 2017 USD'000	As at 31 March 2018 USD'000
1	Credit risk for non-securitization exposures	551,650	521,976	44,132
2	Of which Standardized (Credit Risk) Approach (“STC approach”)	551,650	521,976	44,132
2a	Of which Basic Approach (“BSC approach”)	-	-	-
3	Of which Internal Ratings-Based Approach (“IRB approach”)	-	-	-
4	Counterparty credit risk	6,610	6,376	529
5	Of which Current Exposure Method (“CEM”)	4,544	4,384	364
6	Of which Internal Models (Counterparty Credit Risk) Approach (“IMM(CCR) approach”)	-	-	-
7	Equity exposures in banking book under the market-based approach	-	-	-
8	CIS exposures – Look-Through Approach (“LTA”)	-	-	-
9	CIS exposures – Mandate-Based Approach (“MBA”)	-	-	-
10	CIS exposures – Fall-Back Approach (“FBA”)	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which Securitization Internal Ratings-Based Approach (“SEC-IRBA”)	-	-	-
14	Of which Securitization External Ratings-Based Approach (“SEC-ERBA”)	-	-	-
15	Of which Securitization Standardized Approach (“SEC-SA”)	-	-	-
16	Market risk	-	-	-
17	Of which Standardized (Market Risk) Approach (“STM approach”)	-	-	-
18	Of which Internal Models Approach (“IMM approach”)	-	-	-
19	Operational risk	440,021	426,492	35,202
20	Of which Basic Indicator Approach (“BIA approach”)	440,021	426,492	35,202
21	Of which Standardized (Operational Risk) Approach (“STO approach”)	-	-	-
21a	Of which Alternative Standardized Approach (“ASA approach”)	-	-	-
22	Of which Advanced Measurement Approach (“AMA approach”)	N/A	N/A	N/A
23	Amounts below the thresholds for deduction (subject to 250% Risk-Weight (“RW”))	-	-	-
24	Capital floor adjustment	-	-	-
24a	Deduction to RWA	10,326	572	826
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	10,326	572	826
24c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
25	Total	987,955	954,272	79,037

N/A: Not applicable in the case of Hong Kong

The disclosure on minimum capital requirement is made by multiplying the Company’s RWA derived from the relevant calculation approach by 8%, not the Company’s actual “regulatory capital”.