

Public Bank (Hong Kong) Limited

Regulatory Disclosure Statement

**For the position date of 31 March 2021
(Consolidated and Unaudited)**

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Template KM1: Key prudential ratios

The table below provides key prudential ratios.

		(a)	(b)	(c)	(d)	(e)
		31 March 2021	31 December 2020	30 September 2020	30 June 2020	31 March 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	5,789,430	5,791,024	5,625,916	5,530,381	5,301,830
2	Tier 1	5,789,430	5,791,024	5,625,916	5,530,381	5,301,830
3	Total capital	5,986,499	5,990,816	5,830,187	5,740,623	5,624,927
	RWA (amount)					
4	Total RWA	26,613,160	27,128,984	26,827,895	27,215,381	27,161,531
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	21.75%	21.35%	20.97%	20.32%	19.52%
6	Tier 1 ratio (%)	21.75%	21.35%	20.97%	20.32%	19.52%
7	Total capital ratio (%)	22.49%	22.08%	21.73%	21.09%	20.71%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.914%	0.912%	0.904%	0.905%	0.901%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0% (Not applicable)	0% (Not applicable)	0% (Not applicable)	0% (Not applicable)	0% (Not applicable)
11	Total AI-specific CET1 buffer requirements (%)	3.414%	3.412%	3.404%	3.405%	3.401%
12	CET1 available after meeting the AI's minimum capital requirements (%)	14.49%	14.08%	13.73%	13.09%	12.71%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	41,069,302	41,800,473	41,755,920	41,522,119	40,736,597
14	LR (%)	14.10%	13.85%	13.47%	13.32%	13.01%

		(a)	(b)	(c)	(d)	(e)
		31 March 2021	31 December 2020	30 September 2020	30 June 2020	31 March 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)						
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
16	Total net cash outflows	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
17	LCR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Applicable to category 2 institution only:					
17a	LMR (%)	54.11%	53.79%	51.89%	51.35%	51.34%
Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)						
	Applicable to category 1 institution only:					
18	Total available stable funding	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
19	Total required stable funding	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
20	NSFR (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Applicable to category 2A institution only:					
20a	CFR (%)	143.76%	141.26%	139.57%	134.18%	134.29%

Template OV1: Overview of RWA

The table below provides an overview of RWA and the related minimum capital requirements by risk type. For the purpose of risk management and regulatory consolidation, the Group refers to the consolidation of Public Bank (Hong Kong) Limited (the "Bank") and Public Finance Limited ("Public Finance"). The Group has adopted standardized approach for both credit risk and market risk. Regarding operational risk, the Bank and Public Finance have adopted basic indicator approach and standardized approach respectively. During the first quarter of 2021, RWA decreased by HK\$515.82 million to HK\$26.61 billion. The decrease of RWA was mainly due to decrease in credit risk for non-securitization exposures.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 March 2021	31 December 2020	31 March 2021
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	22,637,026	23,186,176	1,810,962
2	Of which STC approach	22,637,026	23,186,176	1,810,962
2a	Of which BSC approach	0	0	0
3	Of which foundation IRB approach	0	0	0
4	Of which supervisory slotting criteria approach	0	0	0
5	Of which advanced IRB approach	0	0	0
6	Counterparty default risk and default fund contributions	4,479	7,140	358
7	Of which SA-CCR*	Not applicable	Not applicable	Not applicable
7a	Of which CEM	4,479	7,140	358
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	0	0	0
10	CVA risk	2,425	4,163	194
11	Equity positions in banking book under the simple risk-weight method and internal models method	0	0	0
12	Collective investment scheme ("CIS") exposures – LTA*	Not applicable	Not applicable	Not applicable
13	CIS exposures – MBA*	Not applicable	Not applicable	Not applicable
14	CIS exposures – FBA*	Not applicable	Not applicable	Not applicable
14a	CIS exposures – combination of approaches*	Not applicable	Not applicable	Not applicable
15	Settlement risk	0	0	0
16	Securitization exposures in banking book	0	0	0
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 March 2021	31 December 2020	31 March 2021
		HK\$'000	HK\$'000	HK\$'000
20	Market risk	1,167,500	1,176,713	93,400
21	Of which STM approach	1,167,500	1,176,713	93,400
22	Of which IMM approach	0	0	0
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	Not applicable	Not applicable	Not applicable
24	Operational risk	2,675,638	2,628,700	214,051
24a	Sovereign concentration risk*	Not applicable	Not applicable	Not applicable
25	Amounts below the thresholds for deduction (subject to 250% RW)	156,905	156,905	12,553
26	Capital floor adjustment	0	0	0
26a	Deduction to RWA	30,813	30,813	2,465
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	0	0
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	30,813	30,813	2,465
27	Total	26,613,160	27,128,984	2,129,053

Point to note:

(i) Items marked with an asterisk (*) will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" should be reported in the rows.

Template LR2: Leverage ratio (“LR”)

The table below provides a detailed breakdown of the components of the LR denominator as at 31 March 2021 and 31 December 2020. There was no material change to the LR at 31 March 2021 as compared to position date of 31 December 2020.

		(a)	(b)
		HK\$'000	
		31 March 2021	31 December 2020
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	41,130,280	41,846,925
2	Less: Asset amounts deducted in determining Tier 1 capital	(364,321)	(363,433)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	40,765,959	41,483,492
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)	0	0
5	Add-on amounts for PFE associated with all derivative contracts	22,395	35,697
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	0	0
8	Less: Exempted CCP leg of client-cleared trade exposures	0	0
9	Adjusted effective notional amount of written credit derivative contracts	0	0
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	0	0
11	Total exposures arising from derivative contracts	22,395	35,697
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0	0
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	0	0
14	CCR exposure for SFT assets	0	0
15	Agent transaction exposures	0	0
16	Total exposures arising from SFTs	0	0
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	2,576,283	2,507,889
18	Less: Adjustments for conversion to credit equivalent amounts	(2,293,878)	(2,225,131)
19	Off-balance sheet items	282,405	282,758

		(a)	(b)
		HK\$'000	
		31 March 2021	31 December 2020
Capital and total exposures			
20	Tier 1 capital	5,789,430	5,791,024
20a	Total exposures before adjustments for specific and collective provisions	41,070,759	41,801,947
20b	Adjustments for specific and collective provisions	(1,457)	(1,474)
21	Total exposures after adjustments for specific and collective provisions	41,069,302	41,800,473
Leverage ratio			
22	Leverage ratio	14.10%	13.85%

Glossary

<u>Abbreviations</u>	<u>Descriptions</u>
AI	Authorized Institution
BSC	Basic Approach
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CVA	Credit Valuation Adjustment
D-SIBs	Domestic Systemically Important Banks
FBA	Fall-Back Approach
G-SIBs	Global Systemically Important Banks
HQLA	High Quality Liquid Assets
IAA	Internal Assessment Approach
IMM	Internal Models Method
IRB	Internal Ratings-Based Approach
LCR	Liquidity Coverage Ratio
LMR	Liquidity Maintenance Ratio
LTA	Look Through Approach
LR	Leverage Ratio
MBA	Mandate-Based Approach
NSFR	Net Stable Funding Ratio
PFE	Potential Future Exposure
RW	Risk-Weight
RWA	Risk-Weighted Asset/Risk-Weighted Amount
SA-CCR	Standardized Approach (Counterparty Credit Risk)
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SEC-FBA	Securitization Fall-Back Approach
SEC-IRBA	Securitization Internal Ratings-Based Approach
SFT	Securities Financing Transaction
Glossary	

Glossary

Abbreviations

Descriptions

STC

Standardized (Credit Risk) Approach

STM

Standardized (Market Risk) Approach