

# **Public Bank (Hong Kong) Limited**

## **Regulatory Disclosure Statement**

**For the position date of 30 September 2020  
(Consolidated and Unaudited)**

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**Template KM1: Key prudential ratios**

The table below provides key prudential ratios.

		(a)	(b)	(c)	(d)	(e)
		30 September 2020	30 June 2020	31 March 2020	31 December 2019	30 September 2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	5,625,916	5,530,381	5,301,830	5,334,073	5,212,289
2	Tier 1	5,625,916	5,530,381	5,301,830	5,334,073	5,212,289
3	Total capital	5,830,187	5,740,623	5,624,927	5,657,151	5,535,824
	<b>RWA (amount)</b>					
4	Total RWA	26,827,895	27,215,381	27,161,531	27,125,207	27,235,962
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	20.97%	20.32%	19.52%	19.66%	19.14%
6	Tier 1 ratio (%)	20.97%	20.32%	19.52%	19.66%	19.14%
7	Total capital ratio (%)	21.73%	21.09%	20.71%	20.86%	20.33%
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.904%	0.905%	0.901%	1.804%	2.249%
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 (%)	3.404%	3.405%	3.401%	4.304%	4.749%
12	CET1 available after meeting the AI's minimum capital requirements (%)	13.73%	13.09%	12.71%	12.86%	12.33%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	41,755,920	41,522,119	40,736,597	41,500,374	40,810,979
14	LR (%)	13.47%	13.32%	13.01%	12.85%	12.77%

		(a)	(b)	(c)	(d)	(e)
		30 September 2020	30 June 2020	31 March 2020	31 December 2019	30 September 2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>						
	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 (%)	51.89%	51.35%	51.34%	48.29%	46.76%
<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>						
	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 (%)	139.57%	134.18%	134.29%	130.75%	133.39%

### **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 third quarter of 2020, RWA decreased by HK\$387.48 million to HK\$26.83 billion. The decrease of RWA was mainly due to decrease in credit risk for non-securitization exposures related to loans and advances.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 September 2020	30 June 2020	30 September 2020
		HK\$'000	HK\$'000	HK\$'000
<b>1</b>	<b>Credit risk for non-securitization exposures</b>	<b>22,925,989</b>	<b>23,358,123</b>	<b>1,834,079</b>
2	Of which STC approach	22,925,989	23,358,123	1,834,079
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
<b>6</b>	<b>Counterparty default risk and default fund contributions</b>	<b>3,641</b>	<b>2,917</b>	<b>291</b>
7	Of which SA-CCR*	Not applicable	Not applicable	Not applicable
7a	Of which CEM	3,641	2,917	291
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	0	0	0
10	CVA risk	2,138	1,763	171
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
<b>16</b>	<b>Securitization exposures in banking book</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
		30 September 2020	30 June 2020	30 September 2020
		HK\$'000	HK\$'000	HK\$'000
<b>20</b>	<b>Market risk</b>	<b>1,148,450</b>	<b>1,106,238</b>	<b>91,876</b>
21	Of which STM approach	1,148,450	1,106,238	91,876
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	2,625,400	2,624,063	210,032
24a	Sovereign concentration risk*	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	156,905	156,905	12,553
26	Capital floor adjustment	0	0	0
<b>26a</b>	<b>Deduction to RWA</b>	<b>34,628</b>	<b>34,628</b>	<b>2,770</b>
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	34,628	34,628	2,770
<b>27</b>	<b>Total</b>	<b>26,827,895</b>	<b>27,215,381</b>	<b>2,146,232</b>

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 30 September 2020 and 30 June 2020. There was no material change to the LR at 30 September 2020 as compared to position date of 30 June 2020.

		(a)	(b)
		HK\$'000	
		30 September 2020	30 June 2020
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	41,660,831	41,028,977
2	Less: Asset amounts deducted in determining Tier 1 capital	(373,172)	(367,663)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	41,287,659	40,661,314
<b>Exposures arising from derivative contracts</b>			
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	18,104	14,579
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	<b>Total exposures arising from derivative contracts</b>	18,104	14,579
<b>Exposures arising from SFTs</b>			
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	<b>Total exposures arising from SFTs</b>	0	0
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	3,085,611	4,137,853
18	Less: Adjustments for conversion to credit equivalent amounts	(2,633,967)	(3,290,285)
19	<b>Off-balance sheet items</b>	451,644	847,568

		(a)	(b)
		HK\$'000	
		30 September 2020	30 June 2020
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	5,625,916	5,530,381
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	41,757,407	41,523,461
20b	<b>Adjustments for specific and collective provisions</b>	(1,487)	(1,342)
21	<b>Total exposures after adjustments for specific and collective provisions</b>	41,755,920	41,522,119
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	13.47%	13.32%



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**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**

### Abbreviations

### Descriptions

STC

Standardized (Credit Risk) Approach

STM

Standardized (Market Risk) Approach