

Public Bank (Hong Kong) Limited

Regulatory Disclosure Statement

**For the position date of 30 September 2023
(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 2023	30 June 2023	31 March 2023	31 December 2022	30 September 2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	6,078,929	6,083,937	6,099,520	6,081,047	5,983,409
2	Tier 1	6,078,929	6,083,937	6,099,520	6,081,047	5,983,409
3	Total capital	6,264,181	6,272,451	6,287,140	6,271,122	6,174,294
	RWA (amount)					
4	Total RWA	24,788,393	24,639,983	25,285,148	25,064,770	25,121,676
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	24.52%	24.69%	24.12%	24.26%	23.82%
6	Tier 1 ratio (%)	24.52%	24.69%	24.12%	24.26%	23.82%
7	Total capital ratio (%)	25.27%	25.46%	24.87%	25.02%	24.58%
	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 (%)	0.930%	0.931%	0.927%	0.925%	0.923%
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 (%)	3.430%	3.431%	3.427%	3.425%	3.423%
12	CET1 available after meeting the AI's minimum capital requirements (%)	17.27%	17.46%	16.87%	17.02%	16.58%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	38,295,702	36,465,795	38,831,512	38,324,008	37,681,116
14	LR (%)	15.87%	16.68%	15.71%	15.87%	15.88%

		(a)	(b)	(c)	(d)	(e)
		30 September 2023	30 June 2023	31 March 2023	31 December 2022	30 September 2022
		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 (%)	60.13%	56.74%	59.21%	53.63%	48.97%
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 (%)	137.67%	140.71%	147.00%	142.21%	143.26%

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 standardised approach for both credit risk and market risk. Regarding operational risk, the Bank and Public Finance have adopted basic indicator approach and standardised approach respectively. During the third quarter of 2023, RWA increased by HK\$148.41 million to HK\$24.79 billion, mainly due to increase in credit risk for non-securitisation exposures related to placements with banks.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 September 2023	30 June 2023	30 September 2023
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitisation exposures	21,290,918	21,085,931	1,703,273
2	Of which STC approach	21,290,918	21,085,931	1,703,273
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	3,012	2,963	241
7	Of which SA-CCR approach	3,012	2,963	241
7a	Of which CEM	0	0	0
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	0	0	0
10	CVA risk	1,888	1,663	151
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	Securitisation 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
		30 September 2023	30 June 2023	30 September 2023
		HK\$'000	HK\$'000	HK\$'000
20	Market risk	1,025,400	1,037,638	82,032
21	Of which STM approach	1,025,400	1,037,638	82,032
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	2,342,225	2,386,838	187,378
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	156,905	156,905	12,552
26	Capital floor adjustment	0	0	0
26a	Deduction to RWA	31,955	31,955	2,556
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	31,955	31,955	2,556
27	Total	24,788,393	24,639,983	1,983,071

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

The table below provides a detailed breakdown of the components of the LR denominator as at 30 September 2023 and 30 June 2023. There was no material change to the LR at 30 September 2023 as compared to position date of 30 June 2023.

		(a)	(b)
		HK\$'000	
		30 September 2023	30 June 2023
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	38,249,560	36,485,683
2	Less: Asset amounts deducted in determining Tier 1 capital	(344,175)	(361,164)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	37,905,385	36,124,519
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)	6,041	2,702
5	Add-on amounts for PFE associated with all derivative contracts	9,021	12,113
6	Gross-up for collateral provided in respect of derivative contracts 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-related derivative contracts	0	0
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	0	0
11	Total exposures arising from derivative contracts	15,062	14,815
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	2,885,390	2,358,138
18	Less: Adjustments for conversion to credit equivalent amounts	(2,508,794)	(2,030,561)
19	Off-balance sheet items	376,596	327,577

		(a)	(b)
		HK\$'000	
		30 September 2023	30 June 2023
Capital and total exposures			
20	Tier 1 capital	6,078,929	6,083,937
20a	Total exposures before adjustments for specific and collective provisions	38,297,043	36,466,911
20b	Adjustments for specific and collective provisions	(1,341)	(1,116)
21	Total exposures after adjustments for specific and collective provisions	38,295,702	36,465,795
Leverage ratio			
22	Leverage ratio	15.87%	16.68%

Glossary

<u>Abbreviations</u>	<u>Descriptions</u>
AI	Authorised Institution
BSC Approach	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(CCR) Approach	Internal Models (Counterparty Credit Risk) Approach
IMM Approach	Internal Models Approach
IRB Approach	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	Standardised Approach (Counterparty Credit Risk)
SEC-ERBA	Securitisation External Ratings-Based Approach
SEC-SA	Securitisation Standardised Approach

Glossary

<u>Abbreviations</u>	<u>Descriptions</u>
SEC-FBA	Securitisation Fall-Back Approach
SEC-IRBA	Securitisation Internal Ratings-Based Approach
SFT	Securities Financing Transaction
STC Approach	Standardised (Credit Risk) Approach
STM Approach	Standardised (Market Risk) Approach