Public Bank (Hong Kong) Limited

Regulatory Disclosure Statement

For the position date of 30 September 2019

(Consolidated and Unaudited)

Table of contents

大眾銀行(香港)
PUBLIC BANK (HONG KONG)

Public Bank (Hong Kong) Limited

Template KM1: Key prudential ratios

The table below provides key prudential ratios.

		(a)	(b)	(c)	(d)	(e)
		30 September 2019	30 June 2019	31 March 2019	31 December 2018	30 September 2018
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	5,212,289	5,248,640	5,154,276	5,077,274	4,959,476
2	Tier 1	5,212,289	5,248,640	5,154,276	5,077,274	4,959,476
3	Total capital	5,535,824	5,581,068	5,479,809	5,403,481	5,277,893
	RWA (amount)					
4	Total RWA	27,235,962	28,101,034	28,124,220	28,184,838	27,833,276
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	19.14%	18.68%	18.33%	18.01%	17.82%
6	Tier 1 ratio (%)	19.14%	18.68%	18.33%	18.01%	17.82%
7	Total capital ratio (%)	20.33%	19.86%	19.48%	19.17%	18.96%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	1.875%	1.875%
9	Countercyclical capital buffer requirement (%)	2.249%	2.250%	2.245%	1.696%	1.709%
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 (%)	4.749%	4.750%	4.745%	3.571%	3.584%
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.33%	11.86%	11.48%	11.17%	10.96%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	40,810,979	42,778,545	42,287,170	42,119,234	42,328,931
14	LR (%)	12.77%	12.27%	12.19%	12.05%	11.72%
	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

		(a)	(b)	(c)	(d)	(e)
		30 September 2019	30 June 2019	31 March 2019	31 December 2018	30 September 2018
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
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 (%)	46.76%	49.76%	48.56%	44.52%	47.40%
	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 (%)	133.39%	133.90%	130.66%	133.21%	134.90%

Template OV1: Overview of RWA

The table below provides an overview of RWA and the related minimum capital requirements by risk type. The Bank and its core subsidiary, Public Finance Limited, have adopted standardized approach for both credit risk and market risk. Regarding operational risk, the Bank and Public Finance Limited have adopted basic indicator approach and standardized approach respectively. During the third quarter of 2019, RWA decreased by HK$865.1 million to HK$27.24 billion. The decrease of RWA was mainly due to decrease in non-securitization credit risk exposures.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 September 2019	30 June 2019	30 September 2019
		HK$'000	HK$'000	HK$'000
1	**Credit risk for non-securitization exposures**	**23,421,797**	**24,250,092**	**1,873,744**
2	Of which STC approach	23,421,797	24,250,092	1,873,744
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**	**5,819**	**3,157**	**466**
7	Of which SA-CCR*	Not applicable	Not applicable	Not applicable
7a	Of which CEM	5,819	3,157	466
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	0	0	0
10	CVA risk	2,175	2,013	174
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
		30 September 2019	30 June 2019	30 September 2019
		HK$'000	HK$'000	HK$'000
20	**Market risk**	**1,097,888**	**1,143,663**	**87,831**
21	Of which STM approach	1,097,888	1,143,663	87,831
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	2,652,000	2,637,038	212,160
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	12,552
26	Capital floor adjustment	0	0	0
26a	**Deduction to RWA**	**100,622**	**91,834**	**8,050**
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	65,509	58,466	5,241
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	35,113	33,368	2,809
27	**Total**	**27,235,962**	**28,101,034**	**2,178,877**

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. The LR at 30 September 2019 as compared to position date of 30 June 2019 increased by 0.50%. The increase of LR was due to a decrease of HK$1.89 billion in on-balance sheet exposures mainly related to Bank Placements and Held-to-Collect Debt Securities.

		(a)	(b)
		HK$'000	
		30 September 2019	30 June 2019
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	40,969,685	42,860,355
2	Less: Asset amounts deducted in determining Tier 1 capital	(545,747)	(550,219)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	40,423,938	42,310,136
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)	2,686	8,031
5	Add-on amounts for PFE associated with all derivative contracts	16,685	7,753
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**	19,371	15,784
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	3,281,182	3,119,130
18	Less: Adjustments for conversion to credit equivalent amounts	(2,912,326)	(2,665,152)
19	**Off-balance sheet items**	368,856	453,978

		(a)	(b)
		HK$'000	
		30 September 2019	30 June 2019
Capital and total exposures			
20	**Tier 1 capital**	5,212,289	5,248,640
20a	**Total exposures before adjustments for specific and collective provisions**	40,812,165	42,779,898
20b	**Adjustments for specific and collective provisions**	(1,186)	(1,353)
21	**Total exposures after adjustments for specific and collective provisions**	40,810,979	42,778,545
Leverage ratio			
22	**Leverage ratio**	12.77%	12.27%

Glossary

Abbreviations	Descriptions
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
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
STC	Standardized (Credit Risk) Approach

Glossary

Abbreviations	Descriptions
STM	Standardized (Market Risk) Approach