

**BPI INTERNATIONAL FINANCE LIMITED**

**BANKING DISCLOSURE STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2021  
(UNAUDITED)**

# BPI INTERNATIONAL FINANCE LIMITED

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# BPI INTERNATIONAL FINANCE LIMITED

## Basis of Preparation

The key prudential ratios related to regulatory capital and buffers, leverage ratio and liquidity ratios of BPI International Finance Limited (the “Company”) are calculated in accordance with the Banking (Capital) Rules (“BCR”) and Banking (Liquidity) Rules (“BLR”), respectively.

These regulatory capital ratios represent the solo/combined ratio of the Company under section 3C(1) of the BCR. The Company uses the Basic Approach (“BSC”) in calculating the credit risk of its non-securitization exposures and the Basic Indicator Approach (“BIA”) in calculating its operational risk. The Company is exempted by the Hong Kong Monetary Authority (“HKMA”) from computing its market risk.

### Part I: Key Prudential Ratios and Overview of RWAs

#### 1. Table 1 - KM1: Key Prudential Ratios

The following disclosures are made in accordance with section 16AB in part 2A of the Banking (Disclosure) Rules.

		(a)	(b)	(c)	(d)	(e)
		31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020
	<b>Regulatory capital (amount) (HK\$ '000)</b>					
1	Common Equity Tier 1 (CET1)	135,453	133,076	132,501	136,421	137,109
2	Tier 1	135,453	133,076	132,501	136,421	137,109
3	Total capital	136,481	134,156	133,513	137,332	138,609
	<b>RWA (amount) (HK\$ '000)</b>					
4	Total RWA	265,479	274,985	242,273	193,277	191,972
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	51.02%	48.39%	54.69%	70.58%	71.42%
6	Tier 1 ratio (%)	51.02%	48.39%	54.69%	70.58%	71.42%
7	Total capital ratio (%)	51.41%	48.79%	55.11%	71.05%	72.20%
	<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	0	0	0	0
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	2.500%	2.500%	2.500%	2.500%	2.500%
12	CET1 available after meeting the AI's minimum capital requirements (%)	37.66%	35.04%	41.36%	57.30%	58.45%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	395,229	414,044	409,394	379,875	373,469
14	LR (%)	34.27%	32.14%	32.37%	35.91%	36.71%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A

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		(a)	(b)	(c)	(d)	(e)
		31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020
	Applicable to category 2 institution only:					
17a	LMR (%)	761.95%	475.71%	852.53%	568.32%	617.41%
<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>						
	Applicable to category 1 institution only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

The Company is categorized as category 2 institution by the Hong Kong Monetary Authority (HKMA); thus, the following ratios does not apply: Liquidity Coverage Ratio (“LCR”), Net Stable Funding Ratio (“NSFR”), and Core Funding Ratio (“CFR”).

The regulatory capital, RWA’s, risk-based regulatory capital ratios, and additional buffer requirements are from the Return of Capital Adequacy Ratio submitted to the HKMA on a solo/combined basis under section 3C(1) of the BCR.

The increase in the regulatory capital ratios is mainly due to the decrease in the loan portfolio by HK\$ 9M from the previous quarter due to customer repayments, which resulted to a decrease in the RWA for credit risk.

The Basel III Leverage ratio disclosures are from the Return of Leverage Ratio submitted to the HKMA under Part 1C of the BCR.

The decrease in the total leverage ratio exposure measure is mainly due to the withdrawal of the customer’s time deposit.

The liquidity condition of the Company is monitored daily by the Company’s Chief Executive. The balance between liquidity and profitability is carefully considered, but the former is given higher priority in case of conflicts in meeting targets or regulatory requirements.

The Company computes its Liquidity Maintenance Ratio (“LMR”) on Hong Kong office basis as required under rule 10(1)(a) of the BLR. The LMR is calculated based on the average value of the LMR for each calendar month, as reported in the Return of Liquidity position submitted to the HKMA and the ratios presented above are the average quarterly LMR for the reporting period.

The increase in the average LMR from the last quarter was mainly due to the decrease in the average customer’s time deposit that falls within one month tenor bucket.

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## Capital Requirements and RWAs

The following disclosures are made in accordance with section 16C in part 2A (Division 2) of the Banking (Disclosure) Rules.

### 2. Table 2 - OV1: Overview of RWAs

The following table provides an overview of the capital requirement in terms of a detailed breakdown of RWAs for credit risk, market risk, and operational risk. The minimum capital requirements are calculated as 8% of the risk-weighted assets as of the reporting date.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Mar 2021 HK\$'000	31 Dec 2020 HK\$'000	31 Mar 2021 HK\$'000
1	Credit risk for non-securitization exposures	184,754	198,497	14,780
2	Of which STC approach	-	-	-
2a	Of which BSC approach	184,754	198,497	14,780
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	-	-	-
7	Of which SA-CCR*	N/A	N/A	N/A
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	N/A	N/A	N/A
13	CIS exposures – MBA*	N/A	N/A	N/A
14	CIS exposures – FBA*	N/A	N/A	N/A
14a	CIS exposures – combination of approaches*	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	-	-	-
21	Of which STM approach	-	-	-
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	N/A	N/A	N/A

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		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Mar 2021 HK\$'000	31 Dec 2020 HK\$'000	31 Mar 2021 HK\$'000
24	Operational risk	80,725	76,488	6,458
24a	Sovereign concentration risk**	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	-	-	-
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
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	-	-	-
27	Total	265,479	274,985	21,238

The decrease in RWA from the previous quarter mainly due to the decrease in the loan portfolio by HK\$ 9M from customer repayments.

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## Part IIC: Leverage Ratio

### 3. Table 3 – LR2: Leverage Ratio (“LR”)

The table below provides a detailed breakdown of the components of the Leverage ratio denominator as at 31 March 2021.

		(a)	(b)
		HK\$ '000	
		31 Mar 2021	31 Dec 2020
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	395,857	414,927
2	Less: Asset amounts deducted in determining Tier 1 capital	846	846
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	395,011	414,081
<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)	-	-
5	Add-on amounts for PFE associated with all derivative contracts	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	<b>Total exposures arising from derivative contracts</b>	-	-
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	<b>Total exposures arising from SFTs</b>	-	-
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	1,998	985
18	Less: Adjustments for conversion to credit equivalent amounts	(1,598)	(788)
19	<b>Off-balance sheet items</b>	400	197
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	135,453	133,076
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	395,411	414,278
20b	<b>Adjustments for specific and collective provisions</b>	(182)	(234)
21	<b>Total exposures after adjustments for specific and collective provisions</b>	395,229	414,044
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	34.27%	32.14%

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## **Part VI: Market Risk**

### **MR2: RWA flow statements of market risk exposures under IMM approach**

MR2 section does not apply to the Company for the reason that it is under Basic Approach (BSC).