

Public Finance Limited

Regulatory Disclosure Statement

For the position date of 30 September 2021

(Unaudited)

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Template KM1: Key prudential ratios

The table below provides key prudential ratios.

		(a)	(b)	(c)	(d)	(e)
		30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	1,342,681	1,279,163	1,315,004	1,254,685	1,292,633
2	Tier 1	1,342,681	1,279,163	1,315,004	1,254,685	1,292,633
3	Total capital	1,394,965	1,331,660	1,368,047	1,309,150	1,348,236
RWA (amount)						
4	Total RWA	5,062,433	5,095,120	5,169,697	5,297,680	5,346,716
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	26.52%	25.11%	25.44%	23.68%	24.18%
6	Tier 1 ratio (%)	26.52%	25.11%	25.44%	23.68%	24.18%
7	Total capital ratio (%)	27.56%	26.14%	26.46%	24.71%	25.22%
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 (%)	1.000%	1.000%	1.000%	1.000%	1.000%
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 (%)	3.500%	3.500%	3.500%	3.500%	3.500%
12	CET1 available after meeting the AI's minimum capital requirements (%)	19.56%	18.14%	18.46%	16.71%	17.22%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	6,376,438	6,292,996	6,541,042	6,748,814	6,574,678
14	LR (%)	21.06%	20.33%	20.10%	18.59%	19.66%

		(a)	(b)	(c)	(d)	(e)
		30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 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 (%)	95.56%	67.05%	102.96%	66.38%	67.61%
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 (%)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Template OV1: Overview of RWA

The table below provides an overview of RWA and the related minimum capital requirements by risk type. The Company has adopted standardized approach for both credit risk and operational risk. During the third quarter of 2021, RWA decreased by HK\$32.0 million to HK\$5.06 billion. The decrease of RWA was mainly due to a decrease in credit risk for non-securitization exposures related to loans and advances.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 September 2021	30 June 2021	30 September 2021
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	3,828,861	3,845,946	306,309
2	Of which STC approach	3,828,861	3,845,946	306,309
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	0	0	0
7	Of which SA-CCR approach	0	0	0
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	0	0	0
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 2021	30 June 2021	30 September 2021
		HK\$'000	HK\$'000	HK\$'000
20	Market risk	0	0	0
21	Of which STM approach	0	0	0
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	1,267,400	1,281,850	101,392
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	25,275	25,275	2,022
26	Capital floor adjustment	0	0	0
26a	Deduction to RWA	59,103	57,951	4,728
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	54,083	52,931	4,326
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	5,020	5,020	402
27	Total	5,062,433	5,095,120	404,995

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 2021 and 30 June 2021. There was no material change to the LR at 30 September 2021 as compared to position date of 30 June 2021.

		(a)	(b)
		HK\$'000	
		30 September 2021	30 June 2021
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	6,392,650	6,310,878
2	Less: Asset amounts deducted in determining Tier 1 capital	(20,000)	(19,845)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	6,372,650	6,291,033
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	0	0
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	0	0
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	38,312	20,086
18	Less: Adjustments for conversion to credit equivalent amounts	(34,481)	(18,077)
19	Off-balance sheet items	3,831	2,009

		(a)	(b)
		HK\$'000	
		30 September 2021	30 June 2021
Capital and total exposures			
20	Tier 1 capital	1,342,681	1,279,163
20a	Total exposures before adjustments for specific and collective provisions	6,376,481	6,293,042
20b	Adjustments for specific and collective provisions	(43)	(46)
21	Total exposures after adjustments for specific and collective provisions	6,376,438	6,292,996
Leverage ratio			
22	Leverage ratio	21.06%	20.33%

Glossary

<u>Abbreviations</u>	<u>Descriptions</u>
AI	Authorized 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 bank
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	Standardized Approach (Counterparty Credit Risk)
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-SA	Securitization Standardized Approach

Glossary

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