

BPI INTERNATIONAL FINANCE LIMITED

Capital Disclosure Template

	Component of regulatory capital reported by bank	Cross- referenced to balance sheet under regulatory scope of consolidation
CET1 capital: instruments and reserves		
Directly issued qualifying CET1 capital instruments plus any		
1 related share premium	75,000	(2)
2 Retained earnings	105,527	(3)
3 Disclosed reserves	(199)	(5)
4 <i>Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)</i>	Not applicable	
5 Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6 CET1 capital before regulatory deductions	180,328	
CET1 capital: regulatory deductions		
7 Valuation adjustments	-	
8 Goodwill (net of associated deferred tax liability)	-	
9 Other intangible assets (net of associated deferred tax liability)	-	
10 Deferred tax assets net of deferred tax liabilities	115	(1)
11 Cash flow hedge reserve	-	
12 Excess of total EL amount over total eligible provisions under the IRB approach	-	
13 Gain-on-sale arising from securitization transactions	-	
14 Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15 Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16 Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17 Reciprocal cross-holdings in CET1 capital instruments	-	
18 Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19 Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
20 Mortgage servicing rights (amount above 10% threshold)	Not applicable	
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	Not applicable	
22 Amount exceeding the 15% threshold	Not applicable	
23 of which: significant investments in the common stock of financial sector entities	Not applicable	
24 of which: mortgage servicing rights	Not applicable	
25 of which: deferred tax assets arising from temporary differences	Not applicable	

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	Component of regulatory capital reported by bank	Cross- referenced to balance sheet under regulatory scope of consolidation
CET1 capital: regulatory deductions (Continued)		
26	National specific regulatory adjustments applied to CET1 capital	1,692
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-
26b	Regulatory reserve for general banking risks	1,692 (4)
26c	Securitization exposures specified in a notice given by the Monetary Authority	-
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-
26e	Capital shortfall of regulated non-bank subsidiaries	-
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-
28	Total regulatory deductions to CET1 capital	1,807
29	CET1 capital	178,521
AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	-
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	-
33	<i>Capital instruments subject to phase out arrangements from AT1 capital</i>	-
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	-
36	AT1 capital before regulatory deductions	-
37	Investments in own AT1 capital instruments	-
38	Reciprocal cross-holdings in AT1 capital instruments	-
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-
41	National specific regulatory adjustments applied to AT1 capital	-
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-

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	Component of regulatory capital reported by bank	Cross- referenced to balance sheet under regulatory scope of consolidation
43 Total regulatory deductions to AT1 capital	-	
44 AT1 capital	-	
45 Tier 1 capital (Tier 1 = CET1 + AT1)	178,521	
	AT1 capital: regulatory deductions	
	Tier 2 capital: instruments and provision	
46 Qualifying Tier 2 capital instruments plus any related share premium	-	
47 <i>Capital instruments subject to phase out arrangements from Tier 2 capital</i>	-	
48 Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49 <i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	-	
50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,692	
51 Tier 2 capital before regulatory deductions	1,692	
	Tier 2 capital: regulatory deductions	
52 Investments in own Tier 2 capital instruments	-	
53 Reciprocal cross-holdings in Tier 2 capital instruments	-	
54 Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
55 Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
56 National specific regulatory adjustments applied to Tier 2 capital	-	
56a Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	
57 Total regulatory deductions to Tier 2 capital	-	
58 Tier 2 capital	1,692	
59 Total capital (Total capital = Tier 1 + Tier 2)	180,213	
60 Total risk weighted assets	208,264	

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	Component of regulatory capital reported by bank	Cross- referenced to balance sheet under regulatory scope of consolidation
Capital ratios (as a percentage of risk weighted assets)		
61	CET1 capital ratio	85.72%
62	Tier 1 capital ratio	85.72%
63	Total capital ratio	86.53%
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	4.5%
65	<i>of which: capital conservation buffer requirement</i>	Not applicable
66	<i>of which: bank specific countercyclical buffer requirement</i>	Not applicable
67	<i>of which: G-SIB or D-SIB buffer requirement</i>	Not applicable
68	CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3B of the BCR	81.22%
National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable
70	National Tier 1 minimum ratio	Not applicable
71	National Total capital minimum ratio	Not applicable
Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	Not applicable
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	Not applicable
74	Mortgage servicing rights (net of related tax liability)	Not applicable
75	Deferred tax assets arising from temporary differences (net of related tax liability)	Not applicable
Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach and the standardized (credit risk) approach (prior to application of cap)	Not applicable
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	Not applicable
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	Not applicable
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	Not applicable

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		Component of regulatory capital reported by bank	Cross- referenced to balance sheet under regulatory scope of consolidation
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<i>Current cap on CET1 capital instruments subject to phase out arrangements</i>	Not applicable	
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	
82	<i>Current cap on AT1 capital instruments subject to phase out arrangements</i>	Not applicable	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	
84	<i>Current cap on Tier 2 capital instruments subject to phase out arrangements</i>	Not applicable	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	

Notes to the template:

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

Row No.	Description	Hong Kong basis	Basel III basis
10	Deferred tax assets net of deferred tax liabilities	115	-

Explanation

As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely on future profitability of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III.

The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.

Remark:

The amount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the BCR.

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1