

**BPI INTERNATIONAL FINANCE LIMITED**

**BANKING DISCLOSURE STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2017  
(UNAUDITED)**

## Basis of Preparation

The regulatory capital or the capital charge of the group is calculated in accordance with the Banking (Capital) Rules. The group uses the basic approach (BSC) in calculating its credit risk of its non-securitisation exposures and BIA approach in calculating its operational risk. The group is exempted to compute its market risk.

## Key capital ratio

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

### Table 1: Capital Ratio

The calculation of the capital adequacy ratio as at 30<sup>th</sup> September 2017 is based on the Banking (Capital) Rules ("BCR"). The capital adequacy ratio represents the consolidated ratio of the Company and BPI Remittance Centre (HK) Limited computed in accordance with section 3C(1) of the BCR.

		<b>30 Sept 2017</b>
	Footnotes	<b>%</b>
Common Equity Tier 1 ("CET1") capital ratio	1	93.30%
Tier 1 Capital Ratio	2	93.30%
Total Capital Ratio	3	94.14%
		<b>HK\$'000</b>
CET1 Capital		186,953
Tier 1 Capital		186,953
Total Capital		188,625
Total Risk-weighted assets		200,368

1 Common Equity Tier 1 ("CET1") capital ratio equals to CET1 capital divided by Total risk-weighted assets

2 Tier 1 capital ratio equals to Tier 1 capital divided by Total risk-weighted assets

3 Total capital ratio equals to Total capital divided by Total risk-weighted assets

## Leverage Ratio

The leverage ratio was introduced into the Basel III framework as a non-risk-based backstop limit, to supplement risk-based capital requirements. It aims to constrain the build-up of excess leverage in the banking sector, introducing additional safeguards against model risk and management errors. The ratio is a volume-based measure calculated as Basel III tier 1 capital divided by total on- and off-balance sheet exposure as at 30 September 2017.

	<b>30 Sept 2017</b>
	<b>%</b>
<b>Table 2: Leverage Ratio</b>	<b>40.53%</b>
	<b>Footnotes</b>
	<b>1</b>
<b><i>Capital and leverage ratio exposure measure</i></b>	<b>HK\$'000</b>
Tier 1 Capital	186,953
Total Exposure Measure	461,302

<sup>1</sup> Leverage ratio equals to Tier 1 capital divided by Total exposure measure

## Capital requirements and RWAs

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

**Table 3- OV1: Overview of RWAs**

The following table provides an overview of the capital requirement in terms of 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.

	RWAs		Minimum Capital Requirements
	30 Sep 2017	30 Jun 2017	30 Sept 2017
	HK\$'000	HK\$'000	HK\$'000
<b>1 Credit risk for non-securitisation exposures</b>	<b>133,730</b>	<b>122,983</b>	<b>10,698</b>
2 - Of which STC approach	-	-	-
2a - Of which BSC approach	133,730	122,983	10,698
3 - Of which IRB approach	-	-	-
<b>4 Counterparty credit risk</b>	-	-	-
5 - Of which SA-CCR	-	-	-
5a - Of which CEM	-	-	-
6 - Of which IMM (CCR) approach	-	-	-
<b>7 Equity positions in the banking book under the market-based approach</b>	-	-	-
8 CIS exposures – LTA	-	-	-
9 CIS exposures – MBA	-	-	-
10 CIS exposures – FBA	-	-	-
<b>11 Settlement risk</b>	-	-	-
<b>12 Securitisation exposures in banking book</b>	-	-	-
13 - Of which IRB(S) approach - ratings-based method	-	-	-
14 - Of which IRB(S) approach - supervisory formula method	-	-	-
15 - Of which STC(S) approach	-	-	-
<b>16 Market risk</b>	-	-	-
17 - Of which STM approach	-	-	-
18 - Of which IMM approach	-	-	-
<b>19 Operational risk</b>	<b>66,638</b>	<b>64,188</b>	<b>5,331</b>
20 - Of which BIA approach	66,638	64,188	5,331
21 - Of which STO approach	-	-	-
21a - Of which ASA approach	-	-	-
22 - Of which AMA approach	N/A	N/A	N/A
<b>23 Amounts below the thresholds for deduction (subject to 250% RW)</b>	-	-	-

## Overview of RWAs - continued

	RWAs		Minimum Capital Requirements
	30 Sep 2017	30 Jun 2017	30 Sept 2017
	HK\$'000	HK\$'000	HK\$'000
<b>24 Capital floor adjustment</b>	-	-	-
<b>24a Deduction to RWA</b>	-	-	-
24b - Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
24c - Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
<b>25 Total</b>	<b>200,368</b>	<b>187,171</b>	<b>16,029</b>

During the 3<sup>rd</sup> quarter of 2017, the total Risk Weighted Assets (RWAs) increased by HKD 13.2M of which HKD 5.8m was due to a loan drawdown by one of the clients, HKD 3.5M additional debt securities purchased, net increased in Nostro exposures by HKD 1.5M due to various maturities of placements/debt securities and increased in RWAs for operational risk by HKD 2.4M.