KDB Asia Limited

Pillar 3 Regulatory Disclosures
(Unaudited)
31 December 2023

Contents

Contents

KDB Asia Limited (the “Company”) is a wholly owned subsidiary of Korean Development Bank ("KDB") and falls under the KDB risk management framework. Under this structure, the Company has established policies and procedures, in line with the requirements set out by the HKMA and other regulators to identify and analyse key possible risks that the Company may be affected, to set appropriate risk limits and to implement controls, and to monitor such risks and limits continually by means of reliable and up-to-date management and information systems. This framework enables the Board and Senior Management to discharge their risk management-related responsibilities with appropriate delegation and checks and balances. The Company continually modifies and enhances its risk management policies and systems to reflect changes in markets, products and operation risk management process.

The Company maintains risk management systems to measure and monitor exposures, identify areas of high risk, and ensure that the magnitude of risk is within the tolerance level. In particular, the credit, market and operational risk management systems are also used for assessing the capital adequacy.

Credit risks measurement system

The Company has established policies, procedures, and rating systems to identify, measure, monitor, control, and report on credit risk. In this connection, guidelines for management of credit risk have been laid down in the Company’s risk management policy. These policies stipulate delegated lending authorities, credit underwriting criteria, a credit monitoring process, an internal rating structure, credit recovery procedures and a provisioning policy. They are reviewed and enhanced on an ongoing basis to cater for market changes, statutory requirements, and best practices in risk management processes.

Market risks measurement system

The Company has formulated market risk management to identify, measure, monitor, control, and report on the market risk, where appropriate, to allocate adequate capital to cover those risks. The risk control limits are approved by the Board and are monitored and regularly reviewed to align with market changes, statutory requirements, and best practices in risk management processes. For measuring and monitoring of market risk, market risk analysis is conducted on different dimensions, such as by risk factors, by regions, by currencies in the form of potential loss and impact to capital adequacy. Risk limits and management action triggers are set with reference to the nature, volume of transaction and risk appetite of the Company. Hedging and risk mitigation are performed corresponding to the market risk exposures. Various strategies, including the use of traditional market instruments, such as interest rate swaps, are adopted by the Company according to the complexity of the corresponding portfolio.

Relevant departments are established policies and procedures on market risk. Such policies and procedures taken into account of relevant regulations and guidelines from the HKMA, other regulators, and KDB, and provide detailed guidance for the day-to-day implementation and management of those risks. Also such policies and procedures already considered market risk limits for new purchases, existing securities portfolio, and derivatives, and, as appropriate, should address exposures for individual instruments, instrument types, and portfolios. These limits are integrated with limits established by the appropriate departments of the Company.

Operational risks measurement system

Operational risks refer to possible losses which may occur due to misleading internal procedures, employees, systems and external incidents. Operational risk is closely monitored by Management. MIS reports with analysis and quantifying of each risk levels and manage them accordingly.

Through a Control Self-Assessment ("CSA") program implemented at annual basis, concerned employees have to assess potential operational risks, associated with their job activities in order to ascertain that such risks are properly managed in accordance with established guidelines. Business continuity plans has developed by job function to guard against possible business disruptions due to disasters, strikes and other emergencies. Yearly mock-up drills are held to ensure that major operations of the Company can be resumed within a target timeframe in case of an emergency.

Interest rate risks measurement system

Interest rate risks refer to possible losses that might occur when interest rate movements negatively affect the Company's financial status. Continual monitoring of interest rate Value at Risk ("VaR") is ensured, which measures the reduction of net present value ("NPV") with regular simulations based on scenarios of interest rate fluctuations; and through interest rate Earnings at Risk ("EaR"), which measures the decrease of net interest income.

The Company effectively manages risks under the following principle to respond to the rapidly changing financial environments.

Risk Management Principles

• Identifying risk

To properly identify risks, the Company must recognize and understand existing risks or risks that may arise from new business initiatives. Risk identification should be a continuing process, and should occur at both the transaction and portfolio level.

• Measuring risk

Accurate and timely measuring risk is essential to effective risk management system. Therefore, the Company should establish and maintain a risk management system with the ability to control or monitor risk levels. Further the more complex the risk, the more sophisticated should be the tool that measures it. The Company should periodically test to make sure that the measurement tools it uses are accurate. Good risk measurement systems assess the risk of both individual transactions and portfolios.

• Monitoring risk

The Company should monitor risk levels to ensure timely review of risk positions and exceptions. Monitoring reports should be frequent, timely, accurate, and informative and should be distributed to appropriate parties to ensure action is properly taken, when needed.

• Controlling risk

The Company should establish and communicate control limits through policies, standards, and procedures that define responsibility and authority. These control limits should be a valid management tool. The Management should be able to adjust them when conditions or risk tolerance levels changed. The Company should have a process to authorize exceptions or changes to risk limits when warranted.

• Risk must be managed within certain limits or guidelines in order to prevent undue exposure.

Risk Management Committee ("RMC")

The RMC stands at the highest level of the Company's risk governance structure below the Board and provides direct oversight over the formulation of the Company's institutional risk appetite, and sets the levels of risk that the Company is willing to undertake with regard to its financial capacity, strategic direction, prevailing market conditions, and regulatory requirements. Also, the RMC establishes the Company's risk tolerance levels and then to review all risks assumed in the course of business of the Company. Its review will cover, but not limited to, market, liquidity, credit, country, legal, reputation, strategic and operational risks and limits and the policies/procedures designed to mitigate these risks. It will also review all proposed new products before launched.

The RMC should be held regularly on a monthly basis and additionally at any time as the Management may think necessary to warrant the attention of the Company. The Company reports to the KDB on a monthly basis and KDB closely monitors the Company's risk management performance.

Audit Committee

The Company has established an Audit Committee serves as the last resort of the defence. The Board of the Company delegated responsibility and authority to the Audit Committee in its oversight of the Company's overall risk management and the integrity of financial reporting and disclosures as well as the effectiveness of the internal control systems and the external and internal audit function.

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Disclosure on key prudential ratios

31-Dec-23

		(a)	(b)	(c)	(d)	(e)
		31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23	31-Dec-22
		US$	US$	US$	US$	US$
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	546,935,986	532,413,400	520,867,106	506,234,564	493,390,881
2	Tier 1	546,935,986	532,413,400	520,867,106	506,234,564	493,390,881
3	Total capital	557,392,004	542,528,081	531,181,209	517,639,273	505,292,177
	RWA (amount)					
4	Total RWA	2,713,529,727	2,587,076,531	2,651,960,716	2,683,765,626	2,740,504,777
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	20.16%	20.58%	19.64%	18.86%	18.00%
6	Tier 1 ratio (%)	20.16%	20.58%	19.64%	18.86%	18.00%
7	Total capital ratio (%)	20.54%	20.97%	20.03%	19.29%	18.44%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.35%	0.39%	0.35%	0.37%	0.28%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	2.85%	2.89%	2.85%	2.87%	2.78%
12	CET1 available after meeting the AI's minimum capital requirements (%)	15.66%	16.08%	15.14%	14.36%	13.50%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	3,335,919,460	3,119,947,987	2,980,520,085	2,934,903,455	3,073,730,784
14	LR (%)	16.40%	17.06%	17.48%	17.25%	16.05%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:	NA	NA	NA	NA	NA
15	Total high quality liquid assets (HQLA)					
16	Total net cash outflows					
17	LCR (%)					
	Applicable to category 2 institution only:					
17a	LMR (%)	186.53%	119.06%	95.31%	95.59%	68.60%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:	NA	NA	NA	NA	NA
18	Total available stable funding					
19	Total required stable funding					
20	NSFR (%)					
	Applicable to category 2A institution only:	NA	NA	NA	NA	NA
20a	CFR (%)					

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Disclosure on overview of RWA
31-Dec-23

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31-Dec-23	**30-Sep-23**	**31-Dec-23**
		US$	US$	US$
1	Credit risk for non-securitization exposures	2,386,570,705	2,229,749,624	190,925,657
2	Of which STC approach	-	-	-
2a	Of which BSC approach	2,386,570,705	2,229,749,624	190,925,657
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	2,012,504	6,788,714	161,001
7	Of which SA-CCR approach	1,935,196	6,634,227	154,816
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	3,407,051	5,953,590	272,564
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment schemes ("CIS") exposures - LTA	52,951,117	53,351,361	4,236,089
13	CIS exposures – MBA	122,193,991	135,008,754	9,775,520
14	CIS exposures – FBA	NA	NA	NA
14a	CIS exposures - combination of apporaches	NA	NA	NA
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	19,825,385	29,274,103	1,586,031
21	Of which STM approach	19,825,385	29,274,103	1,586,031
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading bood and banking book (not applicable before the reivsed market risk framework takes effect)	NA	NA	NA
24	Operational risk	126,568,974	126,950,385	10,125,518
24a	Sovereign concentration risk	NA	NA	NA
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**	**2,713,529,727**	**2,587,076,531**	**217,082,380**

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Disclosure on differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

31-Dec-23

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			Carrying values of items:				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
	US$	US$	US$	US$	US$	US$	US$
Assets							
Cash and balances with banks and other financial institutions	10,288,836	10,288,836	10,288,836	-	-	-	-
Placements with banks and other financial institutions	99,764,063	99,764,063	99,764,063	-	-	-	-
Financial assets at fair value through profit or loss	158,317,716	158,317,716	90,327,834	67,989,882	-	3,687,546	-
Loans and advances	1,851,385,179	1,855,951,298	1,855,951,298	-	-	-	-
Financial assets at fair value through other comprehensive income	564,223,778	564,223,778	564,223,778	-	-	-	-
Financial assets at amortised cost	369,827,500	339,859,600	339,859,600	-	29,967,900	-	-
Property and equipment	1,129,960	1,129,960	1,129,960	-	-	-	-
Right-of-use assets	2,783,698	2,783,698	2,783,698	-	-	-	-
Interest receivable and other assets	53,476,954	53,476,954	53,476,954	-	-	-	-
Total Assets	**3,111,197,684**	**3,085,795,903**	**3,017,806,021**	**67,989,882**	**29,967,900**	**3,687,546**	**-**
Liabilities							
Deposits and balances of banks and other financial institutions	1,743,137,585	1,743,137,585	-	-	-	-	1,743,137,585
Deposits from customers	1,089,214	1,089,214	-	-	-	-	1,089,214
Financial liabilities at fair value through profit or loss	14,285,037	14,285,037	-	-	-	-	14,285,037
Certificates of deposit issued	769,707,245	769,707,245	-	-	-	-	769,707,245
Lease liabilities	2,785,060	2,785,060	-	-	-	-	2,785,060
Tax payable	736,482	736,482	-	-	-	-	736,482
Interest payable and other liabilities	27,091,462	27,091,462	-	-	-	-	27,091,462
Deferred tax liabilities	220,937	220,937	-	-	-	-	220,937
Total liabilities	**2,559,053,022**	**2,559,053,022**	**-**	**-**	**-**	**-**	**2,559,053,022**

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Disclosure on main sources of differences between regulatory exposure amounts and carrying values in financial statements
31-Dec-23

		(a)	(b)	(c)	(d)	(e)
			Items subject to:			
		Total	credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
		US$	US$	US$	US$	US$
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	3,085,795,903	3,017,806,021	29,967,900	67,989,882	3,687,546
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	3,085,795,903	3,017,806,021	29,967,900	67,989,882	3,687,546
4	Off-balance sheet amounts	210,360,721	194,559,328	-	29,679,646	-
5	Differences due to prepaid interest on CD Issued	-	3,681,216	-	-	-
6	Differences due to consideration of provisions	-	4,322,149	642,066	-	-
7	Differences due to collaterals against loans and advances	-	-	-	-	-
8	Differences due to default risk exposures for SFTs	-	-	-	-	-
9	Differences due to potential exposures for counterparty credit	-	-	-	9,852,366	-
10	Exposure amounts considered for regulatory purposes	3,362,188,120	3,220,368,714	30,609,966	107,521,894	3,687,546

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Explanations of differences between accounting and regulatory exposure amounts
31-Dec-23

The following table describes the sources of differences from financial statements amounts to regulatory exposure amounts, as displayed in templates LI1 and LI2:

a) Differences between the amounts in columns (a) and (b) in template LI1	The differences are mainly attributable to the following factor: - The carrying values reported in the financial statement are reported according to netting principal of relevant accounting stanard, while the exposure amounts for regulatory purposes are reported in gross values.
(b) The main drivers for the differences between accounting values and amounts considered for regulatory purposes shown in template LI2	The differences are mainly attributable to the following factors: -The carrying values reported in the financial statement are reported according to netting principal of relevant accounting stanard, while the exposure amounts for regulatory purposes are reported in gross values. - The carrying values reported in the financial statement are after deduction of general and specific provisions while the exposure amounts for regulatory purposes are before deducting specific provisions; - Counterparty credit risk exposures for regulatory purposes consist of both the current exposures and the potential exposures which are derived by applying the credit conversion factor (CCF) to the notional principal of the transactions or contracts.
(c) Systems and controls applied to assets valuation	As part of the control process, fair value of financial instruments are determined with reference to external quoted market prices or observable model inputs and validated against secondary sources when appropriate. Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. Fair values of equity and debt securities that are traded in active markets are based on quoted market prices or dealer price quotations. Fair values of unlisted open-ended investment funds is estimated using the net asset value as reported by the managers of such funds. The Company uses discounted future cash flow models for determining the fair value of interest rate swaps that use only observable market data and require little management judgement and estimation. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

KDB Asia Limited
Disclosure on prudent valuation adjustments
31-Dec-23

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	-	-	-	-	-	-	-	-
2	*Mid-market value*	-	-	-	-	-	-	-	-
3	*Close-out costs*	-	-	-	-	-	-	-	-
4	*Concentration*	-	-	-	-	-	-	-	-
5	Early termination	-	-	-	-	-	-	-	-
6	Model risk	-	-	-	-	-	-	-	-
7	Operational risks	-	-	-	-	-	-	-	-
8	Investing and funding costs						-	-	-
9	Unearned credit spreads						-	-	-
10	Future administrative costs	-	-	-	-	-	-	-	-
11	Other adjustments	-	-	-	-	-	-	-	-
12	**Total adjustments**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Explanatory Note	
All	Assets which measured at fair value are based on quoted prices in active markets. No related valuation adjustments are made.

KDB Asia Limited
Disclosure on composition of regulatory capital
31-Dec-23

		(a)	(b)
		Amount	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
		At 31-Dec-2023 US$	
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	240,000,000	3
2	Retained earnings	318,088,198	4+5+6
3	Disclosed reserves	(5,943,536)	7
4	*Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)*	Not applicable	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**	552,144,662	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	-	
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital 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)	7,949	2
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 LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC 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 (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	5,200,727	
26a	Cumualtive fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	
26b	Regulatory reserve for general banking risks	5,200,727	5
26c	Securitization exposures specified in a notice given by the MA	-	
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**	5,208,676	
29	**CET1 capital**	546,935,986	
	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	*Capital instruments subject to phase-out arrangements from AT1 capital*	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	*of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements*	-	

KDB Asia Limited
Disclosure on composition of regulatory capital
31-Dec-23

		(a)	(b)
		Amount	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
		At 31-Dec-2023 US$	
36	**AT1 capital before regulatory deductions**	-	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC 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	-	
43	**Total regulatory deductions to AT1 capital**	-	
44	**AT1 capital**	-	
45	**Tier 1 capital (T1 = CET1 + AT1)**	546,935,986	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	*Capital instruments subject to phase-out arrangements from Tier 2 capital*	-	
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	*of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	10,456,018	1+5
51	**Tier 2 capital before regulatory deductions**	10,456,018	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	-	
56a	Add back of cumulatvie fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	10,456,018	
59	**Total capital (TC = T1 + T2)**	557,392,004	
60	**Total RWA**	-	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	20.16%	
62	Tier 1 capital ratio	20.16%	
63	Total capital ratio	20.54%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.85%	
65	*of which: capital conservation buffer requirement*	2.50%	
66	*of which: bank specific countercyclical capital buffer requirement*	0.35%	
67	*of which: higher loss absorbency requirement*	0.00%	

KDB Asia Limited
Disclosure on composition of regulatory capital
31-Dec-23

		(a)	(b)
		Amount	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
		At 31-Dec-2023 US$	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	15.66%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	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 BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	10,456,018	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	10,456,018	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	*Current cap on CET1 capital instruments subject to phase-out arrangements*	Not applicable	Not applicable
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	Not applicable	Not applicable
82	*Current cap on AT1 capital instruments subject to phase-out arrangements*	-	
83	*Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)*	-	
84	*Current cap on Tier 2 capital instruments subject to phase-out arrangements*	-	
85	*Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)*	-	

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

KDB Asia Limited
Disclosure on reconciliation of regulatory capital to balance sheet
31-Dec-23

	Balance sheet as in published financial statements At 31-Dec-23 US$	Reference to the composition of regulatory capital
ASSETS		
Cash and balances with banks and other financial institutions	**10,288,836**	
Placements with banks and other financial institutions	**99,764,063**	
of which: collective assessed provisions reflected in regulatory capital	*82,091*	**1**
Financial assets at fair value through profit or loss	**158,317,716**	
Loans and advances	**1,851,385,179**	
of which: collective assessed provisions reflected in regulatory capital	*4,672,871*	**1**
Financial assets at fair value through other comprehensive income	**564,223,778**	
Financial assets at amortised cost	**369,827,500**	
of which: collective assessed provisions reflected in regulatory capital	*172,500*	**1**
Property and equipment	**1,129,960**	
Right-of-use assets	**2,783,698**	
Interest receivable and other assets	**53,476,954**	
of which: collective assessed provisions reflected in regulatory capital	*36,753*	**1**
TOTAL ASSETS	**3,111,197,684**	
EQUITY AND LIABILITIES		
LIABILITIES		
Deposits and balances of banks and other financial institutions	**1,743,137,585**	
Deposits from customers	**1,089,214**	
Financial liabilities at fair value through profit or loss	**14,285,037**	
Certificates of deposit issued	**769,707,245**	
Lease liabilities	**2,785,060**	
Tax payable	**736,482**	
Interest payable and other liabilities	**27,091,462**	
of which: collective assessed provisions reflected in regulatory capital	*291,077*	**1**
Deferred tax liabilities	**220,937**	
of which: Deferred tax assets related to defined benefit pension fund reflected in regulatory capital	*7,949*	**2**
TOTAL LIABILITIES	**2,559,053,022**	
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	**240,000,000**	**3**
Reserves	**312,144,662**	
of which: Retained profits	*264,807,319*	**4**
: Regulatory reserve	*5,200,727*	**5**
: Current profit/(loss)	*48,080,152*	**6**
: accumulated other comprehensive income	*(5,943,536)*	**7**
TOTAL EQUITY	**552,144,662**	
TOTAL EQUITY AND LIABILITIES	**3,111,197,684**	

KDB Asia Limited
Disclosure on main features of regulatory capital instrument
31-Dec-23

		(a)
		Quantitative / qualitative information
1	Issuer	KDB Asia Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable
3	Governing law(s) of the instrument	Hong Kong Special Administrative Region of the People's Republic of China
	Regulatory treatment	
4	Transitional Basel III rules[1]	Not Applicable
5	Post-transitional Basel III rules[2]	Common Equity Tier 1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	US$ 240 Million
9	Par value of instrument	US$ 1 each
10	Accounting classification	Shareholders' equity
11	Original date of issuance	31 Jul 2019 (US$ 100 Million) 23 Feb 2007 (US$ 50 Million) 18 Mar 2005 (US$ 20 Million) 24 Jul 2002 (US$ 10 Million) 20 Sep 1999 (US$ 25 Million) 29 Mar 1995 (US$ 20 Million) 5 Mar 1990 (US$ 5 Million) 20 Jan 1986 (US$ 10 Million)
12	Perpetual or dated	Perpetual
13	Original maturity date	Not Applicable
14	Issuer call subject to prior supervisory approval	Not Applicable
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Not Applicable
19	Existence of a dividend stopper	Not Applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	Not Applicable
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Not Applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not Applicable

Footnote:

1 *Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR*

2 *Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR*

KDB Asia Limited

Disclosure on geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

31-Dec-23

Countercyclical capital buffer ratio ("CCyB") were complied in accordance with the Banking (Capital) Rules. The Company's specific CCyB rate is calculated as the weighted average of the applicable jurisdictional CCyB rates, in respect of the jurisdictions (including Hong Kong) where the Company has private sector credit exposures. The weight to be attributed to a given jurisdiction's applicable CCyB rate is the ratio of the Company's aggregate risk-weighted amounts for its private sector credit exposures (in both the banking book and the trading book) in that jurisdiction (where the location of the exposures is determined as far as possible on an ultimate risk basis) to the sum of the Company's aggregate risk-weighted amounts across all jurisdictions in which the Company has private sector credit exposure. For a credit exposure guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor.

Geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures, are shown as follows:

Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect	RWA used in computation of CCyB ratio US$	AI-specific CCyB ratio	CCyB amount US$
Hong Kong SAR	1.000%	412,980,845		
China	-	499,718,580		
Australia	1.000%	123,060,760		
France	0.500%	24,777,391		
Luxembourg	0.500%	82,233,118		
Netherlands	1.000%	10,079,895		
United Kingdom	2.000%	79,567,461		
Sum		**1,232,418,050**		
Total		**2,194,009,887**	**0.346%**	**7,591,274**

KDB Asia Limited

Disclosure on summary comparison of accounting assets against leverage ratio ("LR") exposure measure

31-Dec-23

	Item	Value under the LR framework US$
1	Total consolidated assets as per published financial statements	3,111,197,684
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	11,832,329
5	Adjustment for SFTs (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	209,399,151
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(291,077)
7	Other adjustments	3,781,373
8	**Leverage ratio exposure measure**	3,335,919,460

KDB Asia Limited
Disclosure on Leverage Ratio ("LR")
31-Dec-23

		(a)	(b)
		US$	
		31-Dec-2023	**30-Sep-2023**
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	3,107,510,138	2,908,992,277
2	Less: Asset amounts deducted in determining Tier 1 capital	(7,949)	(41,522)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	**3,107,502,189**	**2,908,950,755**
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)	7,476,868	24,712,718
5	Add-on amounts for PFE associated with all derivative contracts	11,832,329	16,183,065
6	Gross-up for collateral provided in respect of derivative contracts 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-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	**Total exposures arising from derivative contracts**	**19,309,197**	**40,895,783**
Exposures arising from SFTs			
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	**Total exposures arising from SFTs**	**-**	**-**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	424,590,428	341,598,498
18	Less: Adjustments for conversion to credit equivalent amounts	(215,191,277)	(171,195,973)
19	**Off-balance sheet items**	**209,399,151**	**170,402,525**
Capital and total exposures			
20	Tier 1 capital	546,935,986	532,413,400
20a	Total exposures before adjustments for specific and collective provisions	3,336,210,537	3,120,249,063
20b	Adjustments for specific and collective provisions	(291,077)	(301,076)
21	**Total exposures after adjustments for specific and collective provisions**	**3,335,919,460**	**3,119,947,987**
Leverage ratio			
22	**Leverage ratio**	**16.40%**	**17.06%**

1. Governance of risk management

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitments and to capitalise on opportunities for business expansion. This includes the Company's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity ratio, and to make new loans and investments as opportunities arise.

The management of liquidity risk within the Company is undertaken within a formal governance structure. The Board of Directors oversees the liquidity risk appetite and strategy of the Company, RMC reviews the key liquidity metrics in the context of the Company's overall risk profile on a monthly basis.

RMC chaired by the Chief Executive Officer and includes Head of Global Banking Group, Head of Risk Management & Strategy Group and Head of Global Markets Group, sets metrics across a number of asset and liability targets. These targets are cascaded to the business and monitored by Risk Management & Strategy Team. Global Markets Group has an overall responsibility for the daily monitoring and controlling of the Company's liquidity and funding positions. The Global Markets Group is responsible for managing liquidity mismatches and interest rate exposure within RMC which approves limits.

RMC meets regularly on a monthly basis and additionally when necessary. The Company reports to the KDB on a monthly basis and KDB closely monitors the Company's risk management performance.

The Board of directors is ultimately responsible for liquidity risk management. The Company's liquidity management is overseen by the management which comprises the executive directors and senior managers. The liquidity risk is monitored in a manner by:

- Reviewing the current and prospective funding requirements for all operation through Liquidity Maintenance Ratio ("LMR"), statement of cash flows and mismatch profile;
- Holding sufficient high quality liquid assets of appropriate quality in order to ensure the short-term funding requirements are covered within the prudent limits;
- Extending maturity to cater the flexibility on the funding source;
- Diversifying funding sources besides inter bank borrowing, such as entering repo transactions etc.;
- Performing stress tests on cash flows and liquidity position;
- On-going monitoring the stability of funding sources and contingency measures for dealing with crisis situations;
- Setting risk tolerance limits and ratios and monitoring if these limits and ratios are breached.

2. Funding Strategy

The funding strategy is focused on building a strong funding profile that provides the Company with a stable and efficiently priced funding within the parameters of prudent liquidity management. This is achieved through diversification & flexibility.

Maintaining the funding diversity is a key element of the Company's funding strategy. Diversity is assessed from a number of perspectives including but not limited to the following:
- Currencies
- Type of Markets
- Maturity terms

Another key aspect of the strategy is to have the maximum flexibility to access the widest range of funding markets (such as money markets, capital markets). This approach enables the Company to adjust the sources of its funding based on market preferences and investor demands change.

3. Liquidity framework and liquidity risk mitigation techniques

The Company has an effective liquidity framework designed to deliver the appropriate term and structure of funding consistent with the Company's Liquidity Risk Appetite and in full compliance with regulatory requirements. The framework incorporates a range of ongoing business management tools to monitor, limit and perform stress-test the balance sheet and contingent liabilities:
- Setting limit which control the level of liquidity risk taken and drive the appropriate funds mixing. These reduce the likelihood that a liquidity stress event could lead to an inability to meet the Company's obligations as they fall due;
- Performing the stress test assess potential contractual and contingent outflows under a range of scenarios, which are then used to determine the size of the liquidity buffer that is immediately available to meet anticipated outflows if a stress occurred.

The Company strategy is to mitigate liquidity risk through the prudent implementation of various risk mitigation techniques such as:
- Holding liquid assets: The Company maintains a strong and high quality liquidity pool that consists exclusively of unencumbered assets, representing resources immediately available to meet outflows in a stress situation. The liquidity pool mainly comprises cash and balances and other highly liquefiable assets. The size of the liquidity pool is determined by the size of the stress outflows and in full compliance with regulatory guidelines, ensuring that the Company is able to meet its obligations as they fall due even in the event of a sudden and potentially protracted increase in net cash outflows.
- Diversifying of funding sources: The Company diversify funding sources across entities and on different maturities.
- Getting market access: the Company has lines of credit in place that it can access to meet liquidity needs.

4. Liquidity Stress test

The Company conducts stress tests based on severe but plausible scenarios which assumptions are commensurate with the Company's business size and nature. The Company adopts three scenarios including1) Bank Specific Crisis,2) General Market Crisis and 3)Combined Crisis, which are in accordance with regulation of Basel Committee on Banking Supervision, scenarios of Financial Sector Assessment Program and scenarios of KDB respectively.

According to the three scenarios and relevant underlying assumptions, the Company conducts the test of its liquidity position at least on a quarterly basis or whenever necessary. The Company then reports the evaluated stress testing result to RMC and Risk Committee for review and approval. The scenarios and assumptions of the stress-testing are reviewed regularly by RMC, with any major changes endorsed by the Risk Committee.

5. Contingency funding plan

The management keeps aware of any warnings that may lead to a crisis on liquidity and takes appropriate actions to pre-empt of liquidity crisis. Emergency sources of funds would be mainly obtained by:
- Selling liquefiable assets;
- Reducing operation into a proper level;
- Obtaining funding from KDB.

6. Quantitative disclosures

	Repayable on demand	Within 1 Month	Over 1 month but within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Undated	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Assets	10,288,836	297,489,646	94,862,066	370,694,150	1,918,473,374	220,391,978	195,083,976	3,107,284,026
Liabilities	-	(224,533,649)	(581,664,530)	(1,377,965,401)	(300,908,066)	(50,000,000)	(23,023,957)	(2,558,095,603)
Off Balance Sheet Liabilities	-	(116,095,329)	(86,555,844)	(151,378,119)	(56,804,853)	(13,756,282)	-	(424,590,427)
Liquidity Gap	10,288,836	(43,139,332)	(573,358,308)	(1,158,649,370)	1,560,760,455	156,635,696	172,060,019	124,597,996

A cash flows position with maturity bands analysis under normal business is reviewed by the management daily. All cash flows including on and off balance sheets items are slotted by time bands under behavioral and contractual assumptions. The management monitors the cumulative net mismatch position for the short-term time bands by limits. Individual currencies on this daily cash flows position will be produced when the Company has significant position.

KDB Asia Limited

Table CRA: General information about credit risk
31-Dec-2023

Credit risks refer to possible losses in the event of the failure of counterparties to carry out their obligations. Credit risks are measured for the entire bank and for individual sectors across all assets exposed to risks. Limits are differentiated by industry based on analysis of risk levels measured for each industry and loan concentration levels in the Company's portfolio, and set limits by country in consideration of the economic scale of each country and associated constraints.

The Company's policies and procedures shall address significant activities and risks and provide detailed guidance for the day-to-day implementation of the Company's broad business strategy. Limits and authorities should be clearly provided in each area as well as to shield the Company from excessive risks.

The Company has established policies, procedures, risk profile and rating systems to identify, measure, monitor, control, and report oncredit risk. In this connection, guidelines for management of credit risk have been laid down in KDB Risk Management Policy which is in line with the business strategy and risk appetite and above all, the regulatory guidelines and statutoryrequirements. These guidelines stipulate delegated lending authorities, credit underwriting criteria, credit monitoring processes, aninternal rating structure, credit recovery procedures and a provisioning policy. They are reviewed and enhanced on an ongoingbasis to cater for market changes, statutory requirements, and best practices in risk management processes.

Identifying Credit Risk− Methods to be used include gathering and analyzing data from both internal and external sources. Departments of loans, investments and trading are responsible for reviewing the data relative to establishing and managing credit risk exposure as well as responding to changes in the quality of credits. All transactions containing credit risk components should include latest financial statements that must be analyzed and reported to the RMC by relevant departments. All credit review files, external reviews or examinations, questionnaires, recaps of credit reports, feedback will be maintained by relevant departments.

Monitoring Credit Risk− Analysis of the level of credit quality is accomplished as follows: Relevant department will assess the credit risk related to loans or investments, and report the assessment immediately to the Management. The Management will review, interpret, and project analytical data and listen to what the marketplace is saying. Credit risk should be actively monitored internally and externally through independent review. Internal reports including annual credit reviews, financial statements, watch list and other reports will have direct feedback.

Controlling Credit Risk− Credit risk constraints, risk tolerances, and limits should be identified at the appropriate product/instrument, portfolio, and institutional level. Information system should be established to enable the Management and the RMC to control credit risk factors such as quality, pricing, concentration and aggregation in existing portfolio. Information system enables the Management to take appropriate steps in line with various internal guidelines and react timely and appropriately to changes in economic, financial and business environment.

Counterparty credit risk limits

On a daily basis, the Company will monitor counterparty credit exposures to ensure adherence with the established limits. The credit ratings of all counterparty will be validated and provided to Risk Manager for monitoring on a monthly basis. On an annual basis, validation of the counterparty CAR and/or BIS capital ratios will be performed. The manager in charge of treasury will provide this information to Risk Manager. Money market line for Korean banks and their branches and subsidiaries follows the KDB's limits.

Large exposure to any counterparty or any Group of Related Counterparties shall not exceed the statutory limit of 25% of the Bank's capital base under Section 81 of the Banking Ordinance. However exposure limit to governments and banks and other particular types of counterparties may be determined differently according to the Banking Ordinance.

KDB Asia Limited
Disclosure on credit quality of exposures
31-Dec-23

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances/ impairment	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
		US$	US$	US$	US$	US$	US$	US$
1	Loans	16,101,878	1,856,058,050	20,774,749	-	-	-	1,851,385,179
2	Debt securities	-	934,223,774	514,609	-	-	-	933,709,165
3	Off-balance sheet exposures	-	336,071,774	290,058	-	-	-	335,781,716
4	**Total**	**16,101,878**	**3,126,353,598**	**21,579,416**	**-**	**-**	**-**	**3,120,876,060**

KDB Asia Limited
Disclosure on changes in defaulted loans and debt securities
31-Dec-23

		(a)
		US$
1	**Defaulted loans and debt securities at end of the previous reporting period**	**13,720,000**
2	Loans and debt securities that have defaulted since the last reporting period	2,381,878
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	-
6	**Defaulted loans and debt securities at end of the current reporting period**	**16,101,878**

KDB Asia Limited
Additional disclosure related to credit quality of exposures
31-Dec-23

(i) Credit quality of exposures analysed by geographical areas and remaining maturity:

		Gross carrying amounts of		Allowances/ impairment	Net values	Gross carrying amounts of non-defaulted exposures:				
		Defaulted exposures	Non-defaulted exposures			Within 1 month	Between 1 to 3 months	Between 3 to 12 months	Between 1 to 5 years	Over 5 years
		US$	US$	US$	US$	US$	US$	US$	US$	US$
1	HONG KONG	-	823,982,107	1,828,226	822,153,881	82,479,969	15,396,995	120,396,542	605,708,601	-
2	CHINA	16,101,878	348,422,285	10,687,553	353,836,610	15,260,435	11,658,089	110,589,018	210,914,743	-
3	KOREA		437,340,886	479,325	436,861,561	-	9,983,200	120,495,956	306,861,730	-
4	OTHERS	-	1,516,608,320	8,584,312	1,508,024,007	122,124,098	61,027,523	117,967,917	995,064,704	220,424,078
5	**Total**	**16,101,878**	**3,126,353,598**	**21,579,416**	**3,120,876,060**	**219,864,502**	**98,065,807**	**469,449,433**	**2,118,549,778**	**220,424,078**

(ii) Credit quality of exposures analysed by industry and remaining maturity:

		Gross carrying amounts of		Allowances/ impairment	Net values	Gross carrying amounts of non-defaulted exposures:				
		Defaulted exposures	Non-defaulted exposures			Within 1 month	Between 1 to 3 months	Between 3 to 12 months	Between 1 to 5 years	Over 5 years
		US$	US$	US$	US$	US$	US$	US$	US$	US$
1	Financial Concerns	-	1,404,872,446	1,524,884	1,403,347,562	97,183,598	26,470,622	142,454,067	940,602,714	198,161,445
2	Manufacturing	16,101,878	519,354,740	17,368,557	518,088,061	46,151,810	6,376,359	150,602,299	316,224,272	-
3	Wholesale and retail trade		87,415,157	333,575	87,081,582	-	8,400,000	500,000	78,515,157	-
4	Transport and transport equipment	-	244,752,412	430,886	244,321,526	10,000,000	-	59,885,380	174,867,032	-
5	Property development and investment	-	198,673,329	473,035	198,200,294	1,688,034	-	38,440,166	158,545,129	-
6	Others	-	671,285,514	1,448,477	669,837,037	64,841,060	56,818,826	77,567,521	449,795,474	22,262,633
7	**Total**	**16,101,878**	**3,126,353,598**	**21,579,416**	**3,120,876,060**	**219,864,502**	**98,065,807**	**469,449,433**	**2,118,549,778**	**220,424,078**

KDB Asia Limited
Additional disclosure related to credit quality of exposures (continued)
31-Dec-23

(iii) **Impairment of financial assets**

The Company has laid down gudielines for determing the impairment loss allowances. At each of the reporting period end, the carrying amount of the Company's assets are reviewed to determine whether there is objective evidence of impairment. If internal and external sources of information indicate such evidence exists, the carrying amount is reduced to the estimated recoverable amount and an impairment loss is recognized in the statement of profit or loss.

The approach and treatment of impairment allowance of different types of assets (including loans and advances, available-for-sale financial assets and other assets) are elaborated in the Company's asset classification and provisioning policy.

(iv) **Overdue loans and advances**

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue and remains unpaid at the year-end.

	2023
Gross loans and advances to customers which have been overdue with respect to principal for period of	
- 6 months or less but over 3 months	6,341,878
- over 1 year	9,760,000
	16,101,878

(v) **Rescheduled loans and advances**

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Company.

Rescheduled loans and advances are subject to ongoing monitoring to determine whether they remain impaired or past due. The original loan that is renegotiated is derecognized and a new financial asset is recognised at fair value.

As at 31 December 2023, there are no rescheduled loans and advances.

(vi) **Other overdue assets**

As at 31 December 2023, there are no other overdue assets.

KDB Asia Limited

Table CRC: Qualitative disclosures related to credit risk mitigation

31-Dec-2023

In evaluating the credit risk associated with an individual customer or counterparty, financial strength and repayment ability are always the primary considerations. Credit risk may be mitigated by obtaining recognized collateral and guarantees from the customer or counterparty. Meanwhile, recognized netting is not adopted by the Company.

The Company applies safe custodian of collaterals, regular re-valuation and close monitoring. In particular, The Company monitors the value of the collateral on a sufficiently frequent basis with respect to the nature of collateral and market practice, and at least annually. Marketable securities are marked-to-market on a daily basis whilst valuations on properties are reviewed periodically.

The most common method of mitigating credit risk is to lend against eligible collateral. The extent of collateral coverage over Company's loans and advances to customer depends on the type of customers and the product offered. Types of collateral include properties, other registered securities over assets, cash deposits, standby letters of credit and guarantees.

KDB Asia Limited
Disclosure on overview of recognized credit risk mitigation
31-Dec-23

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
		US$	US$	US$	US$	US$
1	Loans	1,760,968,645	90,416,534	-	90,416,534	-
2	Debt securities	893,537,693	40,171,472	-	40,171,472	-
3	**Total**	**2,654,506,339**	**130,588,005**	**-**	**130,588,005**	**-**
4	Of which defaulted	16,101,878	-	-	-	-

KDB Asia Limited

Disclosure on credit risk exposures and effects of recognized credit risk mitigations - BSC approach

31-Dec-23

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
	Exposure classes	US$	US$	US$	US$	US$	Percentage
1	Sovereign exposures	136,790,452	-	136,790,452	-	29,293,278	21%
2	PSE exposures	158,885,445	-	158,885,445	-	31,777,089	20%
3	Multilateral development bank exposures	-	-	-	-	-	0%
4	Bank exposures	905,944,084	-	815,019,649	-	215,827,170	26%
5	Cash items	-	-	-	-	-	0%
6	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	0%
7	Residential mortgage loans	-	-	-	-	-	0%
8	Other exposures	1,888,491,742	210,360,721	1,915,113,840	194,559,328	2,109,673,168	100%
9	Significant exposures to commercial entities	-	-	-	-	-	0%
10	**Total**	**3,090,111,723**	**210,360,721**	**3,025,809,386**	**194,559,328**	**2,386,570,705**	**74%**

KDB Asia Limited

Disclosure on credit risk exposures by asset classes and by risk weights - BSC approach

31-Dec-23

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Risk Weight / Exposure class	0%	10%	20%	35%	50%	100%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
		US$	US$	US$	US$	US$	US$	US$	US$	US$
1	Sovereign exposures	-	79,548,393	44,879,525	-	-	12,362,534	-	-	136,790,452
2	PSE exposures	-	-	158,885,445	-	-	-	-	-	158,885,445
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	748,990,599	-	-	66,029,050	-	-	815,019,649
5	Cash items	-	-	-	-	-	-	-	-	-
6	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-
7	Residential mortgage loans	-	-	-	-	-	-	-	-	-
8	Other exposures	-	-	1,930,709	-	192,628,619	1,915,113,840	-	-	2,109,673,168
9	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-
10	**Total**	**-**	**79,548,393**	**954,686,278**	**-**	**192,628,619**	**1,993,505,424**	**-**	**-**	**3,220,368,714**

Table CCRA: Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs)
31-Dec-2023

Counterparty risk is the risk to each party of a contract that the counterparty will not live up to its contractual obligations; it is otherwise known as default risk. Counterparty risk relates closely to performance risk, which arises whenever one entity depends on another to honor the terms of a contract. The Company has adopted the Current Exposure Method for regulatory capital calculation of its counterparty credit risk ("CCR") arising from securities financing transactions and derivative contracts booked in the banking book. The Company has in place a set of policies and a comprehensive framework to effectively manage such counterparty credit risk. From a risk management perspective, the Company monitors the risk exposure due to fluctuations in the market by using the current exposure and the potential exposure value of the transactions.

The key objective is to ensure the adequacy and effectiveness of the Company's CCR control and management on the level and trend of the CCR exposure.

CCR may stem from credit exposures to counterparties in both the banking book and the trading book of the Company, irrespective of the types of counterparty concerned. The types of transactions that normally incur CCR include OTC derivatives, Securities Financing Transactions ("SFTs") and long settlement transactions which the Company may enter into in the course of conducting trading or capital market transactions.

The risk exposure should be measured as the sum of outstanding payments or deliveries as expected under the contract. There are two components for CCR; they are pre-settlement risk and settlement risk.

Pre-settlement Risk- Pre-settlement risk is the risk that a counterparty will default prior to the derivative instrument contract or agreement finally settlement at expiration. The default of the counterparty will lead to a replacement risk exposure equal to counterparty's net obligation on that contract, that is the cost of replacing ("Replacement Cost") the original transaction at current market prices.

Replacement Cost - Replacement cost is a basic metric of credit exposure due to pre-settlement risk. It is the cost that the Company would incur if counterparty completely defaults on its obligations.

Current replacement cost ("mark-to-market exposure") is the replacement cost of a portfolio of contracts with a counterparty based upon those contracts' current market values.

Settlement Risk- Settlement risk is the risk arises at final settlement if there is timing differences between when each party performs on its obligation under the derivative instrument contract or agreement. Failure to perform at the settlement date can arise from a number of reasons including counterparty default, operational problems and market liquidity constraints.

Wrong-way risk occurs when counterparty's risk exposures are adversely correlated with its credit quality. It is further classified into specific wrong-way risk and general wrong-way risk. The Company has set out a process for identification of wrong-way risk for individual counterparties. To monitor and control wrong-way risk, any wrong-way risk will be identified and evaluated at the time of credit application, in which the analysis and mitigation measures are documented in the credit proposal for approver's consideration. The wrong-way risk will be monitored during the tenor of relevant transaction, and cases with wrong-way risk are reported.

KDB Asia Limited

Disclosure on analysis of counterparty default risk exposures (other than those to CCPs) by approaches

31-Dec-23

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
		US$	US$	US$		US$	US$
1	SA-CCR approach (for derivative contracts)	3,687,546	3,223,867		1.4	9,675,979	1,935,196
1a	CEM (for derivative contracts)	-	-		1.4	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple approach (for SFTs)					-	-
4	Comprehensive approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	**Total**						**1,935,196**

KDB Asia Limited
Disclosure on CVA capital charge
31-Dec-23

		(a)	(b)
		EAD post CRM	RWA
		US$	US$
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	13,539,911	3,407,051
4	**Total**	**13,539,911**	**3,407,051**

KDB Asia Limited

Disclosure on counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights - BSC approach

31-Dec-23

		(a)	(b)	(c)	(ca)	(d)	(f)	(ga)	(h)	(i)
	Risk Weight / Exposure class	0%	10%	20%	35%	50%	100%	250%	Others	Total default risk exposure after CRM
		US$	US$	US$	US$	US$	US$	US$	US$	US$
1	Sovereign exposures	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	9,675,979	-	-	-	-	-	9,675,979
5	CIS exposures	-	-	-	-	-	-	-	93,981,983	93,981,983
6	Other exposures	-	-	-	-	-	-	-	-	-
7	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-
8	**Total**	**-**	**-**	**9,675,979**	**-**	**-**	**-**	**-**	**93,981,983**	**103,657,962**

KDB Asia Limited

Disclosure on composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)

31-Dec-23

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	US$	US$	US$	US$	US$	US$
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Bank bonds	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

There are no collateral posted nor recogniszed collateral received in the context of derivative contracts nor SFTs during the period.

KDB Asia Limited
Disclosure on credit-related derivatives contracts
31-Dec-23

	(a)	(b)
	Protection bought	Protection sold
	US$	US$
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	**-**	**-**
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

There are no credit-related derivatives contracts during the period.

KDB Asia Limited
Disclosure on exposures to CCPs
31-Dec-23

		(a)	(b)
		Exposure after CRM	RWA
		US$	US$
1	**Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)**		77,308
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	3,863,932	77,308
3	(i) OTC derivative transactions	3,863,932	77,308
4	(ii) Exchange-traded derivative contracts	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	-	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	**Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)**		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

The Company only acts as an investor in the securitization exposures and does not undertake the roles of originator or sponsor. The Company holds securitization exposures only in the banking book and does not have any securitization or resecuritization exposures in its trading book.

As an investor, the Company conducts analyses on the underlying assets of securitizations, legal risks, and structural risks. While holding securitization exposures, the Company periodically monitors the credit risk and delinquency of the underlying assets to assess the repayment capability of the securitization exposures.

The securitization exposures held by the Company is investment grade and composed of diversified underlying assets. The exposures is a relatively small portion of the total assets and classified and managed according to internal accounting policies. The RWA of securitization exposures is calculated using the External Credit assessment institutions rating, based on the external ratings based approach (SEC-ERBA).

KDB Asia Limited
Securitization exposures in banking book
31-Dec-23

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Acting as originator (excluding sponsor)			Acting as sponsor			Acting as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
1	Retail (total) – of which:	-	-	-	-	-	-	-	-	-
2	re-securitization exposures	-	-	-	-	-	-	-	-	-
3	Wholesale (total) – of which:	-	-	-	-	-	-	234,000,000	-	234,000,000
4	renewable energy	-	-	-	-	-	-	234,000,000	-	234,000,000
5	re-securitization exposures	-	-	-	-	-	-	-	-	-

KDB Asia Limited

Securitization exposures in banking book and associated capital requirements – where AI acts as investor

31-Dec-23

		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital charges after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA	SEC-IRBA	SEC-ERBA (incl. IAA)	SEC-SA	SEC-FBA
1	Total exposures	156,000,000	-	78,000,000	-	-	-	234,000,000	-	-	-	92,274,000	-	-	-	-	-	-
2	Traditional securitization	156,000,000	-	78,000,000	-	-	-	234,000,000	-	-	-	92,274,000	-	-	-	-	-	-
3	Of which securitization	156,000,000	-	78,000,000	-	-	-	234,000,000	-	-	-	92,274,000	-	-	-	-	-	-
4	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which wholesale	156,000,000		78,000,000	-	-	-	234,000,000	-	-	-	92,274,000	-	-	-	-	-	-
6	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Of which senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Of which non-senior	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

KDB Asia Limited

Table MRA: Qualitative disclosures related to market risk
31-Dec-2023

Market risks refer to possible losses to the Company's assets resulting from fluctuations of interest rates, stock prices, foreign exchange rates and other variables. Possible losses in trading positions (including positions of securities and derivatives being held for the purpose of acquiring short-term profit margins) is measured and managed, due to negative movements of market indices. Stress tests is also conducted to measure the potential scale of losses based on scenarios of wide fluctuations in major market indices over the last three years and the 2008 financial crisis. Moreover, by classifying the severity of market movements into three stages - precautionary, semi-crisis and crisis stages - in accordance with the degree of fluctuation of standard indices, market risk contingency plans are well maintained appropriate to each of the three stages.

Identifying Market Risk − Data from both internal and external sources is gathered and analyzed. Permissible instruments or instrument-types are identified as well as the activities for which the Company intends to use them. Permissible credit quality, market risk sensitivity and liquidity characteristics are also identified in the policies and procedures of the appropriate departments of the Company.

Monitoring Market Risk − In order to measure the Company's market risk, timely information about the current carrying and market values of its securities and derivatives is required. Therefore, the Company has a measurement system(s) capable of providing information based on the size, nature, and complexity of its holdings. It has capability to evaluate the market risk exposures of its investment and derivative holdings and report this information to the Management and the RMC at least monthly. Where internal models are used to measure risk, adequate procedures to validate the models and periodically review all elements of the modeling process including assumptions and risk-modeling techniques are applied. Market risk reports are addressed potential exposure to yield curve changes and other factors pertinent to the Company's holdings. Complex and illiquid instruments involve more market risk than broadly traded more liquid securities. For such holdings, the Company has a documented process for stress testing the instruments values and liquidity assumptions under a variety of market scenarios.

Controlling Market Risk − The RMC reviews monthly, or more often as needed, reports that provide information enabling the RMC to assess the sensitivity of the Company's portfolio to changes in market prices and rates and other important risk factors. In addition, back office, settlement and transaction reconciliation responsibilities are to be conducted and managed by personnel who are independent of those initiating risk-taking positions.

The Company has formulated market risk management policy to identify, measure, monitor, control, and report on the market risk,where appropriate, to allocate adequate capital to cover those risks. The market risk management policy and control limits areapproved by the Board and are monitored and regularly reviewed to align with market changes, statutory requirements, and bestpractices in risk management processes.

For reporting of market risk, risk reporting for trading book positions is compiled and monitored on a daily basis. Besides, riskreports are prepared for different level of governance on a regular basis.

KDB Asia Limited
Disclosure on market risk under STM approach
31-Dec-23

		(a)
		RWA
		US$
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	16,578,590
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	3,246,795
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	**Total**	**19,825,385**

Interest rate risk arises from movement in interest rates affecting earnings and capital. In principle, the Company takes into consideration gap risk, basis risk and option risk for IRRBB purpose and risk control.

1. Overall management and mitigation strategies

a. Risk Governance

RMC provides oversight to the RMC meeting, which has overall responsibility for interest rate risk monitoring and management to optimise the Company's earnings and net asset values and sets the Interest Rate Gap Limit. Global Markets Group is responsible for day-to-day execution of interest rate strategy and manages interest rate risk in the following manners:

- Clear definition of authorised investments and position taking strategies;
- Identification of the frequency and methodology for measuring interest rate risk; and
- Setting of quantitative limits in line with the risk appetite.

b. Risk Policy Standards

Risk management policy sets out guidelines for the governance and management of the asset-liability structure. One of the primary business objectives underpinning Risk Management policy is to take into account interest rate risk, hedging and return strategy to ensure the optimisation of the Company's balance sheet structure.

c. Risk Assessment and Monitoring Tools

The interest rate risk is monitored through a regular update to the RMC meeting where the interest rate limits and repricing and maturity schedules are discussed.

d. Risk Management and Mitigation Tools

Following are the key tools adopted by the Company concerning interest rate risk management and mitigation:

- Repricing GAP monitoring;
- Interest rate monitoring;
- VaR monitoring on a monthly basis;
- Hedging as an appropriate tool to manage interest rate risk; and
- Interest sensitivity monitoring.

2. Periodicity of calculation of measures and specific measures to gauge sensitivity

The Company calculates its IRRBB on a quarterly basis and uses economic value of equity ("EVE") & net interest income ("NII") to gauge its sensitivity to IRRBB. The interest rate risk is also taken into account as part of the Company's Pillar 2 capital management and of the annual ICAAP.

3. Interest rate shock and stress scenarios to estimate changes in the economic value and earnings

The Company uses historical data of changes in the interest rate to derive interest rate volatility and estimates the impact on the EVE & NII.

4. Significant modelling assumptions on internal measurement systems

The company uses the re-pricing gap between all assets and liabilities sensitive to interest rate shocks as basis for computing the impact of change in interest rate. The Company considers 16-time buckets, covering the gap between assets and liabilities that are subject to re-pricing during next one month, three months and twelve months in an adverse interest rate scenario. Thus, interest rate shock (derived for daily volatility of the interest rate for the last 5 years at 99.9% confidence level) for each time bucket is considered to derive the capital charge.

5. Hedging and associated accounting treatment

Global Markets Group uses hedging to manage its interest rate exposure and safeguard the Company's strategic positions against adverse shifts in the direction of rates. This is carried out through derivatives such as interest rate swaps, futures and cross-currency swaps. These are generally done through cash flow hedges or fair value hedges where one type of interest payment (fixed/float) is substituted in favor of another (float/fixed). Hedging becomes critical in a rising/falling rates environment for the enablement of locking in a higher rate of return and/or limiting potential revaluation.

6. Key modelling and parametric assumptions in calculating change in EVE and NII

For change in EVE, the Company includes commercial margin for all assets and liabilities in its calculations. For the discounting purpose, risk-free interest rates for specific currencies are used.

As of reporting date, the Company's portfolio contains no behavioral / embedded / standalone options nor non-maturity deposits. Term deposit redemption rate and conditional prepayment rate are not derived.

As of reporting date, the Company does not have non-maturity deposits. There is no such specific assumption that have a material impact on the disclosed change in EVE and NII in Table IRRBB1.

KDB Asia Limited

Disclosure on quantitative information on interest rate risk in banking book

31-Dec-23

		(a)	(b)	(c)	(d)
		Change in the economic value of equity		**Change in projected net interest income**	
	Period	**31-Dec-23**	**31-Dec-22**	**31-Dec-23**	**31-Dec-22**
		US$	**US$**	**US$**	**US$**
1	Parallel up	7,416,306	-	(6,144,209)	(5,241,237)
2	Parallel down	1,498,225	872,302	6,144,209	5,241,237
3	Steepener	1,111,813	2,453,432		
4	Flattener	3,678,427	-		
5	Short rate up	6,387,440	-		
6	Short rate down	1,772,077	2,767,761		
7	**Maximum**	**7,416,306**	**2,767,761**	**6,144,209**	**5,241,237**
	Period	**31-Dec-23**		**31-Dec-22**	
8	**Tier 1 Capital**	**546,935,986**		**493,390,881**	

KDB Asia Limited
Disclosure on remuneration policy
31-Dec-23

The remuneration policy and systems of the Company are strictly governed by the Remuneration policy and guidelines of our parent company; KDB; for its employees engaged in the business and operations in Hong Kong.

With the Board of Directors undertaking the function of the remuneration committee and is the only authority delegated in accordance with the directives from parent company to actively involving in oversee, monitor and review the design and operation of remuneration system, ensure the system operates as intended, adjustment for all types of risk, the criteria used for performance measurements, the linkage between pay and performance, deferral policy and vesting criteria and the mix of cash and other forms of remuneration.

Besides the mandate from parent company, in order to deter excessive risk-taking, when determine the remuneration policy and systems, the Board will also consider the business objectives and strategies, human resources management, business performance, economic environment, leading market practices and the regulatory requirements.

Whilst disclosing the information relating to the remuneration systems, the aggregate quantitative information for senior management and key personnel including deferred remuneration, sign-on and severance payments awarded during the financial year 2023 is shown as follow in accordance with the disclosure requirement of CG-5 “Guideline on a Sound Remuneration System” issued by the HKMA.

	2023	2022
Number of beneficiaries:	**7**	7
Fixed Remuneration:	**US$681,341**	US$603,626
Variable Remuneration:	**US$236,582**	US$294,369
Deferred Remuneration Awarded:	**US$6,700**	US$29,918
Sign-on Payment:	**NIL**	NIL
Severance Payment:	**NIL**	NIL

KDB Asia Limited

Disclosure on remuneration awarded during financial year

31-Dec-23

Remuneration amount and quantitative information			(a) Senior management	(b) Key personnel
1	Fixed remuneration	Number of employees	7	-
2		Total fixed remuneration	**681,341**	**-**
3		Of which: cash-based	681,341	-
4		Of which: deferred	-	-
5		Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		Of which: other forms	-	-
8		Of which: deferred	-	-
9	Variable remuneration	Number of employees	7	-
10		Total variable remuneration	**243,282**	**-**
11		Of which: cash-based	243,282	-
12		Of which: deferred	6,700	-
13		Of which: shares or other share-linked instruments	-	-
14		Of which: deferred	-	-
15		Of which: other forms	-	-
16		Of which: deferred	-	-
17	**Total remuneration**		**924,623**	**-**

Senior managements are considered to be key personnel of the Company.

KDB Asia Limited
Disclosure on special payments
31-Dec-23

		(a)	(b)	(c)	(d)	(e)	(f)
Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
1	Senior management	-	-	-	-	-	-
2	Key personnel	-	-	-	-	-	-

There are no special payments to senior management during the year.

KDB Asia Limited
Disclosure on deferred remuneration
31-Dec-23

		(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
1	**Senior management**	**6,700**	**-**	**-**	**-**	**-**
2	Cash	6,700	-	-	-	-
3	Shares	-	-	-	-	-
4	Cash-linked instruments	-	-	-	-	-
5	Other	-	-	-	-	-
6	**Key personnel**	**-**	**-**	**-**	**-**	**-**
7	Cash	-	-	-	-	-
8	Shares	-	-	-	-	-
9	Cash-linked instruments	-	-	-	-	-
10	Other	-	-	-	-	-
11	**Total**	**6,700**	**-**	**-**	**-**	**-**