

Regulatory Disclosures

31 March 2024



集友銀行
Chiyu Banking Corporation Ltd.



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1. Basis of reporting

Liquidity Coverage Ratio (LCR):

The average value of liquidity coverage ratio is computed on the consolidated basis which comprises the positions of local offices, overseas branches and subsidiaries of the Bank specified by the Hong Kong Monetary Authority ("HKMA") for its regulatory purposes and in accordance with the Banking (Liquidity) Rules.

Net Stable Funding Ratio (NSFR):

The net stable funding ratio is computed on the consolidated basis which comprises the positions of local offices, overseas branches and subsidiaries of the Bank specified by the HKMA for its regulatory purposes and in accordance with the Banking (Liquidity) Rules.

Capital Adequacy Ratio (CAR):

Total capital ratio is computed on the consolidated basis which comprises the positions of local offices, overseas branches and designated subsidiaries of the Bank specified by the HKMA for its regulatory purposes and in accordance with the Banking (Capital) Rules.



2. Key prudential ratios and overview of RWA

KM1: Key prudential ratios

		At 31 March 2024	At 31 December 2023	At 30 September 2023	At 30 June 2023	At 31 March 2023
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	15,071,883	14,837,955	14,603,639	14,499,780	14,741,017
2	Tier 1	16,629,695	16,395,767	16,137,962	15,992,123	15,980,814
3	Total capital	19,517,145	19,046,445	18,837,488	18,457,862	18,193,925
RWA (amount)						
4	Total RWA	105,156,332	106,947,215	110,470,001	110,152,975	113,876,050
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	14.33	13.87	13.22	13.16	12.94
6	Tier 1 ratio (%)	15.81	15.33	14.61	14.52	14.03
7	Total capital ratio (%)	18.56	17.81	17.05	16.76	15.98
Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500	2.500	2.500	2.500	2.500
9	Countercyclical capital buffer requirement (%)	0.649	0.648	0.647	0.670	0.650
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.149	3.148	3.147	3.170	3.150
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.814	9.331	8.609	8.518	7.977
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	178,296,314	186,069,687	182,307,029	187,132,084	193,907,667
14	LR (%)	9.33	8.81	8.85	8.55	8.24
Liquidity Coverage Ratio (LCR)						
15	Total high quality liquid assets (HQLA)	22,496,568	22,438,340	30,291,645	30,892,853	28,552,493
16	Total net cash outflows	12,309,630	12,593,596	15,908,878	17,621,574	14,360,445
17	LCR (%)	187.28	179.21	191.52	176.10	205.47
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	126,477,681	122,445,100	119,810,966	122,177,340	123,405,779
19	Total required stable funding	98,322,939	98,941,798	99,058,129	97,665,326	99,945,897
20	NSFR (%)	128.63	123.75	120.95	125.10	123.47



2. Key prudential ratios and overview of RWA (continued)

OV1: Overview of RWA

		RWA		Minimum capital requirements
		At 31 March 2024	At 31 December 2023	At 31 March 2024
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	98,365,775	100,575,459	7,869,262
2	Of which STC approach	98,365,775	100,575,459	7,869,262
2a	Of which BSC approach	-	-	-
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	301,035	236,423	24,083
7	Of which SA-CCR approach	248,708	113,701	19,897
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	52,327	122,722	4,186
10	CVA risk	77,575	54,425	6,206
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	-	-	-
13	CIS exposures – MBA	-	-	-
14	CIS exposures – FBA	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
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	1,634,913	1,309,663	130,793
21	Of which STM approach	1,634,913	1,309,663	130,793
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	Not applicable	Not applicable	Not applicable
24	Operational risk	4,996,288	4,979,188	399,703
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	519,553	543,780	41,564
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	738,807	751,723	59,105
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	738,807	751,723	59,105
27	Total	105,156,332	106,947,215	8,412,506



3. Leverage ratio

LR2: Leverage ratio

		At 31 March 2024	At 31 December 2023
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	174,650,914	176,745,601
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,646,108)	(1,778,040)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	173,004,806	174,967,561
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)	183,578	178,223
5	Add-on amounts for PFE associated with all derivative contracts	277,526	173,906
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)	(13,595)
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	461,096	338,534
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	3,301,002	8,557,650
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	91,501	499,120
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	3,392,503	9,056,770
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	13,313,211	14,427,833
18	Less: Adjustments for conversion to credit equivalent amounts	(10,762,105)	(11,777,631)
19	Off-balance sheet items	2,551,106	2,650,202
Capital and total exposures			
20	Tier 1 capital	16,629,695	16,395,767
20a	Total exposures before adjustments for specific and collective provisions	179,409,511	187,013,067
20b	Adjustments for specific and collective provisions	(1,113,197)	(943,380)
21	Total exposures after adjustments for specific and collective provisions	178,296,314	186,069,687
Leverage ratio			
22	Leverage ratio	9.33%	8.81%



4. Liquidity

LIQ1: Liquidity Coverage Ratio

Number of data points used in calculating the average value of the LCR and related components set out in this template		For the quarter ended 31 March 2024: 72 data points	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: consolidated		HK\$'000	HK\$'000
A. HQLA			
1	Total HQLA		22,496,568
B. Cash outflows			
2	Retail deposits and small business funding, of which:	91,897,865	5,455,142
3	<i>Stable retail deposits and stable small business funding</i>	12,856,532	385,696
4	<i>Less stable retail deposits and less stable small business funding</i>	22,184,649	2,218,465
4a	<i>Retail term deposits and small business term funding</i>	56,856,684	2,850,981
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	24,450,062	15,634,623
6	<i>Operational deposits</i>	3,341,976	795,695
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	21,108,086	14,838,928
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	-	-
9	Secured funding transactions (including securities swap transactions)		129,015
10	Additional requirements, of which:	12,674,468	2,298,686
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	268,214	268,214
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	12,406,254	2,030,472
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,929,514	1,929,514
15	Other contingent funding obligations (whether contractual or non-contractual)	1,078,552	60,134
16	Total Cash Outflows		25,507,114
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	368,022	368,022
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	12,052,721	9,765,925
19	Other cash inflows	3,063,537	3,063,537
20	Total Cash Inflows	15,484,280	13,197,484
D. Liquidity Coverage Ratio			
21	Total HQLA		22,496,568
22	Total Net Cash Outflows		12,309,630
23	LCR (%)		187.28%



4. Liquidity (continued)

LIQ1: Liquidity Coverage Ratio (continued)

Notes:

- The weighted amount of HQLA is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.
- The unweighted amounts of cash inflows and cash outflows are to be calculated as the principal amounts in the calculation of the LCR as required under the Banking (Liquidity) Rules.
- The weighted amounts of cash inflows and cash outflows are to be calculated as the amounts after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.
- The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

In 2024, the Group has maintained a healthy liquidity position. The LCR was sensitive to the asset deployment and the funding structure of the Group. The average LCR of the first quarter were 187.28%. The ratio has maintained at stable and healthy levels.

The HQLA consists of cash, balances at central banks and high quality marketable securities issued or guaranteed by sovereigns, central banks, public sector entities or multilateral development banks and non-financial corporate debt securities. In 2024, the majority of the HQLA was composed of Level 1 HQLA.

The net cash outflow was mainly from retail and corporate customer deposits which are the Group's primary source of funds, together with deposits and balances from banks and other financial institutions. To ensure stable, sufficient and diversified source of funds, the Group actively attracts new deposits, keeps the core deposits and obtains supplementary funding from the interbank market. Other cash outflow, such as commitment, cash outflow under derivative contracts and potential collateral requirement, were minimal to the LCR.

Majority of the Group's customer deposits are denominated in HKD, USD and RMB. As the supply of HKD denominated HQLA in the market is relatively limited, the Group swaps surplus HKD funding into USD and other foreign currencies, part of funding are deployed to investment in HQLA.



5. Counterparty credit risk

CCR7: RWA flow statements of default risk exposures under IMM (CCR) approach

The Group did not use IMM(CCR) approach to measure default risk exposures as at 31 March 2024.

6. Market risk

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

There were no market risk exposures under the IMM approach as at 31 March 2024.