

Regulatory Disclosures

30 September 2018



集友銀行
Chiyu Banking Corporation Ltd.



CONTENTS	PAGE
1. Basis of reporting	1
2. Key prudential ratios and overview of RWA	2
KM1: Key prudential ratios	2
OV1: Overview of RWA	3
3. Leverage ratio	4
LR2: Leverage ratio	4
4. Liquidity	5
LIQ1: Liquidity Coverage Ratio	5
5. Credit risk for non-securitization exposures	6
CR8: RWA flow statements of credit risk exposures under IRB approach	6
6. Counterparty Credit risk	6
CCR7: RWA flow statements of default risk exposures under IMM (CCR) approach	6
7. Market risk	6
MR2: RWA flow statements of market risk exposures under IMM approach	6

1. Basis of reporting

Liquidity Coverage Ratio (LCR):

The average value of liquidity coverage ratio is computed on the unconsolidated basis which comprises the positions of local offices and overseas branches 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 unconsolidated basis which comprises the positions of local offices and overseas branches in the first half of 2018 and consolidated basis which comprises the positions of local offices, overseas branches and subsidiaries in the second half of 2018 of the Bank specified by the HKMA for its regulatory purposes and in accordance with the Banking (Liquidity) Rules. Hence, the comparative information is not directly comparable.

Capital Adequacy Ratio (CAR):

Total capital ratio is computed on the combined basis which comprises the positions of local offices and overseas branches in 2017 and consolidated basis which comprises the positions of local offices, overseas branches and designated subsidiaries in 2018 of the Bank specified by the HKMA for its regulatory purposes and in accordance with the Banking (Capital) Rules. Hence, the comparative information is not directly comparable.

2. Key prudential ratios and overview of RWA

KM1: Key prudential ratios

		At 30 September 2018	At 30 June 2018	At 31 March 2018	At 31 December 2017	At 30 September 2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	6,058,016	5,902,332	6,096,372	5,919,837	5,745,376
2	Tier 1	7,995,728	7,840,044	8,034,084	7,857,549	5,745,376
3	Total capital	8,924,709	8,757,724	8,902,014	8,709,791	6,555,475
	RWA (amount)					
4	Total RWA	46,950,506	46,940,300	46,636,100	44,044,451	36,131,068
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	12.90	12.57	13.07	13.44	15.90
6	Tier 1 ratio (%)	17.03	16.70	17.23	17.84	15.90
7	Total capital ratio (%)	19.01	18.66	19.09	19.78	18.14
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	1.875	1.875	1.875	1.250	1.250
9	Countercyclical capital buffer requirement (%)	1.474	1.460	1.500	0.993	1.024
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.349	3.335	3.375	2.243	2.274
12	CET1 available after meeting the AI's minimum capital requirements (%)	8.382	8.029	8.433	8.876	9.901
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	92,497,743	87,457,854	85,576,149	84,911,456	69,169,225
14	LR (%)	8.64	8.96	9.39	9.25	8.31
	Liquidity Coverage Ratio (LCR)					
15	Total high quality liquid assets (HQLA)	11,674,500	12,059,015	8,752,136	9,615,408	8,768,395
16	Total net cash outflows	4,668,731	6,823,982	5,982,046	6,915,203	5,720,567
17	LCR (%)	250.75	186.29	152.06	143.03	156.97
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	66,549,508	61,826,104	58,181,243	N/A	N/A
19	Total required stable funding	49,644,626	49,476,635	47,993,441	N/A	N/A
20	NSFR (%)	134.05	124.96	121.23	N/A	N/A

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

OV1: Overview of RWA

		RWA		Minimum capital requirements
		At 30 September 2018	At 30 June 2018	At 30 September 2018
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	42,329,792	42,431,206	3,577,481
2	Of which STC approach	2,517,861	2,084,120	201,429
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	39,811,931	40,347,086	3,376,052
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	61,665	49,870	5,212
7	Of which SA-CCR*	-	-	-
7a	Of which CEM	61,665	49,870	5,212
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	89,875	102,450	7,190
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	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	51,388	22,050	4,111
21	Of which STM approach	-	-	-
22	Of which IMM approach	51,388	22,050	4,111
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	-	-	-
24	Operational risk	2,795,250	2,668,088	223,620
25	Amounts below the thresholds for deduction (subject to 250% RW)	19,500	19,750	1,560
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	789,165	776,726	63,133
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	2,487	1,303	199
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	786,678	775,423	62,934
27	Total	44,558,305	44,516,688	3,756,041

RWAs in this table are before the application of the 1.06 scaling factor following a clarification from the HKMA. Minimum capital requirement represents the amount of capital required to be held for that risk based on its RWAs after any applicable scaling factor multiplied by 8%.

3. Leverage ratio

LR2: Leverage ratio

		At 30 September 2018	At 30 June 2018
		HK\$'000	HK\$'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	92,040,230	87,058,578
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,839,838)	(1,829,036)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	90,200,392	85,229,542
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)	99,772	86,172
5	Add-on amounts for PFE associated with all derivative contracts	142,480	161,897
6	Gross-up for derivatives collateral provided 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 derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	242,252	248,069
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	500,000	-
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	500,000	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	8,876,581	9,667,127
18	Less: Adjustments for conversion to credit equivalent amounts	(7,003,309)	(7,686,884)
19	Off-balance sheet items	1,873,272	1,980,243
Capital and total exposures			
20	Tier 1 capital	7,995,728	7,840,044
20a	Total exposures before adjustments for specific and collective provisions	92,815,916	87,457,854
20b	Adjustments for specific and collective provisions	(318,173)	-
21	Total exposures after adjustments for specific and collective provisions	92,497,743	87,457,854
Leverage ratio			
22	Leverage ratio	8.64%	8.96%



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 30 September 2018: 76 data points	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: unconsolidated		HK\$'000	HK\$'000
A. HQLA			
1	Total HQLA		11,674,500
B. Cash outflows			
2	Retail deposits and small business funding, of which:	46,960,675	2,862,977
3	<i>Stable retail deposits and stable small business funding</i>	10,066,397	301,992
4	<i>Less stable retail deposits and less stable small business funding</i>	14,227,433	1,422,743
4a	<i>Retail term deposits and small business term funding</i>	22,666,845	1,138,242
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	17,801,403	12,089,989
6	<i>Operational deposits</i>	4,094,591	974,464
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	13,706,812	11,115,525
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)		-
10	Additional requirements, of which:	7,776,120	1,397,449
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	244,096	244,096
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>	7,532,024	1,153,353
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,224,110	1,224,110
15	Other contingent funding obligations (whether contractual or non-contractual)	2,256,624	79,163
16	Total Cash Outflows		17,653,688
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	-	-
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	16,485,832	12,806,495
19	Other cash inflows	966,700	962,211
20	Total Cash Inflows	17,452,532	13,768,706
D. Liquidity Coverage Ratio			
21	Total HQLA		11,674,500
22	Total Net Cash Outflows		4,668,731
23	LCR (%)		250.75%

5. Credit risk for non-securitization exposures

CR8: RWA flow statements of credit risk exposures under IRB approach

		HK\$'000
1	RWA as at 30 June 2018	40,347,086
2	Asset size	17,577
3	Asset quality	(445,336)
4	Model updates	-
5	Methodology and policy	-
6	Acquisitions and disposals	-
7	Foreign exchange movements	(107,396)
8	Other	-
9	RWA as at 30 September 2018	39,811,931

6. 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 30 September 2018.

7. Market risk

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

		VaR	Stressed VaR	IRC	CRC	Other	Total RWA
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1	RWA as at 30 June 2018	9,488	12,562	-	-	-	22,050
1a	Regulatory adjustment	(5,838)	(7,762)	-	-	-	(13,600)
1b	RWA as at day-end of 30 June 2018	3,650	4,800	-	-	-	8,450
2	Movement in risk levels	22,800	20,138	-	-	-	42,938
3	Model updates/changes	-	-	-	-	-	-
4	Methodology and policy	-	-	-	-	-	-
5	Acquisitions and disposals	-	-	-	-	-	-
6	Foreign exchange movements	-	-	-	-	-	-
7	Other	-	-	-	-	-	-
8	RWA as at 30 September 2018	26,450	24,938	-	-	-	51,388