

# Regulatory Disclosures

30 September 2021



**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 30 September 2021	At 30 June 2021	At 31 March 2021	At 31 December 2020	At 30 September 2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	14,943,080	14,593,819	14,511,576	14,302,624	12,599,293
2	Tier 1	16,880,792	16,531,531	16,449,288	16,240,336	14,537,005
3	Total capital	18,213,214	17,845,391	17,775,026	17,558,689	15,640,427
	<b>RWA (amount)</b>					
4	Total RWA	101,872,809	100,270,528	95,562,422	91,304,636	78,285,894
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	14.67	14.55	15.19	15.66	16.09
6	Tier 1 ratio (%)	16.57	16.49	17.21	17.79	18.57
7	Total capital ratio (%)	17.88	17.80	18.60	19.23	19.98
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500	2.500	2.500	2.500	2.500
9	Countercyclical capital buffer requirement (%)	0.638	0.642	0.644	0.689	0.704
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.138	3.142	3.144	3.189	3.204
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.476	9.365	10.073	10.609	11.003
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	162,730,134	164,438,630	162,041,433	164,951,289	159,472,724
14	LR (%)	10.37	10.05	10.15	9.85	9.12
	<b>Liquidity Coverage Ratio (LCR)</b>					
15	Total high quality liquid assets (HQLA)	24,434,765	23,922,987	21,215,324	20,650,522	21,622,356
16	Total net cash outflows	13,479,302	12,054,244	9,636,129	8,722,640	10,190,584
17	LCR (%)	183.26	200.15	236.79	250.22	214.89
	<b>Net Stable Funding Ratio (NSFR)</b>					
18	Total available stable funding	104,670,478	108,473,852	108,010,199	111,077,253	108,701,739
19	Total required stable funding	82,145,109	80,608,107	76,438,826	74,747,859	72,718,494
20	NSFR (%)	127.42	134.57	141.30	148.60	149.48

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

### OV1: Overview of RWA

		RWA		Minimum capital requirements
		At 30 September 2021	At 30 June 2021	At 30 September 2021
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	96,551,414	94,908,641	7,724,113
2	Of which STC approach	96,551,414	94,908,641	7,724,113
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	236,403	276,680	18,912
7	Of which SA-CCR approach	217,536	236,164	17,403
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	18,867	40,516	1,509
10	CVA risk	67,525	80,213	5,402
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	Not applicable	Not applicable	Not applicable
13	CIS exposures – MBA	Not applicable	Not applicable	Not applicable
14	CIS exposures – FBA	Not applicable	Not applicable	Not applicable
14a	CIS exposures – combination of approaches	Not applicable	Not applicable	Not applicable
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	402,888	334,338	32,231
21	Of which STM approach	402,888	334,338	32,231
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	4,495,950	4,551,613	359,676
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	904,500	904,500	72,360
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	785,871	785,457	62,870
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	785,871	785,457	62,870
<b>27</b>	<b>Total</b>	<b>101,872,809</b>	<b>100,270,528</b>	<b>8,149,824</b>

### 3. Leverage ratio

#### LR2: Leverage ratio

		At 30 September 2021	At 30 June 2021
		HK\$'000	HK\$'000
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	159,083,961	156,974,953
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,815,624)	(1,812,312)
<b>3</b>	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	<b>157,268,337</b>	<b>155,162,641</b>
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	18,451	49,703
5	Add-on amounts for PFE associated with all derivative contracts	417,301	468,944
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	(22,508)	(19,101)
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	-	-
<b>11</b>	<b>Total exposures arising from derivative contracts</b>	<b>413,244</b>	<b>499,546</b>
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	3,429,178	7,265,480
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	47,198	104,698
15	Agent transaction exposures	-	-
<b>16</b>	<b>Total exposures arising from SFTs</b>	<b>3,476,376</b>	<b>7,370,178</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	12,872,252	11,640,526
18	Less: Adjustments for conversion to credit equivalent amounts	(10,684,139)	(9,635,585)
<b>19</b>	<b>Off-balance sheet items</b>	<b>2,188,113</b>	<b>2,004,941</b>
<b>Capital and total exposures</b>			
<b>20</b>	<b>Tier 1 capital</b>	<b>16,880,792</b>	<b>16,531,531</b>
<b>20a</b>	<b>Total exposures before adjustments for specific and collective provisions</b>	<b>163,346,070</b>	<b>165,037,306</b>
<b>20b</b>	<b>Adjustments for specific and collective provisions</b>	<b>(615,936)</b>	<b>(598,676)</b>
<b>21</b>	<b>Total exposures after adjustments for specific and collective provisions</b>	<b>162,730,134</b>	<b>164,438,630</b>
<b>Leverage ratio</b>			
<b>22</b>	<b>Leverage ratio</b>	<b>10.37%</b>	<b>10.05%</b>

## 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 2021: 77 data points	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: consolidated		HK\$'000	HK\$'000
<b>A. HQLA</b>			
1	Total HQLA		24,434,765
<b>B. Cash outflows</b>			
2	Retail deposits and small business funding, of which:	77,046,511	4,824,978
3	<i>Stable retail deposits and stable small business funding</i>	13,920,806	417,624
4	<i>Less stable retail deposits and less stable small business funding</i>	24,964,651	2,496,465
4a	<i>Retail term deposits and small business term funding</i>	38,161,054	1,910,889
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	30,160,653	22,342,273
6	<i>Operational deposits</i>	3,206,796	759,024
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	26,953,857	21,583,249
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:	11,927,420	2,204,750
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	218,231	218,231
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>	11,709,189	1,986,519
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,309,393	1,309,393
15	Other contingent funding obligations (whether contractual or non-contractual)	1,830,511	97,081
16	<b>Total Cash Outflows</b>		<b>30,778,475</b>
<b>C. Cash Inflows</b>			
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	18,956,236	15,757,965
19	Other cash inflows	1,541,210	1,541,208
20	<b>Total Cash Inflows</b>	<b>20,497,446</b>	<b>17,299,173</b>
<b>D. Liquidity Coverage Ratio</b>			
21	<b>Total HQLA</b>		<b>24,434,765</b>
22	<b>Total Net Cash Outflows</b>		<b>13,479,302</b>
23	<b>LCR (%)</b>		<b>183.26%</b>

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## 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 2021, 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, second and third quarters were 236.79%, 200.15% and 183.26% respectively. 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 2021, 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 30 September 2021.

## **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 30 September 2021.