

Regulatory Disclosures

30 September 2023



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 2023	At 30 June 2023	At 31 March 2023	At 31 December 2022	At 30 September 2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	14,603,639	14,499,780	14,741,017	14,408,102	14,234,546
2	Tier 1	16,137,962	15,992,123	15,980,814	15,629,898	16,172,258
3	Total capital	18,837,488	18,457,862	18,193,925	17,788,200	18,327,484
	RWA (amount)					
4	Total RWA	110,470,001	110,152,975	113,876,050	109,227,377	102,809,974
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.22	13.16	12.94	13.19	13.85
6	Tier 1 ratio (%)	14.61	14.52	14.03	14.31	15.73
7	Total capital ratio (%)	17.05	16.76	15.98	16.29	17.83
	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 (%)	0.647	0.670	0.650	0.645	0.633
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.147	3.170	3.150	3.145	3.133
12	CET1 available after meeting the AI's minimum capital requirements (%)	8.609	8.518	7.977	8.286	9.346
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	182,307,029	187,132,084	193,907,667	183,580,507	167,270,997
14	LR (%)	8.85	8.55	8.24	8.51	9.67
	Liquidity Coverage Ratio (LCR)					
15	Total high quality liquid assets (HQLA)	30,291,645	30,892,853	28,552,493	21,583,396	21,121,221
16	Total net cash outflows	15,908,878	17,621,574	14,360,445	10,704,374	11,468,687
17	LCR (%)	191.52	176.10	205.47	205.67	186.35
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	119,810,966	122,177,340	123,405,779	113,325,614	109,162,077
19	Total required stable funding	99,058,129	97,665,326	99,945,897	93,158,853	90,883,662
20	NSFR (%)	120.95	125.10	123.47	121.65	120.11



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

OV1: Overview of RWA

		RWA		Minimum capital requirements
		At 30 September 2023	At 30 June 2023	At 31 March 2023
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	103,953,764	103,123,252	8,316,301
2	Of which STC approach	103,953,764	103,123,252	8,316,301
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	246,329	415,837	19,707
7	Of which SA-CCR approach	244,557	350,082	19,565
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	1,772	65,755	142
10	CVA risk	92,050	133,988	7,364
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	1,352,800	1,808,863	108,224
21	Of which STM approach	1,352,800	1,808,863	108,224
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	5,026,775	4,857,363	402,142
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	556,048	570,860	44,484
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	757,765	757,188	60,621
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	757,765	757,188	60,621
27	Total	110,470,001	110,152,975	8,837,601



3. Leverage ratio

LR2: Leverage ratio

		At 30 September 2023	At 30 June 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)	178,477,752	178,678,554
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,788,277)	(1,705,550)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	176,689,475	176,973,004
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)	374,920	544,935
5	Add-on amounts for PFE associated with all derivative contracts	193,772	261,791
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	568,692	806,726
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	3,082,978	7,180,745
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	6,728	265,938
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	3,089,706	7,446,683
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	16,292,611	17,127,813
18	Less: Adjustments for conversion to credit equivalent amounts	(13,405,854)	(14,132,864)
19	Off-balance sheet items	2,886,757	2,994,949
Capital and total exposures			
20	Tier 1 capital	16,137,962	15,992,123
20a	Total exposures before adjustments for specific and collective provisions	183,234,630	188,221,362
20b	Adjustments for specific and collective provisions	(927,601)	(1,089,278)
21	Total exposures after adjustments for specific and collective provisions	182,307,029	187,132,084
Leverage ratio			
22	Leverage ratio	8.85%	8.55%



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 2023: 73 data points	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: consolidated		HK\$'000	HK\$'000
A. HQLA			
1	Total HQLA		30,291,645
B. Cash outflows			
2	Retail deposits and small business funding, of which:	88,910,336	5,247,302
3	<i>Stable retail deposits and stable small business funding</i>	12,444,870	373,346
4	<i>Less stable retail deposits and less stable small business funding</i>	20,885,632	2,088,563
4a	<i>Retail term deposits and small business term funding</i>	55,579,834	2,785,393
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	25,507,653	17,157,828
6	<i>Operational deposits</i>	3,122,781	739,948
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	22,384,872	16,417,880
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:	14,716,918	2,606,781
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	261,435	261,435
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>	14,455,483	2,345,346
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,658,808	1,658,808
15	Other contingent funding obligations (whether contractual or non-contractual)	2,344,323	73,117
16	Total Cash Outflows		26,743,836
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	182,388	182,388
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	11,521,448	8,545,760
19	Other cash inflows	2,106,810	2,106,810
20	Total Cash Inflows	13,810,646	10,834,958
D. Liquidity Coverage Ratio			
21	Total HQLA		30,291,645
22	Total Net Cash Outflows		15,908,878
23	LCR (%)		191.52%



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 2023, 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 205.47%, 176.10% and 191.52% 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 2023, 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 2023.

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 2023.