


KDB Asia Limited
Interim Results 2017

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For KDB ASIA LIMITED



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Authorized Signature

Corporate Information

KDB Asia Limited (“the Company”) is a limited company incorporated and domiciled in Hong Kong and is a restricted licence bank under the Hong Kong Banking Ordinance. Its registered office is Suite 2005-2010, 20th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

During the year, the principal activities of the Company consisted of deposit taking, loan syndication, underwriting, investment, trade financing and the provision of financial services.

In the opinion of the directors, the holding company is the Korea Development Bank, which is wholly owned by the South Korea Government.

Financial Review

The Company achieved a comparable net profit before tax of US\$11.5 million in the first half of year 2017 when compared to the same period of 2016.

Total assets recorded growth of 7.47% to US\$1,395.3 million (2016: US\$1,298.3 million), whereas total liabilities including deposits and borrowings recorded an increment of 8.51%, amounted to US\$1,116.0 million (2016: US\$1,028.6 million). Due to the current profit contribution for the period, the Company’s shareholders’ equity recorded a growth of 3.52% to US\$279.2 million (2016: US\$269.7 million).

Financial highlights for the first six months of 2017 are as follows:

- Return on average assets: 1.50%
- Return on average equities: 7.28%
- Average liquidity maintenance ratio: 161.93%
- Leverage ratio: 19.25%
- Common Equity Tier 1 capital ratio: 28.58%
- Tier 1 capital ratio: 28.58%
- Total capital ratio: 29.11%

The Directors of KDB Asia Limited announce that the unaudited interim results of the company for the first half year of 2017 are as follows:

(A) Income Statement

	Notes	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Interest income	1	18,190,640	15,241,369
Interest expense	2	(7,493,493)	(5,813,380)
Net interest income		10,697,147	9,427,989
Fee and commission income		3,724,782	4,916,630
Fee and commission expense		(77,330)	(253,766)
Net fee and commission income	3	3,647,452	4,662,864
Net gains from financial assets held at fair value through profit or loss	4	1,126,890	1,670,730
Net hedging loss	5	(230,855)	(285,764)
Other operating losses, net	6	(1,381,512)	(1,144,327)
Operating income		13,859,122	14,331,492
Operating expenses	7	(4,818,539)	(4,631,045)
Release of impairment allowances on loans and advances	8	908,842	1,230,614
Release of impairment allowance on available-for-sale investments		21,415	33,631
Gains from sale of available-for-sale investments		1,534,835	1,170,847
PROFIT BEFORE TAX		11,505,675	12,135,539
Income tax expense	9	(1,626,018)	(1,913,863)
PROFIT FOR THE PERIOD		9,879,657	10,221,676

(B) Statement of Comprehensive Income

		For the six months ended	For the six months ended
	Notes	30-Jun-2017 (unaudited) US\$	30-Jun-2016 (unaudited) US\$
PROFIT FOR THE PERIOD		9,879,657	10,221,676
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Other comprehensive income to be reclassified to income statement in subsequent periods:			
Available-for-sale investments:			
Net movement in the available-for-sale fair value reserve, net of tax	10	<u>(378,900)</u>	<u>3,385,742</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>9,500,757</u>	<u>13,607,418</u>

(C) Statement of Financial Position

	Supplementary Information	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
ASSETS			
Cash and balances with banks and other financial institutions		4,323,624	15,108,387
Placements with banks and other financial institutions		95,000,000	50,000,000
Trade bills		329,341,696	308,575,781
Trading assets	(F)1	21,590,515	26,702,679
Loans and advances	(F)2	511,186,539	497,606,473
Available-for-sale investments	(F)3	420,431,937	386,838,613
Property and equipment	(F)4	1,096,951	1,167,929
Interest receivable and other assets		11,789,026	11,809,111
Deferred tax assets		522,653	491,608
TOTAL ASSETS		1,395,282,941	1,298,300,581
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits and balances of banks and other financial institutions		611,889,086	543,629,401
Deposits from customers	(F)5	2,049,033	2,485,700
Trading liabilities		653,673	1,433,465
Certificates of deposit issued		457,545,952	434,317,973
Tax payable		2,265,707	711,480
Interest payable and other liabilities		41,645,652	45,989,481
TOTAL LIABILITIES		1,116,049,103	1,028,567,500
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		140,000,000	140,000,000
Reserves	(F)6	139,233,838	129,733,081
TOTAL EQUITY		279,233,838	269,733,081
TOTAL EQUITY AND LIABILITIES		1,395,282,941	1,298,300,581

(D) Statement of Changes in Equity

	Share capital US\$	Available-for-sale investments revaluation reserve US\$	Retained profits US\$	Total US\$
Balance at 1 January 2017	140,000,000	5,131,456	124,601,625	269,733,081
Profit for the period	-	-	9,879,657	9,879,657
Other comprehensive income for the period: Net movement in the available-for-sale fair value reserve, net of tax	-	(378,900)	-	(378,900)
Total comprehensive income for the period	-	(378,900)	9,879,657	9,500,757
Balance at 30 June 2017 (unaudited)	140,000,000	4,752,556	134,481,282	279,233,838

	Share capital US\$	Available-for-sale investments revaluation reserve US\$	Retained profits US\$	Total US\$
Balance at 1 January 2016	140,000,000	6,410,673	88,179,338	234,590,011
Profit for the period	-	-	10,221,676	10,221,676
Other comprehensive income for the period: Net movement in the available-for-sale fair value reserve, net of tax	-	3,385,742	-	3,385,742
Total comprehensive income for the period	-	3,385,742	10,221,676	13,607,418
Balance at 30 June 2016 (unaudited)	140,000,000	9,796,415	98,401,014	248,197,429

(E) Condensed Statement of Cash Flows

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Net cash flows from/(used in) operating activities	76,990,480	(1,303,063)
Net cash flows (used in)/from investing activities	(32,775,243)	13,837,953
Net increase in cash and cash equivalents	44,215,237	12,534,890
Cash and cash equivalents at 1 January	55,108,387	50,616,602
Cash and cash equivalents at 30 June	99,323,624	63,151,492

Components of cash and cash equivalents in the condensed statement of cash flows:

For the purposes of the condensed statement of cash flows, cash and cash equivalents comprise the following balances with original maturity of three months or less:

	30-Jun-2017 (unaudited) US\$	30-Jun-2016 (unaudited) US\$
Cash and balances with banks and other financial institutions	4,323,624	33,151,492
Placements with banks and other financial institutions	95,000,000	30,000,000
	99,323,624	63,151,492

Notes:**(1) Interest income arising from:**

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Listed investments	5,782,303	5,475,040
Unlisted investments	533,051	580,867
Trade bills and loans and advances	11,344,426	8,585,171
Others	530,860	600,291
	18,190,640	15,241,369

Included in the above is interest income of US\$589,804 (2016:US\$322,132) accrued on impaired financial assets for the period ended 30 June 2017.

(2) Interest expense arising from:

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Deposits from customers, banks and other financial institutions and certificates of deposit issued	7,493,493	5,813,380

(3) Net fee and commission income:

All fee and commission income and expense are related to financial assets and liabilities not designated at fair value through profit or loss.

(4) Net gains from financial assets held at fair value through profit or loss:

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Net gains from trading securities	1,513,695	2,677,214
Net interest expense on derivatives	(386,805)	(1,006,484)
	1,126,890	1,670,730

Notes:**(5) Net hedging loss:**

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Fair value hedges		
- Net gains on hedged items attributable to the hedged risk	538,816	4,696,130
- Net losses on hedging instruments	(769,671)	(4,981,894)
	(230,855)	(285,764)

(6) Other operating losses, net:

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Net losses from dealing in foreign currencies	(1,382,512)	(1,160,892)
Dividend income from unlisted available-for-sale investments	1,000	16,565
	(1,381,512)	(1,144,327)

(7) Operating expenses:

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Staff costs	2,908,168	2,763,756
Premises and equipment expenses		
- Depreciation	73,895	52,143
- Rent	1,203,911	1,034,256
- Rates	54,105	47,583
	1,331,911	1,133,982
Auditor's remuneration	31,500	31,500
Others	546,960	701,807
	578,460	733,307
	4,818,539	4,631,045

Included in the staff costs above are retirement scheme contribution of US\$18,889 (2016: US\$20,200) and operating lease charges in respect of staff quarters of US\$527,735 (2016: US\$527,928) for the period ended 30 June 2017.

Included in the above operating expenses are operating lease charges of US\$1,562,314 (2016: US\$1,426,929) for rental of properties and US\$169,332 (2016: US\$135,255) for rental of equipment.

Notes:

(8) Release of impairment allowances on loans and advances:

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Release to income statement collectively assessed	401,655	440,891
Release to income statement individually assessed	507,187	789,723
	908,842	1,230,614

(9) Income tax

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Taxation in the income statement represents:		
Current tax		
Current tax provision	1,554,227	1,828,725
Deferred tax		
Net reversal of temporary difference	71,791	85,138
	1,626,018	1,913,863

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the reporting period.

Notes:

(10) Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	For the six months ended 30-Jun-2017 (unaudited)			For the six months ended 30-Jun-2016 (unaudited)		
	Before-tax amount	Tax benefit	Net-of-tax amount	Before-tax amount	Tax expense	Net-of-tax amount
	US\$	US\$	US\$	US\$	US\$	US\$
Available-for-sale investments: Net movement in available-for- sale investments fair value reserve	(481,736)	102,836	(378,900)	3,963,260	(577,518)	3,385,742
Other comprehensive income	(481,736)	102,836	(378,900)	3,963,260	(577,518)	3,385,742

(b) Reclassification adjustments relating to components of other comprehensive income

	For the six months ended 30-Jun-2017 (unaudited) US\$	For the six months ended 30-Jun-2016 (unaudited) US\$
Available-for-sale investments, net of tax:		
Changes in fair value recognised during the period	1,118,783	4,203,589
Reclassification adjustments for gains and losses included in profit or loss		
- gains on disposal	(1,497,683)	(817,847)
Net movement in the available-for-sale investments fair value reserve during the period recognised in other comprehensive income	(378,900)	3,385,742

(F) Supplementary Information

(1) Trading assets

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
Listed debt securities, at fair value	20,302,650	24,408,790
Positive fair values of derivatives	1,287,865	2,293,889
	<u>21,590,515</u>	<u>26,702,679</u>
Trading securities issued by:		
- Corporate entities	10,055,550	2,095,960
- Banks and other financial institutions	10,247,100	19,524,630
- Public sector entities	-	2,788,200
	<u>20,302,650</u>	<u>24,408,790</u>
Trading securities analysed by place of listing:		
- Listed outside Hong Kong	15,305,750	21,620,590
- Listed in Hong Kong	4,996,900	2,788,200
	<u>20,302,650</u>	<u>24,408,790</u>

The above listed debt securities were classified as held for trading. The fair values of these listed securities are based on quoted market price.

(2) Loans and advances

(a) Loans and advances less impairment

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
Gross loans and advances to:		
- banks	60,649,255	60,417,724
- customers	462,259,531	449,819,839
	<u>522,908,786</u>	<u>510,237,563</u>
Less: Collectively assessed impairment allowances on loans and advances to		
- banks	(176,900)	(230,850)
- customers	(1,278,610)	(1,626,316)
	<u>(1,455,510)</u>	<u>(1,857,166)</u>
Less: Individually assessed impairment allowances on loans and advances to		
- customers	(10,266,737)	(10,773,924)
	<u>(10,266,737)</u>	<u>(10,773,924)</u>
Net loans and advances to:		
- banks	60,472,355	60,186,874
- customers	450,714,184	437,419,599
	<u>511,186,539</u>	<u>497,606,473</u>

(F) Supplementary Information

(2) Loans and advances (continued)

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
(b) Impaired loans and advances:		
Gross impaired loans and advances	22,386,737	22,893,924
Impairment allowance - individually assessed	(10,266,737)	(10,773,924)
	12,120,000	12,120,000
Gross impaired loans and advances as a percentage of total gross loans and advances	4.28%	4.49%

Impaired loans and advances are individually assessed loans with objective evidence of impairment on an individual basis.

Individually assessed impaired loans and advances are unsecured.

(F) Supplementary Information

(2) Loans and advances (continued)

(c) By industry sectors

The analysis of loans and advances by industry sector is based on the categories used in the "Quarterly Analysis of Loans and Advances and Provisions" Return to the HKMA.

	At 30-Jun-2017 (unaudited) US\$	% of collateral securing loans and advances	At 31-Dec-2016 (audited) US\$	% of collateral securing loans and advances
Industrial, commercial and financial				
- Manufacturing	11,892,500	-	11,892,500	-
- Wholesale and retail trade	70,436,187	-	70,396,222	-
- Transport and transport equipment	30,935,161	-	21,939,072	-
- Financial concerns	40,406,151	-	60,358,059	-
- Stock brokers	8,032,393	-	13,774,209	-
- Others	30,523,551	-	33,403,663	-
Loans and advances for use in Hong Kong	192,225,943	-	211,763,725	-
Trade finance	12,020,981	-	10,379,259	-
Loans and advances for use outside Hong Kong	318,661,862	-	288,094,579	-
	522,908,786	-	510,237,563	-

The gross amount of impairment loans and impairment allowances for industry sectors is analysed as follows:

	Impaired loans and advances US\$	Individually assessed impairment allowances US\$	Collectively assessed impairment allowances US\$
At 30 June 2017 (unaudited)			
Industrial, commercial and financial			
- Manufacturing	-	-	34,583
- Wholesale and retail trade	-	-	204,827
- Transport and transport equipment	2,386,737	2,386,737	83,018
- Financial concerns	-	-	117,500
- Stock brokers	-	-	23,358
- Others	-	-	88,763
Loans and advances for use in Hong Kong	2,386,737	2,386,737	552,049
Trade finance	-	-	34,957
Loans and advances for use outside Hong Kong	20,000,000	7,880,000	868,504
	22,386,737	10,266,737	1,455,510
At 31 December 2016 (unaudited)			
Industrial, commercial and financial			
- Manufacturing	-	-	45,320
- Wholesale and retail trade	-	-	268,265
- Transport and transport equipment	2,893,924	2,893,924	72,577
- Financial concerns	-	-	230,012
- Stock brokers	-	-	52,491
- Others	-	-	127,295
Loans and advances for use in Hong Kong	2,893,924	2,893,924	795,960
Trade finance	-	-	39,553
Loans and advances for use outside Hong Kong	20,000,000	7,880,000	1,021,653
	22,893,924	10,773,924	1,857,166

(F) **Supplementary Information**

(2) **Loans and advances (continued)**

(d) **By geographical areas**

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (unaudited) US\$
Gross loans and advances		
- South Korea	179,935,147	177,539,934
- Hong Kong	140,774,445	156,422,089
- China	34,046,288	22,047,013
- Others	145,766,169	131,334,603
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	500,522,049	487,343,639
Impaired loans (individually determined)		
- South Korea	22,386,737	22,893,924
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	522,908,786	510,237,563
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The above geographical analysis is classified by the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated.

(3) **Available-for-sale investments**

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
Debt securities		
- Listed in Hong Kong	156,030,815	111,496,890
- Listed outside Hong Kong	210,355,438	231,405,320
- Unlisted	29,143,050	29,200,720
	<hr/>	<hr/>
	395,529,303	372,102,930
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Unlisted certificates of deposit held	9,945,000	-
Unlisted equity securities	77,035	106,734
Unlisted investments in funds	14,880,599	14,628,949
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	420,431,937	386,838,613
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Issued by:		
Banks and other financial institutions	117,018,690	116,629,620
Corporate entities	303,413,247	270,208,993
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	420,431,937	386,838,613
	<hr/>	<hr/>

As at 30 June 2017 and 31 December 2016, all unlisted investments in funds are carrying at fair value.

(F) Supplementary Information

(4) Property and equipment

	Land and buildings US\$	Leasehold improvements US\$	Furniture, fittings and office equipment US\$	Motor vehicles US\$	Total US\$
Cost:					
At 1 January 2017	1,022,708	1,066,112	757,950	117,680	2,964,450
Additions	-	-	2,917	-	2,917
Disposal	-	-	(2,006)	-	(2,006)
At 30 June 2017	1,022,708	1,066,112	758,861	117,680	2,965,361
Accumulated depreciation:					
At 1 January 2017	394,316	633,978	670,214	98,013	1,796,521
Charge for the year	8,199	40,971	13,092	11,633	73,895
Written back on disposal	-	-	(2,006)	-	(2,006)
At 30 June 2017	402,515	674,949	681,300	109,646	1,868,410
Net book value:					
At 30 June 2017	620,193	391,163	77,561	8,034	1,096,951
At 31 December 2016 (audited)	628,392	432,134	87,736	19,667	1,167,929

(F) **Supplementary Information**

(5) **Deposits from customers**

All of the deposits from customers are time deposits.

(6) **Reserves**

	Retained profits US\$	Available-for-sale investments revaluation reserve US\$	Total US\$
At 1 January 2017	124,601,625	5,131,456	129,733,081
Available-for-sale investments:			
- Change in fair value, net of deferred tax	-	1,118,783	1,118,783
- Transfer to income statement on disposal	-	(1,497,683)	(1,497,683)
Profit for the period	9,879,657	-	9,879,657
At 30 June 2017 (unaudited)	134,481,282	4,752,556	139,233,838
At 1 January 2016	88,179,338	6,410,673	94,590,011
Available-for-sale investments:			
- Change in fair value, net of deferred tax	-	4,780,759	4,780,759
- Transfer to income statement on disposal	-	(6,059,976)	(6,059,976)
Profit for the year	36,405,796	-	36,405,796
Re-measurement gains on defined benefit scheme	16,491	-	16,491
At 31 December 2016 (audited)	124,601,625	5,131,456	129,733,081

Nature and purpose of reserves

(a) Revaluation reserve on available-for-sale investments

The revaluation reserve on available-for-sale investments comprises the cumulative net change in the fair value of available-for-sale investments held at the end of the reporting period net of any deferred tax.

(b) Regulatory reserve

As at 30 June 2017, the Company has earmarked US\$3,563,491 (2016: US\$3,030,112) as regulatory reserve from retained profits. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movements in the reserve are made directly through retained profits and in consultation with the HKMA.

(F) **Supplementary Information**

(7) **International claims (by ultimate nation)**

International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk and by types of counterparties. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, are shown as follows:

			<i>Non-bank private sector</i>		
	Banks	Official	Non-bank	Non-bank	Total
	US\$	Sector	financial	private sector	US\$
		US\$	institutions		
			US\$	US\$	
At 30 June 2017 (unaudited)					
Developed countries	99,489,991	-	23,847,641	-	123,337,632
- of which Austria	20,001,611	-	-	-	20,001,611
- of which Belgium	6,457	-	-	-	6,457
- of which France	948,116	-	-	-	948,116
- of which Germany	829,623	-	-	-	829,623
- of which Ireland	-	-	12,042,923	-	12,042,923
- of which Japan	40,035,287	-	-	-	40,035,287
- of which Luxembourg	4,318	-	1,482,969	-	1,487,287
- of which Spain	20,081,342	-	-	-	20,081,342
- of which United Kingdom	16,168,419	-	1,232,354	-	17,400,773
- of which United States	1,414,818	-	9,089,395	-	10,504,213
Offshore centres	235,788	-	73,412,124	156,838,808	230,486,720
- of which Cayman Islands	-	-	13,454,142	-	13,454,142
- of which Hong Kong	235,788	-	54,885,565	146,639,530	201,760,883
- of which Singapore	-	-	5,072,417	10,199,278	15,271,695
Developing Africa and Middle East	35,477,301	10,002,152	16,472,488	4,932,297	66,884,238
- of which Angola	-	-	3,333,768	-	3,333,768
- of which Kuwait	-	-	13,138,720	-	13,138,720
- of which Qatar	15,002,806	-	-	-	15,002,806
- of which South Africa	5,015,203	-	-	-	5,015,203
- of which United Arab Emirates	15,459,292	10,002,152	-	4,932,297	30,393,741
Developing Asia and Pacific	592,051,688	5,028,194	45,202,163	300,969,820	943,251,865
- of which China	65,425,086	-	25,155,686	57,404,418	147,985,190
- of which India	2,046,431	5,028,194	-	18,615,260	25,689,885
- of which Indonesia	-	-	10,015,360	7,500,997	17,516,357
- of which South Korea	469,133,200	-	10,031,117	207,696,710	686,861,027
- of which Malaysia	10,104,857	-	-	750,618	10,855,475
- of which Philippines	21,048,661	-	-	9,001,817	30,050,478
- of which Thailand	24,293,453	-	-	-	24,293,453

(F) Supplementary Information

(7) International claims (by ultimate nation) (continued)

			<i>Non-bank private sector</i>		
	Banks	Official	Non-bank	Non-bank	Total
	US\$	Sector	financial	private sector	US\$
		US\$	institutions	US\$	
			US\$		
At 31 December 2016 (unaudited)					
Developed countries	87,299,065	-	23,476,632	-	110,775,697
- of which Australia	2,932,630	-	-	-	2,932,630
- of which Belgium	4,917	-	-	-	4,917
- of which France	888,290	-	-	-	888,290
- of which Germany	1,436,549	-	-	-	1,436,549
- of which Ireland	-	-	12,701,461	-	12,701,461
- of which Japan	40,048,849	-	-	-	40,048,849
- of which Luxembourg	7,115	-	-	-	7,115
- of which Spain	20,075,227	-	-	-	20,075,227
- of which United Kingdom	5,418,795	-	1,686,676	-	7,105,471
- of which United States	16,486,693	-	9,088,495	-	25,575,188
Offshore centres	2,013,291	-	71,796,329	149,042,426	222,852,046
- of which Bahrain	1,985,776	-	-	-	1,985,776
- of which Cayman Islands	-	-	16,450,971	-	16,450,971
- of which Hong Kong	27,515	-	50,316,641	149,042,426	199,386,582
- of which Singapore	-	-	5,028,717	-	5,028,717
Developing Latin America and Caribbean	-	-	-	5,018,688	5,018,688
- of which Mexico	-	-	-	5,018,688	5,018,688
Developing Africa and Middle East	30,154,665	-	17,416,596	-	47,571,261
- of which Angola	-	-	3,750,916	-	3,750,916
- of which Kuwait	-	-	13,665,680	-	13,665,680
- of which Qatar	15,003,260	-	-	-	15,003,260
- of which South Africa	5,013,488	-	-	-	5,013,488
- of which United Arab Emirates	10,137,917	-	-	-	10,137,917
Developing Asia and Pacific	554,526,276	5,001,531	24,993,307	291,810,014	876,331,128
- of which China	48,312,363	-	5,007,209	45,005,398	98,324,970
- of which India	2,019,671	5,001,531	-	18,442,150	25,463,352
- of which Indonesia	-	-	10,014,988	7,502,811	17,517,799
- of which South Korea	435,769,523	-	9,971,110	207,001,410	652,742,043
- of which Malaysia	23,231,946	-	-	613,711	23,845,657
- of which Philippines	20,775,560	-	-	13,244,534	34,020,094
- of which Thailand	24,417,213	-	-	-	24,417,213

(F) **Supplementary Information**

(8) **Contingent liabilities, commitments and derivatives**

(a) **Contingent liabilities and commitments to extend credit**

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
Trade-related contingencies	7,868,554	20,803,378
Other commitments		
- with an original maturity of under one year	73,844,046	78,544,310
- with an original maturity of more than one year	5,769,231	909,574
	<hr/> 87,481,831	<hr/> 100,257,262
Credit risk weighted amounts	<hr/> 19,227,135	<hr/> 20,324,325

Contingent liabilities and commitments are credit-related instruments which include commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the customer default. As the facilities may expire without being drawn upon, the contractual amounts do not represent expected future cash flows.

The risk weights used range from 0% to 100% for contingent liabilities and commitments.

(b) **Capital commitments**

Commitments to unlisted investments in funds outstanding at the reporting period not provided for in the financial statements were as follows:

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
Contracted for	13,177,920	14,853,225
Credit risk weighted amounts	<hr/> 6,588,960	<hr/> 7,426,612

(F) **Supplementary Information**

(8) **Contingent liabilities, commitments and derivatives (continued)**

(c) **Derivatives**

The use of derivatives as risk management products sold to customers is an integral part of the Company's business activities. These instruments are also used to manage the Company's own exposures to market risk as part of its asset and liability management process. The principal derivatives instruments used by the Company are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. For accounting purposes, derivatives are classified as trading financial instruments.

Notional amount of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices. The notional amounts of these instruments indicate the volume of transactions outstanding at the reporting period and they do not represent amounts at risk.

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
Exchange rate contracts		
Forwards	63,450,296	109,386,958
	63,450,296	109,386,958
Interest rate contracts		
Swaps		
- Qualifying for hedge accounting	201,800,000	198,500,000
- Others	148,500,000	110,500,000
	350,300,000	309,000,000
Debt security contracts		
Futures	22,200,000	18,200,000
	435,950,296	436,586,958

The transactions are used to hedge the Company's own exposure to market risks as part of its asset and liability management.

(F) Supplementary Information

(8) Contingent liabilities, commitments and derivatives (continued)

(d) Risk exposure information

Fair values and credit risk weighted amounts of derivatives

	At 30-Jun-2017 (unaudited)			At 31-Dec-2016 (audited)		
	Fair value		Credit risk weighted amount US\$	Fair value		Credit risk weighted amount US\$
	Assets US\$	Liabilities US\$		Assets US\$	Liabilities US\$	
Exchange rate contracts						
Forwards	18,409	98,003	130,582	256,003	1,393,432	372,539
Interest rate contracts						
Swaps	1,269,456	555,670	1,216,106	2,037,886	40,033	1,799,258
Debt security contracts						
Futures	-	-	446,300	-	-	385,039
	1,287,865	653,673	1,792,988	2,293,889	1,433,465	2,556,836

Credit risk-weighted amount refers to the amount as computed in accordance with the Banking (Capital) Rules of the Hong Kong Banking Ordinance. The amount depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 20% to 100% for exchange rate, interest rate and debt security contracts.

The Company did not enter into any bilateral netting arrangement during the period and accordingly these amounts are shown on a gross basis.

Fair values of derivatives designated as hedging instruments

The following is a summary of the fair values of derivatives held for hedging purposes by product type entered into by the Company:

	At 30-Jun-2017 (unaudited)		At 31-Dec-2016 (audited)	
	Assets US\$	Liabilities US\$	Assets US\$	Liabilities US\$
	Interest rate contracts			
Swaps	880,182	395,868	1,648,661	39

Fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of certain fixed rate assets due to the movements in market interest rates. At 30 June 2017, the net fair value of interest rate swaps was US\$484,314 (2016: US\$1,648,622) comprising assets of US\$880,182 (2016: US\$1,648,661) and liabilities of US\$395,868 (2016: US\$39).

(F) **Supplementary Information**

(9) **Currency risk**

The Company's foreign currency positions arise from foreign exchange dealing and commercial banking operations. All foreign currency positions are managed by the global markets department within limits approved by the board.

The following table indicates the concentration of currency risk at the end of reporting period defined by the Banking (Disclosure) Rules.

Expressed in millions of Hong Kong dollars	At 30-Jun-2017 (unaudited)					
	United States dollars	Korean Won	Japanese Yen	Euros	Renminbi	Total
Spot assets	10,593	1	2	14	15	10,625
Spot liabilities	(10,861)	-	(18)	-	(5)	(10,884)
Forward purchases	3,112	-	16	-	-	3,128
Forward sales	(2,849)	-	-	(14)	(8)	(2,871)
Net long/(short) position	(5)	1	-	-	2	(2)

Expressed in millions of Hong Kong dollars	At 31-Dec-2016 (unaudited)					
	United States Dollars	Korean Won	Japanese Yen	Euros	Renminbi	Total
Spot assets	9,758	1	1	28	46	9,834
Spot liabilities	(9,714)	-	(17)	(28)	(363)	(10,122)
Forward purchases	2,818	-	16	-	325	3,159
Forward sales	(2,863)	-	(1)	-	(8)	(2,872)
Net long/(short) position	(1)	1	(1)	-	-	(1)

(F) **Supplementary Information**

(10) **Capital adequacy ratios and regulatory capital disclosures**

(a) **Capital adequacy ratios**

	At 30-Jun-2017 (unaudited)	At 31-Dec-2016 (audited)
Common Equity Tier 1 ("CET1") capital ratio	28.58%	29.70%
Tier 1 capital ratio	28.58%	29.70%
Total capital ratio	29.11%	30.25%

Capital adequacy ratios were compiled in accordance with the Banking (Capital) Rules issued by the HKMA. The capital disclosures at the reporting period are compiled in accordance with the Banking (Capital) (Amendment) Rules 2012 effective from 1 January 2013 for the implementation of the Basel III capital framework.

In accordance with the Banking (Capital) Rules, the Company has adopted the "basic approach" for the calculation of the risk-weighted assets for credit risk, the standardized (market risk) approach to calculate its market risk, and the "basic indicator approach" for the calculation of operational risk. The Company has adopted the "standardised method" for the calculation of CVA capital charge.

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's regulatory capital disclosures will be published by using the standard disclosure templates as specified by the HKMA under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/ih/wcms.do?actionId=ADIHGMWC001&contentPage=/ih/ih/gm/IH18I00055_01RP.html&menuId=IHGM0108&localeCode=en&gmBrId=AL

(F) Supplementary Information

(10) Capital adequacy ratios and regulatory capital disclosures (continued)

(b) Regulatory capital disclosures

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
CET1 capital instruments	140,000,000	140,000,000
Retained earnings	134,481,282	124,601,625
Disclosed reserves	4,752,556	5,131,456
CET 1 CAPITAL BEFORE DEDUCTIONS	279,233,838	269,733,081
Deduct:		
Deferred tax assets in excess of deferred tax liabilities	(1,433,816)	(1,505,607)
Regulatory reserve for general banking risks	(3,563,491)	(3,030,112)
CET1 CAPITAL	274,236,531	265,197,362
ADDITIONAL TIER 1 CAPITAL AFTER DEDUCTIONS	-	-
TIER 1 CAPITAL	274,236,531	265,197,362
Regulatory reserve for general banking risks	3,563,491	3,030,112
Collective impairment allowance	1,455,510	1,857,166
TIER 2 CAPITAL	5,019,001	4,887,278
TOTAL CAPITAL BASE	279,255,532	270,084,640

(F) **Supplementary Information**

(11) **Liquidity maintenance ratio**

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.

Liquidity is managed on a daily basis by the global markets department under the direction of the Risk Management Committee. The global markets department is responsible for ensuring that the Company has adequate liquidity for all operations; ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to prevent price and reinvestment risk in case of a maturity gap; and monitoring local and international markets for the adequacy of funding and liquidity.

The Company manages liquidity risk by holding sufficient liquid assets (e.g. cash and short-term funds and securities) of appropriate quality to ensure that short-term funding requirements are covered within prudent limits. Adequate facilities can be obtained from its holding company to provide liquidity to meet unexpected and material cash outflows in the ordinary course of business.

	For the six months ended	
	30-Jun-2017	30-Jun-2016
	(unaudited)	(unaudited)
Average liquidity maintenance ratio for the period	161.93%	156.37%

The Company calculates the average liquidity maintenance ratio of each calendar month by reference to positions of specified days approved by the HKMA pursuant to Rule 48(2) of the Banking (Liquidity) Rules.

The average liquidity maintenance ratio is computed on a solo basis using the arithmetic mean of each calendar month's average liquidity maintenance ratio as reported in the return relating to liquidity position submitted to the HKMA.

To comply with the Banking (Disclosure) Rules, liquidity information disclosure will be published under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/ih/wcms.do?actionId=ADIHGMWC001&contentPage=/ih/ih/gm/IH18I00055_01RP.html&menuId=IH1HGM0108&localeCode=en&qmBrId=AL

(F) **Supplementary Information**

(12) **Leverage ratio**

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
On-balance sheet exposures	1,351,205,416	1,296,006,692
Less:		
Regulatory adjustments	(1,433,816)	(1,505,607)
Total on-balance sheet exposures	1,349,771,600	1,294,501,085
Replacement cost associated with all derivatives transactions	1,299,364	2,399,084
Add-on amounts for potential future exposure associated with all derivatives transactions	4,341,003	4,564,190
Total derivative exposures	5,640,367	6,963,274
Exposures with a 20% credit conversion factor	16,342,520	19,869,537
Exposures with a 50% credit conversion factor	9,473,575	7,881,400
Total off-balance sheet exposures	25,816,095	27,750,937
Securities financing transaction exposures	43,690,234	-
Total exposures	1,424,918,296	1,329,215,296
Tier 1 capital	274,236,531	265,197,362
Leverage ratio	19.25%	19.95%

Leverage ratio ("LR") is calculated in accordance with the completion instruction issued by the HKMA. The LR disclosure requirement is scheduled to take effect from 2015 for the implementation of the Basel III leverage ratio framework.

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's leverage ratio disclosure will be published by using the standard disclosure templates as specified by the HKMA under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/ih/wcms.do?actionId=ADIHIHGMWC001&contentPage=/ih/ih/gm/IHIH18I00055_01RP.html&menuId=IHIHGM0108&localeCode=en&gmBrnId=AL

(F) **Supplementary Information**

(13) **Countercyclical Capital Buffer (CCyB) Ratio**

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:

At 30 June 2017 (unaudited)

Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio US\$	CCyB ratio	CCyB amount US\$
Hong Kong SAR	1.25%	250,477,998		
China	-	82,944,720		
Angola	-	3,333,768		
Cayman Islands	-	18,284,586		
India	-	18,615,260		
Indonesia	-	17,516,357		
Ireland	-	12,042,923		
Kuwait	-	13,138,720		
Luxembourg	-	3,241,485		
Malaysia	-	750,618		
Philippines	-	10,201,817		
Singapore	-	15,271,694		
South Korea	-	209,268,078		
United Arab Emirates	-	4,932,297		
United Kingdom	0.50%	1,577,354		
United States	-	9,089,395		
Total		670,687,070	0.468%	3,138,815

(F) **Supplementary Information**

(13) **Countercyclical Capital Buffer (CCyB) Ratio (continued)**

At 31 December 2016 (audited)

Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio US\$	CCyB ratio	CCyB amount US\$
Hong Kong SAR	0.625%	250,948,744		
China	-	50,012,608		
Angola	-	3,750,916		
Cayman Islands	-	21,377,583		
India	-	18,442,150		
Indonesia	-	17,517,799		
Ireland	-	12,701,461		
Kuwait	-	13,665,680		
Luxembourg	-	2,500,000		
Malaysia	-	613,711		
Mexico	-	5,018,688		
Philippines	-	13,244,534		
Singapore	-	5,028,717		
South Korea	-	217,377,264		
United Kingdom	-	2,186,676		
United States	-	9,088,495		
Total		643,475,026	0.244%	1,570,079

CCyB ratio is scheduled to take effect from 2016 for the implementation of the Basel III countercyclical capital buffer framework.

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's countercyclical capital buffer ratio disclosure will be published by using the standard disclosure templates as specified by the HKMA under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/ih/wcms.do?actionId=ADIHIHGMWC001&contentPage=/ih/ih/gm/IHIH18I00055_01RP.html&menuId=IHIHGM0108&localeCode=en&qmBrnId=AL

(F) Supplementary Information

(14) Non-bank Mainland China exposures

The analysis of non-bank Mainland China exposures is based on the categories of non-bank counterparties and the type of direct exposures with reference to the Completion Instruction for the HKMA return of non-bank Mainland exposures.

	Items in HKMA return	30-Jun-2017 (unaudited)		
		On-balance sheet exposure	Off-balance sheet exposure	Total
		US\$	US\$	US\$
Central government, central government-owned entities and their subsidiaries and joint ventures	1	115,580,258	96,619	115,676,877
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	28,538,483	-	28,538,483
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	67,875,597	1,923,077	69,798,674
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	8,085,156	5,769,231	13,854,387
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	32,018,798	-	32,018,798
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	22,561,415	1,831,560	24,392,975
Total	8	274,659,707	9,620,487	284,280,194
Total assets after provision	9	1,397,051,095		
On-balance sheet exposures as percentage of total assets	10	19.66%		

(F) Supplementary Information

(14) Non-bank Mainland China exposures (continued)

	Items in HKMA return	31-Dec-2016 (audited)		Total US\$
		On-balance sheet exposure US\$	Off-balance sheet exposure US\$	
Central government, central government-owned entities and their subsidiaries and joint ventures	1	107,444,045	96,619	107,540,664
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	18,594,536	-	18,594,536
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	60,296,206	-	60,296,206
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	13,853,293	-	13,853,293
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	31,940,690	-	31,940,690
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	24,284,256	2,023,896	26,308,152
Total	8	<u>256,413,026</u>	<u>2,120,515</u>	<u>258,533,541</u>
Total assets after provision	9	<u>1,299,810,922</u>		
On-balance sheet exposures as percentage of total assets	10	<u>19.73%</u>		

No individual impairment allowance was made in respect of the above exposures.

(F) **Supplementary Information**

(15) **Overdue and rescheduled assets**

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

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
Gross loans and advances to customers which have been overdue with respect to principal for period of		
- Over 1 year	<u>2,386,737</u>	<u>2,893,924</u>

(b) 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.

There are no rescheduled loans and advances to banks and customers at 30 June 2017 and 31 December 2016.

(c) Other overdue assets

	At 30-Jun-2017 (unaudited) US\$	At 31-Dec-2016 (audited) US\$
Debt securities which have been overdue with respect to principal for period of		
- Over 1 year	<u>1,444,382</u>	<u>1,465,797</u>

(d) There are no repossessed assets held at 30 June 2017 and 31 December 2016.

(G) Other unaudited financial disclosure statements

(1) Overview of Risk Weighted Assets (RWA)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30-Jun-2017	31-Mar-2017	30-Jun-2017
		US\$	US\$	US\$
1	Credit risk for non-securitization exposures	883,888,034	878,762,835	70,711,043
2	Of which STC approach	-	-	-
2a	Of which BSC approach	883,888,034	878,762,835	70,711,043
3	Of which IRB approach	-	-	-
4	Counterparty credit risk	3,157,462	4,001,406	252,597
5	Of which SA-CCR	-	-	-
5a	Of which CEM	3,157,462	4,001,406	252,597
6	Of which IMM(CCR) approach	-	-	-
7	Equity exposures in banking book under the market-based approach	-	-	-
8	CIS exposures – LTA	-	-	-
9	CIS exposures – MBA	-	-	-
10	CIS exposures – FBA	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB(S) approach – ratings-based method	-	-	-
14	Of which IRB(S) approach – supervisory formula method	-	-	-
15	Of which STC(S) approach	-	-	-
16	Market risk	24,628,205	33,807,692	1,970,256
17	Of which STM approach	24,628,205	33,807,692	1,970,256
18	Of which IMM approach	-	-	-
19	Operational risk	47,775,641	46,818,974	3,822,051
20	Of which BIA approach	47,775,641	46,818,974	3,822,051
21	Of which STO approach	-	-	-
21a	Of which ASA approach	-	-	-
22	Of which AMA approach	N/A	N/A	N/A
23	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
24	Capital floor adjustment	-	-	-
24a	Deduction to RWA	-	-	-
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
24c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
25	Total	959,449,342	963,390,907	76,755,947

N/A: Not Applicable in the case of Hong Kong

(G) Other unaudited financial disclosure statements

(2) Credit risk for non-securitization exposures

(a) Credit quality of exposures

		(a)	(b)	(c)	(d)
		Gross carrying amounts of		Allowances/ impairment	Net values
		Defaulted exposures	Non-defaulted exposures		
At 30 June 2017		US\$	US\$	US\$	US\$
1	Loans	2,386,737	520,522,049	11,722,247	511,186,539
2	Debt securities	1,444,382	415,831,953	1,444,382	415,831,953
3	Off-balance sheet exposures	-	79,613,277	-	79,613,277
4	Total	3,831,119	1,015,967,279	13,166,629	1,006,631,769

(b) Changes in defaulted loans and debt securities

		(a)
At 30 June 2017		US\$
1	Defaulted loans and debt securities at end of the previous reporting period	4,359,721
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	-
4	Amounts written off	-
5	Other changes	(528,602)
6	Defaulted loans and debt securities at end of the current reporting period	3,831,119

(c) Overview of recognized credit risk mitigation

		(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
At 30 June 2017		US\$	US\$	US\$	US\$	US\$
1	Loans	442,994,039	68,192,500	-	68,192,500	-
2	Debt securities	379,648,283	36,183,670	-	36,183,670	-
3	Total	822,642,322	104,376,170	-	104,376,170	-
4	Of which defaulted	3,831,119	-	-	-	-

(G) Other unaudited financial disclosure statements

(2) Credit risk for non-securitization exposures (continued)

(d) Credit risk exposures and effects of recognized credit risk mitigations - BSC approach

		(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
At 30 June 2017		US\$	US\$	US\$	US\$	US\$	Percentage
1	Sovereign exposures	10,002,152	-	15,030,345	-	15,030,345	100%
2	PSE exposures	-	-	-	-	-	0%
3	Multilateral development bank exposures	-	-	-	-	-	0%
4	Bank exposures	595,383,448	-	695,123,112	-	176,857,624	25%
5	Cash items	1,013	-	1,013	-	-	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	770,951,826	100,659,750	666,183,969	25,816,096	692,000,065	100%
9	Significant exposures to commercial entities	-	-	-	-	-	0%
10	Total	1,376,338,439	100,659,750	1,376,338,439	25,816,096	883,888,034	63%

(e) Credit risk exposures by asset classes and by risk weights - BSC approach

At 30 June 2017		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Exposure class	Risk Weight	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	-	-	-	-	-	15,030,345	-	-	15,030,345
2	PSE exposures	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	647,831,859	-	-	47,291,253	-	-	695,123,112
5	Cash items	1,013	-	-	-	-	-	-	-	1,013
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	-	-	-	-	-	692,000,065	-	-	692,000,065
9	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-
10	Total	1,013	-	647,831,859	-	-	754,321,663	-	-	1,402,154,535

(G) Other unaudited financial disclosure statements

(3) Counterparty credit risk

(a) Analysis of counterparty default risk exposures (other than those to CCPs) by approaches

		(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
At 30 June 2017		US\$	US\$	US\$		US\$	US\$
1	SA-CCR (for derivative contracts)	-	-		1.4	-	-
1a	CEM	1,299,364	4,341,003		N/A	5,640,367	1,792,988
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					900,574	180,115
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	Total						1,973,103

(b) CVA capital charge

		(a)	(b)
		EAD post CRM	RWA
At 30 June 2017		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	5,640,367	1,184,359
4	Total	5,640,367	1,184,359

(G) Other unaudited financial disclosure statements

(3) Counterparty credit risk (continued)

(c) Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights - BSC approach

At 30 June 2017		(a)	(b)	(c)	(ca)	(d)	(f)	(ga)	(h)	(i)
Exposure class	Risk Weight	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	-	-	5,709,798	-	-	-	-	-	5,709,798
5	CIS exposures	-	-	-	-	-	-	-	-	-
6	Other exposures	-	-	-	-	-	831,143	-	-	831,143
7	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-
8	Total	-	-	5,709,798	-	-	831,143	-	-	6,540,941

(d) Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)

	(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		
At 30 June 2017	US\$	US\$	US\$	US\$	US\$	US\$
Cash - domestic currency	-	-	-	-	41,889,086	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Bank bonds	-	-	-	-	-	8,111,270
Corporate bonds	-	-	-	-	-	34,678,390
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	41,889,086	42,789,660

(G) Other unaudited financial disclosure statements

(4) Market risk under STM approach

At 30 June 2017		(a)
		RWA
		US\$
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	24,238,782
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	389,423
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	Total	24,628,205

Standard disclosure templates and tables is scheduled to take effect from March 2017 for the implementation of Pillar 3 Disclosure requirements pursuant to section 6(1)(ab) of the Banking (Disclosure) Rules.

To comply with the Banking (Disclosure) Rules, all the standard disclosure templates and tables will be published under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/ih/wcms.do?actionId=ADIIHGMC001&contentPage=/ih/ih/gm/IH18I00055_01RP.html&menuId=IH18GM0108&localeCode=en&gmBrnId=AL

(H) Basis of preparation

The financial information presented in this report is prepared on a basis consistent with the accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements.

(I) Compliance with Disclosure Requirements

In preparing the interim results for the six months ended 30 June 2017, the Company has fully complied with the requirements set out in the Banking (Disclosure) Rules and the guideline on the application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

(J) Review of Interim Results

These interim results have been reviewed by the Company's Board of Directors.

- End -