

KDB Asia Limited
Interim Results 2019

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 period, 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 incorporated in Republic in Korea.

Financial Review

The Company achieved a net profit before tax of US\$8.8 million in the first half of year 2019, a slight increase when compared to the same period of 2018 of US\$8.6m, which is mainly due to the increase in net gains on sale of financial assets at fair value through other comprehensive income.

Total assets increased by 10.33% to US\$1,928.3 million (2018: US\$1,747.8 million), whereas total liabilities including deposits and borrowings also increased by 11.90%, amounted to US\$1,616.5 million (2018: US\$1,444.6 million). Due to the current profit contribution for the period, the Company’s shareholders’ equity recorded a growth of 2.84% to US\$311.8 million (2018: US\$303.2 million).

Financial highlights for the first six months of 2019 are as follows:

- Return on average assets: 0.89%
- Return on average equities: 5.21%
- Average liquidity maintenance ratio: 156.71%
- Leverage ratio: 15.23%
- Common Equity Tier 1 capital ratio: 19.90%
- Tier 1 capital ratio: 19.90%
- Total capital ratio: 20.51%

The Directors of KDB Asia Limited announce that the unaudited interim results of the Company for the first half year of 2019 are as follows:

(A) Income Statement

	Notes	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Interest income	1	31,447,695	20,530,702
Interest expense	2	(20,699,386)	(11,281,837)
Net interest income		10,748,309	9,248,865
Fee and commission income		1,597,622	2,738,470
Fee and commission expense		(517,565)	(185,433)
Net fee and commission income	3	1,080,057	2,553,037
Net gains from financial assets held at fair value through profit or loss	4	2,220,193	56,312
Net hedging loss	5	(824,446)	(156,582)
Other operating (losses)/gains, net	6	(235,721)	1,316,655
Operating income		12,988,392	13,018,287
Operating expenses	7	(4,836,045)	(4,600,697)
Reversal of credit loss allowances, net	8	30,127	65,727
Net gains on sale of financial assets at fair value through other comprehensive income		637,625	109,457
PROFIT BEFORE TAX		8,820,099	8,592,774
Income tax expense	9	(856,220)	(1,288,889)
PROFIT FOR THE PERIOD		7,963,879	7,303,885

(B) Statement of Comprehensive Income

	For the six months ended	For the six months ended
Notes	30-Jun-2019 (unaudited) US\$	30-Jun-2018 (unaudited) US\$
PROFIT FOR THE PERIOD	7,963,879	7,303,885
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		
Other comprehensive income to be reclassified to income statement in subsequent periods:		
Financial assets at fair value through other comprehensive income:		
Net movement in financial assets at fair value through other comprehensive income revaluation reserve, net of tax	10 <u>655,949</u>	<u>(1,150,929)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>8,619,828</u>	<u>6,152,956</u>

(C) Statement of Financial Position

	Supplementary Information	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
ASSETS			
Cash and balances with banks and other financial institutions		8,661,190	31,556,393
Placements with banks and other financial institutions		7,990,060	27,986,420
Trade bills		386,122,121	385,492,947
Financial assets at fair value through profit or loss	(F)1	69,946,705	45,153,515
Loans and advances	(F)2	999,772,690	852,340,313
Financial assets at fair value through other comprehensive income	(F)3	427,661,878	361,723,431
Right-of-use assets	(F)4	7,397,208	-
Property and equipment	(F)5	926,484	939,177
Interest receivable and other assets		19,811,766	42,349,107
Deferred tax assets		-	248,254
TOTAL ASSETS		1,928,290,102	1,747,789,557
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits and balances of banks and other financial institutions		770,496,610	695,000,000
Deposits from customers	(F)6	13,861,947	2,077,990
Financial liabilities at fair value through profit or loss		795,221	255,584
Certificates of deposit issued		777,972,810	715,168,747
Tax payable		561,736	128,015
Interest payable and other liabilities		52,480,555	31,956,164
Deferred tax liabilities		298,338	-
TOTAL LIABILITIES		1,616,467,217	1,444,586,500
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	(G)	140,000,000	140,000,000
Reserves	(F)7	171,822,885	163,203,057
TOTAL EQUITY		311,822,885	303,203,057
TOTAL EQUITY AND LIABILITIES		1,928,290,102	1,747,789,557

(D) Statement of Changes in Equity

	Share capital US\$	Financial assets at fair value through other comprehensive income revaluation reserve US\$	Retained profits US\$	Total US\$
At 1 January 2019	140,000,000	594,086	162,608,971	303,203,057
Profit for the period	-	-	7,963,879	7,963,879
Other comprehensive income for the period:				
Net movement in financial assets at fair value through other comprehensive income revaluation reserve, net of tax	-	655,949	-	655,949
Total comprehensive income for the period	-	655,949	7,963,879	8,619,828
At 30 June 2019 (unaudited)	140,000,000	1,250,035	170,572,850	311,822,885
At 1 January 2018	140,000,000	4,523,118	144,767,791	289,290,909
Impact of adopting HKFRS 9	-	(1,487,024)	1,950,980	463,956
Restated opening balance under HKFRS 9	140,000,000	3,036,094	146,718,771	289,754,865
Profit for the period	-	-	7,303,885	7,303,885
Other comprehensive income for the period:				
Net movement in financial assets at fair value through other comprehensive income revaluation reserve, net of tax	-	(1,150,929)	-	(1,150,929)
Total comprehensive income for the period	-	(1,150,929)	7,303,885	6,152,956
At 30 June 2018 (unaudited)	140,000,000	1,885,165	154,022,656	295,907,821

(E) Condensed Statement of Cash Flows

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Net cash flows from operating activities	18,986,897	34,312,992
Net cash flows (used in)/from investing activities	(61,346,917)	52,196,322
Net cash flows used in financing activities	(531,543)	-
Net (decrease)/increase in cash and cash equivalents	(42,891,563)	86,509,314
Cash and cash equivalents at 1 January	59,542,813	65,813,418
Cash and cash equivalents at 30 June	16,651,250	152,322,732

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-2019 (unaudited) US\$	30-Jun-2018 (unaudited) US\$
Cash and balances with banks and other financial institutions	8,661,190	22,346,272
Placements with banks and other financial institutions	7,990,060	129,976,460
	16,651,250	152,322,732

Operational cash flows from interest and dividends:

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Interest received	30,939,029	20,361,117
Interest paid	19,816,425	10,758,276
Dividend received	9,810	17,260

Notes:

(1) Interest income arising from:

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Listed investments	6,153,778	5,741,854
Unlisted investments	84,766	412,289
Trade bills and loans and advances	24,530,617	13,506,518
Others	678,534	870,041
	<u>31,447,695</u>	<u>20,530,702</u>

Included in the above is interest income of US\$601,356 (2018: US\$775,820) accrued on impaired financial assets for the period ended 30 June 2019.

(2) Interest expense arising from:

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Deposits from customers, banks and other financial institutions and certificates of deposit issued	20,672,816	11,281,837
Lease liabilities	26,570	-
	<u>20,699,386</u>	<u>11,281,837</u>

(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.

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

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Net gains/(losses) from trading securities/investments in funds	851,002	(292,909)
Net interest income on derivatives	1,369,191	349,221
	2,220,193	56,312

(5) Net hedging loss:

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Fair value hedges		
- Net gains/(losses) on hedged items attributable to the hedged risk	6,769,954	(4,082,955)
- Net (losses)/gains on hedging instruments	(7,594,400)	3,926,373
	(824,446)	(156,582)

(6) Other operating (losses)/gains, net:

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Net (losses)/gains from dealing in foreign currencies	(245,531)	1,299,395
Dividend income from unlisted financial assets at fair value through profit or loss	9,810	17,260
	(235,721)	1,316,655

Notes:**(7) Operating expenses:**

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Staff costs	2,572,755	2,680,829
Premises and equipment expenses		
- Depreciation of equipment	65,156	62,699
- Depreciation of right-of-use assets	516,867	-
- Rent	971,780	1,174,734
- Rates	54,759	53,913
	<u>1,608,562</u>	<u>1,291,346</u>
Auditor's remuneration	33,780	35,400
Loss on disposal of equipment	242	-
Others	620,706	593,122
	<u>654,728</u>	<u>628,522</u>
	<u>4,836,045</u>	<u>4,600,697</u>

Included in the staff costs above are retirement scheme contribution of US\$23,418 (2018: US\$19,164) and operating lease charges in respect of staff quarters of US\$127,461 (2018: US\$458,596) for the period ended 30 June 2019.

Included in the above operating expenses are operating lease charges of US\$987,252 (2018: US\$1,491,701) for rental of properties and US\$111,989 (2018: US\$141,629) for rental of equipment.

(8) Credit loss expenses

	For the six months ended 30-Jun-2019 (unaudited)			
	12-month ECL (Stage 1) US\$	Lifetime ECL not credit impaired (Stage 2) US\$	Lifetime ECL credit impaired (Stage 3) US\$	Total US\$
Net charge for credit loss expenses /(reversal of credit loss allowances):				
- Cash and cash equivalents	(3,640)	-	-	(3,640)
- Trade bills	34,202	-	-	34,202
- Loans and advances	(19,806)	340	-	(19,466)
- Financial assets at fair value through other comprehensive income	(38,972)	-	-	(38,972)
- Interest receivable and other assets	263	6	-	269
- Other commitments	(15,855)	-	-	(15,855)
- Trade-related contingencies	13,335	-	-	13,335
	<u>(30,473)</u>	<u>346</u>	<u>-</u>	<u>(30,127)</u>

Notes:**(8) Credit loss expenses (continued)**

	For the six months ended			Total US\$
	30-Jun-2018 (unaudited)			
	12-month ECL (Stage 1) US\$	Lifetime ECL not credit impaired (Stage 2) US\$	Lifetime ECL credit impaired (Stage 3) US\$	
Net charge for credit loss expenses /(reversal of credit loss allowances):				
- Cash and cash equivalents	19,790	-	-	19,790
- Trade bills	(9,874)	-	-	(9,874)
- Loans and advances	2,991	3,240	-	6,231
- Financial assets at fair value through other comprehensive income	(39,127)	-	-	(39,127)
- Interest receivable and other assets	1,335	1	-	1,336
- Other commitments	(5,960)	-	-	(5,960)
- Trade-related contingencies	(38,123)	-	-	(38,123)
	<u>(68,968)</u>	<u>3,241</u>	<u>-</u>	<u>(65,727)</u>

(9) Income tax

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Taxation in the income statement represents:		
Current tax		
Current tax provision	561,736	1,279,378
Deferred tax		
Net reversal of temporary difference	294,484	9,511
	<u>856,220</u>	<u>1,288,889</u>

Commencing from the year of assessment 2018/19, a two-tiered profits tax rates regime applies in Hong Kong. Under the two-tiered regime, the rate of tax for the first HK\$2 million of profits will be reduced by half (i.e. reduced from 16.5% to 8.25%) (2018: 8.25%). The remainder of the profits will continue to be taxed at 16.5% (2018: 16.5%).

Notes:

(10) Other comprehensive income

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

	For the six months ended 30-Jun-2019 (unaudited)			For the six months ended 30-Jun-2018 (unaudited)		
	Before-tax amount	Tax effect	Net-of-tax amount	Before-tax amount	Tax effect	Net-of-tax amount
	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets at fair value through other comprehensive income:						
Net movement in financial assets at fair value through other comprehensive income revaluation reserve	780,042	(124,093)	655,949	(1,311,056)	160,127	(1,150,929)
Other comprehensive income	780,042	(124,093)	655,949	(1,311,056)	160,127	(1,150,929)

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

	For the six months ended 30-Jun-2019 (unaudited) US\$	For the six months ended 30-Jun-2018 (unaudited) US\$
Financial assets at fair value through other comprehensive income, net of tax		
Changes in fair value recognised during the period	769,901	(855,675)
Reclassification adjustments for gains and losses included in profit or loss		
- Gains on disposal	(74,980)	(256,127)
- Net movement in credit loss allowance of financial assets at fair value through other comprehensive income	(38,972)	(39,127)
Net movement in the financial assets at fair value through other comprehensive income revaluation reserve during the period recognised in other comprehensive income	655,949	(1,150,929)

(F) Supplementary Information

(1) Financial assets at fair value through profit or loss

	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
Listed debt securities, at fair value	48,305,860	23,098,030
Unlisted investments in funds, at fair value	20,494,562	17,832,838
Positive fair values of derivatives	1,146,283	4,222,647
	69,946,705	45,153,515
Trading securities issued by:		
- Corporate entities	7,127,720	3,017,910
- Banks and other financial institutions	41,178,140	20,080,120
	48,305,860	23,098,030
Trading securities analysed by place of listing:		
- Listed outside Hong Kong	40,283,650	23,098,030
- Listed in Hong Kong	8,022,210	-
	48,305,860	23,098,030

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

As at 30 June 2019 and 31 December 2018, all unlisted investments in funds are carrying at fair value.

(F) Supplementary Information

(2) Loans and advances

(a) Loans and advances less impairment

	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
Gross loans and advances to:		
- Banks	100,437,967	102,956,405
- Customers	904,011,224	754,080,058
	<u>1,004,449,191</u>	<u>857,036,463</u>
Less: Credit loss allowances on non-credit impaired loans and advances to		
- Banks	(11,210)	(11,071)
- Customers	(537,291)	(557,079)
	<u>(548,501)</u>	<u>(568,150)</u>
Less: Credit loss allowances on credit impaired loans and advances to		
- Customers	(4,128,000)	(4,128,000)
	<u>(4,128,000)</u>	<u>(4,128,000)</u>
Net loans and advances to:		
- Banks	100,426,757	102,945,334
- Customers	899,345,933	749,394,979
	<u>999,772,690</u>	<u>852,340,313</u>

(F) Supplementary Information

(2) Loans and advances (continued)

(b) By industry sectors

Loans and advances analysed by the coverage of collateral, overdue amount and the credit loss allowance is as follows. The economic sector analysis is based on the categories and definitions used by the HKMA.

	Gross loans and advances US\$	Percentage of collateral securing loans and advances	Specific provisions US\$	General provisions US\$	(Reversal of credit loss allowances)/credit loss expenses charged to income statement during the period/year US\$
At 30 June 2019 (unaudited)					
Industrial, commercial and financial					
- Property development	9,589,605	-	-	8,808	(2,144)
- Property investment	19,163,770	-	-	9,385	(980)
- Financial concerns	93,273,090	-	-	20,491	3,667
- Stock brokers	37,307,537	-	-	5,944	122
- Wholesale and retail trade	70,457,898	-	-	62,541	(34,594)
- Manufacturing	141,794,936	-	-	82,645	3,925
- Recreational activities	6,000,000	-	-	2,562	48
- Others	66,152,120	-	-	53,822	13,568
Loans and advances for use in Hong Kong	443,738,956	-	-	246,198	(16,388)
Trade finance	13,705,150	-	-	738	(3,492)
Loans and advances for use outside Hong Kong	547,005,085	-	4,128,000	301,565	414
	1,004,449,191	-	4,128,000	548,501	(19,466)
At 31 December 2018 (audited)					
Industrial, commercial and financial					
- Property development	9,583,222	-	-	10,952	10,952
- Property investment	19,153,928	-	-	10,365	10,365
- Financial concerns	63,698,792	-	-	16,824	(34,613)
- Stock brokers	24,358,974	-	-	5,822	(14,191)
- Wholesale and retail trade	77,345,742	-	-	97,135	(73,166)
- Manufacturing	126,600,315	-	-	78,720	36,321
- Transport and transport equipment	-	-	-	-	(53,087)
- Recreational activities	6,000,000	-	-	2,514	2,514
- Information technology	-	-	-	-	(16,989)
- Others	38,086,306	-	-	40,254	(17,771)
Loans and advances for use in Hong Kong	364,827,279	-	-	262,586	(149,665)
Trade finance	8,362,060	-	-	4,230	(23,813)
Loans and advances for use outside Hong Kong	483,847,124	-	4,128,000	301,334	(1,292,864)
	857,036,463	-	4,128,000	568,150	(1,466,342)
Impact of adopting HKFRS 9					614,066
Reversal of credit loss allowances from income statement during the year					(852,276)

(F) Supplementary Information

(2) Loans and advances (continued)

(c) Movement in credit loss allowances on loans and advances

	12-month ECL (Stage 1) US\$	Lifetime ECL not credit impaired (Stage 2) US\$	Lifetime ECL credit impaired (Stage 3) US\$	Total US\$
At 1 January 2019	566,302	1,848	4,128,000	4,696,150
New loans/financing originated	112,481	-	-	112,481
Loans/financing derecognised or repaid during the period (other than write-offs)	(59,711)	-	-	(59,711)
Movements due to changes in credit risk	(72,759)	340	-	(72,419)
At 30 June 2019	546,313	2,188	4,128,000	4,676,501
Attributable to:				
Loans and advances to banks (note 2(a))	11,210	-	-	11,210
Loans and advances to customers (note 2(a))	535,103	2,188	4,128,000	4,665,291
	546,313	2,188	4,128,000	4,676,501
Deducted from:				
Loans and advances to banks (note 2(a))	100,437,967	-	-	100,437,967
Loans and advances to customers (note 2(a))	883,064,974	4,946,250	16,000,000	904,011,224
	983,502,941	4,946,250	16,000,000	1,004,449,191
At 1 January 2018				8,549,229
Impact of adopting HKFRS9				(614,066)
Restated opening balance under HKFRS9	445,186	-	7,489,977	7,935,163
New loans/financing originated	433,803	-	-	433,803
Loans/financing derecognised or repaid during the year (other than write-offs)	(224,590)	-	(1,020,000)	(1,244,590)
Transfer between stages - transfer to lifetime ECL not credit impaired (Stage 2)	-	3,240	(3,240)	-
Movements due to changes in credit risk	(88,097)	(1,392)	48,000	(41,489)
Write-offs	-	-	(2,386,737)	(2,386,737)
At 31 December 2018	566,302	1,848	4,128,000	4,696,150
Attributable to:				
Loans and advances to banks (note 2(a))	11,071	-	-	11,071
Loans and advances to customers (note 2(a))	555,231	1,848	4,128,000	4,685,079
	566,302	1,848	4,128,000	4,696,150
Deducted from:				
Loans and advances to banks (note 2(a))	102,956,405	-	-	102,956,405
Loans and advances to customers (note 2(a))	732,140,608	5,939,450	16,000,000	754,080,058
	835,097,013	5,939,450	16,000,000	857,036,463

(F) Supplementary Information

(2) Loans and advances (continued)

	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
(d) Impaired loans and advances		
Gross impaired loans and advances	16,000,000	16,000,000
Credit loss allowance		
- Credit impaired	(4,128,000)	(4,128,000)
	<u>11,872,000</u>	<u>11,872,000</u>
Gross impaired loans and advances as a percentage of total gross loans and advances	<u>1.59%</u>	<u>1.87%</u>

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

Credit impaired loans and advances are unsecured.

(e) By geographical areas

	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
Gross loans and advances		
- Hong Kong	395,457,510	293,268,585
- Korea	210,390,634	203,787,095
- China	204,870,752	172,118,801
- Others	177,730,295	171,861,982
	<u>988,449,191</u>	<u>841,036,463</u>
Impaired loans (credit impaired)		
- Korea	16,000,000	16,000,000
	<u>1,004,449,191</u>	<u>857,036,463</u>

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.

(F) **Supplementary Information**

(3) **Financial assets at fair value through other comprehensive income**

	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
Debt securities		
- Listed in Hong Kong	174,107,310	167,301,245
- Listed outside Hong Kong	253,510,357	184,368,966
- Unlisted	-	10,011,200
	427,617,667	361,681,411
Unlisted equity securities	44,211	42,020
	427,661,878	361,723,431
Issued by:		
Banks and other financial institutions	104,713,375	65,401,450
Corporate entities	322,948,503	296,321,981
	427,661,878	361,723,431

(4) **Right-of-use assets**

	At 30-Jun-2019 (unaudited) US\$
At 1 January	-
Recognition upon initial application of HKFRS 16	974,213
Additions	6,939,862
Depreciation provided during the period	(516,867)
At 30 June	7,397,208
At 30 June:	
Cost	7,914,075
Accumulated depreciation	(516,867)
Net book value	7,397,208

The right-of-use assets represent the Company's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability.

Comparative figures are not required as this is the first year of disclosure.

(F) Supplementary Information

(5) Property and equipment

	Land and buildings US\$	Leasehold improvements US\$	Furniture, fittings and office equipment US\$	Motor vehicles US\$	Total US\$
2019					
Cost:					
At 1 January 2019	1,022,708	1,091,599	771,553	117,680	3,003,540
Additions	-	-	52,705	-	52,705
Disposal	-	-	(1,516)	-	(1,516)
At 30 Jun 2019	1,022,708	1,091,599	822,742	117,680	3,054,729
Accumulated depreciation:					
At 1 January 2019	427,384	803,113	716,186	117,680	2,064,363
Charge for the period	8,199	43,464	13,493	-	65,156
Written back on disposal	-	-	(1,274)	-	(1,274)
At 30 Jun 2019	435,583	846,577	728,405	117,680	2,128,245
Net book value:					
At 30 Jun 2019 (unaudited)	587,125	245,022	94,337	-	926,484
2018					
Cost:					
At 1 January 2018	1,022,708	1,080,084	760,784	117,680	2,981,256
Additions	-	11,515	12,500	-	24,015
Disposal	-	-	(1,731)	-	(1,731)
At 31 December 2018	1,022,708	1,091,599	771,553	117,680	3,003,540
Accumulated depreciation:					
At 1 January 2018	410,850	716,805	693,396	117,680	1,938,731
Charge for the year	16,534	86,308	24,521	-	127,363
Written back on disposal	-	-	(1,731)	-	(1,731)
At 31 December 2018	427,384	803,113	716,186	117,680	2,064,363
Net book value:					
At 31 December 2018	595,324	288,486	55,367	-	939,177

(6) Deposits from customers

All of the deposits from customers are time deposits.

(F) Supplementary Information

(7) Reserves

	Retained profits US\$	Financial assets at fair value through other comprehensive income revaluation reserve US\$	Total US\$
At 1 January 2019	162,608,971	594,086	163,203,057
Financial assets at fair value through other comprehensive income:			
- Change in fair value, net of deferred tax	-	769,901	769,901
- Transfer to income statement on disposal	-	(74,980)	(74,980)
- Transfer of credit loss expenses to income statement	-	(38,972)	(38,972)
Profit for the period	7,963,879	-	7,963,879
At 30 June 2019 (unaudited)	170,572,850	1,250,035	171,822,885
At 1 January 2018	144,767,791	4,523,118	149,290,909
Impact of adopting HKFRS 9	1,950,980	(1,487,024)	463,956
Restated opening balance under HKFRS 9	146,718,771	3,036,094	149,754,865
Financial assets at fair value through other comprehensive income:			
- Change in fair value, net of deferred tax	-	(2,064,670)	(2,064,670)
- Transfer to income statement on disposal	-	(262,531)	(262,531)
- Transfer of credit loss expenses to income statement	-	(114,807)	(114,807)
Profit for the year	15,875,353	-	15,875,353
Re-measurement gains on defined benefit scheme	14,847	-	14,847
At 31 December 2018 (audited)	162,608,971	594,086	163,203,057

Nature and purpose of reserves

(a) Revaluation reserve on financial assets at fair value through other comprehensive income revaluation reserve

The revaluation reserve on financial assets at fair value through other comprehensive income revaluation reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income revaluation reserve held at the end of the reporting period net of any deferred tax.

(b) Regulatory reserve

As at 30 June 2019, the Company has earmarked US\$8,499,009 (31 December 2018: US\$6,845,660) 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**

(8) **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.

(a) **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-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
Exchange rate contracts		
Forwards	73,602,663	87,986,964
Interest rate contracts		
Swaps		
- Qualifying for hedge accounting	398,800,000	324,900,000
- Others	22,200,000	10,000,000
	421,000,000	334,900,000
Debt security contracts		
Futures	8,400,000	24,000,000
	503,002,663	446,886,964

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) Derivatives (continued)

(b) Fair values and credit risk weighted amounts of derivatives

	At 30-Jun-2019 (unaudited)			At 31-Dec-2018 (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	477,708	108,434	242,747	442,906	255,584	264,555
Interest rate contracts						
Swaps	668,575	686,787	539,607	3,779,741	-	1,553,013
Debt security contracts						
Futures	-	-	168,000	-	-	480,000
	1,146,283	795,221	950,354	4,222,647	255,584	2,297,568

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.

(c) 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-2019 (unaudited)			At 31-Dec-2018 (audited)		
	Change in fair value used for recognising hedge ineffectiveness US\$	Assets	Liabilities	Change in fair value used for recognising hedge ineffectiveness US\$	Assets	Liabilities
		US\$	US\$		US\$	US\$
Interest rate contracts						
Swaps	-	545,786	686,787	-	3,776,750	-

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 2019, the net fair value loss of interest rate swaps was US\$141,001, comprising assets of US\$545,786 and liabilities of US\$686,787. At 31 December 2018, the net fair value gain of interest rate swaps was US\$3,776,750 comprising assets only.

(F) **Supplementary Information**

(9) **Contingent liabilities and commitments**

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

	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
Trade-related contingencies	2,984,214	1,811,357
Other commitments		
- with an original maturity of under one year	68,785,515	87,732,690
- with an original maturity of more than one year	54,495,352	45,056,506
	126,265,081	134,600,553
Credit risk weighted amounts	41,601,621	40,437,062

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.

Credit loss allowances as at 30 June 2019 was US\$83,994 (31 December 2018: US\$89,789).

(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-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
Contracted for	29,677,967	24,647,732
Credit risk weighted amounts	14,838,984	12,323,866

(F) **Supplementary Information**

(10) **Capital adequacy ratios**

	At 30-Jun-2019 (unaudited)	At 31-Dec-2018 (audited)
Common Equity Tier 1 ("CET1") capital ratio	19.90%	22.88%
Tier 1 capital ratio	19.90%	22.88%
Total capital ratio	20.51%	23.45%

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/CHGMHK99N27.act?GmBrId=AL&_mnuId=IHIHGM2065&GmMlngTc=en

(F) Supplementary Information

(11) Regulatory capital disclosures

	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
CET1 capital instruments	140,000,000	140,000,000
Retained earnings	170,572,850	162,608,971
Disclosed reserves	1,250,035	594,086
CET 1 CAPITAL BEFORE DEDUCTIONS	311,822,885	303,203,057
Deduct:		
Deferred tax assets in excess of deferred tax liabilities	-	(321,447)
Regulatory reserve for general banking risks	(8,499,009)	(6,845,660)
CET1 CAPITAL	303,323,876	296,035,950
ADDITIONAL TIER 1 CAPITAL AFTER DEDUCTIONS	-	-
TIER 1 CAPITAL	303,323,876	296,035,950
Regulatory reserve for general banking risks	8,499,009	6,845,660
Collective impairment allowance	682,306	673,650
TIER 2 CAPITAL	9,181,315	7,519,310
TOTAL CAPITAL BASE	312,505,191	303,555,260

(F) **Supplementary Information**

(12) **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-2019 (unaudited)	For the six months ended 30-Jun-2018 (unaudited)
Average liquidity maintenance ratio for the period	156.71%	132.67%

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/CHGMHK99N27.act?GmBrnId=AL& mnuld=IHIHGM2065&GmMlngTc=en>

(F) Supplementary Information

(13) Leverage ratio

	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
On-balance sheet exposures	1,923,450,449	1,741,586,202
Less: Regulatory adjustments	-	(321,447)
Total on-balance sheet exposures	1,923,450,449	1,741,264,755
Replacement cost associated with all derivatives transactions	1,152,425	5,065,933
Add-on amounts for potential future exposure associated with all derivatives transactions	10,898,936	6,188,217
Total derivative exposures	12,051,361	11,254,150
Exposures with a 20% credit conversion factor	14,353,946	17,908,809
Exposures with a 50% credit conversion factor	42,086,659	34,852,119
Total off-balance sheet exposures	56,440,605	52,760,928
Securities financing transaction exposures	-	-
Total exposures before adjustments for specific and collective provisions	1,991,942,415	1,805,279,833
Less: Adjustments for specific and collective provisions	(83,994)	(86,519)
Total exposures after adjustments for specific and collective provisions	1,991,858,421	1,805,193,314
Tier 1 capital	303,323,876	296,035,950
Leverage ratio	15.23%	16.47%

Leverage ratio ("LR") is calculated in accordance with the completion instruction issued by the HKMA.

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/CHGMHK99N27.act?GmBrnId=AL&_mnuId=IHIHGM2065&GmMlngTc=en

(F) Supplementary Information

(14) Countercyclical Capital Buffer (CCyB) Ratio

Countercyclical capital buffer ratio ("CCyB") were complied with 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 2019 (unaudited)

Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio US\$	CCyB ratio	CCyB amount US\$
Hong Kong SAR	2.500%	483,397,227		
China	-	325,957,750		
Angola	-	1,667,462		
Australia	-	26,770,919		
Canada	-	3,860,301		
Cayman Islands	-	22,727,679		
India	-	18,032,790		
Ireland	-	9,247,965		
Kuwait	-	8,835,082		
Luxembourg	-	13,795,441		
Macau	-	6,367,617		
Malaysia	-	500,842		
Philippines	-	10,717,324		
Saudi Arabia	-	20,215,589		
Singapore	-	37,872,524		
South Korea	-	183,436,609		
United Arab Emirates	-	9,469,803		
United Kingdom	1.000%	439,575		
Total		1,183,312,499	1.022%	12,093,454

(F) Supplementary Information

(14) Countercyclical Capital Buffer (CCyB) Ratio (continued)

At 31 December 2018 (audited)

Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio US\$	CCyB ratio	CCyB amount US\$
Hong Kong SAR	1.875%	386,309,709		
China	-	301,340,978		
Angola	-	2,083,692		
Australia	-	25,792,753		
Canada	-	3,057,783		
Cayman Islands	-	24,251,145		
India	-	17,725,580		
Ireland	-	9,973,262		
Kuwait	-	9,261,047		
Luxembourg	-	4,379,378		
Malaysia	-	568,218		
Philippines	-	14,255,551		
Singapore	-	23,561,653		
South Korea	-	164,453,630		
United Arab Emirates	-	9,425,695		
United Kingdom	1.000%	1,049,730		
United States	-	9,053,485		
Total		1,006,543,289	0.721%	7,257,177

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/CHGMHK99N27.act?GmBrld=AL&_mnuId=IHIHGM2065&GmMIngTc=en

(F) Supplementary Information

(15) 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:

	Banks US\$	Official Sector US\$	Non-bank private sector		Total US\$
			Non-bank financial institutions US\$	Non-bank private sector US\$	
At 30 June 2019 (unaudited)					
Developed countries	38,645,314	-	29,724,052	17,342,808	85,712,174
- of which Australia	14,559,961	-	14,174,133	12,292,933	41,027,027
- of which Belgium	25,944	-	-	-	25,944
- of which Canada	-	-	2,222,701	-	2,222,701
- of which France	6,414,922	-	-	-	6,414,922
- of which Germany	820,109	-	-	-	820,109
- of which Ireland	-	-	9,247,965	-	9,247,965
- of which Japan	27,496	-	-	-	27,496
- of which Luxembourg	11,835	-	3,853,019	5,049,875	8,914,729
- of which United Kingdom	16,143,530	-	226,234	-	16,369,764
- of which United States	641,517	-	-	-	641,517
Offshore centres	30,140,530	-	225,114,491	152,852,164	408,107,185
- of which Cayman Islands	-	-	14,418,842	-	14,418,842
- of which Hong Kong	403,580	-	184,958,841	144,563,750	329,926,171
- of which Panama	20,760,723	-	-	-	20,760,723
- of which Singapore	8,976,227	-	25,736,808	8,288,414	43,001,449
Developing Africa and Middle East	70,587,381	8,022,045	10,502,544	29,685,392	118,797,362
- of which Angola	-	-	1,667,462	-	1,667,462
- of which Kuwait	-	-	8,835,082	-	8,835,082
- of which Qatar	55,212,339	-	-	-	55,212,339
- of which Saudi Arabia	-	-	-	20,215,589	20,215,589
- of which United Arab Emirates	15,375,042	8,022,045	-	9,469,803	32,866,890
Developing Asia and Pacific	643,439,784	5,039,463	85,454,833	367,250,403	1,101,184,483
- of which China	66,120,062	-	58,112,045	181,318,303	305,550,410
- of which India	2,043,391	5,039,463	-	18,032,790	25,115,644
- of which South Korea	541,710,494	-	27,342,788	156,681,144	725,734,426
- of which Malaysia	10,528,887	-	-	500,842	11,029,729
- of which Philippines	15,035,150	-	-	10,717,324	25,752,474
- of which Taiwan	8,001,800	-	-	-	8,001,800

(F) Supplementary Information

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

			<i>Non-bank private sector</i>		
	Banks US\$	Official Sector US\$	Non-bank financial institutions US\$	Non-bank private sector US\$	Total US\$
At 31 December 2018 (unaudited)					
Developed countries	70,104,039	-	37,190,355	12,397,592	119,691,986
- of which Australia	4,204,498	-	13,089,054	12,397,592	29,691,144
- of which Belgium	23,464	-	-	-	23,464
- of which Canada	-	-	995,307	-	995,307
- of which France	6,030,692	-	-	-	6,030,692
- of which Germany	973,277	-	-	-	973,277
- of which Ireland	-	-	9,973,262	-	9,973,262
- of which Japan	27,324	-	-	-	27,324
- of which Luxembourg	13,933	-	3,201,016	-	3,214,949
- of which Spain	20,133,683	-	-	-	20,133,683
- of which United Kingdom	17,776,397	-	878,231	-	18,654,628
- of which United States	20,920,771	-	9,053,485	-	29,974,256
Offshore centres	46,942,653	-	189,206,435	118,408,747	354,557,835
- of which Cayman Islands	-	-	13,636,515	-	13,636,515
- of which Hong Kong	1,193,263	-	160,686,785	109,730,229	271,610,277
- of which Panama	20,764,897	-	-	-	20,764,897
- of which Singapore	24,984,493	-	14,883,135	8,678,518	48,546,146
Developing Africa and Middle East	52,604,909	8,019,556	11,344,739	9,425,695	81,394,899
- of which Angola	-	-	2,083,692	-	2,083,692
- of which Kuwait	-	-	9,261,047	-	9,261,047
- of which Qatar	35,020,285	-	-	-	35,020,285
- of which South Africa	2,512,232	-	-	-	2,512,232
- of which United Arab Emirates	15,072,392	8,019,556	-	9,425,695	32,517,643
Developing Asia and Pacific	610,514,824	5,038,979	77,019,661	354,681,043	1,047,254,507
- of which China	59,488,951	-	63,095,317	174,387,668	296,971,936
- of which India	6,805,723	5,038,979	-	17,725,580	29,570,282
- of which South Korea	501,169,117	-	13,924,344	147,744,026	662,837,487
- of which Malaysia	-	-	-	568,218	568,218
- of which Philippines	15,041,077	-	-	14,255,551	29,296,628
- of which Taiwan	28,009,956	-	-	-	28,009,956

(F) Supplementary Information

(16) 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.

	30-Jun-2019 (unaudited)			
	Items in HKMA return	On-balance sheet exposure US\$	Off-balance sheet exposure US\$	Total US\$
Central government, central government-owned entities and their subsidiaries and joint ventures	1	219,965,009	10,096,619	230,061,628
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	75,244,337	2,500,000	77,744,337
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	210,624,574	31,215,127	241,839,701
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	50,718,823	23,128,360	73,847,183
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	42,978,550	2,500,000	45,478,550
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	26,980,395	4,006,614	30,987,009
Total	8	626,511,688	73,446,720	699,958,408
Total assets after provision	9	1,935,457,111		
On-balance sheet exposures as percentage of total assets	10	32.37%		

(F) Supplementary Information

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

	31-Dec-2018 (unaudited)			
	Items in HKMA return	On-balance sheet exposure US\$	Off-balance sheet exposure US\$	Total US\$
Central government, central government-owned entities and their subsidiaries and joint ventures	1	230,033,649	10,096,619	240,130,268
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	57,980,555	2,500,000	60,480,555
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	191,795,381	37,445,856	229,241,237
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	34,490,657	10,051,282	44,541,939
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	31,705,534	-	31,705,534
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	6,071,495	778,010	6,849,505
Total	8	<u>552,077,271</u>	<u>60,871,767</u>	<u>612,949,038</u>
Total assets after provision	9	<u>1,753,538,037</u>		
On-balance sheet exposures as percentage of total assets	10	<u>31.48%</u>		

No specific provision was made in respect of the above exposures.

(F) **Supplementary Information**

(17) **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-2019 (unaudited)					
	United States Dollars	Japanese Yen	Euros	Renminbi	Australian Dollars	Total
Spot assets	12,740	1	164	47	209	13,161
Spot liabilities	(13,350)	-	(160)	(45)	(1)	(13,556)
Forward purchases	3,858	-	-	-	-	3,858
Forward sales	(3,284)	-	-	-	(198)	(3,482)
Net long/(short) position	(36)	1	4	2	10	(19)

Expressed in millions of Hong Kong dollars	At 31-Dec-2018 (audited)					
	United States Dollars	Japanese Yen	Euros	Renminbi	Australian Dollars	Total
Spot assets	12,196	-	31	64	135	12,426
Spot liabilities	(12,915)	-	-	(62)	-	(12,977)
Forward purchase	3,298	-	-	-	-	3,298
Forward sales	(2,612)	-	(29)	-	(129)	(2,770)
Net long/(short) position	(33)	-	2	2	6	(23)

(F) Supplementary Information

(18) 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 June 2019 and 31 December 2018, there were no loans and advances to customers which have been overdue for more than 3 months.

(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.

	At 30-Jun-2019 (unaudited) US\$	At 31-Dec-2018 (audited) US\$
Rescheduled loans and advances to customers	4,946,250	5,935,500
Gross rescheduled loans and advances as a percentage of total gross loans and advances	0.49%	0.69%

(c) There were no other assets which have been overdue for more than 3 months at 30 June 2019 and 31 December 2018.

(d) There were no repossessed assets held at 30 June 2019 and 31 December 2018.

(19) Pillar 3 disclosures

To comply with the Banking (Disclosure) Rules, all information in relation to the Company's Pillar 3 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/CHGMHK99N27.act?GmBrId=AL&_mnuId=IHIHGM2065&GmMIngTc=en

(20) Key elements of disclosure policy

The Disclosure Policy of the Company sets out the approach used by the Company to (i) determine the content, appropriateness and frequency of the information it discloses to the general public relating to its state of affairs including its profit and loss and its financial resources (including capital/ liquidity resources) and (ii) descriptions of its own risk profile as required by the Banking (Disclosure) Rules.

To comply with the Banking (Disclosure) Rules, all information in relation to the Company's key elements of disclosure policy will be published under the "Regulatory Disclosures" section on the website:

https://www.kdb.co.kr/CHGMHK99N30.act?GmBrId=AL&_mnuId=IHIHGM2066&GmMIngTc=en

(G) Events after the reporting period

On 31 July 2019, 100,000,000 ordinary shares were issued and fully paid for cash at a subscription price of US\$1 per share, for a total cash consideration, before expense, of US\$100,000,000.

(H) Basis of preparation

The financial information presented in this report is prepared on a basis consistent with the accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements.

(I) Compliance with Disclosure Requirements

In preparing the interim results for the six months ended 30 June 2019, 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.

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