

**KDB Asia Limited**  
**Interim Results 2020**

## 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 of Korea.

## Financial Review

The Company achieved a net profit before tax of US\$4.8 million in the first half of year 2020, a decrease when compared to the same period of 2019 of US\$8.8m, which was mainly due to the increase in net charge for credit loss expenses.

Total assets slightly increased by 0.14% to US\$2,402.3 million (2019: US\$2,398.9 million), whereas total liabilities including deposits and borrowings also increased by 0.20%, amounted to US\$1,980.0 million (2019: US\$1,976.1 million). Despite of the slow down current profit contribution and increased losses on valuation of investment bonds for the period, the Company’s shareholders’ equity remained stable at US\$422.3 million (2019: US\$422.8 million).

Financial highlights for the first six months of 2020 are as follows:

- Return on average assets: 0.32%
- Return on average equities: 1.92%
- Average liquidity maintenance ratio: 99.75%
- Leverage ratio: 16.40%
- Common Equity Tier 1 capital ratio: 19.12%
- Tier 1 capital ratio: 19.12%
- Total capital ratio: 19.62%

The Directors of KDB Asia Limited announce that the unaudited interim results of the Company for the first half year of 2020 are as follows:

**(A) Income Statement**

	Notes	For the six months ended 30-Jun-2020 (unaudited) US\$	For the six months ended 30-Jun-2019 (unaudited) US\$
Interest income	1	34,080,600	31,447,695
Interest expense	2	(20,408,217)	(20,699,386)
<b>Net interest income</b>		<b>13,672,383</b>	<b>10,748,309</b>
Fee and commission income		3,105,124	1,597,622
Fee and commission expense		(658,702)	(517,565)
<b>Net fee and commission income</b>	3	<b>2,446,422</b>	<b>1,080,057</b>
Net (losses)/gains from financial assets held at fair value through profit or loss	4	(2,603,066)	2,220,193
Net hedging loss	5	(1,043,254)	(824,446)
Other operating gains/(losses), net	6	627,864	(235,721)
<b>Operating income</b>		<b>13,100,349</b>	<b>12,988,392</b>
Operating expenses	7	(5,354,789)	(4,836,045)
Net charge for credit loss expenses/(reversal of credit loss allowances)	8	(3,120,615)	30,127
Net gains on sale of financial assets at fair value through other comprehensive income		155,855	637,625
<b>PROFIT BEFORE TAX</b>		<b>4,780,800</b>	<b>8,820,099</b>
Income tax expense	9	(755,445)	(856,220)
<b>PROFIT FOR THE PERIOD</b>		<b>4,025,355</b>	<b>7,963,879</b>

## (B) Statement of Comprehensive Income

	For the six months ended	For the six months ended
Notes	30-Jun-2020 (unaudited) US\$	30-Jun-2019 (unaudited) US\$
<b>PROFIT FOR THE PERIOD</b>	<b>4,025,355</b>	7,963,879
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		
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>(4,550,742)</u>	<u>655,949</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>(525,387)</u></b>	<b><u>8,619,828</u></b>

## (C) Statement of Financial Position

	Supplementary Information	At 30-Jun-2020 (unaudited) US\$	At 31-Dec-2019 (audited) US\$
<b>ASSETS</b>			
Cash and balances with banks and other financial institutions		9,271,801	101,796,366
Placements with banks and other financial institutions		113,809,944	19,997,880
Trade bills		151,354,443	392,517,783
Financial assets at fair value through profit or loss	(F)1	68,907,975	38,655,280
Loans and advances	(F)2	1,634,031,324	1,369,057,990
Financial assets at fair value through other comprehensive income	(F)3	398,480,944	444,279,844
Property and equipment	(F)4	874,622	935,371
Right-of-use assets	(F)5	5,535,441	6,752,175
Interest receivable and other assets		18,928,400	24,877,145
Deferred tax assets		1,064,908	-
<b>TOTAL ASSETS</b>		<b>2,402,259,802</b>	<b>2,398,869,834</b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Deposits and balances of banks and other financial institutions		923,553,481	1,116,230,769
Deposits from customers	(F)6	1,050,854	1,046,173
Financial liabilities at fair value through profit or loss		4,651,052	2,596,851
Certificates of deposit issued		1,024,363,416	817,480,901
Lease liabilities	(F)5	5,570,095	6,764,556
Tax payable		3,153,980	3,296,427
Interest payable and other liabilities		17,642,416	28,169,133
Deferred tax liabilities		-	485,129
<b>TOTAL LIABILITIES</b>		<b>1,979,985,294</b>	<b>1,976,069,939</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		240,000,000	240,000,000
Reserves	(F)7	182,274,508	182,799,895
<b>TOTAL EQUITY</b>		<b>422,274,508</b>	<b>422,799,895</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,402,259,802</b>	<b>2,398,869,834</b>

## (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\$
<b>At 1 January 2020</b>	<b>240,000,000</b>	<b>2,466,284</b>	<b>180,333,611</b>	<b>422,799,895</b>
Profit for the period	-	-	4,025,355	4,025,355
Other comprehensive income for the period:				
Net movement in financial assets at fair value through other comprehensive income revaluation reserve, net of tax	-	(4,550,742)	-	(4,550,742)
Total comprehensive income for the period	-	(4,550,742)	4,025,355	(525,387)
<b>At 30 June 2020 (unaudited)</b>	<b>240,000,000</b>	<b>(2,084,458)</b>	<b>184,358,966</b>	<b>422,274,508</b>
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

## (E) Condensed Statement of Cash Flows

	For the six months ended 30-Jun-2020 (unaudited) US\$	For the six months ended 30-Jun-2019 (unaudited) US\$
Net cash flows (used in)/from operating activities	(39,608,022)	18,986,897
Net cash flows from/(used in) investing activities	42,506,060	(61,346,917)
Net cash flows used in financing activities	(1,610,539)	(531,543)
Net increase/(decrease) in cash and cash equivalents	1,287,499	(42,891,563)
Cash and cash equivalents at 1 January	121,794,246	59,542,813
Cash and cash equivalents at 30 June	<u>123,081,745</u>	<u>16,651,250</u>

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-2020 (unaudited) US\$	30-Jun-2019 (unaudited) US\$
Cash and balances with banks and other financial institutions	9,271,801	8,661,190
Placements with banks and other financial institutions	113,809,944	7,990,060
	<u>123,081,745</u>	<u>16,651,250</u>

Operational cash flows from interest and dividends:

	For the six months ended 30-Jun-2020 (unaudited) US\$	For the six months ended 30-Jun-2019 (unaudited) US\$
Interest received	35,193,716	30,939,029
Interest paid	20,974,463	19,816,425
Dividend received	<u>259,633</u>	<u>9,810</u>

**Notes:**

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

	<b>For the six months ended 30-Jun-2020 (unaudited) US\$</b>	<b>For the six months ended 30-Jun-2019 (unaudited) US\$</b>
Listed investments	<b>6,648,898</b>	6,153,778
Unlisted investments	-	84,766
Trade bills and loans and advances	<b>26,638,734</b>	24,530,617
Others	<b>792,968</b>	678,534
	<b><u>34,080,600</u></b>	<b><u>31,447,695</u></b>

Interest income is calculated using the effective interest rate method. Included in the above is interest income of US\$386,375 (2019: US\$601,356) accrued on impaired financial assets for the period ended 30 June 2020.

**(2) Interest expense arising from:**

	<b>For the six months ended 30-Jun-2020 (unaudited) US\$</b>	<b>For the six months ended 30-Jun-2019 (unaudited) US\$</b>
Deposits from customers, banks and other financial institutions and certificates of deposit issued	<b>20,330,723</b>	20,672,816
Lease liabilities	<b>77,494</b>	26,570
	<b><u>20,408,217</u></b>	<b><u>20,699,386</u></b>

**(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 (losses)/gains from financial assets held at fair value through profit or loss:**

	<b>For the six months ended 30-Jun-2020 (unaudited) US\$</b>	<b>For the six months ended 30-Jun-2019 (unaudited) US\$</b>
Net (losses)/gains from trading securities/investments in funds	(1,716,266)	851,002
Net interest (expenses)/income on derivatives	(886,800)	1,369,191
	<b>(2,603,066)</b>	<b>2,220,193</b>

**(5) Net hedging loss:**

	<b>For the six months ended 30-Jun-2020 (unaudited) US\$</b>	<b>For the six months ended 30-Jun-2019 (unaudited) US\$</b>
Fair value hedges		
- Net gains on hedged items attributable to the hedged risk	11,777,668	6,769,954
- Net losses on hedging instruments	(12,820,922)	(7,594,400)
	<b>(1,043,254)</b>	<b>(824,446)</b>

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

	<b>For the six months ended 30-Jun-2020 (unaudited) US\$</b>	<b>For the six months ended 30-Jun-2019 (unaudited) US\$</b>
Net gains/(losses) from dealing in foreign currencies	322,457	(245,531)
Dividend income from unlisted financial assets at fair value through profit or loss	259,633	9,810
Others	45,774	-
	<b>627,864</b>	<b>(235,721)</b>

**Notes:**

**(7) Operating expenses:**

	For the six months ended 30-Jun-2020 (unaudited) US\$	For the six months ended 30-Jun-2019 (unaudited) US\$
Staff costs	3,254,032	2,572,755
Premises and equipment expenses		
- Depreciation of property and equipment	62,645	65,156
- Depreciation of right-of-use assets	1,115,155	516,867
- Rent	200,969	971,780
- Rates	58,940	54,759
	<b>1437709</b>	<b>1,608,562</b>
Auditor's remuneration	34,790	33,780
Loss on disposal of equipment	-	242
Others	628,258	620,706
	<b>663,048</b>	<b>654,728</b>
	<b>5,354,789</b>	<b>4,836,045</b>

Included in the staff costs above are retirement scheme contribution of US\$33,151 (2019: US\$23,418) and operating lease charges in respect of staff quarters of US\$27,372 (2019: US\$127,461) and depreciation of right-of-use assets in respect of staff quarters of US\$444,033 (2019: US\$336,200) for the period ended 30 June 2020.

Included in the above operating expenses are total operating lease charges of US\$35,520 (2019: US\$987,252) for rental of properties and US\$192,821 (2019: US\$111,989) for rental of equipment.

**(8) Net charge for credit loss expenses/(reversal of credit loss allowances):**

	For the six months ended 30-Jun-2020 (unaudited)			
	12-month ECL (Stage 1) US\$	Lifetime ECL not credit impaired (Stage 2) US\$	Lifetime ECL credit impaired (Stage 3) US\$	Total US\$
<b>Net charge for credit loss expenses /(reversal of credit loss allowances):</b>				
- Cash and cash equivalents	34,090	-	-	34,090
- Trade bills	529	-	-	529
- Loans and advances	862,432	2,276,299	-	3,138,731
- Financial assets at fair value through other comprehensive income	(6,578)	-	-	(6,578)
- Interest receivable and other assets	1,584	1,101	-	2,685
- Other commitments	(43,286)	-	-	(43,286)
- Trade-related contingencies	(5,556)	-	-	(5,556)
	<b>843,215</b>	<b>2,277,400</b>	<b>-</b>	<b>3,120,615</b>

**Notes:****(8) Net charge for credit loss expenses/(reversal of credit loss allowances)(continued):**

	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>

**(9) Income tax:**

	For the six months ended 44012 (unaudited) US\$	For the six months ended 30-Jun-2019 (unaudited) US\$
<b>Taxation in the income statement represents:</b>		
<b>Current tax</b>		
Current tax provision	1,405,987	561,736
<b>Deferred tax</b>		
Net (reversal)/charge of temporary difference	(650,542)	294,484
	<u>755,445</u>	<u>856,220</u>

Under the two-tiered profit tax rates regime, Hong Kong profits tax has been provided at the rate of 8.25% (2019: 8.25%) on estimated assessable profits of first HK\$2 million arising in Hong Kong during the year. The remainder of the assessable profits will continue to be taxed at 16.5% (2019: 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-2020 (unaudited)			For the six months ended 30-Jun-2019 (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	<b>(5,450,237)</b>	<b>899,495</b>	<b>(4,550,742)</b>	780,042	(124,093)	655,949
Other comprehensive income	<b>(5,450,237)</b>	<b>899,495</b>	<b>(4,550,742)</b>	780,042	(124,093)	655,949

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

	For the six months ended 30-Jun-2020 (unaudited) US\$	For the six months ended 30-Jun-2019 (unaudited) US\$
<b>Financial assets at fair value through other comprehensive income, net of tax</b>		
Changes in fair value recognised during the period	<b>(4,438,408)</b>	769,901
Reclassification adjustments for gains and losses included in profit or loss		
- Gains on disposal	<b>(105,756)</b>	(74,980)
- Net movement in credit loss allowance of financial assets at fair value through other comprehensive income	<b>(6,578)</b>	(38,972)
Net movement in financial assets at fair value through other comprehensive income revaluation reserve income	<b>(4,550,742)</b>	655,949

(F) Supplementary Information

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

	At 30-Jun-2020 (unaudited) US\$	At 31-Dec-2019 (audited) US\$
Listed debt securities, at fair value	29,866,720	2,999,850
Unlisted investments in funds, at fair value	37,922,585	35,377,322
Positive fair values of derivatives	1,118,670	278,108
	<b>68,907,975</b>	<b>38,655,280</b>
Listed debt securities issued by:		
- Banks and other financial institutions	29,866,720	2,999,850
	<b>29,866,720</b>	<b>2,999,850</b>
Listed debt securities analysed by place of listing:		
- Listed outside Hong Kong	11,952,060	2,999,850
- Listed in Hong Kong	17,914,660	-
	<b>29,866,720</b>	<b>2,999,850</b>

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

(F) Supplementary Information

(2) Loans and advances

(a) Loans and advances less impairment

	At 30-Jun-2020 (unaudited) US\$	At 31-Dec-2019 (audited) US\$
Gross loans and advances to:		
- Banks	92,918,329	128,009,411
- Customers	1,548,815,609	1,245,612,462
	<u>1,641,733,938</u>	<u>1,373,621,873</u>
Less: Credit loss allowances on non-credit impaired loans and advances to		
- Banks	(11,567)	(12,454)
- Customers	(4,619,047)	(1,479,429)
	<u>(4,630,614)</u>	<u>(1,491,883)</u>
Less: Credit loss allowances on credit impaired loans and advances to		
- Customers	(3,072,000)	(3,072,000)
	<u>(3,072,000)</u>	<u>(3,072,000)</u>
Net loans and advances to:		
- Banks	92,906,762	127,996,957
- Customers	1,541,124,562	1,241,061,033
	<u>1,634,031,324</u>	<u>1,369,057,990</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\$
<b>At 30 June 2020 (unaudited)</b>					
Industrial, commercial and financial					
- Property development	40,739,923	-	-	25,021	991
- Property investment	61,427,184	-	-	46,422	41,739
- Financial concerns	110,775,252	-	-	39,897	15,970
- Stock brokers	29,081,203	-	-	8,846	(671)
- Wholesale and retail trade	181,731,081	-	-	246,597	31,849
- Manufacturing	148,452,239	-	-	173,411	(11,574)
- Recreational activities	6,000,000	-	-	2,226	(330)
- Others	162,207,064	-	-	254,168	136,938
Loans and advances for use in Hong Kong	740,413,946	-	-	796,588	214,912
Trade finance	12,755,898	-	-	5,965	3,895
Loans and advances for use outside Hong Kong	888,564,094	-	3,072,000	3,828,061	2,919,924
	<b>1,641,733,938</b>	<b>-</b>	<b>3,072,000</b>	<b>4,630,614</b>	
Charge for credit loss expenses to income statement during the period					<b>3,138,731</b>
<b>At 31 December 2019 (audited)</b>					
Industrial, commercial and financial					
- Property development	40,701,467	-	-	24,030	13,078
- Property investment	9,570,920	-	-	4,683	(5,682)
- Financial concerns	93,515,044	-	-	23,927	7,103
- Stock brokers	32,239,671	-	-	9,517	3,695
- Wholesale and retail trade	77,853,312	-	-	214,748	117,613
- Manufacturing	150,920,360	-	-	184,985	106,265
- Recreational activities	6,000,000	-	-	2,556	42
- Others	117,355,101	-	-	117,230	76,976
Loans and advances for use in Hong Kong	528,155,875	-	-	581,676	319,090
Trade finance	3,664,016	2.91%	-	2,070	(2,160)
Loans and advances for use outside Hong Kong	841,801,982	-	3,072,000	908,137	(449,197)
	<b>1,373,621,873</b>	<b>0.01%</b>	<b>3,072,000</b>	<b>1,491,883</b>	
Reversal of credit loss allowances from income statement during the year					<b>(132,267)</b>

(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 2020	1,489,664	2,219	3,072,000	4,563,883
New loans/financing originated	733,049	-	-	733,049
Loans/financing derecognised or repaid during the period (other than write-offs)	(264,918)	-	-	(264,918)
Transfer between stages - transfer to lifetime ECL not credit impaired (Stage 2)	(19,510)	19,510	-	-
Movements due to changes in credit risk	413,811	2,256,789	-	2,670,600
At 30 June 2020	2,352,096	2,278,518	3,072,000	7,702,614
Attributable to:				
Loans and advances to banks (note 2(a))	11,567	-	-	11,567
Loans and advances to customers (note 2(a))	2,340,529	2,278,518	3,072,000	7,691,047
	2,352,096	2,278,518	3,072,000	7,702,614
Deducted from:				
Loans and advances to banks (note 2(a))	92,918,329	-	-	92,918,329
Loans and advances to customers (note 2(a))	1,523,847,859	12,967,750	12,000,000	1,548,815,609
	1,616,766,188	12,967,750	12,000,000	1,641,733,938
At 1 January 2019	566,302	1,848	4,128,000	4,696,150
New loans/financing originated	616,414	-	-	616,414
Loans/financing derecognised or repaid during the year (other than write-offs)	(149,530)	-	(1,032,000)	(1,181,530)
Movements due to changes in credit risk	456,478	371	(24,000)	432,849
At 31 December 2019	1,489,664	2,219	3,072,000	4,563,883
Attributable to:				
Loans and advances to banks (note 2(a))	12,454	-	-	12,454
Loans and advances to customers (note 2(a))	1,477,210	2,219	3,072,000	4,551,429
	1,489,664	2,219	3,072,000	4,563,883
Deducted from:				
Loans and advances to banks (note 2(a))	128,009,411	-	-	128,009,411
Loans and advances to customers (note 2(a))	1,229,655,462	3,957,000	12,000,000	1,245,612,462
	1,357,664,873	3,957,000	12,000,000	1,373,621,873



(F) Supplementary Information

(2) Loans and advances (continued)

(d) Impaired loans and advances

	At 30-Jun-2020 (unaudited) US\$	At 31-Dec-2019 (audited) US\$
Gross impaired loans and advances	12,000,000	12,000,000
Credit loss allowances		
- Credit impaired	(3,072,000)	(3,072,000)
	<b>8,928,000</b>	<b>8,928,000</b>
Gross impaired loans and advances as a percentage of total gross loans and advances	<b>0.73%</b>	<b>0.87%</b>

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-2020 (unaudited) US\$	At 31-Dec-2019 (audited) US\$
Gross loans and advances		
- Hong Kong	684,306,502	480,041,130
- China	520,234,524	442,010,874
- Korea	227,880,418	216,544,420
- Others	197,312,494	223,025,449
	<b>1,629,733,938</b>	<b>1,361,621,873</b>
Impaired loans (credit impaired)		
- Korea	12,000,000	12,000,000
	<b>1,641,733,938</b>	<b>1,373,621,873</b>

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-2020 (unaudited) US\$	At 31-Dec-2019 (audited) US\$
Debt securities		
- Listed in Hong Kong	140,427,200	174,622,365
- Listed outside Hong Kong	258,012,614	269,608,627
	<u>398,439,814</u>	<u>444,230,992</u>
Unlisted equity securities	41,130	48,852
	<u>398,480,944</u>	<u>444,279,844</u>
<b>Issued by:</b>		
Banks and other financial institutions	101,743,260	105,282,415
Corporate entities	296,737,684	338,997,429
	<u>398,480,944</u>	<u>444,279,844</u>

(4) Property and equipment

	Land and buildings US\$	Leasehold improvements US\$	Furniture, fittings and office equipment US\$	Motor vehicles US\$	Total US\$
2020					
<b>Cost:</b>					
At 1 January 2020	1,022,708	1,125,445	799,235	-	2,947,388
Additions	-	-	1,896	-	1,896
Disposal	-	-	(3,237)	-	(3,237)
At 30 June 2020	<u>1,022,708</u>	<u>1,125,445</u>	<u>797,894</u>	<u>-</u>	<u>2,946,047</u>
<b>Accumulated depreciation:</b>					
At 1 January 2020	443,918	889,796	678,303	-	2,012,017
Charge for the period	8,222	36,753	17,670	-	62,645
Written back on disposal	-	-	(3,237)	-	(3,237)
At 30 June 2020	<u>452,140</u>	<u>926,549</u>	<u>692,736</u>	<u>-</u>	<u>2,071,425</u>
<b>Net book value:</b>					
At 30 June 2020 (unaudited)	<u>570,568</u>	<u>198,896</u>	<u>105,158</u>	<u>-</u>	<u>874,622</u>
2019					
<b>Cost:</b>					
At 1 January 2019	1,022,708	1,091,599	771,553	117,680	3,003,540
Additions	-	33,846	96,930	-	130,776
Disposal	-	-	(69,248)	(117,680)	(186,928)
At 31 December 2019	<u>1,022,708</u>	<u>1,125,445</u>	<u>799,235</u>	<u>-</u>	<u>2,947,388</u>
<b>Accumulated depreciation:</b>					
At 1 January 2019	427,384	803,113	716,186	117,680	2,064,363
Charge for the year	16,534	86,683	30,866	-	134,083
Written back on disposal	-	-	(68,749)	(117,680)	(186,429)
At 31 December 2019	<u>443,918</u>	<u>889,796</u>	<u>678,303</u>	<u>-</u>	<u>2,012,017</u>
<b>Net book value:</b>					
At 31 December 2019 (audited)	<u>578,790</u>	<u>235,649</u>	<u>120,932</u>	<u>-</u>	<u>935,371</u>

- (F) **Supplementary Information**
- (5) **Right-of-use assets and lease liabilities**
- (a) **Right-of-use assets**

	Prepaid land lease payments US\$	Motor vehicles US\$	Total US\$
2020			
<b>Cost:</b>			
<b>At 1 January 2020</b>	8,572,574	130,825	8,703,399
Additions	224,287	130,104	354,391
Changes arising from lease modification	22,973	-	22,973
Disposal	(205,379)	-	(205,379)
<b>At 30 June 2020</b>	<u>8,614,455</u>	<u>260,929</u>	<u>8,875,384</u>
<b>Accumulated depreciation:</b>			
<b>At 1 January 2020</b>	1,946,863	4,361	1,951,224
Charge for the period	1,528,036	31,152	1,559,188
Written back on disposal	(170,469)	-	(170,469)
<b>At 30 June 2020</b>	<u>3,304,430</u>	<u>35,513</u>	<u>3,339,943</u>
<b>Net carrying amount:</b>			
<b>At 30 June 2020 (unaudited)</b>	<u>5,310,025</u>	<u>225,416</u>	<u>5,535,441</u>
2019			
<b>Cost:</b>			
At 1 January 2019	-	-	-
Recognition upon initial application of HKFRS 16	974,213	-	974,213
Additions	7,691,329	130,825	7,822,154
Changes arising from lease modification	1,908	-	1,908
Disposal	(94,876)	-	(94,876)
<b>At 31 December 2019</b>	<u>8,572,574</u>	<u>130,825</u>	<u>8,703,399</u>
<b>Accumulated depreciation:</b>			
At 1 January 2019	-	-	-
Charge for the year	2,000,230	4,361	2,004,591
Written back on disposal	(53,367)	-	(53,367)
<b>At 31 December 2019</b>	<u>1,946,863</u>	<u>4,361</u>	<u>1,951,224</u>
<b>Net carrying amount:</b>			
<b>At 31 December 2019 (audited)</b>	<u>6,625,711</u>	<u>126,464</u>	<u>6,752,175</u>

The Company leases certain of its office, staff quarters and motor vehicles used in its operations. Leases for these assets are negotiated for terms ranging from two to five years.

(F) **Supplementary Information**

(5) **Right-of-use assets and lease liabilities (continued)**

(b) **Lease liabilities**

	<b>At 30-Jun-2020</b> <b>(unaudited)</b> <b>US\$</b>	At 31-Dec-2019 <b>(audited)</b> <b>US\$</b>
<b>At 1 January</b>	<b>6,764,556</b>	-
Recognition upon initial application of HKFRS 16	-	974,213
Additions	<b>351,027</b>	7,802,379
Accretion of interest	<b>77,494</b>	115,518
Payments	<b>(1,610,539)</b>	(2,087,600)
Changes arising from lease modification	<b>22,973</b>	1,908
Disposal	<b>(35,416)</b>	(41,862)
	<b><u>5,570,095</u></b>	<b><u>6,764,556</u></b>

(c) **Amounts recognised in income statement**

	<b>For the six</b> <b>months ended</b> <b>30-Jun-2020</b> <b>(unaudited)</b> <b>US\$</b>	For the six months ended 30-Jun-2019 <b>(unaudited)</b> <b>US\$</b>
Depreciation expense of right-of-use assets	<b>1,559,188</b>	516,867
Interest expense on lease liabilities	<b>77,494</b>	26,570
Operating lease charges to short-term leases	<b>228,342</b>	1,099,240
Gain on termination on leases	<b>(506)</b>	-
Total amounts recognised in income statement	<b><u>1,864,518</u></b>	<b><u>1,642,677</u></b>

The Company had total cash outflows of US\$1,610,539 (2019: US\$2,087,600) for the period ended 30 June 2020. The Company also had non-cash additions of right-of-use assets and lease liabilities of US\$354,391 and US\$351,027 (2019: US\$7,822,154 and US\$7,802,379) for the period ended 30 June 2020 respectively.

(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\$
<b>At 1 January 2020</b>	<b>180,333,611</b>	<b>2,466,284</b>	<b>182,799,895</b>
Financial assets at fair value through other comprehensive income:			
- Change in fair value, net of deferred tax	-	(4,438,408)	(4,438,408)
- Transfer to income statement on disposal	-	(105,756)	(105,756)
- Transfer of credit loss expenses to income statement	-	(6,578)	(6,578)
Profit for the period	4,025,355	-	4,025,355
<b>At 30 June 2020 (unaudited)</b>	<b>184,358,966</b>	<b>(2,084,458)</b>	<b>182,274,508</b>
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	-	1,974,154	1,974,154
- Transfer to income statement on disposal	-	(74,980)	(74,980)
- Transfer of credit loss expenses to income statement	-	(26,976)	(26,976)
Profit for the year	17,720,983	-	17,720,983
Re-measurement gains on defined benefit scheme	3,657	-	3,657
At 31 December 2019 (audited)	180,333,611	2,466,284	182,799,895

**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 2020, the Company has earmarked US\$6,052,675 (31 December 2019: US\$10,894,392) 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 derivative 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.

	<b>At 30-Jun-2020</b> <b>(unaudited)</b> <b>US\$</b>	<b>At 31-Dec-2019</b> <b>(audited)</b> <b>US\$</b>
<b>Exchange rate contracts</b>		
Forwards	<b>130,750,660</b>	325,001,214
<b>Interest rate contracts</b>		
Swaps		
- Qualifying for hedge accounting	<b>361,200,000</b>	412,700,000
- Others	<b>22,200,000</b>	22,200,000
	<b>383,400,000</b>	434,900,000
	<b>514,150,660</b>	759,901,214

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-2020 (unaudited)			At 31-Dec-2019 (audited)		
	Fair value		Credit risk weighted amount US\$	Fair value		Credit risk weighted amount US\$
	Assets US\$	Liabilities US\$		Assets US\$	Liabilities US\$	
<b>Exchange rate contracts</b>						
Forwards	735,560	1,541,597	488,999	-	1,861,033	730,388
<b>Interest rate contracts</b>						
Swaps	383,110	3,109,455	612,201	278,108	735,818	419,608
	<b>1,118,670</b>	<b>4,651,052</b>	<b>1,101,200</b>	<b>278,108</b>	<b>2,596,851</b>	<b>1,149,996</b>

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 and interest rate 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-2020 (unaudited)			At 31-Dec-2019 (audited)		
	Change in fair value used for recognising hedge ineffectiveness US\$	Assets US\$	Liabilities US\$	Change in fair value used for recognising hedge ineffectiveness US\$	Assets US\$	Liabilities US\$
<b>Interest rate contracts</b>						
Swaps	(5,603,104)	-	3,109,455	2,287,272	156,568	735,818

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 2020, the net fair value loss of interest rate swaps was US\$3,109,455 comprising liabilities only. At 31 December 2019, the net fair value of interest rate swaps was US\$579,250 comprising assets of US\$156,568 and liabilities of US\$735,818.

(F) **Supplementary Information**

(9) **Contingent liabilities and commitments**

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

	<b>At 30-Jun-2020</b> <b>(unaudited)</b> <b>US\$</b>	<b>At 31-Dec-2019</b> <b>(audited)</b> <b>US\$</b>
Trade-related contingencies	<b>443,860</b>	3,081,764
Other commitments		
- with an original maturity of under one year	<b>104,095,564</b>	169,183,381
- with an original maturity of more than one year	<b>128,599,468</b>	88,096,857
	<b>233,138,892</b>	260,362,002
Credit risk weighted amounts	<b>85,207,619</b>	78,501,458

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 2020 was US\$91,072 (31 December 2019: US\$139,920).

(b) **Capital commitments**

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

	<b>At 30-Jun-2020</b> <b>(unaudited)</b> <b>US\$</b>	<b>At 31-Dec-2019</b> <b>(audited)</b> <b>US\$</b>
Contracted for	<b>56,985,090</b>	51,966,803
Credit risk weighted amounts	<b>28,492,545</b>	25,983,401



(F) **Supplementary Information**

(10) **Capital adequacy ratios**

	<b>At 30-Jun-2020</b> <b>(unaudited)</b>	At 31-Dec-2019 (audited)
Common Equity Tier 1 ("CET1") capital ratio	<b>19.12%</b>	21.12%
Tier 1 capital ratio	<b>19.12%</b>	21.12%
Total capital ratio	<b>19.62%</b>	21.77%

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 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&GmMIngTc=en](https://www.kdb.co.kr/CHGMHK99N27.act?GmBrId=AL&_mnuId=IHIHGM2065&GmMIngTc=en)

(F) Supplementary Information

(11) Regulatory capital disclosures

	At 30-Jun-2020 (unaudited) US\$	At 31-Dec-2019 (audited) US\$
CET1 capital instruments	240,000,000	240,000,000
Retained earnings	184,358,966	180,333,611
Disclosed reserves	(2,084,458)	2,466,284
<b>CET 1 CAPITAL BEFORE DEDUCTIONS</b>	<b>422,274,508</b>	<b>422,799,895</b>
Deduct:		
Deferred tax assets in excess of deferred tax liabilities	(613,889)	-
Regulatory reserve for general banking risks	(6,052,675)	(10,894,392)
<b>CET1 CAPITAL</b>	<b>415,607,944</b>	<b>411,905,503</b>
<b>ADDITIONAL TIER 1 CAPITAL AFTER DEDUCTIONS</b>	<b>-</b>	<b>-</b>
<b>TIER 1 CAPITAL</b>	<b>415,607,944</b>	<b>411,905,503</b>
Regulatory reserve for general banking risks	6,052,675	10,894,392
Collective impairment allowance	4,770,145	1,643,403
<b>TIER 2 CAPITAL</b>	<b>10,822,820</b>	<b>12,537,795</b>
<b>TOTAL CAPITAL BASE</b>	<b>426,430,764</b>	<b>424,443,298</b>

**(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.

	<b>For the six months ended 30-Jun-2020 (unaudited)</b>	For the six months ended 30-Jun-2019 (unaudited)
Average liquidity maintenance ratio for the period	<b>99.75%</b>	156.71%

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&\\_mnuId=IHIHGM2065&GmMlngTc=en](https://www.kdb.co.kr/CHGMHK99N27.act?GmBrnId=AL&_mnuId=IHIHGM2065&GmMlngTc=en)

(F) Supplementary Information

(13) Leverage ratio

	At 30-Jun-2020 (unaudited) US\$	At 31-Dec-2019 (audited) US\$
On-balance sheet exposures	2,396,762,309	2,393,618,819
Less: Regulatory adjustments	(613,889)	-
<b>Total on-balance sheet exposures</b>	<b>2,396,148,420</b>	<b>2,393,618,819</b>
Replacement cost associated with all derivatives transactions	1,118,670	502,334
Add-on amounts for potential future exposure associated with all derivatives transactions	22,777,603	14,710,778
<b>Total derivative exposures</b>	<b>23,896,273</b>	<b>15,213,112</b>
Exposures with a 20% credit conversion factor	20,907,885	34,453,029
Exposures with a 50% credit conversion factor	92,792,279	70,031,830
<b>Total off-balance sheet exposures</b>	<b>113,700,164</b>	<b>104,484,859</b>
Securities financing transaction exposures	-	-
<b>Total exposures before adjustments for specific and collective provisions</b>	<b>2,533,744,857</b>	<b>2,513,316,790</b>
<b>Less: Adjustments for specific and collective provisions</b>	<b>(91,072)</b>	<b>(139,921)</b>
<b>Total exposures after adjustments for specific and collective provisions</b>	<b>2,533,653,785</b>	<b>2,513,176,869</b>
<b>Tier 1 capital</b>	<b>415,607,944</b>	<b>411,905,503</b>
<b>Leverage ratio</b>	<b>16.40%</b>	<b>16.39%</b>

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](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 2020 (unaudited)

Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio US\$	CCyB ratio	CCyB amount US\$
Hong Kong SAR	1.000%	755,037,082		
China	-	657,773,849		
Angola	-	833,416		
Australia	-	25,635,093		
Canada	-	4,179,769		
Cayman Islands	-	45,736,571		
India	-	17,859,700		
Ireland	-	27,784,028		
Kuwait	-	7,967,703		
Luxembourg	0.250%	14,109,628		
Macau	-	8,974,802		
Malaysia	-	436,272		
Philippines	-	6,214,763		
Residual Latin America and Caribbean	-	15,554,094		
Saudi Arabia	-	20,971,792		
Singapore	-	26,357,528		
South Korea	-	222,497,489		
United Arab Emirates	-	9,242,037		
United Kingdom	-	468,888		
United States	-	15,000,000		
<b>Total</b>		<b>1,882,634,504</b>	<b>0.403%</b>	<b>7,587,017</b>

(F) Supplementary Information

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

At 31 December 2019 (audited)

Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio US\$	CCyB ratio	CCyB amount US\$
Hong Kong SAR	2.000%	583,911,194		
China	-	555,901,589		
Angola	-	1,250,186		
Australia	-	26,135,444		
Canada	-	4,583,758		
Cayman Islands	-	40,575,849		
India	-	17,953,580		
Ireland	-	28,602,140		
Kuwait	-	8,405,380		
Luxembourg	-	13,742,340		
Macau SAR	-	8,975,349		
Malaysia	-	425,683		
Philippines	-	9,818,101		
Residual Latin America and Caribbean	-	12,434,033		
Saudi Arabia	-	20,461,392		
Singapore	-	33,403,955		
South Korea	-	212,509,818		
United Arab Emirates	-	9,307,616		
United Kingdom	1.000%	376,002		
Total		1,588,773,409	0.735%	11,677,485

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?GmBrId=AL&\\_mnuId=IHIHGM2065&GmMIngTc=en](https://www.kdb.co.kr/CHGMHK99N27.act?GmBrId=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:

			<i>Non-bank private sector</i>		
	<b>Banks</b>	<b>Official</b>	<b>Non-bank</b>	<b>Non-bank</b>	<b>Total</b>
	<b>US\$</b>	<b>Sector</b>	<b>financial</b>	<b>private sector</b>	<b>US\$</b>
		<b>US\$</b>	<b>institutions</b>	<b>US\$</b>	
			<b>US\$</b>		
<b>At 30 June 2020 (unaudited)</b>					
<b>Developed countries</b>	<b>94,604,278</b>	-	<b>50,990,109</b>	<b>15,708,323</b>	<b>161,302,710</b>
- of which Australia	15,959,238	-	14,515,565	11,119,528	41,594,331
- of which Belgium	52,793	-	-	-	52,793
- of which Canada	-	-	3,010,527	-	3,010,527
- of which France	7,265,359	-	-	-	7,265,359
- of which Ireland	-	-	27,784,027	-	27,784,027
- of which Japan	50,805,369	-	-	-	50,805,369
- of which Luxembourg	17,155	-	5,663,325	4,588,795	10,269,275
- of which United Kingdom	17,843,284	-	16,665	-	17,859,949
- of which United States	2,661,080	-	-	-	2,661,080
<b>Offshore centres</b>	<b>27,755,834</b>	-	<b>217,561,505</b>	<b>191,484,824</b>	<b>436,802,163</b>
- of which Cayman Islands	-	-	22,391,554	-	22,391,554
- of which Hong Kong	406,756	-	174,272,990	186,024,258	360,704,004
- of which Panama	18,109,776	-	-	-	18,109,776
- of which Singapore	9,239,302	-	20,896,961	5,460,566	35,596,829
<b>Developing Latin America and Caribbean</b>	-	-	-	<b>14,886,986</b>	<b>14,886,986</b>
- of which Residual Developing Latin America And Caribbean	-	-	-	14,886,986	14,886,986
<b>Developing Africa and Middle East</b>	<b>121,276,771</b>	<b>7,551,725</b>	<b>8,801,119</b>	<b>30,213,829</b>	<b>167,843,444</b>
- of which Angola	-	-	833,416	-	833,416
- of which Kuwait	-	-	7,967,703	-	7,967,703
- of which Qatar	75,456,254	-	-	-	75,456,254
- of which Saudi Arabia	-	-	-	20,971,792	20,971,792
- of which United Arab Emirates	45,820,517	7,551,725	-	9,242,037	62,614,279
<b>Developing Asia and Pacific</b>	<b>382,426,268</b>	-	<b>75,421,216</b>	<b>724,144,231</b>	<b>1,181,991,715</b>
- of which China	46,786,246	-	44,069,495	513,185,326	604,041,067
- of which India	3,896,972	-	-	17,859,700	21,756,672
- of which South Korea	247,126,058	-	31,351,721	186,448,170	464,925,949
- of which Malaysia	14,616,665	-	-	436,272	15,052,937
- of which Philippines	-	-	-	6,214,763	6,214,763
- of which Taiwan	70,000,327	-	-	-	70,000,327

**(F) Supplementary Information****(15) International claims (by ultimate nation) (continued)**

	Banks US\$	Official Sector US\$	<i>Non-bank private sector</i>		Total US\$
			Non-bank financial institutions US\$	Non-bank private sector US\$	
At 31 December 2019 (unaudited)					
Developed countries	149,041,579	-	50,224,429	16,500,817	215,766,825
- of which Australia	15,063,512	-	14,151,947	11,679,860	40,895,319
- of which Belgium	23,329	-	-	-	23,329
- of which Canada	-	-	3,193,974	-	3,193,974
- of which France	11,222,042	-	-	-	11,222,042
- of which Germany	785,291	-	-	-	785,291
- of which Ireland	-	-	28,602,140	-	28,602,140
- of which Japan	10,371,307	-	-	-	10,371,307
- of which Luxembourg	17,120	-	4,155,988	4,820,957	8,994,065
- of which United Kingdom	16,371,006	-	120,380	-	16,491,386
- of which United States	95,187,972	-	-	-	95,187,972
Offshore centres	28,310,781	-	230,000,465	170,368,134	428,679,380
- of which Cayman Islands	-	-	20,891,329	-	20,891,329
- of which Hong Kong	960,361	-	183,230,248	162,843,067	347,033,676
- of which Panama	18,285,453	-	-	-	18,285,453
- of which Singapore	9,064,967	-	25,878,888	7,525,067	42,468,922
Developing Latin America and Caribbean	-	-	-	12,434,033	12,434,033
- of which Residual Developing Latin America And Caribbean	-	-	-	12,434,033	12,434,033
Developing Africa and Middle East	120,648,214	7,664,224	9,655,566	29,769,008	167,737,012
- of which Angola	-	-	1,250,186	-	1,250,186
- of which Kuwait	-	-	8,405,380	-	8,405,380
- of which Qatar	75,292,457	-	-	-	75,292,457
- of which Saudi Arabia	-	-	-	20,461,392	20,461,392
- of which United Arab Emirates	45,355,757	7,664,224	-	9,307,616	62,327,597
Developing Asia and Pacific	605,269,827	-	87,586,322	605,863,389	1,298,719,538
- of which China	70,480,800	-	56,108,004	404,594,766	531,183,570
- of which India	23,185,941	-	-	17,953,580	41,139,521
- of which South Korea	480,977,427	-	31,478,318	173,071,259	685,527,004
- of which Malaysia	10,624,687	-	-	425,683	11,050,370
- of which Philippines	-	-	-	9,818,101	9,818,101
- of which Taiwan	20,000,972	-	-	-	20,000,972



(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-2020 (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	293,953,105	20,636,446	314,589,551
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	131,992,501	7,166,667	139,159,168
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	451,556,338	55,608,856	507,165,194
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	49,376,092	14,508,541	63,884,633
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	62,072,483	22,024,475	84,096,958
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	48,110,504	7,636,313	55,746,817
<b>Total</b>	8	<b>1,037,061,023</b>	<b>127,581,298</b>	<b>1,164,642,321</b>
<b>Total assets after provision</b>	9	<b>2,410,764,709</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	10	<b>43.02%</b>		

(F) Supplementary Information

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

		31-Dec-2019 (audited)		
	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	265,756,989	12,596,619	278,353,608
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	138,243,039	9,500,000	147,743,039
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	362,520,637	92,979,155	455,499,792
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	52,559,365	11,350,073	63,909,438
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	63,677,969	2,000,000	65,677,969
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	51,668,640	5,258,459	56,927,099
Total	8	<u>934,426,639</u>	<u>133,684,306</u>	<u>1,068,110,945</u>
Total assets after provision	9	<u>2,404,869,124</u>		
On-balance sheet exposures as percentage of total assets	10	<u>38.86%</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-2020 (unaudited)						
	United States Dollars	Japanese Yen	Euros	Renminbi	Australian Dollars	Others	Total
Spot assets	14,270	1	369	16	212	54	14,922
Spot liabilities	(14,612)	-	(352)	(14)	(92)	-	(15,070)
Forward purchases	3,661	-	-	-	-	-	3,661
Forward sales	(3,341)	-	-	-	(108)	(75)	(3,524)
<b>Net long/(short) position</b>	<b>(22)</b>	<b>1</b>	<b>17</b>	<b>2</b>	<b>12</b>	<b>(21)</b>	<b>(11)</b>

  

Expressed in millions of Hong Kong dollars	At 31-Dec-2019 (unaudited)						
	United States Dollars	Japanese Yen	Euros	Renminbi	Australian Dollars	Australian Dollars	Total
Spot assets	15,126	1	331	35	208	56	15,757
Spot liabilities	(17,703)	-	(2)	(33)	(1)	-	(17,739)
Forward purchase	5,927	-	-	-	-	-	5,927
Forward sales	(3,392)	-	(316)	-	(192)	(79)	(3,979)
<b>Net long/(short) position</b>	<b>(42)</b>	<b>1</b>	<b>13</b>	<b>2</b>	<b>15</b>	<b>(23)</b>	<b>(34)</b>

**(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 2020 and 31 December 2019, 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.

	<b>At 30-Jun-2020</b> <b>(unaudited)</b> <b>US\$</b>	At 31-Dec-2019 (audited) US\$
Rescheduled loans and advances to customers	<u>2,967,750</u>	<u>3,957,000</u>
Gross rescheduled loans and advances as a percentage of total gross loans and advances	<u>0.18%</u>	<u>0.29%</u>

(c) There were no other assets which have been overdue for more than 3 months at 30 June 2020 and 31 December 2019.

(d) There were no repossessed assets held at 30 June 2020 and 31 December 2019.

**(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?GmBrnId=AL&\\_mnuId=IHIHGM2065&GmMlngTc=en](https://www.kdb.co.kr/CHGMHK99N27.act?GmBrnId=AL&_mnuId=IHIHGM2065&GmMlngTc=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?GmBrnId=AL&\\_mnuId=IHIHGM2066&GmMlngTc=en](https://www.kdb.co.kr/CHGMHK99N30.act?GmBrnId=AL&_mnuId=IHIHGM2066&GmMlngTc=en)

**(G) Basis of preparation**

The financial information presented in this report is prepared on a basis consistent with the accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements.

**(H) Compliance with Disclosure Requirements**

In preparing the interim results for the six months ended 30 June 2020, 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.

**(I) Review of Interim Results**

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

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