

KDB Asia Limited  
Interim Results 2023

## 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 2005-2008, 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\$31.4 million in the first half of year 2023, remains stable when compared to the same period of 2022 of US\$31.8 million.

Total assets decreased by 3.92% to US\$2,775.6 million (2022: US\$2,888.7 million), whereas total liabilities including deposits and borrowings also decreased by 5.88%, amounted to US\$2,249.7 million (2022: US\$2,390.4 million). Due to the current profit contribution for the period, the Company's shareholders' equity still recorded a growth of 5.53% to US\$525.9 million (2022: US\$498.4 million).

Financial highlights for the first six months of 2023 are as follows:

- Return on average assets: 1.95%
- Return on average equities: 10.73%
- Average liquidity maintenance ratio: 95.45%
- Leverage ratio: 17.48%
- Common Equity Tier 1 capital ratio: 19.64%
- Tier 1 capital ratio: 19.64%
- Total capital ratio: 20.03%

The Directors of KDB Asia Limited announce that the unaudited interim results of the Company for the first half year of 2023 are as follows:

**(A) Statement of Profit or Loss**

	Notes	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
Interest income	1	70,086,408	28,718,522
Interest expense	2	(56,976,913)	(10,676,263)
<b>Net interest income</b>		<b>13,109,495</b>	<b>18,042,259</b>
Fee and commission income		4,265,517	4,434,868
Fee and commission expense		(430,726)	(505,451)
<b>Net fee and commission income</b>	3	<b>3,834,791</b>	<b>3,929,417</b>
Net gains from financial assets held at fair value through profit or loss	4	9,257,383	16,969,465
Net hedging (losses)/gains	5	(195,633)	701,550
Other operating gains/(losses), net	6	4,756,425	(3,684,106)
<b>Operating income</b>		<b>30,762,461</b>	<b>35,958,585</b>
Operating expenses	7	(4,899,161)	(5,427,990)
Reversal of credit loss allowances, net	8	4,953,184	1,279,275
Net gains on sale of financial assets at fair value through other comprehensive income		538,070	6,667
<b>PROFIT BEFORE TAX</b>		<b>31,354,554</b>	<b>31,816,537</b>
Income tax expense	9	(4,218,011)	(4,907,237)
<b>PROFIT FOR THE PERIOD</b>		<b>27,136,543</b>	<b>26,909,300</b>

## (B) Statement of Comprehensive Income

	Notes	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
<b>PROFIT FOR THE PERIOD</b>		<b>27,136,543</b>	<b>26,909,300</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>			
Other comprehensive income to be reclassified to statement of profit or loss 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>407,536</u>	<u>(9,489,829)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>27,544,079</u></b>	<b><u>17,419,471</u></b>

## (C) Statement of Financial Position

	Supplementary Information	At 30-Jun-2023 (unaudited) US\$	At 31-Dec-2022 (audited) US\$
<b>ASSETS</b>			
Cash and balances with banks and other financial institutions		7,507,747	55,811,115
Placements with banks and other financial institutions		103,358,732	105,996,606
Trade bills		-	2,491,672
Financial assets at fair value through profit or loss	(F)1	163,195,589	142,123,980
Loans and advances	(F)2	1,908,604,840	2,099,825,654
Financial assets at fair value through other comprehensive income	(F)3	432,600,450	430,585,035
Financial assets at amortised cost	(F)4	99,968,800	-
Property and equipment	(F)5	1,203,093	1,292,366
Right-of-use assets	(F)6	3,691,155	4,330,970
Interest receivable and other assets		54,315,045	44,611,931
Deferred tax assets		1,183,684	1,670,121
<b>TOTAL ASSETS</b>		<b>2,775,629,135</b>	<b>2,888,739,450</b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
Deposits and balances of banks and other financial institutions		1,857,079,243	1,751,672,484
Deposits from customers	(F)7	1,074,467	1,061,587
Financial liabilities at fair value through profit or loss		1,604,003	14,771,778
Certificates of deposit issued		355,623,651	591,261,369
Lease liabilities	(F)6	3,679,828	4,323,415
Tax payable		6,558,433	2,567,908
Interest payable and other liabilities		24,072,186	24,691,978
<b>TOTAL LIABILITIES</b>		<b>2,249,691,811</b>	<b>2,390,350,519</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		240,000,000	240,000,000
Reserves	(F)8	285,937,324	258,388,931
<b>TOTAL EQUITY</b>		<b>525,937,324</b>	<b>498,388,931</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,775,629,135</b>	<b>2,888,739,450</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 2023</b>	<b>240,000,000</b>	<b>(11,634,843)</b>	<b>270,023,774</b>	<b>498,388,931</b>
Profit for the period	-	-	27,136,543	27,136,543
Other comprehensive income for the period:				
Net movement in financial assets at fair value through other comprehensive income revaluation reserve, net of tax	-	411,850	-	411,850
Reclassification on transferred gains on disposal of Financial assets at fair value through other comprehensive income	-	(4,314)	4,314	-
Total comprehensive income for the period	-	407,536	27,140,857	27,548,393
<b>At 30 June 2023 (unaudited)</b>	<b>240,000,000</b>	<b>(11,227,307)</b>	<b>297,164,631</b>	<b>525,937,324</b>
At 1 January 2022	240,000,000	913,572	228,285,293	469,198,865
Profit for the period	-	-	26,909,300	26,909,300
Other comprehensive income for the period:				
Net movement in financial assets at fair value through other comprehensive income revaluation reserve, net of tax	-	(9,489,829)	-	(9,489,829)
Total comprehensive income for the period	-	(9,489,829)	26,909,300	17,419,471
At 30 June 2022 (unaudited)	240,000,000	(8,576,257)	255,194,593	486,618,336

**(E) Condensed Statement of Cash Flows**

	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
Net cash flows used in operating activities	(29,305,100)	(34,283,863)
Net cash flows (used in)/from investing activities	(10,586,126)	38,841,764
Net cash flows used in financing activities	(1,050,016)	(1,468,804)
Net (decrease)/increase in cash and cash equivalents	(40,941,242)	3,089,097
Cash and cash equivalents at 1 January	151,807,721	223,687,513
Cash and cash equivalents at 30 June	110,866,479	226,776,610

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-2023 (unaudited) US\$	30-Jun-2022 (unaudited) US\$
Cash and balances with banks and other financial institutions	7,507,747	14,540,056
Placements with banks and other financial institutions	103,358,732	231,644,753
Cash and bank balances and placements	110,866,479	246,184,809
Less: Placements with banks and other financial institutions with original maturity more than three months	-	(19,408,199)
Cash and cash equivalents	110,866,479	226,776,610

Operational cash flows from interest and dividends:

	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
Interest received	71,256,645	29,665,691
Interest paid	55,437,623	8,884,109
Dividend received	456,137	383,044

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

	<b>For the six months ended 30-Jun-2023 (unaudited) US\$</b>	<b>For the six months ended 30-Jun-2022 (unaudited) US\$</b>
Listed investments	<b>5,973,467</b>	4,848,382
Unlisted investments	<b>194,178</b>	520,204
Trade bills and loans and advances	<b>61,091,539</b>	22,549,812
Others	<b>2,827,224</b>	800,124
	<b>70,086,408</b>	28,718,522

Interest income is calculated using the effective interest rate method. There is no interest income accrued on impaired financial assets for the period ended 30 June 2023. (2022: US\$25,457)

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

	<b>For the six months ended 30-Jun-2023 (unaudited) US\$</b>	<b>For the six months ended 30-Jun-2022 (unaudited) US\$</b>
Deposits from customers, banks and other financial institutions and certificates of deposit issued	<b>56,958,500</b>	10,667,784
Lease liabilities	<b>18,413</b>	8,479
	<b>56,976,913</b>	10,676,263

**(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 and recognised at the point in time when the service is transferred.

**Notes:**

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

	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
Net gains from trading securities/investments in funds	5,698,209	18,989,031
Net interest income/(expense) on derivatives	3,559,174	(2,019,566)
	<b>9,257,383</b>	<b>16,969,465</b>

**(5) Net hedging (losses)/gains:**

	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
Fair value hedges		
- Net gains/(losses) on hedged items attributable to the hedged risk	898,909	(7,951,177)
- Net (losses)/gains on hedging instruments	(1,094,542)	8,652,727
	<b>(195,633)</b>	<b>701,550</b>

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

	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
Net gains/(losses) from dealing in foreign currencies	4,217,064	(4,134,890)
Dividend income from unlisted financial assets at fair value through profit or loss	456,137	383,044
Others	83,224	67,740
	<b>4,756,425</b>	<b>(3,684,106)</b>

**Notes:**

**(7) Operating expenses:**

	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
Staff costs	2,978,931	3,406,320
Premises and equipment expenses		
- Depreciation of property and equipment	89,273	37,454
- Depreciation of right-of-use assets	706,660	1,044,303
- Rent	179,701	200,631
- Rates	31,218	42,388
	1,006,852	1,324,776
Auditor's remuneration	37,950	36,150
Others	875,428	660,744
	913,378	696,894
	4,899,161	5,427,990

Included in the staff costs above are depreciation of right-of-use assets in respect of staff quarters of US\$323,712 (2022: US\$379,225), operating lease charges in respect of staff quarters of US\$6,644 (2022: US\$43,708), retirement scheme contribution of US\$40,797 (2022: US\$37,536) and government subsidies granted from the Financial Industry Recruitment Scheme for Tomorrow under the Anti-epidemic Fund of the Hong Kong Government which aims to retain employment and combat COVID-19 epidemic of US\$19,555 (2022: US\$3,846) for the year ended 31 December 2022.

Included in the above operating expenses are depreciation of right-of-use assets in respect of office premises of US\$689,684 (2022: US\$1,008,030), operating lease charges of US\$13,554 (2022: US\$54,247) for rental of properties and US\$172,791 (2022: US\$190,092) for rental of equipment.

**(8) Reversal of credit loss allowances, net:**

	For the six months ended 30-Jun-2023 (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>Reversal of / (charge for) credit loss allowances, net:</b>				
- Cash and cash equivalents	17,179	-	-	17,179
- Trade bills	2,063	-	-	2,063
- Loans and advances	1,467,102	18,031	3,276,809	4,761,942
- Financial assets at fair value through other comprehensive income	28,223	-	-	28,223
- Financial assets at amortised cost	(31,200)	-	-	(31,200)
- Interest receivable and other assets	5,674	394	-	6,068
- Other commitments	166,568	-	-	166,568
- Trade-related contingencies	2,341	-	-	2,341
	1,657,950	18,425	3,276,809	4,953,184

**Notes:**

**(8) Reversal of credit loss allowances, net (continued):**

	For the six months ended 30-Jun-2022 (unaudited)			
	12-month ECL (Stage 1) US\$	Lifetime ECL not credit impaired (Stage 2) US\$	Lifetime ECL credit impaired (Stage 3) US\$	Total US\$
Reversal of / (charge for) credit loss allowances, net:				
- Cash and cash equivalents	(8,338)	-	-	(8,338)
- Trade bills	9,929	-	-	9,929
- Loans and advances	767,930	363,642	-	1,131,572
- Financial assets at fair value through other comprehensive income	65,533	-	-	65,533
- Financial assets at amortised cost	112,033	-	-	112,033
- Interest receivable and other assets	(29,730)	2,850	-	(26,880)
- Other commitments	(15,773)	-	-	(15,773)
- Trade-related contingencies	11,199	-	-	11,199
	<u>912,783</u>	<u>366,492</u>	<u>-</u>	<u>1,279,275</u>

Under HKFRS 9, ECL is assessed using an approach which classifies financial assets into three stages, each of which is associated with an ECL calculation that is reflective of the assessed credit risk profile in each instance.

**(9) Income tax expense:**

Under the two-tiered profit tax rates regime, Hong Kong profits tax has been provided at the rate of 8.25% (2022: 8.25%) on estimated assessable profits of first HK\$2 million arising in Hong Kong during the year. The remainder of the assessable profits is to be taxed at 16.5% (2022: 16.5%).

	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
Provision for the period	3,990,525	4,442,114
Deferred tax	227,486	465,123
	<u>4,218,011</u>	<u>4,907,237</u>

**Notes:**

**(10) Other comprehensive income:**

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

	For the six months ended 30-Jun-2023 (unaudited)			For the six months ended 30-Jun-2022 (unaudited)		
	Before-tax amount US\$	Tax effect US\$	Net-of-tax amount US\$	Before-tax amount US\$	Tax effect US\$	Net-of-tax amount US\$
Financial assets at fair value through other comprehensive income:						
Net movement in financial assets at fair value through other comprehensive income revaluation reserve	666,487	(258,951)	407,536	(11,444,319)	1,954,490	(9,489,829)
Other comprehensive income	666,487	(258,951)	407,536	(11,444,319)	1,954,490	(9,489,829)

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

	For the six months ended 30-Jun-2023 (unaudited) US\$	For the six months ended 30-Jun-2022 (unaudited) US\$
<b>Financial assets at fair value through other comprehensive income, net of tax</b>		
Changes in fair value recognised during the period	476,556	(9,757,323)
Reclassification adjustments for gains and losses included in profit or loss		
- (Losses)/ Gains on disposal	(97,243)	201,961
- Net movement in credit loss allowance of financial assets at fair value through other comprehensive income	28,223	65,533
Net movement in financial assets at fair value through other comprehensive income revaluation reserve income	407,536	(9,489,829)

**(F) Supplementary Information**

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

	<b>At 30-Jun-2023</b> <b>(unaudited)</b> <b>US\$</b>	<b>At 31-Dec-2022</b> <b>(audited)</b> <b>US\$</b>
Unlisted investments in funds, at fair value	<b>152,922,686</b>	130,565,042
Positive fair values of derivatives	<b>10,272,903</b>	11,558,938
	<b>163,195,589</b>	142,123,980

**(2) Loans and advances**

**(a) Loans and advances less credit loss allowances**

	<b>At 30-Jun-2023</b> <b>(unaudited)</b> <b>US\$</b>	<b>At 31-Dec-2022</b> <b>(audited)</b> <b>US\$</b>
Gross loans and advances to:		
- Banks	<b>120,505,665</b>	66,131,953
- Customers	<b>1,802,908,662</b>	2,053,265,130
	<b>1,923,414,327</b>	2,119,397,083
Less: Credit loss allowances on non-credit impaired loans and advances to		
- Banks	<b>(27,452)</b>	(25,349)
- Customers	<b>(5,022,035)</b>	(6,509,271)
	<b>(5,049,487)</b>	(6,534,620)
Less: Credit loss allowances on credit impaired loans and advances to		
- Customers	<b>(9,760,000)</b>	(13,036,809)
	<b>(9,760,000)</b>	(13,036,809)
Net loans and advances to:		
- Banks	<b>120,478,213</b>	66,106,604
- Customers	<b>1,788,126,627</b>	2,033,719,050
	<b>1,908,604,840</b>	2,099,825,654

(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 provisions 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 2023 (unaudited)</b>					
Industrial, commercial and financial					
- Property development	9,467,473	-	-	21,527	28,473
- Property investment	121,504,649	-	-	162,923	9,724
- Financial concerns	106,105,878	-	-	80,414	(35,364)
- Wholesale and retail trade	-	-	-	-	54,881
- Manufacturing	186,979,373	-	-	351,284	116,003
- Transport and transport equipment	48,340,045	-	-	71,045	(12,140)
- Recreational activities	-	-	-	-	6,492
- Electricity and gas	29,986,456	-	-	67,980	36,490
- Others	43,711,200	-	-	88,586	35,329
Loans and advances for use in Hong Kong	546,095,074	-	-	843,759	239,888
Trade finance	104,350	100.00%	-	987	(879)
Loans and advances for use outside Hong Kong	1,377,214,903	-	9,760,000	4,204,741	4,522,933
	<b>1,923,414,327</b>	<b>0.04%</b>	<b>9,760,000</b>	<b>5,049,487</b>	
Credit loss expenses from statement of profit or loss during the year					<b>4,761,942</b>
<b>At 31 December 2022 (audited)</b>					
Industrial, commercial and financial					
- Property development	15,864,350	-	-	50,000	3,888
- Property investment	121,443,854	-	-	172,647	61,005
- Financial concerns	58,705,085	-	-	45,050	8,336
- Stock brokers	-	-	-	-	(19,335)
- Wholesale and retail trade	53,845,805	-	-	54,881	(249,272)
- Manufacturing	236,522,008	-	-	467,287	(13,299)
- Transport and transport equipment	34,951,155	-	-	58,905	(22,050)
- Recreational activities	6,000,000	-	-	6,492	66
- Electricity and gas	29,972,986	-	-	104,470	(109,746)
- Others	33,219,813	-	-	123,915	(10,701)
Loans and advances for use in Hong Kong	590,525,056	-	-	1,083,647	(351,108)
Trade finance	100,000	-	-	108	(13,068)
Loans and advances for use outside Hong Kong	1,528,772,027	-	13,036,809	5,450,865	4,329,104
	<b>2,119,397,083</b>	<b>-</b>	<b>13,036,809</b>	<b>6,534,620</b>	
Credit loss expenses from statement of profit or loss during the year					<b>3,964,928</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 2023	4,236,742	2,297,878	13,036,809	19,571,429
New loans/financing originated	655,083	-	-	655,083
Loans/financing derecognised or repaid during the period (other than write-offs)	(1,775,868)	(18,031)	(3,276,809)	(5,070,708)
Movements due to changes in credit risk	(346,317)	-	-	(346,317)
At 30 June 2023	2,769,640	2,279,847	9,760,000	14,809,487
Attributable to:				
Loans and advances to banks (note 2(a))	27,452	-	-	27,452
Loans and advances to customers (note 2(a))	2,742,188	2,279,847	9,760,000	14,782,035
	2,769,640	2,279,847	9,760,000	14,809,487
Deducted from:				
Loans and advances to banks (note 2(a))	120,505,665	-	-	120,505,665
Loans and advances to customers (note 2(a))	1,792,523,662	625,000	9,760,000	1,802,908,662
	1,913,029,327	625,000	9,760,000	1,923,414,327
At 1 January 2022	5,463,588	382,913	9,760,000	15,606,501
New loans/financing originated	1,810,853	-	-	1,810,853
Loans/financing derecognised or repaid during the year (other than write-offs)	(2,007,403)	(382,913)	-	(2,390,316)
Transfer between stages - transfer to lifetime ECL not credit impaired (Stage 2)	(1,377,947)	1,377,947	-	-
Transfer between stages - transfer to lifetime ECL credit impaired (Stage 3)	-	(1,111,678)	1,111,678	-
Movements due to changes in credit risk	347,651	2,031,609	2,165,131	4,544,391
At 31 December 2022	4,236,742	2,297,878	13,036,809	19,571,429
Attributable to:				
Loans and advances to banks (note 2(a))	25,349	-	-	25,349
Loans and advances to customers (note 2(a))	4,211,393	2,297,878	13,036,809	19,546,080
	4,236,742	2,297,878	13,036,809	19,571,429
Deducted from:				
Loans and advances to banks (note 2(a))	66,131,953	-	-	66,131,953
Loans and advances to customers (note 2(a))	2,033,064,623	6,480,507	13,720,000	2,053,265,130
	2,099,196,576	6,480,507	13,720,000	2,119,397,083

**(F) Supplementary Information**

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

<b>(d) Impaired loans and advances</b>	<b>At 30-Jun-2023 (unaudited) US\$</b>	<b>At 31-Dec-2022 (audited) US\$</b>
Gross impaired loans and advances	9,760,000	13,720,000
Credit loss allowances		
- Credit impaired	(9,760,000)	(13,036,809)
	<u>-</u>	<u>683,191</u>
Gross impaired loans and advances as a percentage of total gross loans and advances	<u>0.51%</u>	<u>0.65%</u>

Credit impaired loans and advances are unsecured.

**(e) By geographical areas**

	<b>At 30-Jun-2023 (unaudited) US\$</b>	<b>At 31-Dec-2022 (audited) US\$</b>
Gross loans and advances (non-credit impaired)		
- Hong Kong	718,246,795	878,197,477
- China	324,985,484	401,162,260
- Korea	266,246,540	270,827,355
- Others	604,175,508	555,489,991
	<u>1,913,654,327</u>	<u>2,105,677,083</u>
Gross loans and advances (credit impaired)		
- China	9,760,000	13,720,000
	<u>1,923,414,327</u>	<u>2,119,397,083</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

(a) Financial assets at fair value through other comprehensive income

	At 30-Jun-2023 (unaudited) US\$	At 31-Dec-2022 (audited) US\$
Debt securities		
- Listed in Hong Kong	93,157,360	100,592,640
- Listed outside Hong Kong	339,392,011	329,935,193
	<u>432,549,371</u>	<u>430,527,833</u>
Unlisted equity securities	51,079	57,202
	<u>432,600,450</u>	<u>430,585,035</u>
<b>Issued by:</b>		
Sovereigns	64,215,510	104,787,850
Public sector entities	93,334,996	49,108,454
Banks and other financial institutions	155,097,225	149,668,865
Corporate entities	119,952,719	127,019,866
	<u>432,600,450</u>	<u>430,585,035</u>

(b)

Movement in credit loss allowances on financial assets at fair value through other comprehensive income charged to revaluation reserve

	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 2023	210,043	-	-	210,043
New assets originated	30,039	-	-	30,039
Assets derecognised or repaid during the year (other than write-offs)	(43,141)	-	-	(43,141)
Movements due to changes in credit risk	(15,121)	-	-	(15,121)
At 30 June 2023	<u>181,820</u>	<u>-</u>	<u>-</u>	<u>181,820</u>
At 1 January 2022	314,394	-	-	314,394
New assets originated	8,804	-	-	8,804
Assets derecognised or repaid during the year (other than write-offs)	(123,851)	-	-	(123,851)
Movements due to changes in credit risk	10,696	-	-	10,696
At 31 December 2022	<u>210,043</u>	<u>-</u>	<u>-</u>	<u>210,043</u>

(F) Supplementary Information

(4) Financial assets at amortised cost

(a) Financial assets at amortised cost less credit loss allowances

	At 30-Jun-2023 (unaudited) US\$	At 31-Dec-2022 (audited) US\$
Debt securities		
- Unlisted	100,000,000	-
	<hr/>	<hr/>
	100,000,000	-
Less: Credit loss allowances	(31,200)	-
	<hr/>	<hr/>
	99,968,800	-
	<hr/>	<hr/>
<b>Issued by:</b>		
Banks and other financial institutions	99,968,800	-
	<hr/>	<hr/>

(b) Movement in credit loss allowances on financial assets at amortised cost charged to revaluation reserve

	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 2023	-	-	-	-
New assets originated	31,200	-	-	31,200
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023	31,200	-	-	31,200
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2022	112,033	-	-	112,033
Assets derecognised or repaid during the period	(112,033)	-	-	(112,033)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

(F) Supplementary Information

(5) Property and equipment

	Land and buildings US\$	Leasehold improvements US\$	Furniture, fittings and office equipment US\$	Total US\$
2023				
<b>Cost:</b>				
At 1 January 2023	1,022,708	488,770	1,168,256	2,679,734
Additions	-	-	-	-
Disposal	-	-	-	-
<b>At 30 June 2023</b>	<b>1,022,708</b>	<b>488,770</b>	<b>1,168,256</b>	<b>2,679,734</b>
<b>Accumulated depreciation:</b>				
At 1 January 2023	493,520	96,866	796,982	1,387,368
Charge for the period	8,199	32,651	48,423	89,273
Written back on disposal	-	-	-	-
<b>At 30 June 2023</b>	<b>501,719</b>	<b>129,517</b>	<b>845,405</b>	<b>1,476,641</b>
<b>Net book value:</b>				
At 30 June 2023 (unaudited)	520,989	359,253	322,851	1,203,093
2022				
<b>Cost:</b>				
At 1 January 2022	1,022,708	1,125,445	819,395	2,967,548
Additions	-	313,263	348,966	662,229
Disposal	-	(949,938)	(105)	(950,043)
At 31 December 2022	1,022,708	488,770	1,168,256	2,679,734
<b>Accumulated depreciation:</b>				
At 1 January 2022	476,986	1,001,174	738,123	2,216,283
Charge for the year	16,534	29,028	58,907	104,469
Written back on disposal	-	(933,336)	(48)	(933,384)
At 31 December 2022	493,520	96,866	796,982	1,387,368
<b>Net book value:</b>				
At 31 December 2022 (audited)	529,188	391,904	371,274	1,292,366

(F) Supplementary Information

(6) Right-of-use assets and lease liabilities

(a) Right-of-use assets

	Prepaid land lease payments US\$	Motor vehicles US\$	Total US\$
2023			
<b>Cost:</b>			
At 1 January 2023	5,642,482	176,214	5,818,696
Additions	429,823	-	429,823
Disposal	(139,477)	(45,163)	(184,640)
<b>At 30 June 2023</b>	<b>5,932,828</b>	<b>131,051</b>	<b>6,063,879</b>
<b>Accumulated depreciation:</b>			
At 1 January 2023	1,363,438	124,288	1,487,726
Charge for the period	1,013,397	16,975	1,030,372
Written off on disposal	(100,211)	(45,163)	(145,374)
<b>At 30 June 2023</b>	<b>2,276,624</b>	<b>96,100</b>	<b>2,372,724</b>
<b>Net carrying amount:</b>			
At 30 June 2022 (unaudited)	3,656,204	34,951	3,691,155
2022			
<b>Cost:</b>			
At 1 January 2022	8,416,971	261,395	8,678,366
Additions	1,003,554	-	1,003,554
Changes arising from lease modification	(2,385,048)	(85,181)	(2,470,229)
Disposal	(1,392,995)	-	(1,392,995)
<b>At 31 December 2022</b>	<b>5,642,482</b>	<b>176,214</b>	<b>5,818,696</b>
<b>Accumulated depreciation:</b>			
At 1 January 2022	6,622,215	140,239	6,762,454
Charge for the year	2,397,678	73,921	2,471,599
Changes arising from lease modification	(6,516,490)	(89,872)	(6,606,362)
Written off on disposal	(1,139,965)	-	(1,139,965)
<b>At 31 December 2022</b>	<b>1,363,438</b>	<b>124,288</b>	<b>1,487,726</b>
<b>Net carrying amount:</b>			
At 31 December 2022 (audited)	4,279,044	51,926	4,330,970

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 one to five years (2022: two to five years).

(F) **Supplementary Information**

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

(b) **Lease liabilities**

	<b>At 30-Jun-2023</b>	<b>At 31-Dec-2022</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>US\$</b>	<b>US\$</b>
<b>At 1 January</b>	<b>4,323,415</b>	<b>1,949,219</b>
Additions	<b>429,823</b>	<b>1,003,554</b>
Accretion of interest	<b>18,413</b>	<b>23,189</b>
Payments	<b>(1,050,016)</b>	<b>(2,531,747)</b>
Changes arising from lease modification	<b>-</b>	<b>4,135,850</b>
Disposal	<b>(41,807)</b>	<b>(256,650)</b>
	<b>3,679,828</b>	<b>4,323,415</b>

(c) **Amounts recognised in statement of profit or loss**

	<b>For the six</b>	<b>For the six months</b>
	<b>months ended</b>	<b>ended</b>
	<b>30-Jun-2023</b>	<b>30-Jun-2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>US\$</b>	<b>US\$</b>
Depreciation expense of right-of-use assets	<b>1,030,372</b>	<b>1,423,528</b>
Interest expense on lease liabilities	<b>18,413</b>	<b>8,479</b>
Operating lease charges to short-term leases	<b>186,345</b>	<b>244,339</b>
Gains on termination on leases	<b>(2,541)</b>	<b>(5,194)</b>
Total amounts recognised in statement of profit or loss	<b>1,232,589</b>	<b>1,671,152</b>

The Company had total cash outflows of US\$1,050,016 (2022: US\$2,531,747) for the period ended 30 June 2023. The Company also had non-cash additions of right-of-use assets and lease liabilities of US\$429,823 and US\$429,823 (2022: US\$1,003,554 and US\$1,003,554) for the period ended 30 June 2023 respectively.

(7) **Deposits from customers**

All of the deposits from customers are time deposit stated at amortised cost.

(F) Supplementary Information

(8) Reserves

	Financial assets at fair value through other comprehensive income revaluation reserve US\$	Retained profits US\$	Total US\$
<b>At 1 January 2023</b>	<b>(11,634,843)</b>	<b>270,023,774</b>	<b>258,388,931</b>
Reclassification on transferred gains on disposal of Financial assets at fair value through other comprehensive income	(4,314)	4,314	-
Financial assets at fair value through other comprehensive income:			-
- Change in fair value, net of deferred tax	506,116	-	506,116
- Transfer to statement of profit or loss on disposal	(97,243)	-	(97,243)
- Transfer of credit loss expenses to statement of profit or loss	2,977		2,977
Profit for the period		27,136,543	27,136,543
<b>At 30 June 2023 (unaudited)</b>	<b>(11,227,307)</b>	<b>297,164,631</b>	<b>285,937,324</b>
At 1 January 2022	913,572	228,285,293	229,198,865
Financial assets at fair value through other comprehensive income:			
- Change in fair value, net of deferred tax	(12,083,528)	-	(12,083,528)
- Transfer to statement of profit or loss on disposal	(360,536)	-	(360,536)
- Transfer of credit loss expenses to statement of profit or loss	(104,351)	-	(104,351)
Profit for the year	-	41,705,223	41,705,223
Re-measurement gains on defined benefit scheme	-	33,258	33,258
At 31 December 2022 (audited)	(11,634,843)	270,023,774	258,388,931

**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 2023, the Company has earmarked US\$5,033,882 (31 December 2022: US\$4,972,922) 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**

(9) **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.

	At 30-Jun-2023 (unaudited) US\$	At 31-Dec-2022 (audited) US\$
<b>Exchange rate contracts</b>		
Forwards	686,226,450	599,118,316
<b>Interest rate contracts</b>		
Swaps		
- Qualifying for hedge accounting	149,500,000	166,400,000
- Others	77,600,000	137,600,000
	227,100,000	304,000,000
<b>Debt security contracts</b>		
Futures	-	69,400,000
	913,326,450	972,518,316

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

(9) Derivatives (continued)

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

	At 30-Jun-2023 (unaudited)			At 31-Dec-2022 (audited)		
	Fair value		Credit risk weighted amount US\$	Fair value		Credit risk weighted amount US\$
	Assets	Liabilities		Assets	Liabilities	
	US\$	US\$		US\$	US\$	
<b>Exchange rate contracts</b>						
Forwards	5,080,956	1,604,003	4,286,820	1,168,343	14,762,298	1,796,715
<b>Interest rate contracts</b>						
Swaps	5,191,947	-	1,852,925	10,390,595	9,480	3,726,133
<b>Debt security contracts</b>						
Futures	-	-	-	-	164,781	14,456
	<b>10,272,903</b>	<b>1,604,003</b>	<b>6,139,745</b>	<b>11,558,938</b>	<b>14,936,559</b>	<b>5,537,304</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, 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-2023 (unaudited)			At 31-Dec-2022 (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	4,841,337	151,189	-	(4,119,893)	295,950	-

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 2023, the net value of interest rate swaps was US\$151,189 (31 December 2022: US\$295,950) comprising of assets only.

(F) **Supplementary Information**

(10) **Contingent liabilities and commitments**

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

	At 30-Jun-2023 (unaudited) US\$	At 31-Dec-2022 (audited) US\$
Trade-related contingencies	954,828	1,270,991
Other commitments		
- with an original maturity of under one year	3,475,650	64,589,620
- with an original maturity of more than one year	239,393,119	196,278,547
	<b>243,823,597</b>	<b>262,139,158</b>
Credit risk weighted amounts	<b>120,582,655</b>	<b>111,311,396</b>

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 2023 was US\$165,925 (31 December 2022: US\$334,834).

(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-2023 (unaudited) US\$	At 31-Dec-2022 (audited) US\$
Contracted for	74,094,093	94,347,656
Credit risk weighted amounts	<b>115,738,396</b>	<b>108,410,630</b>

(F) **Supplementary Information**

(11) **Capital adequacy ratios**

	<b>At 30-Jun-2023</b> <b>(unaudited)</b>	<b>At 31-Dec-2022</b> <b>(audited)</b>
Common Equity Tier 1 ("CET1") capital ratio	<b>19.64%</b>	18.00%
Tier 1 capital ratio	<b>19.64%</b>	18.00%
Total capital ratio	<b>20.03%</b>	18.44%

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) Rules 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?GmBrnId=AL&.mnuld=IHIHGM2065&GmMlngTc=en>

(F) Supplementary Information

(12) Regulatory capital disclosures

	At 30-Jun-2023 (unaudited) US\$	At 31-Dec-2022 (audited) US\$
CET1 capital instruments	240,000,000	240,000,000
Retained earnings	297,164,631	270,023,775
Disclosed reserves	(11,227,307)	(11,634,844)
CET 1 CAPITAL BEFORE DEDUCTIONS	525,937,324	498,388,931
Deduct:		
Regulatory reserve for general banking risks	(5,033,882)	(4,972,922)
Defined benefit pension fund assets (net of related deferred tax liability)	(36,336)	(25,128)
<b>CET1 CAPITAL</b>	<b>520,867,106</b>	<b>493,390,881</b>
ADDITIONAL TIER 1 CAPITAL AFTER DEDUCTIONS	-	-
<b>TIER 1 CAPITAL</b>	<b>520,867,106</b>	<b>493,390,881</b>
Regulatory reserve for general banking risks	5,033,882	4,972,922
Collective impairment allowance	5,280,221	6,928,374
<b>TIER 2 CAPITAL</b>	<b>10,314,103</b>	<b>11,901,296</b>
<b>TOTAL CAPITAL BASE</b>	<b>531,181,209</b>	<b>505,292,177</b>

(F) **Supplementary Information**

(13) **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-2023 (unaudited)</b>	<b>For the six months ended 30-Jun-2022 (unaudited)</b>
Average liquidity maintenance ratio for the period	<b>95.45%</b>	<b>74.40%</b>

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

(14) Leverage ratio

	At 30-Jun-2023 (unaudited) US\$	At 31-Dec-2022 (audited) US\$
On-balance sheet exposures	2,765,356,233	2,877,180,510
Less: Regulatory adjustments	(36,336)	(25,128)
<b>Total on-balance sheet exposures</b>	<b>2,765,319,897</b>	<b>2,877,155,382</b>
Replacement cost associated with all derivatives contracts	39,842,473	22,963,787
Add-on amounts for potential future exposure associated with all derivatives contracts	17,893,938	15,461,225
<b>Total derivative exposures</b>	<b>57,736,411</b>	<b>38,425,012</b>
Exposures with a 20% credit conversion factor	886,096	13,172,122
Exposures with a 50% credit conversion factor	156,743,606	145,313,102
<b>Total off-balance sheet exposures</b>	<b>157,629,702</b>	<b>158,485,224</b>
Securities financing transaction exposures	-	-
<b>Total exposures before adjustments for specific and collective provisions</b>	<b>2,980,686,010</b>	<b>3,074,065,618</b>
<b>Less: Adjustments for specific and collective provisions</b>	<b>(165,925)</b>	<b>(334,834)</b>
<b>Total exposures after adjustments for specific and collective provisions</b>	<b>2,980,520,085</b>	<b>3,073,730,784</b>
<b>Tier 1 capital</b>	<b>520,867,106</b>	<b>493,390,881</b>
<b>Leverage ratio</b>	<b>17.48%</b>	<b>16.05%</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

(15) Countercyclical Capital Buffer (CCyB) Ratio

CCyB ratio were compiled in accordance with the Banking (Capital) Rules issued by the HKMA. 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 2023 (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%	528,284,977		
China	-	673,905,119		
Australia	1.000%	117,829,037		
Canada	-	7,032,712		
Cayman Islands	-	254,860,218		
Finland	-	32,719,434		
India	-	30,377,849		
Kuwait	-	1,321,550		
Luxembourg	0.500%	71,694,557		
Macau	-	19,237,395		
Netherlands	1.000%	10,078,002		
Philippines	-	24,452,499		
Saudi Arabia	-	19,659,792		
Singapore	-	34,886,497		
South Korea	-	196,185,811		
Taiwan	-	10,001,806		
United Arab Emirates	-	2,716,366		
United Kingdom	1.000%	78,231,074		
United States	-	87,734,717		
Virgin Islands (British)	-	20		
<b>Total</b>		<b>2,201,209,432</b>	<b>0.350%</b>	<b>7,704,233</b>

(F) Supplementary Information

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

At 31 December 2022 (audited)

Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio US\$	CCyB ratio	CCyB amount US\$
Hong Kong SAR	1.000%	556,398,780		
China	-	892,941,916		
Australia	-	128,667,538		
Canada	-	6,870,491		
Cayman Islands	-	207,835,472		
Finland	-	32,093,513		
India	-	29,682,891		
Kuwait	-	5,877,063		
Luxembourg	0.500%	66,472,894		
Macau SAR	-	19,265,533		
Malaysia	-	232,145		
Netherlands	-	10,072,880		
Philippines	-	24,275,807		
Saudi Arabia	-	19,538,992		
Singapore	-	27,916,180		
South Korea	-	218,361,515		
Taiwan	-	10,006,358		
United Arab Emirates	-	8,005,288		
United Kingdom	1.000%	77,908,134		
United States	-	55,753,202		
Total		2,398,176,592	0.278%	6,666,931

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& mnuld=IHIHGM2065&GmMIngTc=en>

(F) Supplementary Information

(16) 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:

			Non-bank private sector		
	Banks	Official	Non-bank	Non-bank	Total
	US\$	Sector	financial	private sector	
		US\$	institutions		US\$
			US\$	US\$	US\$
At 30 June 2023 (unaudited)					
Developed countries	193,333,545	64,420,689	235,673,036	132,884,725	626,311,995
- of which Australia	45,400,479	-	77,739,853	25,594,007	148,734,339
- of which Belgium	1,048,522	-	-	-	1,048,522
- of which Canada	-	-	5,680,205	-	5,680,205
- of which Finland	-	-	-	32,719,434	32,719,434
- of which France	7,924,585	-	-	-	7,924,585
- of which Japan	19,774,787	-	-	-	19,774,787
- of which Luxembourg	24,561	-	49,396,703	-	49,421,264
- of which Netherlands	-	-	-	10,078,002	10,078,002
- of which United Kingdom	118,548,427	-	75,995,666	-	194,544,093
- of which United States	612,184	64,420,689	26,860,609	64,493,282	156,386,764
Offshore centres	19,413,290	-	211,994,529	100,515,203	331,923,022
- of which Cayman Islands	-	-	90,422,439	-	90,422,439
- of which Hong Kong	515,154	-	101,784,557	68,347,427	170,647,138
- of which Panama	10,527,789	-	-	-	10,527,789
- of which Singapore	8,370,347	-	19,787,533	32,167,776	60,325,656
Developing Latin America and Caribbean	-	-	-	15,123,082	15,123,082
- of which Residual Developing Latin America And Caribbean	-	-	-	15,123,082	15,123,082
Developing Africa and Middle East	41,519,254	12,327,261	4,037,916	19,659,792	77,544,223
- of which Kuwait	-	-	1,321,550	-	1,321,550
- of which Qatar	41,519,254	-	-	-	41,519,254
- of which Saudi Arabia	-	-	-	19,659,792	19,659,792
- of which United Arab Emirates	-	12,327,261	2,716,366	-	15,043,627
Developing Asia and Pacific	384,437,165	159,193,381	100,462,268	711,445,300	1,355,538,114
- of which China	134,328,798	-	65,084,311	506,844,625	706,257,734
- of which India	-	-	9,331,002	-	9,331,002
- of which South Korea	152,083,308	159,193,381	16,045,149	180,148,176	507,470,014
- of which Malaysia	18,011,613	-	-	-	18,011,613
- of which Philippines	-	-	-	24,452,499	24,452,499
- of which Taiwan	80,013,446	-	10,001,806	-	90,015,252

(F) Supplementary Information

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

			Non-bank private sector		
	Banks	Official	Non-bank	Non-bank	Total
	US\$	Sector	financial	private sector	
		US\$	institutions		
			US\$	US\$	US\$
At 31 December 2022 (unaudited)					
Developed countries	130,657,698	105,008,312	241,834,443	105,008,359	582,508,812
- of which Australia	17,157,545	-	94,860,477	26,402,947	138,420,969
- of which Belgium	1,021,460	-	-	-	1,021,460
- of which Canada	-	-	5,578,203	-	5,578,203
- of which Finland	-	-	-	32,093,513	32,093,513
- of which France	19,544,564	-	-	-	19,544,564
- of which Japan	29,876,516	-	-	-	29,876,516
- of which Luxembourg	6,271	-	39,422,758	-	39,429,029
- of which Netherlands	-	-	-	10,072,880	10,072,880
- of which United Kingdom	17,965,381	-	75,490,989	-	93,456,370
- of which United States	45,085,961	105,008,312	26,482,016	36,439,019	213,015,308
Offshore centres	40,008,409	-	186,659,881	169,761,528	396,429,818
- of which Cayman Islands	-	-	79,600,028	-	79,600,028
- of which Hong Kong	946,277	-	91,977,603	137,864,391	230,788,271
- of which Panama	10,656,123	-	-	-	10,656,123
- of which Singapore	28,406,009	-	15,082,250	31,897,137	75,385,396
Developing Africa and Middle East	46,094,461	12,102,845	5,877,063	27,544,280	91,618,649
- of which Kuwait	-	-	5,877,063	-	5,877,063
- of which Qatar	41,029,886	-	-	-	41,029,886
- of which Saudi Arabia	-	-	-	19,538,992	19,538,992
- of which United Arab Emirates	5,064,575	12,102,845	-	8,005,288	25,172,708
Developing Asia and Pacific	301,232,254	116,211,327	173,641,389	929,643,186	1,520,728,156
- of which China	76,761,977	-	132,258,222	710,465,228	919,485,427
- of which India	-	-	9,318,801	-	9,318,801
- of which South Korea	174,487,023	116,211,327	22,058,008	194,670,006	507,426,364
- of which Malaysia	9,973,887	-	-	232,145	10,206,032
- of which Philippines	-	-	-	24,275,807	24,275,807
- of which Taiwan	40,009,367	-	10,006,358	-	50,015,725

(F) Supplementary Information

(17) 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-2023 (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	107,937,310	3,080,000	111,017,310
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	109,783,878	-	109,783,878
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	360,139,508	12,000,000	372,139,508
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	11,021,621	-	11,021,621
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	193,869,070	56,419,580	250,288,650
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	105,471,297	43,217,269	148,688,566
<b>Total</b>	8	<b>888,222,684</b>	<b>114,716,849</b>	<b>1,002,939,533</b>
<b>Total assets after provision</b>	9	<b>2,781,116,047</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	10	<b>31.94%</b>		

(F) Supplementary Information

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

31-Dec-2022 (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	154,635,682	12,480,000	167,115,682
Local governments, local government-owned entities and their subsidiaries and joint ventures	2	92,466,200	-	92,466,200
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	3	539,742,916	36,029,620	575,772,536
Other entities of central government not reported in item 1 above	4	-	-	-
Other entities of local governments not reported in item 2 above	5	1,322,303	9,680,000	11,002,303
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	174,870,254	63,567,308	238,437,562
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	107,852,975	44,374,304	152,227,279
Total	8	<u>1,070,890,330</u>	<u>166,131,232</u>	<u>1,237,021,562</u>
Total assets after provision	9	<u>2,901,107,108</u>		
On-balance sheet exposures as percentage of total assets	10	<u>36.91%</u>		

Specific provision of US\$9,760,000 (2022: US\$13,036,809) was made in respect of the above exposures for the period ended 30 June 2023.

(F) Supplementary Information

(18) 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-2023 (unaudited)							Total
	United States Dollars	Pound sterling	Japanese Yen	Euros	Renminbi	Australian Dollars	Others	
Spot assets	15,547	152	93	1,454	25	615	49	17,935
Spot liabilities	(20,951)	-	(91)	(71)	(23)	(1)	-	(21,137)
Forward purchases	7,124	-	-	-	-	-	-	7,124
Forward sales	(1,771)	(151)	-	(1,382)	-	(605)	(67)	(3,976)
<b>Net long/(short) position</b>	<b>(51)</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>9</b>	<b>(18)</b>	<b>(54)</b>

  

Expressed in millions of Hong Kong dollars	At 31-Dec-2022 (unaudited)							Total
	United States Dollars	Pound sterling	Japanese Yen	Euros	Renminbi	Australian Dollars	Others	
Spot assets	16,907	104	101	1,117	26	768	52	19,075
Spot liabilities	(21,248)	-	(99)	(133)	(24)	(1)	-	(21,505)
Forward purchase	6,871	-	-	-	-	53	-	6,924
Forward sales	(2,543)	(103)	-	(965)	-	(824)	(71)	(4,506)
<b>Net long/(short) position</b>	<b>(13)</b>	<b>1</b>	<b>2</b>	<b>19</b>	<b>2</b>	<b>(4)</b>	<b>(19)</b>	<b>(12)</b>

**(F) Supplementary Information**

**(19) Overdue and rescheduled assets**

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

	At 30-Jun-2023 (unaudited) US\$	At 31-Dec-2022 (audited) US\$
Gross loans and advances to customers which have been overdue with respect to principal for period of		
- 6 months or less but over 3 months	-	3,960,000
- over 1 year	9,760,000	9,760,000
	<u>9,760,000</u>	<u>13,720,000</u>

**(b) Rescheduled loans and advances**

Rescheduled loans and advances are those loans and advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Company.

There were no rescheduled loans and advances to banks and customers at 30 June 2023 and 31 December 2022.

(c) There were no other assets which have been overdue for more than 3 months at 30 June 2023 and 31 December 2022.

(d) There were no repossessed assets held at 30 June 2023 and 31 December 2022.

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

**(21) 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&\\_mnuld=IHIHGM2066&GmMIngTc=en](https://www.kdb.co.kr/CHGMHK99N30.act?GmBrId=AL&_mnuld=IHIHGM2066&GmMIngTc=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 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements.

**(H) Compliance with Disclosure Requirements**

In preparing the interim results for the six months ended 30 June 2023, 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.

- End -