



KEB HANA GLOBAL FINANCE LIMITED

換銀韓亞環球財務有限公司

Banking Disclosure Statements

30 September 2019

(Unaudited)

These disclosures are prepared under
the Banking (Disclosure) Rules

UNAUDITED BANKING DISCLOSURE STATEMENTS

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Corporate Information

KEB Hana Global Finance Limited (The “Company”) is a limited liability company incorporated in Hong Kong. The Company's immediate holding company is KEB Hana Bank (the "Parent Bank"), a limited company incorporated in the Republic of Korea, and the ultimate holding company is Hana Financial Group Inc. The registered office and principal place of business of the Company is Suites 1706-10, 17th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong.

The Company is a deposit-taking company registered under the Banking Ordinance in Hong Kong and a registered institution under the Securities and Futures Ordinance. It engages in the business of lending, deposit-taking, dealing in securities and brokerage business. There were no significant changes in the nature of the Company's principal activities during the period.

Basis of preparation

The banking disclosure statements have been prepared in accordance with and fully comply with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority (“HKMA”).

The approaches used in calculating the company's regulatory capital or capital charge are in accordance with the Banking (Capital) Rules (the “Capital Rules”). In accordance with the Capital Rules, the Company has adopted the “Basic Approach” for the calculation of risk-weighted assets for credit risk, and the “Basic Indicator Approach” for the calculation of operational risk. The Company has been exempted under section 22(1) of the Banking (Capital) Rules from the calculation of market risk under section 17.

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Key prudential ratios and overview of risk-weighted amount

Key prudential ratios

The following table sets out the key prudential ratios that it is required to calculate for the purpose of the Banking (Capital) Rules (“BCR”) or the Banking (Liquidity) Rules (“BLR”).

Table KM1: Key prudential ratios		30-Sep-2019	30-Jun-2019	31-Mar-19	31-Dec-18	30-Sep-18
Regulatory capital (US\$) ⁽ⁱ⁾						
1	Common Equity Tier 1 (CET1)	62,945,924	61,804,233	59,738,919	58,750,501	57,287,700
2	Tier 1	62,945,924	61,804,233	59,738,919	58,750,501	57,287,700
3	Total capital	63,950,708	62,842,803	60,922,828	60,012,983	58,422,935
RWA (US\$) ⁽ⁱ⁾						
4	Total RWA	92,386,509	94,883,110	105,947,067	112,220,146	101,336,175
Risk-based regulatory capital ratios (as a percentage of RWA) ⁽ⁱ⁾						
5	CET1 ratio (%)	68.13	65.14	56.39	52.35	56.53
6	Tier 1 ratio (%)	68.13	65.14	56.39	52.35	56.53
7	Total capital ratio (%)	69.22	66.23	57.50	53.48	57.65
Additional CET1 buffer requirements (as a percentage of RWA) ⁽ⁱ⁾						
8	Capital conservation buffer requirement (%)	2.500	2.500	2.500	1.875	1.875
9	Countercyclical capital buffer requirement (%)	0.152	0.168	0.137	0.112	0.118
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	2.652	2.668	2.637	1.987	1.993
12	CET1 available after meeting the AI’s minimum capital requirements (%)	61.22	58.23	49.50	45.48	49.65
Basel III leverage ratio ⁽ⁱⁱ⁾						
13	Total leverage ratio (LR) exposure measure (US\$)	181,351,228	184,128,896	194,872,409	212,011,733	196,529,536
14	LR (%)	34.71	33.57	30.66	27.71	29.15
Liquidity Maintenance Ratio (LMR) ⁽ⁱⁱⁱ⁾						
15	LMR (%)	2,636.73	2,787.44	1,435.91	1,195.48	747.32

- (i) The regulatory capital, RWAs, risk-based regulatory capital ratios and additional CET1 buffer requirements are disclosed in accordance with the information contained in the Capital Adequacy Ratio Return submitted to the HKMA on a solo basis under BCR.
- (ii) The Basel III leverage ratio disclosures are made in accordance with the information contained in the Leverage Ratio Return submitted to HKMA under BCR.
- (iii) The Liquidity maintenance ratios shown are the arithmetic mean of the average LMRs of the 3 calendar months within the quarter. The average LMR of each calendar month is the arithmetic mean of each calendar month’s average liquidity maintenance ratio as reported in the Return of Liquidity Position submitted to HKMA. 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.
- (iv) The Company is not designated as category 1 institution, Net Stable Funding Ratio (“NSFR”) is not applicable to the Company.
- (v) The Company is not designated as category 2A institution, Core Funding Ratio (“CFR”) is not applicable to the Company.

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Overview of risk-weighted amount

The following table provides an overview of capital requirements in terms of a detailed breakdown of risk-weighted assets for various risks. Minimum capital requirement represents the amount of capital to be held for that risk based on its RWAs after any applicable scaling factor multiplied by 8%.

Table OV1: Overview of RWA		RWA (US\$)		Minimum capital requirements (US\$)
		30-Sep-19	30-Jun-19	30-Sep-19
1	Credit risk for non-securitization exposures	80,382,723	83,085,618	6,430,618
2	Of which STC approach			
2a	Of which BSC approach	80,382,723	83,085,618	6,430,618
3	Of which foundation IRB approach			
4	Of which supervisory slotting criteria approach			
5	Of which advanced IRB approach			
6	Counterparty default risk and default fund contributions	-	-	-
7	Of which SA-CCR*	Not applicable	Not applicable	Not applicable
7a	Of which CEM			
8	Of which IMM(CCR) approach			
9	Of which others			
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme (“CIS”) exposures – LTA*	Not applicable	Not applicable	Not applicable
13	CIS exposures – MBA*	Not applicable	Not applicable	Not applicable
14	CIS exposures – FBA*	Not applicable	Not applicable	Not applicable
14a	CIS exposures – combination of approaches*	Not applicable	Not applicable	Not applicable
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA			
19a	Of which SEC-FBA			
20	Market risk	-	-	-
21	Of which STM approach			
22	Of which IMM approach			
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	Not applicable	Not applicable	Not applicable
24	Operational risk	12,664,257	12,456,965	1,013,141
24a	Sovereign concentration risk*	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)			
26	Capital floor adjustment			
26a	Deduction to RWA	660,471	659,473	52,838
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	660,471	659,473	52,838
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital			
27	Total	92,386,509	94,883,110	7,390,921

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Leverage ratio

Leverage ratio

The following table provides a detailed breakdown of the components of the LR denominator.

		US\$	
		30-Sep-19	30-Jun-19
Table LR2: Leverage ratio			
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	182,926,330	185,685,405
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,692,749)	(1,674,156)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	181,233,581	184,011,249
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
5	Add-on amounts for PFE associated with all derivative contracts	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	-	-
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	235,294	235,294
18	Less: Adjustments for conversion to credit equivalent amounts	(117,647)	(117,647)
19	Off-balance sheet items	117,647	117,647
Capital and total exposures			
20	Tier 1 capital	62,945,924	61,804,233
20a	Total exposures before adjustments for specific and collective provisions	181,351,228	184,128,896
20b	Adjustments for specific and collective provisions	-	-
21	Total exposures after adjustments for specific and collective provisions	181,351,228	184,128,896
Leverage ratio			
22	Leverage ratio	34.71%	33.57%