



**招商永隆銀行**  
CMB WING LUNG BANK

**Regulatory Disclosures**

**As at 30 June 2023**

# CMB WING LUNG BANK LIMITED

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# **CMB WING LUNG BANK LIMITED**

## **1 Introduction**

### **Purpose**

The information contained in this document is for CMB Wing Lung Bank Limited (“the Bank”) and its subsidiaries (together “the Group”) and is prepared in accordance with the Banking (Disclosure) Rules and the disclosure templates issued by the Hong Kong Monetary Authority (“HKMA”).

These regulatory disclosures are governed by the Group’s disclosure policy, the disclosure policy sets out the governance, control and assurance requirements for publication of the document, while this document is not required to be subject to external audit, it has been reviewed within the Group in accordance with the Group’s governance processes over financial reporting and policies on disclosures.

### **Basis of Preparation**

The approaches used in calculating the Group’s regulatory capital or capital charge are in accordance with the Banking (Capital) Rules. The Group uses the standardized approach to calculate its credit risk and market risk. For operational risk, the Group uses the basic indicator approach to calculate its operational risk.

The financial information contained in this document has been prepared on a consolidated basis including the Bank and certain of its subsidiaries as specified by the Hong Kong Monetary Authority (“HKMA”) for its regulatory purposes. For financial reporting purposes, all the subsidiaries have been consolidated in the Group’s financial statements, the subsidiaries which are excluded from the regulatory scope of consolidation are specified in note 1 to the supplementary financial information of the Group’s 2022 Annual Report.

# CMB WING LUNG BANK LIMITED

## 2 Key prudential ratios, overview of risk management and RWA

### 2.1 KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		As at 30 June 2023 HK\$'000	As at 31 March 2023 HK\$'000	As at 31 December 2022 HK\$'000	As at 30 September 2022 HK\$'000	As at 30 June 2022 HK\$'000
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	40,467,627	40,711,086	39,166,716	38,162,725	38,953,684
2	Tier 1	48,283,609	48,500,697	46,982,697	45,978,707	46,769,666
3	Total capital	51,642,930	51,755,871	50,131,889	52,203,378	53,023,400
	<b>RWA (amount)</b>					
4	Total RWA	280,429,676	281,816,361	271,582,608	265,151,813	270,439,415
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	14.4%	14.4%	14.4%	14.4%	14.4%
6	Tier 1 ratio (%)	17.2%	17.2%	17.3%	17.3%	17.3%
7	Total capital ratio (%)	18.4%	18.4%	18.5%	19.7%	19.6%
	<b>Additional CET1 buffer requirement (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.573%	0.574%	0.604%	0.594%	0.601%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.073%	3.074%	3.104%	3.094%	3.101%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.9%	9.9%	9.9%	9.9%	9.9%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	428,415,889	430,910,795	402,116,172	402,042,371	397,282,466
14	LR (%)	11.3%	11.3%	11.7%	11.4%	11.8%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	81,387,632	82,955,373	82,689,406	73,213,827	63,020,628
16	Total net cash outflows	59,479,719	55,388,496	52,707,417	42,303,889	42,073,027
17	LCR (%)	137.3%	151.0%	160.3%	174.2%	150.6%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>					
	Applicable to category 1 institution only:					
18	Total available stable funding	269,276,876	259,737,706	246,634,659	241,796,144	239,027,558
19	Total required stable funding	208,010,365	201,843,861	192,891,087	185,631,135	192,558,430
20	NSFR (%)	129.5%	128.7%	127.9%	130.3%	124.1%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

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## 2 Key prudential ratios, overview of risk management and RWA (continued)

### 2.2 OV1: Overview of RWA

The table below provides an overview of the Group's total RWAs, breakdown by the approaches with which the RWAs are computed.

During the second quarter of 2023, total RWA decreased by HK\$1,387 million, mainly due to the decrease in credit risk RWA for non-securitization exposures, which was mainly driven by the decrease in loans and advances to banks.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 June 2023 HK\$'000	As at 31 March 2023 HK\$'000	As at 30 June 2023 HK\$'000
1	Credit risk for non-securitization exposures	259,520,603	260,576,447	20,761,648
2	Of which STC approach	259,520,603	260,576,447	20,761,648
2a	Of which BSC approach	-	-	-
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	1,234,138	1,240,918	98,731
7	Of which SA-CCR approach	385,510	433,876	30,841
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	132,188	130,738	10,575
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	142,550	141,238	11,404
13	CIS exposures – MBA	-	-	-
14	CIS exposures – FBA	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
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	2,398,938	2,960,700	191,915
21	Of which STM approach	2,398,938	2,960,700	191,915
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)*	N/A	N/A	N/A
24	Operational risk	13,901,988	13,341,813	1,112,159
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	5,214,000	5,487,738	417,120

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## 2 Key prudential ratios, overview of risk management and RWA (continued)

### 2.2 OV1: Overview of RWA (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 June 2023 HK\$'000	As at 31 March 2023 HK\$'000	As at 30 June 2023 HK\$'000
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	2,114,729	2,063,231	169,178
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
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	2,114,729	2,063,231	169,178
27	<b>Total</b>	<b>280,429,676</b>	<b>281,816,361</b>	<b>22,434,374</b>

Note : Items marked with an asterisk (\*) will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" should be reported in the rows.

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## 3 Composition of regulatory capital

### 3.1 CC1: Composition of regulatory capital

30 June 2023

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	<b>CET1 capital: instruments and reserves</b>		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,160,951	[k]
2	Retained earnings	45,871,158	[r]
3	Disclosed reserves	(1,362,204)	[l] + [m] + [n] + [q]
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	<b>CET1 capital before regulatory adjustments</b>	45,669,905	
	<b>CET1 capital: regulatory deductions</b>		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	619,244	[g]
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	47,014	[d] + [h]
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	[a] + [c] + [e] + [f]
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable



# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.1 CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
30 June 2023			
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	4,536,020	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	3,844,962	[m] + [s]
26b	Regulatory reserve for general banking risks	691,058	[t]
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	<b>Total regulatory deductions to CET1 capital</b>	5,202,278	
29	<b>CET1 capital</b>	40,467,627	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	7,815,982	[u]
31	of which: classified as equity under applicable accounting standards	7,815,982	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	<b>AT1 capital before regulatory deductions</b>	7,815,982	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	

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## 3 Composition of regulatory capital (continued)

### 3.1 CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
30 June 2023			
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	<b>Total regulatory deductions to AT1 capital</b>	-	
44	<b>AT1 capital</b>	7,815,982	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	48,283,609	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	-	[j]
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	-	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,629,088	[-b] + [t]
51	<b>Tier 2 capital before regulatory deductions</b>	1,629,088	
<b>Tier 2 capital: regulatory deductions</b>			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(1,730,233)	

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.1 CC1: Composition of regulatory capital (continued)

30 June 2023

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(1,730,233)	45% of ([m] + [s])
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	(1,730,233)	
58	<b>Tier 2 capital (T2)</b>	3,359,321	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	51,642,930	
60	<b>Total RWA</b>	280,429,676	
	<b>Capital ratios (as a percentage of RWA)</b>		
61	<b>CET1 capital ratio</b>	14.43%	
62	<b>Tier 1 capital ratio</b>	17.22%	
63	<b>Total capital ratio</b>	18.42%	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	3.073%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.573%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	9.93%	
	<b>National minima (if different from Basel 3 minimum)</b>		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	3,953,691	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	2,085,600	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	1,629,088	

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.1 CC1: Composition of regulatory capital (continued)

30 June 2023

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	3,328,044	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.1 CC1: Composition of regulatory capital (continued)

**Notes to the template:**

Row No.	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
9	<b>Other intangible assets (net of associated deferred tax liability)</b>	-	-
	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	619,244	-
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
18	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
19	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.1 CC1: Composition of regulatory capital (continued)

**Notes to the template:**

Row No.	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
39	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
54	<b>Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)</b>	-	-
	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
<p>Remarks:</p> <p>The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.</p>			

**Abbreviations:**

CET1: Common Equity Tier 1

AT1: Additional Tier 1

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.2 CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	<b>Consolidated statement of financial position as in published financial statements</b> As at 30 June 2023 HK\$'000	<b>Under regulatory scope of consolidation</b> As at 30 June 2023 HK\$'000	<b>Reference</b>
<b>Assets</b>			
Cash, balances and placements with and loans and advances to banks	49,850,790	49,837,835	
Derivative financial instruments	370,855	370,855	
Financial assets at fair value through profit or loss	4,880,487	4,022,673	
Investments in securities	138,383,263	138,383,127	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold	-	-	[a]
Advances and other accounts	214,363,707	214,302,991	
- Loans	-	-	
of which:			
- collective impairment allowances reflected in regulatory capital	-	(938,030)	[b]
- significant capital investments in financial sector entities exceeding 10% threshold	-	-	[c]
- Other assets	-	-	
of which:			
- Defined benefit pension fund net assets	-	56,304	[d]
Interests in subsidiaries	-	681,201	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold	-	-	[e]
Interests in associates	1,848,268	440,500	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold	-	-	[f]
Investment properties	2,642,740	2,785,531	
Interests in leasehold land	144,537	101,018	
Other properties and equipment	1,599,125	2,252,793	
Tax recoverable	4,625	4,625	
Deferred tax assets	619,330	619,244	[g]
of which:			
- Deferred tax liabilities on defined benefit pension fund net assets	-	(9,290)	[h]
<b>Total assets</b>	<b>414,707,727</b>	<b>413,802,393</b>	

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.2 CC2: Reconciliation of regulatory capital to balance sheet (continued)

	(a)	(b)	(c)
	<b>Consolidated statement of financial position as in published financial statements</b> As at 30 June 2023 HK\$'000	<b>Under regulatory scope of consolidation</b> As at 30 June 2023 HK\$'000	<b>Reference</b>
<b>Liabilities</b>			
Deposits and balances from banks	25,702,626	25,683,809	
Financial liabilities at fair value through profit or loss	211,992	-	
Derivative financial instruments	307,855	307,855	
Deposits from customers	326,459,499	326,588,638	
Certificates of deposit issued	175,661	175,661	
Subordinated debts issued	-	-	
of which:			
- subordinated debt eligible for inclusion in regulatory capital	-	-	[j]
Current taxation	730,262	728,977	
Deferred tax liabilities	1,990	1,990	
Other accounts and accruals	6,869,756	6,829,576	
<b>Total liabilities</b>	<b>360,459,641</b>	<b>360,316,506</b>	
<b>Shareholders' equity</b>			
Share capital	1,160,951	1,160,951	[k]
Reserves	45,271,153	44,508,954	
of which:			
- Capital reserve	-	20,000	[l]
- Bank premises revaluation reserve	-	484,587	[m]
- Financial asset revaluation reserve	-	(2,161,187)	[n]
- Other reserve	-	294,396	[q]
- Retained earnings	-	45,871,158	[r]
of which:			
- revaluation of land and buildings	-	3,360,375	[s]
- regulatory reserve for general banking risks	-	691,058	[t]
<b>Total equity attributable to shareholders of the Bank</b>	<b>46,432,104</b>	<b>45,669,905</b>	
Additional equity instruments	7,815,982	7,815,982	[u]
Non-controlling interests	-	-	
<b>Total equity</b>	<b>54,248,086</b>	<b>53,485,887</b>	
<b>Total equity and liabilities</b>	<b>414,707,727</b>	<b>413,802,393</b>	



# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments

#### 3.3.1 Terms and conditions of regulatory capital instruments issued as at 30 June 2023

The regulatory capital instruments included in the Bank's consolidated capital base as at 30 June 2023 are as follows:

1. Common Equity Tier 1 Capital (Ordinary share capital)
2. US\$400 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 24 January 2019)
3. US\$260 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 December 2019)
4. RMB1,000 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 February 2020)
5. US\$200 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 23 March 2022)

The main features of the regulatory capital instruments are set out in the following sections. Full terms and conditions, which are available in English only, are published on the Bank's website at [http://www.cmbwinglungbank.com/wlb\\_corporate/en/about-us/investor-communication/capital-instruments-issued-terms\\_20230630.html](http://www.cmbwinglungbank.com/wlb_corporate/en/about-us/investor-communication/capital-instruments-issued-terms_20230630.html)

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.2 Common Equity Tier 1 Capital (Ordinary share capital)

		(a)
		Quantitative / qualitative information
1	Issuer	CMB Wing Lung Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Law of Hong Kong Special Administrative Region
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules #	Common Equity Tier 1
5	Post-transitional Basel III rules +	Common Equity Tier 1
6	Eligible at solo / group / solo and group	Solo and group
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HK\$1,161 million as at 30 June 2023
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Since incorporation
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Discretionary dividend amount
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.2 Common Equity Tier 1 Capital (Ordinary share capital) (continued)

		(a)
		Quantitative / qualitative information
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Non-cumulative subordinated additional tier 1 capital securities
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

# Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.3 US\$400 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 24 January 2019)

		(a)
		Quantitative / qualitative information
1	Issuer	CMB Wing Lung Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN number: XS1892343762
3	Governing law(s) of the instrument	English Law (subordination governed by Law of Hong Kong Special Administrative Region)
<i>Regulatory treatment</i>		
4	Transitional Basel III rules #	N/A
5	Post-transitional Basel III rules +	Additional Tier 1
6	Eligible at solo / group / solo and group	Solo and group
7	Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Capital Securities
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	US\$398.49 million as at 30 June 2023
9	Par value of instrument	US\$400 million
10	Accounting classification	Equity - par value
11	Original date of issuance	24 January 2019
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 24 January 2024 (First Call Date) Redemption for taxation reasons: Yes Redemption for regulatory reasons: Yes Redemption price: Redeemed at the outstanding principal amount together with distributions accrued to the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event.
16	Subsequent call dates, if applicable	Any Distribution Payment Date after the First Call Date
<i>Coupons / dividends</i>		
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	6.5 per cent per annum for the period from, and including, the Issue Date to, but excluding the First Call Date. The then prevailing 5 year U.S. Treasury Rate plus 394.8 bps for the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date.  Any distributions are subject to there being no Mandatory Distribution Cancellation Event or Optional Distribution Cancellation Event.
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.3 US\$400 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 24 January 2019) (continued)

		(a)
		Quantitative / qualitative information
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	<p>If a Non-Viability Event occurs and is continuing, the Issuer shall, upon the provision of a Non-Viability Event Notice, irrevocably reduce the then prevailing principal amount of, and cancel any accrued but unpaid distribution in respect of, each Capital Security (in each case in whole or in part) by an amount equal to the Non-Viability Event write-off Amount per Capital Security.</p> <p>"Non-Viability Event" means the earlier of:                      (a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; and                      (b) the HKMA notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.</p> <p>The Capital Securities may be written off, cancelled, converted or modified, or the form of the Capital Securities may be changed, in the exercise of any Hong Kong Resolution Authority Power under the Financial Institutions (Resolution) Ordination (Cap. 628) of Hong Kong by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:                      (a) the reduction or cancellation of all or a part of the principal amount of, or Distributions on, the Capital Securities;                      (b) the conversion of all or a part of the principal amount of, or Distributions on, the Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Capital Securities; and</p>

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.3 US\$400 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 24 January 2019) (continued)

		(a)
		Quantitative / qualitative information
31	If write-down, write-down trigger(s)	(c) the amendment or alteration of the maturity of the Capital Securities or amendment or alteration of the amount of Distributions payable on the Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of the terms and conditions of the Capital Securities.
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinate to the claims of: (a) all unsubordinated creditors of the Issuer (including its depositors); (b) creditors in respect of Tier 2 Capital Instruments of the Issuer; and (c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

# Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.4 US\$260 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 December 2019)

		(a)
		Quantitative / qualitative information
1	Issuer	CMB Wing Lung Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Law of Hong Kong Special Administrative Region
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules #	N/A
5	Post-transitional Basel III rules +	Additional Tier 1
6	Eligible at solo / group / solo and group	Solo and group
7	Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Capital Securities
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	US\$260 million as at 30 June 2023
9	Par value of instrument	US\$260 million
10	Accounting classification	Equity - par value
11	Original date of issuance	27 December 2019
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 27 December 2024 (First Call Date) Redemption for taxation reasons: Yes Redemption for regulatory reasons: Yes Redemption price: Redeemed at the outstanding principal amount together with distributions accrued to the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event.
16	Subsequent call dates, if applicable	Any Distribution Payment Date after the First Call Date
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	5.23 per cent per annum for the period from, and including, the Issue Date to, but excluding the First Call Date. The then prevailing 5 year U.S. Treasury Rate plus 350 bps for the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date.  Any distributions are subject to there being no Mandatory Distribution Cancellation Event or Optional Distribution Cancellation Event.
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.4 US\$260 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 December 2019) (continued)

		(a)
		Quantitative / qualitative information
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	<p>If a Non-Viability Event occurs and is continuing, the Issuer shall, by the provision of a Non-Viability Event Notice, irrevocably reduce the then principal amount of, and cancel any accrued but unpaid distribution in respect of, each Capital Security in whole or in part.</p> <p>"Non-Viability Event" means the earlier of:</p> <p>(a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; or</p> <p>(b) the HKMA notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.</p> <p>The Capital Securities may be written off, cancelled, converted or modified, or the form of the Capital Securities may be changed, in the exercise of any Hong Kong Resolution Authority Power under the Financial Institutions (Resolution) Ordination (Cap. 628) of Hong Kong by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:</p> <p>(a) the reduction or cancellation of all or a part of the principal amount of, or Distributions on, the Capital Securities;</p>



# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.4 US\$260 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 December 2019) (continued)

		(a)
		Quantitative / qualitative information
31	If write-down, write-down trigger(s)	(b) the conversion of all or a part of the principal amount of, or Distributions on, the Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Capital Securities; and (c) the amendment or alteration of the maturity of the Capital Securities or amendment or alteration of the amount of Distributions payable on the Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of the terms and conditions of the Capital Securities.
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinate to the claims of: (a) all unsubordinated creditors of the Issuer (including its depositors); (b) creditors in respect of Tier 2 Capital Instruments of the Issuer; and (c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

# Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.5 RMB1,000 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 February 2020)

		(a)
		Quantitative / qualitative information
1	Issuer	CMB Wing Lung Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Law of Hong Kong Special Administrative Region
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules #	N/A
5	Post-transitional Basel III rules +	Additional Tier 1
6	Eligible at solo / group / solo and group	Solo and group
7	Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Capital Securities
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	RMB1,000 million as at 30 June 2023
9	Par value of instrument	RMB1,000 million
10	Accounting classification	Equity - par value
11	Original date of issuance	27 February 2020
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 27 February 2025 (First Call Date) Redemption for taxation reasons: Yes Redemption for regulatory reasons: Yes Redemption price: Redeemed at the outstanding principal amount together with distributions accrued to the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event.
16	Subsequent call dates, if applicable	Any Distribution Payment Date after the First Call Date
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	4.78 per cent per annum for the period from, and including, the Issue Date to, but excluding the Distribution Payment Date falling on or nearest to the First Call Date. The then prevailing rate of 5 year Chinese government notes plus 212 bps for the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date.  Any distributions are subject to there being no Mandatory Distribution Cancellation Event or Optional Distribution Cancellation Event.
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.5 RMB1,000 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 February 2020) (continued)

		(a)
		Quantitative / qualitative information
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	<p>If a Non-Viability Event occurs and is continuing, the Issuer shall, by the provision of a Non-Viability Event Notice, irrevocably reduce the then principal amount of, and cancel any accrued but unpaid distribution in respect of, each Capital Security in whole or in part.</p> <p>"Non-Viability Event" means the earlier of:</p> <p>(a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; or</p> <p>(b) the HKMA notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.</p> <p>The Capital Securities may be written off, cancelled, converted or modified, or the form of the Capital Securities may be changed, in the exercise of any Hong Kong Resolution Authority Power under the Financial Institutions (Resolution) Ordination (Cap. 628) of Hong Kong by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:</p> <p>(a) the reduction or cancellation of all or a part of the principal amount of, or Distributions on, the Capital Securities;</p> <p>(b) the conversion of all or a part of the principal amount of, or Distributions on, the Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Capital Securities; and</p>

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.5 RMB1,000 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 February 2020) (continued)

		(a)
		Quantitative / qualitative information
31	If write-down, write-down trigger(s)	(c) the amendment or alteration of the maturity of the Capital Securities or amendment or alteration of the amount of Distributions payable on the Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of the terms and conditions of the Capital Securities.
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Subordinate to the claims of: (a) all unsubordinated creditors of the Issuer (including its depositors); (b) creditors in respect of Tier 2 Capital Instruments of the Issuer; and (c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

# Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.6 US\$200 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 23 March 2022)

		(a)
		Quantitative / qualitative information
1	Issuer	CMB Wing Lung Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Hong Kong Laws (subordination governed by Laws of Hong Kong Special Administrative Region)
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules #	N/A
5	Post-transitional Basel III rules +	Additional Tier 1
6	Eligible at solo / group / solo and group	Solo and group
7	Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Additional Tier 1 Capital Securities
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	US\$200 million as at 30 June 2023
9	Par value of instrument	US\$200 million
10	Accounting classification	Equity - par value
11	Original date of issuance	23 March 2022
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	<ul style="list-style-type: none"> <li>- 23 March 2027 (First Call Date)</li> <li>- No fixed redemption date</li> <li>- Optional Redemption (on a designated date on 23 March 2027 or on any Distribution Payment Date thereafter), Tax or Regulatory Redemption are all subject to prior written consent of the HKMA and satisfying any conditions that the HKMA may impose at that time. Redemption amount will be the outstanding principal amount together (if appropriate) with distributions accrued to (but excluding) the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event.</li> </ul>
16	Subsequent call dates, if applicable	Any Distribution Payment Date after the First Call Date
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Fixed

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.6 US\$200 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 23 March 2022) (continued)

18	Coupon rate and any related index	At a fixed rate of 3.34% per annum for the period from, and including, the Issue Date to, but excluding the First Call Date. On the First Call Date and each anniversary falling five years thereafter, the Distribution Rate will reset by reference to the then-prevailing five year U.S. Treasury Rate plus 149 bps per annum.  Any distributions are subject to there being no Mandatory Distribution Cancellation Event or Optional Distribution Cancellation Event.
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	If a Non-Viability Event occurs and is continuing, the Issuer shall, by the provision of a Non-Viability Event Notice, irrevocably reduce the then prevailing principal amount of, and cancel any accrued but unpaid distribution in respect of, each Capital Security in whole or in part.  "Non-Viability Event" means the earlier of: (a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; and (b) the HKMA notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.

# CMB WING LUNG BANK LIMITED

## 3 Composition of regulatory capital (continued)

### 3.3 CCA: Main features of regulatory capital instruments (continued)

#### 3.3.6 US\$200 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 23 March 2022) (continued)

		(a)
		Quantitative / qualitative information
31	If write-down, write-down trigger(s)	<p>The Capital Securities may be written off, cancelled, converted or modified, or the form of the Capital Securities may be changed, in the exercise of any Hong Kong Resolution Authority Power under the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof:</p> <p>(a) the reduction or cancellation of all or a part of the principal amount of, or Distributions on, the Capital Securities;</p> <p>(b) the conversion of all or a part of the principal amount of, or Distributions on, the Capital Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Capital Securities; and</p> <p>(c) the amendment or alteration of the maturity of the Capital Securities or amendment or alteration of the amount of Distributions payable on the Capital Securities, or the date on which the Distributions become payable, including by suspending payment for a temporary period, or any other amendment or alteration of the terms and conditions of the Capital Securities.</p>
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	<p>Subordinate to the claims of:</p> <p>(a) all unsubordinated creditors of the Issuer (including its depositors);</p> <p>(b) creditors in respect of Tier 2 Capital Securities of the Issuer; and</p> <p>(c) all other Subordinated Creditors of the Issuer whose claims are stated to rank senior to the Capital Securities or rank senior to the Capital Securities by operation of law or contract.</p>
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

# Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

# CMB WING LUNG BANK LIMITED

## 4 Macprudential supervisory measures

### 4.1 CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer (“CCyB”)

	30 June 2023	(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio HK\$'000	AI-specific CCyB ratio (%)	CCyB amount HK\$'000
1	Hong Kong, China	1.0000%	115,192,339		
2	Australia	1.0000%	62,077		
3	Germany	0.7500%	180,629		
4	Luxembourg	0.5000%	776,013		
5	Netherlands	1.0000%	232,431		
6	Sweden	2.0000%	855,922		
7	United Kingdom	1.0000%	693,962		
8	Sum		117,993,373		
9	Total		206,758,037	0.5727%	1,184,161



# CMB WING LUNG BANK LIMITED

## 5 Leverage ratio

### 5.1 LR1: Summary comparison of accounting assets against leverage ratio (“LR”) exposure measure

30 June 2023		(a)
	Item	Value under the LR framework HK\$'000
1	Total consolidated assets as per published financial statements	414,707,727
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(905,334)
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	592,883
5	Adjustment for SFTs (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	19,299,402
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(76,511)
7	Other adjustments	(5,202,278)
<b>8</b>	<b>Leverage ratio exposure measure</b>	<b>428,415,889</b>

# CMB WING LUNG BANK LIMITED

## 5 Leverage ratio (continued)

### 5.2 LR2: Leverage ratio

		(a)	(b)
		HK\$'000	
		As at 30 June 2023	As at 31 March 2023
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	412,488,594	420,219,842
2	Less: Asset amounts deducted in determining Tier 1 capital	(5,202,278)	(4,744,116)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	407,286,316	415,475,726
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	129,121	156,139
5	Add-on amounts for PFE associated with all derivative contracts	921,673	937,832
6	Gross-up for collateral provided in respect of derivative contracts 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	(87,056)	(93,179)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	<b>Total exposures arising from derivative contracts</b>	963,738	1,000,792
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	942,944	891,266
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	<b>Total exposures arising from SFTs</b>	942,944	891,266
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	102,336,054	67,944,139
18	Less: Adjustments for conversion to credit equivalent amounts	(83,036,652)	(54,343,403)
19	<b>Off-balance sheet items</b>	19,299,402	13,600,736
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	48,283,609	48,500,697
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	428,492,400	430,968,520
20b	<b>Adjustments for specific and collective provisions</b>	(76,511)	(57,725)
21	<b>Total exposures after adjustments for specific and collective provisions</b>	428,415,889	430,910,795
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	11.3%	11.3%

# CMB WING LUNG BANK LIMITED

## 6 Liquidity

### 6.1 LIQ1: Liquidity Coverage Ratio - for category 1 institution

#### For the quarter ended 30 June 2023

Number of data points used in calculating the average value of the LCR and related components set out in this template: (71)		HK\$000 equivalent	
		(a)	(b)
Basis of disclosure: <del>consolidated</del> / unconsolidated / Hong Kong office (delete as appropriate)		Unweighted value (average)	Weighted value (average)
<b>A. HQLA</b>			
1	Total HQLA		81,387,632
<b>B. Cash outflows</b>			
2	Retail deposits and small business funding, of which:	180,233,454	12,653,001
3	<i>Stable retail deposits and stable small business funding</i>	4,386,833	219,342
4	<i>Less stable retail deposits and less stable small business funding</i>	72,826,555	7,282,656
4a	<i>Retail term deposits and small business term funding</i>	103,020,066	5,151,003
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	117,960,204	82,699,483
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	117,960,204	82,699,483
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	-	-
9	Secured funding transactions (including securities swap transactions)		219,965
10	Additional requirements, of which:	22,904,580	4,016,542
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	728,767	728,767
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	22,175,813	3,287,775
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	4,288,251	4,288,251
15	Other contingent funding obligations (whether contractual or non-contractual)	4,305,735	271,387
16	<b>Total Cash Outflows</b>		104,148,629
<b>C. Cash Inflows</b>			
17	Secured lending transactions (including securities swap transactions)	-	-
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	84,984,244	39,852,017
19	Other cash inflows	5,595,800	4,816,893
20	<b>Total Cash Inflows</b>	90,580,044	44,668,910
<b>D. Liquidity Coverage Ratio</b>			<b>Adjusted value</b>
21	<b>Total HQLA</b>		81,387,632
22	<b>Total Net Cash Outflows</b>		59,479,719
23	<b>LCR (%)</b>		137.3%

# CMB WING LUNG BANK LIMITED

## 6 Liquidity (continued)

### 6.1 LIQ1: Liquidity Coverage Ratio - for category 1 institution (continued)

For the quarter ended 31 March 2023

Number of data points used in calculating the average value of the LCR and related components set out in this template: (73)		HK\$000 equivalent	
		(a)	(b)
Basis of disclosure: <del>consolidated</del> / unconsolidated / <del>Hong Kong office</del> (delete as appropriate)		Unweighted value (average)	Weighted value (average)
<b>E. HQLA</b>			
1	Total HQLA		82,955,373
<b>F. Cash outflows</b>			
2	Retail deposits and small business funding, of which:	167,083,899	11,905,512
3	<i>Stable retail deposits and stable small business funding</i>	4,413,113	220,656
4	<i>Less stable retail deposits and less stable small business funding</i>	71,026,344	7,102,634
4a	<i>Retail term deposits and small business term funding</i>	91,644,442	4,582,222
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	112,460,219	75,052,131
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	112,460,219	75,052,131
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	-	-
9	Secured funding transactions (including securities swap transactions)		419,702
10	Additional requirements, of which:	21,594,475	3,641,397
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	792,112	792,112
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	20,802,363	2,849,285
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	4,884,922	4,884,922
15	Other contingent funding obligations (whether contractual or non-contractual)	4,922,753	299,973
16	<b>Total Cash Outflows</b>		96,203,637
<b>G. Cash Inflows</b>			
17	Secured lending transactions (including securities swap transactions)	-	-
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	75,036,650	33,186,246
19	Other cash inflows	8,352,713	7,628,895
20	<b>Total Cash Inflows</b>	83,389,363	40,815,141
<b>H. Liquidity Coverage Ratio</b>			<b>Adjusted value</b>
21	<b>Total HQLA</b>		82,955,373
22	<b>Total Net Cash Outflows</b>		55,388,496
23	<b>LCR (%)</b>		151.0%

# CMB WING LUNG BANK LIMITED

## 6 Liquidity (continued)

### 6.1 LIQ1: Liquidity Coverage Ratio - for category 1 institution (continued)

Notes:

- The weighted amount of high-quality liquid assets ("HQLA") is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.
- The unweighted amounts of cash inflows and cash outflows are to be calculated as the principle amounts in the calculation of the Liquidity Coverage Ratio (LCR) as required under the Banking (Liquidity) Rules.
- The weighted amounts of cash inflows and cash outflows are to be calculated as the amount after applying the inflow and outflow rates as required under the Banking (Liquidity) Rules.
- The adjusted value of total HQLA and the total net cash outflows have taken into account any applicable ceiling as required under the Banking (Liquidity) Rules.

The average LCR is calculated as the arithmetic mean of the LCR as at the end of each working day in the quarter on an unconsolidated basis. The average LCR for the first and second quarters of 2023 remained stable at 151.0% and 137.3% respectively.

The Group maintains HQLA which can be sold or pledged as collateral to provide liquidity even under periods of stress. The Group invests in good credit quality investments with deep and liquid market to ensure short term funding requirements are covered within prudent limits.

Level 1 assets comprise cash, balances with central bank and high quality central government and central bank securities, while Level 2 assets comprise corporate securities of investment grade. The majority of the HQLA is composed of Level 1 assets.

The net cash outflows are mainly from retail and corporate customer deposits which are the Group's primary source of funds, together with deposits and balances from banks. The Group ensures a sound and diversified range of funding sources, through monitoring the structure, the stability and the core level of the deposit portfolio.

Intra-group funding transactions are transacted at arm's length and treated in a manner in line with other third party transactions, with regular monitoring and appropriate control.

# CMB WING LUNG BANK LIMITED

## 6 Liquidity (continued)

### 6.2 LIQ2: Net Stable Funding Ratio - for category 1 institution

30 June 2023		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: <del>consolidated</del> / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
<b>A. Available stable funding ("ASF") item</b>						
1	Capital:	53,845,971	-	-	-	53,845,971
2	Regulatory capital	53,845,971	-	-	-	53,845,971
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	150,725,873	30,968,251	4,984,970	168,727,366
5	Stable deposits	-	4,088,884	264,788	56,753	4,192,742
6	Less stable deposits	-	146,636,989	30,703,463	4,928,217	164,534,624
7	Wholesale funding:	-	156,427,535	8,757,826	2,777,000	46,703,539
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	156,427,535	8,757,826	2,777,000	46,703,539
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	6,908,520	1,649,751	-	-	-
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	6,908,520	1,649,751	-	-	-
14	<b>Total ASF</b>					269,276,876
<b>B. Required stable funding ("RSF") item</b>						
15	Total HQLA for NSFR purposes				93,591,547	8,379,704
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	40,048,231	97,959,715	55,981,113	115,069,301	187,125,033
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	415,177	67,172,544	24,505,473	25,060,606	47,804,401
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	37,725,536	20,200,298	20,016,015	54,434,953	97,861,543
21	With a risk-weight of less than or equal to 35% under the STC approach	-	358,542	346,478	11,592,659	7,887,764
22	Performing residential mortgages, of which:	-	263,463	250,975	9,685,682	6,754,545

# CMB WING LUNG BANK LIMITED

## 6 Liquidity (continued)

### 6.2 LIQ2: Net Stable Funding Ratio - for category 1 institution (continued)

30 June 2023		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: <del>consolidated</del> / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	238,344	227,370	8,452,005	5,726,660
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	1,907,518	10,323,410	11,208,651	25,888,059	34,704,544
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	10,821,851	1,369,199	337,475	-	11,436,436
27	<i>Physical traded commodities, including gold</i>	28,739				24,428
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	32,753				32,753
29	<i>Net derivative assets</i>	53,999				53,999
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	145,002				7,250
31	<i>All other assets not included in the above categories</i>	10,561,358	1,369,199	337,475	-	11,318,006
32	Off-balance sheet items				1,069,192	1,069,192
33	<b>Total RSF</b>					208,010,365
34	<b>Net Stable Funding Ratio (%)</b>					129.5%

# CMB WING LUNG BANK LIMITED

## 6 Liquidity (continued)

### 6.2 LIQ2: Net Stable Funding Ratio - for category 1 institution (continued)

31 March 2023		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: consolidated/ unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
<b>A. Available stable funding ("ASF") item</b>						
1	Capital:	54,051,001	-	-	-	54,051,001
2	Regulatory capital	54,051,001	-	-	-	54,051,001
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	141,953,532	23,938,427	5,197,740	154,721,922
5	Stable deposits	-	4,111,876	316,477	55,153	4,262,089
6	Less stable deposits	-	137,841,656	23,621,950	5,142,587	150,459,833
7	Wholesale funding:	-	178,770,098	9,108,368	2,963,491	50,877,885
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	178,770,098	9,108,368	2,963,491	50,877,885
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	6,265,565	2,098,322	173,796	-	86,898
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	6,265,565	2,098,322	173,796	-	86,898
14	<b>Total ASF</b>					259,737,706
<b>B. Required stable funding ("RSF") item</b>						
15	Total HQLA for NSFR purposes				86,791,230	7,951,456
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	33,340,629	126,801,587	49,265,710	112,820,741	181,584,020
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	415,726	92,473,073	23,279,218	25,503,300	51,429,596
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	30,906,812	25,198,853	17,708,174	51,486,129	90,887,072
21	With a risk-weight of less than or equal to 35% under the STC approach	-	367,989	356,741	11,878,393	8,083,320



# CMB WING LUNG BANK LIMITED

## 6 Liquidity (continued)

### 6.2 LIQ2: Net Stable Funding Ratio - for category 1 institution (continued)

31 March 2023		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: <del>consolidated</del> / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
22	Performing residential mortgages, of which:	-	270,335	258,725	9,853,658	6,864,901
23	With a risk-weight of less than or equal to 35% under the STC approach	-	245,670	235,158	8,650,682	5,863,357
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,018,091	8,859,326	8,019,592	25,977,654	32,402,451
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	10,133,924	3,35,785	140,280	-	11,243,071
27	Physical traded commodities, including gold	71,477				60,755
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	83,898				83,898
29	Net derivative assets	19,009				19,009
30	Total derivative liabilities before adjustments for deduction of variation margin posted	146,395				7,320
31	All other assets not included in the above categories	9,813,145	3,735,785	140,280	-	11,072,089
32	Off-balance sheet items				1,065,314	1,065,314
33	<b>Total RSF</b>					201,843,861
34	<b>Net Stable Funding Ratio (%)</b>					128.7%

#### Note:

The Group's NSFR was 128.7% and 129.5% as of 31 March and 30 June 2023, respectively. The Group has continuously maintained a healthy NSFR ratio during the first half of 2023. No material change was found in the diversity and stability of funds over the period.

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## 7 Credit risk for non-securitization exposures

### 7.1 CR1: Credit quality of exposures

30 June 2023 HK\$'000		(a)	(b)	(c)	(e)		(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values (a+b-c)
		Defaulted Exposures	Non- defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans *	1,766,194	260,508,376	1,898,323	1,286,143	612,180	-	260,376,247
2	Debt securities	-	136,772,680	246,087	-	246,087	-	136,526,593
3	Off-balance sheet exposures	-	22,857,072	76,511	254	76,257	-	22,780,561
4	<b>Total</b>	<b>1,766,194</b>	<b>420,138,128</b>	<b>2,220,921</b>	<b>1,286,397</b>	<b>934,524</b>	<b>-</b>	<b>419,683,401</b>

\*include advances to customers, trade bills, balances and placements with and loans and advances to banks.

### 7.2 CR2: Changes in defaulted loans and debt securities

30 June 2023		(a)
		Amount HK\$'000
1	<b>Defaulted loans and debt securities at end of the previous reporting period (31 December 2022)</b>	<b>2,988,472</b>
2	Loans and debt securities that have defaulted since the last reporting period	1,151,548
3	Returned to non-defaulted status	(6,164)
4	Amounts written off	(2,142,008)
5	Other changes	(225,654)
6	<b>Defaulted loans and debt securities at end of the current reporting period (30 June 2023)</b>	<b>1,766,194</b>

### 7.3 CR3: Overview of recognized credit risk mitigation

30 June 2023		(a)	(b)	(c)	(d)	(e)
HK\$'000		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts
1	Loans	246,402,746	13,973,501	3,274,589	10,698,912	-
2	Debt securities	136,526,593	-	-	-	-
3	<b>Total</b>	<b>382,929,339</b>	<b>13,973,501</b>	<b>3,274,589</b>	<b>10,698,912</b>	<b>-</b>
4	of which defaulted	436,992	651,360	-	651,360	-

# CMB WING LUNG BANK LIMITED

## 7 Credit risk for non-securitization exposures (continued)

### 7.4 CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach

		(a)	(b)	(c)	(d)	(e)	(f)
	30 June 2023 HK\$'000	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	47,204,073	-	47,204,073	-	648,095	1.4%
2	PSE exposures	9,730,885	50,000	10,223,633	155,624	2,075,851	20.0%
2a	Of which: domestic PSEs	9,460,180	50,000	9,952,928	155,624	2,021,710	20.0%
2b	Of which: foreign PSEs	270,705	-	270,705	-	54,141	20.0%
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	115,870,503	2,018,814	125,249,188	2,896,342	52,733,283	41.2%
5	Securities firm exposures	4,173,908	983,642	5,711,347	1,423	2,944,545	51.5%
6	Corporate exposures	152,861,082	26,742,314	139,245,787	5,349,968	136,732,275	94.6%
7	CIS exposures	-	-	-	-	-	-
8	Cash items	356,469	-	3,639,200	129,573	590,022	15.7%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-
10	Regulatory retail exposures	22,771,470	68,388,166	22,746,044	2,233,370	18,734,560	75.0%
11	Residential mortgage loans	13,619,340	261,248	13,127,393	-	5,098,188	38.8%
12	Other exposures which are not past due exposures	38,583,998	3,891,870	38,025,062	585,205	38,610,266	100.0%
13	Past due exposures	1,124,141	-	1,124,141	-	1,353,518	120.4%
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	<b>Total</b>	<b>406,295,869</b>	<b>102,336,054</b>	<b>406,295,868</b>	<b>11,351,505</b>	<b>259,520,603</b>	<b>62.1%</b>

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## 7 Credit risk for non-securitization exposures (continued)

### 7.5 CR5: Credit risk exposures by asset classes and by risk weights – for STC approach

30 June 2023 HK\$'000		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Exposure class		Risk Weight 0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	44,011,691	-	3,160,321	-	32,061	-	-	-	-	-	47,204,073
2	PSE exposures	-	-	10,379,257	-	-	-	-	-	-	-	10,379,257
2a	Of which: domestic PSEs	-	-	10,108,552	-	-	-	-	-	-	-	10,108,552
2b	Of which: foreign PSEs	-	-	270,705	-	-	-	-	-	-	-	270,705
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	42,089,751	-	83,480,891	-	2,574,888	-	-	-	128,145,530
5	Securities firm exposures	-	-	-	-	5,536,450	-	176,320	-	-	-	5,712,770
6	Corporate exposures	-	-	-	-	15,726,960	-	128,868,795	-	-	-	144,595,755
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	1,087,327	-	2,614,281	-	-	-	67,165	-	-	-	3,768,773
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	24,979,414	-	-	-	-	24,979,414
11	Residential mortgage loans	-	-	-	12,087,700	-	688,802	350,891	-	-	-	13,127,393
12	Other exposures which are not past due exposures	-	-	-	-	-	-	38,610,267	-	-	-	38,610,267
13	Past due exposures	-	-	406	-	-	-	664,333	459,402	-	-	1,124,141
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	<b>Total</b>	<b>45,099,018</b>	<b>-</b>	<b>58,244,016</b>	<b>12,087,700</b>	<b>104,776,362</b>	<b>25,668,216</b>	<b>171,312,659</b>	<b>459,402</b>	<b>-</b>	<b>-</b>	<b>417,647,373</b>

# CMB WING LUNG BANK LIMITED

## 8 Counterparty Credit risk

### 8.1 CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches

30 June 2023 HK\$'000		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	99,428	640,505		1.4	1,035,906	385,510
1a	CEM (for derivative contracts)	-	-		-	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					942,944	847,589
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	<b>Total</b>						<b>1,233,099</b>

### 8.2 CCR2: CVA capital charge

30 June 2023 HK\$'000		(a)	(b)
		EAD post CRM	RWA
Netting sets for which CVA capital charge is calculated by the advanced CVA method		-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	979,374	132,188
4	<b>Total</b>	<b>979,374</b>	<b>132,188</b>

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## 8 Counterparty Credit risk (continued)

### 8.3 CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach or BSC approach

30 June 2023 HK\$'000		(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
Exposure class	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	571,305	-	346,090	-	-	-	-	-	917,395
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	598,803	-	-	-	598,803
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	462,652	-	-	-	-	462,652
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	<b>Total</b>	-	-	<b>571,305</b>	-	<b>346,090</b>	<b>462,652</b>	<b>598,803</b>	-	-	-	<b>1,978,850</b>

# CMB WING LUNG BANK LIMITED

## 8 Counterparty Credit risk (continued)

### 8.4 CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)

30 June 2023 HK\$'000	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
Segregated	Unsegregated	Segregated	Unsegregated			
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	98,183	32,753	87,056	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
...	-	-	-	-	-	-
<b>Total</b>	-	<b>98,183</b>	<b>32,753</b>	<b>87,056</b>	-	-

### 8.5 CCR6: Credit-related derivatives contracts

30 June 2023 HK\$'000	(a)	(b)
	Protection bought	Protection sold
<b>Notional amounts</b>		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
<b>Total notional amounts</b>	-	-
<b>Fair values</b>		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

# CMB WING LUNG BANK LIMITED

## 8 Counterparty Credit risk (continued)

### 8.6 CCR8: Exposures to CCPs

30 June 2023		(a)	(b)
HK\$'000		Exposure after CRM	RWA
<b>1</b>	<b>Exposures of the AI as clearing member or clearing client<sup>1</sup> to qualifying CCPs (total)</b>		<b>1,039</b>
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	51,938	1,039
3	(i) OTC derivative transactions	51,938	1,039
4	(ii) Exchange-traded derivative contracts	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets subject to valid cross-product netting agreements	-	-
7	Segregated initial margin	32,753	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
<b>11</b>	<b>Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)</b>		<b>-</b>
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

<sup>1</sup> "Clearing client" here may mean a direct client, or an indirect client within a multi-level client structure, as applicable. These terms have the meaning given by the BCR.



# CMB WING LUNG BANK LIMITED

## 9 Market risk

### 9.1 MR1: Market risk under STM approach

30 June 2023 HK\$'000		(a)
		RWA
	Outright product exposures	
1	Interest rate risk (general and specific risk)	750,600
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	1,619,625
4	Commodity exposures	-
	Option exposures	-
5	Simplified approach	-
6	Delta-plus approach	28,713
7	Other approach	-
8	Securitization exposures	-
9	<b>Total</b>	<b>2,398,938</b>