



**招商永隆銀行**  
CMB WING LUNG BANK

**Regulatory Disclosures**

**As at 30 September 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 2023 Interim Financial Disclosure Statement.

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

### 2.1 KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		As at 30 September 2023 HK\$'000	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
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	41,004,317	40,467,627	40,711,086	39,166,716	38,162,725
2	Tier 1	48,820,299	48,283,609	48,500,697	46,982,697	45,978,707
3	Total capital	52,183,620	51,642,930	51,755,871	50,131,889	52,203,378
	<b>RWA (amount)</b>					
4	Total RWA	284,665,601	280,429,676	281,816,361	271,582,608	265,151,813
	<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%	17.2%	17.3%	17.3%
7	Total capital ratio (%)	18.3%	18.4%	18.4%	18.5%	19.7%
	<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%	0.573%	0.574%	0.604%	0.594%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.073%	3.073%	3.074%	3.104%	3.094%
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	436,732,035	428,415,889	430,910,795	402,116,172	402,042,371
14	LR (%)	11.2%	11.3%	11.3%	11.7%	11.4%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	87,476,934	81,387,632	82,955,373	82,689,406	73,213,827
16	Total net cash outflows	62,273,372	59,479,719	55,388,496	52,707,417	42,303,889
17	LCR (%)	140.9%	137.3%	151.0%	160.3%	174.2%
	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	280,520,717	269,276,876	259,737,706	246,634,659	241,796,144
19	Total required stable funding	206,570,814	208,010,365	201,843,861	192,891,087	185,631,135
20	NSFR (%)	135.8%	129.5%	128.7%	127.9%	130.3%
	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 third quarter of 2023, total RWA increased by HK\$4,236 million, mainly due to the increase in credit risk RWA for non-securitization exposures, which was mainly driven by the increase in exposures to sovereign and other exposures to individual.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 September 2023 HK\$'000	As at 30 June 2023 HK\$'000	As at 30 September 2023 HK\$'000
1	Credit risk for non-securitization exposures	262,729,986	259,520,603	21,018,399
2	Of which STC approach	262,729,986	259,520,603	21,018,399
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	1,371,742	1,234,138	109,739
7	Of which SA-CCR approach	580,361	385,510	46,429
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	190,488	132,188	15,239
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	144,196	142,550	11,536
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	2,664,775	2,398,938	213,182
21	Of which STM approach	2,664,775	2,398,938	213,182
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	14,504,188	13,901,988	1,160,335
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	5,174,955	5,214,000	413,996

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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 September 2023 HK\$'000	As at 30 June 2023 HK\$'000	As at 30 September 2023 HK\$'000
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	2,114,729	2,114,729	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	2,114,729	169,178
27	<b>Total</b>	<b>284,665,601</b>	<b>280,429,676</b>	<b>22,773,248</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 Leverage ratio

### 3.1 LR2: Leverage ratio

		(a)	(b)
		HK\$'000	
		As at 30 September 2023	As at 30 June 2023
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	416,930,825	412,488,594
2	Less: Asset amounts deducted in determining Tier 1 capital	(4,987,181)	(5,202,278)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	411,943,644	407,286,316
<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)	143,597	129,121
5	Add-on amounts for PFE associated with all derivative contracts	1,144,415	921,673
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	(104,514)	(87,056)
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>	1,183,498	963,738
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	883,127	942,944
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>	883,127	942,944
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	150,748,918	102,336,054
18	Less: Adjustments for conversion to credit equivalent amounts	(127,927,245)	(83,036,652)
19	<b>Off-balance sheet items</b>	22,821,673	19,299,402
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	48,820,299	48,283,609
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	436,831,942	428,492,400
20b	<b>Adjustments for specific and collective provisions</b>	(99,907)	(76,511)
21	<b>Total exposures after adjustments for specific and collective provisions</b>	436,732,035	428,415,889
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	11.2%	11.3%

# CMB WING LUNG BANK LIMITED

## 4 Liquidity

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

#### For the quarter ended 30 September 2023

Number of data points used in calculating the average value of the LCR and related components set out in this template: (74)		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		87,476,934
<b>B. Cash outflows</b>			
2	Retail deposits and small business funding, of which:	196,325,328	13,400,304
3	<i>Stable retail deposits and stable small business funding</i>	4,401,928	220,096
4	<i>Less stable retail deposits and less stable small business funding</i>	71,680,770	7,168,077
4a	<i>Retail term deposits and small business term funding</i>	120,242,630	6,012,131
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	113,083,542	80,616,950
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	113,083,542	80,616,950
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)		4,375
10	Additional requirements, of which:	25,332,512	4,292,676
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	752,774	752,774
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>	24,579,738	3,539,902
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	4,821,158	4,821,158
15	Other contingent funding obligations (whether contractual or non-contractual)	4,636,730	274,653
16	<b>Total Cash Outflows</b>		103,410,116
<b>C. Cash Inflows</b>			
17	Secured lending transactions (including securities swap transactions)	101,002	101,002
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	85,132,191	36,009,905
19	Other cash inflows	5,795,131	5,025,837
20	<b>Total Cash Inflows</b>	91,028,324	41,136,744
<b>D. Liquidity Coverage Ratio</b>			<b>Adjusted value</b>
21	<b>Total HQLA</b>		87,476,934
22	<b>Total Net Cash Outflows</b>		62,273,372
23	<b>LCR (%)</b>		140.9%



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## 4 Liquidity (continued)

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

#### 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)		<b>Unweighted value</b> (average)	<b>Weighted value</b> (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%