



招商永隆銀行
CMB WING LUNG BANK

Regulatory Disclosures

As at 30 September 2022

CMB WING LUNG BANK LIMITED

Contents		Page
1	Introduction	2
2	Key prudential ratios and overview of RWA	3
2.1	KM1: Key prudential ratios	
2.2	OV1: Overview of RWA	
3	Leverage ratio	6
3.1	LR2: Leverage ratio	
4	Liquidity	7
4.1	LIQ1: Liquidity Coverage Ratio - for category 1 institution	

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 standardised 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 Interim Financial Disclosure Statements.

CMB WING LUNG BANK LIMITED

2 Key prudential ratios and overview of RWA

2.1 KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		As at 30 September 2022 HK\$'000	As at 30 June 2022 HK\$'000	As at 31 March 2022 HK\$'000	As at 31 December 2021 HK\$'000	As at 30 September 2021 HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	38,162,725	38,953,684	39,023,234	39,152,257	39,144,997
2	Tier 1	45,978,707	46,769,666	48,099,165	46,726,830	46,719,570
3	Total capital	52,203,378	53,023,400	54,267,815	52,962,447	52,938,978
	RWA (amount)					
4	Total RWA	265,151,813	270,439,415	277,794,605	270,579,228	262,898,910
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	14.4%	14.4%	14.0%	14.5%	14.9%
6	Tier 1 ratio (%)	17.3%	17.3%	17.3%	17.3%	17.8%
7	Total capital ratio (%)	19.7%	19.6%	19.5%	19.6%	20.1%
	Additional CET1 buffer requirement (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.594%	0.601%	0.584%	0.593%	0.596%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.094%	3.101%	3.084%	3.093%	3.096%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.9%	9.9%	9.5%	10.0%	10.4%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	402,042,371	397,282,466	394,884,600	394,644,002	375,820,926
14	LR (%)	11.4%	11.8%	12.2%	11.8%	12.4%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	73,213,827	63,020,628	62,544,449	64,363,553	71,064,697
16	Total net cash outflows	42,303,889	42,073,027	40,540,724	40,463,439	41,969,493
17	LCR (%)	174.2%	150.6%	155.5%	159.9%	181.5%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	241,796,144	239,027,558	239,298,627	239,536,764	235,611,699
19	Total required stable funding	185,631,135	192,558,430	190,948,341	180,654,128	175,802,284
20	NSFR (%)	130.3%	124.1%	125.3%	132.6%	134.0%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

CMB WING LUNG BANK LIMITED

2 Key prudential ratios and overview of 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 2022, total RWA decreased by HK\$5,288 millions, 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 September 2022 HK\$'000	As at 30 June 2022 HK\$'000	As at 30 September 2022 HK\$'000
1	Credit risk for non-securitization exposures	247,076,931	251,033,479	19,766,155
2	Of which STC approach	247,076,931	251,033,479	19,766,155
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	1,442,156	1,830,887	115,372
7	Of which SA-CCR approach	568,669	785,918	45,494
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	132,425	206,738	10,594
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	N/A	N/A	N/A
13	CIS exposures – MBA*	N/A	N/A	N/A
14	CIS exposures – FBA*	N/A	N/A	N/A
14a	CIS exposures – combination of approaches*	N/A	N/A	N/A
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	1,637,125	2,110,463	130,970
21	Of which STM approach	1,637,125	2,110,463	130,970
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	11,492,388	11,522,663	919,391
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	5,436,263	5,800,660	434,901

CMB WING LUNG BANK LIMITED

2 Key prudential ratios and overview of RWA (continued)

2.2 OV1: Overview of RWA (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 September 2022 HK\$'000	As at 30 June 2022 HK\$'000	As at 30 September 2022 HK\$'000
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	2,065,475	2,065,475	165,238
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	2,065,475	2,065,475	165,238
27	Total	265,151,813	270,439,415	21,212,145

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.

CMB WING LUNG BANK LIMITED

3 Leverage ratio

3.1 LR2: Leverage ratio

		(a)	(b)
		HK\$'000	
		As at 30 September 2022	As at 30 June 2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	392,048,752	387,944,083
2	Less: Asset amounts deducted in determining Tier 1 capital	(4,741,356)	(4,478,210)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	387,307,396	383,465,873
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	306,555	548,412
5	Add-on amounts for PFE associated with all derivative contracts	697,449	966,981
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	(86,427)	(92,886)
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	Total exposures arising from derivative contracts	917,577	1,422,507
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	939,733	1,104,905
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	939,733	1,104,905
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	56,202,807	47,478,267
18	Less: Adjustments for conversion to credit equivalent amounts	(43,261,541)	(36,125,122)
19	Off-balance sheet items	12,941,266	11,353,145
Capital and total exposures			
20	Tier 1 capital	45,978,707	46,769,666
20a	Total exposures before adjustments for specific and collective provisions	402,105,972	397,346,430
20b	Adjustments for specific and collective provisions	(63,601)	(63,964)
21	Total exposures after adjustments for specific and collective provisions	402,042,371	397,282,466
Leverage ratio			
22	Leverage ratio	11.4%	11.8%

CMB WING LUNG BANK LIMITED

4 Liquidity

4.1 LIQ1: Liquidity Coverage Ratio - for category 1 institution

For the quarter ended 30 September 2022

Number of data points used in calculating the average value of the LCR and related components set out in this template: (77)		HK\$000 equivalent	
		(a)	(b)
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		73,213,827
B. Cash outflows			
2	Retail deposits and small business funding, of which:	155,877,987	11,904,164
3	<i>Stable retail deposits and stable small business funding</i>	4,969,287	248,464
4	<i>Less stable retail deposits and less stable small business funding</i>	82,205,296	8,220,530
4a	<i>Retail term deposits and small business term funding</i>	68,703,404	3,435,170
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	99,530,382	67,295,494
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	99,474,585	67,239,697
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	55,797	55,797
9	Secured funding transactions (including securities swap transactions)		89,717
10	Additional requirements, of which:	25,238,925	4,040,684
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	758,969	758,969
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>	24,479,956	3,281,715
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	3,781,130	3,781,130
15	Other contingent funding obligations (whether contractual or non-contractual)	3,572,481	258,415
16	Total Cash Outflows		87,369,604
C. Cash Inflows			
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	80,732,873	40,462,577
19	Other cash inflows	5,162,746	4,603,138
20	Total Cash Inflows	85,895,619	45,065,715
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		73,213,827
22	Total Net Cash Outflows		42,303,889
23	LCR (%)		174.2%

CMB WING LUNG BANK LIMITED

4 Liquidity (continued)

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

For the quarter ended 30 June 2022

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: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		63,020,628
B. Cash outflows			
2	Retail deposits and small business funding, of which:	145,475,819	11,807,190
3	<i>Stable retail deposits and stable small business funding</i>	4,978,163	248,908
4	<i>Less stable retail deposits and less stable small business funding</i>	90,667,994	9,066,799
4a	<i>Retail term deposits and small business term funding</i>	49,829,662	2,491,483
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	102,819,630	65,573,271
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	102,800,465	65,554,106
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	19,165	19,165
9	Secured funding transactions (including securities swap transactions)		331,511
10	Additional requirements, of which:	22,014,600	3,543,562
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	733,002	733,002
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>	21,281,598	2,810,560
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	4,856,809	4,856,809
15	Other contingent funding obligations (whether contractual or non-contractual)	3,962,197	290,740
16	Total Cash Outflows		86,403,083
C. Cash Inflows			
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	79,339,925	39,880,113
19	Other cash inflows	5,155,743	4,449,943
20	Total Cash Inflows	84,495,668	44,330,056
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		63,020,628
22	Total Net Cash Outflows		42,073,027
23	LCR (%)		150.6%

CMB WING LUNG BANK LIMITED

4 Liquidity (continued)

4.1 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 second and third quarters of 2022 remained stable at 150.6% and 174.2% 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.