



招商永隆銀行
CMB WING LUNG BANK

Regulatory Disclosures

As at 30 June 2019

CMB WING LUNG BANK LIMITED

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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 2019 Interim Financial Disclosure Statements.

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2 Key prudential ratios and overview of RWA

2.1 KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		As at 30 June 2019 HK\$'000	As at 31 March 2019 HK\$'000	As at 31 December 2018 HK\$'000	As at 30 September 2018 HK\$'000	As at 30 June 2018 HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	28,477,241	29,208,826	26,914,562	27,248,304	26,298,426
2	Tier 1	36,189,031	36,920,616	31,487,792	31,821,534	30,871,656
3	Total capital	43,124,544	43,463,547	38,241,718	38,523,256	37,605,712
	RWA (amount)					
4	Total RWA	219,257,159	209,997,774	212,679,559	212,795,604	211,734,816
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.0%	13.9%	12.7%	12.8%	12.4%
6	Tier 1 ratio (%)	16.5%	17.6%	14.8%	15.0%	14.6%
7	Total capital ratio (%)	19.7%	20.7%	18.0%	18.1%	17.8%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	1.875%	1.875%	1.875%
9	Countercyclical capital buffer requirement (%)	1.363%	1.407%	1.068%	1.100%	1.099%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.863%	3.907%	2.943%	2.975%	2.974%
12	CET1 available after meeting the AI's minimum capital requirements (%)	8.5%	9.4%	8.2%	8.3%	7.9%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	328,738,549	298,934,977	319,201,618	307,516,983	309,951,040
14	LR (%)	11.0%	12.4%	9.9%	10.3%	10.0%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	37,579,278	31,182,659	32,464,479	26,994,934	27,410,594
16	Total net cash outflows	24,121,153	18,264,413	19,899,892	16,325,231	17,261,100
17	LCR (%)	162.2%	172.4%	166.3%	164.4%	150.8%
	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	203,727,854	201,734,508	204,428,285	201,657,500	196,304,932
19	Total required stable funding	153,845,999	149,091,710	154,736,854	146,852,429	156,748,768
20	NSFR (%)	132.4%	135.3%	132.1%	137.3%	125.2%
	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 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 second quarter of 2019, total RWA increased by HK\$9,259 million, mainly due to the increase in credit risk RWA for non-securitisation exposures, which was driven by the increase in placements with and loans and advances to banks and advances to customers.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 June 2019 HK\$'000	As at 31 March 2019 HK\$'000	As at 30 June 2019 HK\$'000
1	Credit risk for non-securitization exposures	198,811,166	187,846,402	15,904,893
2	Of which STC approach	198,811,166	187,846,402	15,904,893
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	1,275,766	1,379,953	102,061
7	Of which SA-CCR*	N/A	N/A	N/A
7a	Of which CEM	666,848	688,078	53,348
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	204,675	240,838	16,374
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	2,885,688	4,442,913	230,855
21	Of which STM approach	2,885,688	4,442,913	230,855
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	10,966,913	10,725,363	877,353
24a	Sovereign concentration risk *	N/A	N/A	N/A
25	Amounts below the thresholds for deduction (subject to 250% RW)	7,400,670	7,568,608	592,054
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	2,287,719	2,206,303	183,018

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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 June 2019 HK\$'000	As at 31 March 2019 HK\$'000	As at 30 June 2019 HK\$'000
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	2,287,719	2,206,303	183,018
27	Total	219,257,159	209,997,774	17,540,572

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 2019

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,160,951	[k]
2	Retained earnings	33,338,483	[r]
3	Disclosed reserves	1,124,775	[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	CET1 capital before regulatory adjustments	35,624,209	
	CET1 capital: regulatory deductions		
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)	28,134	[h]
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)	33,795	[d] - [j]
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)	1,187,885	[a] + [c] + [e] + [f] + [g] + [o]
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

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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 2019			
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	5,897,154	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	4,159,490	[m] + [s]
26b	Regulatory reserve for general banking risks	1,737,664	[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	Total regulatory deductions to CET1 capital	7,146,968	
29	CET1 capital	28,477,241	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	7,711,790	[u]
31	of which: classified as equity under applicable accounting standards	7,711,790	
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	AT1 capital before regulatory deductions	7,711,790	
AT1 capital: regulatory deductions			
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 2019			
41	National specific regulatory adjustments applied to AT1 capital	-	[o]
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	7,711,790	
45	Tier 1 capital (T1 = CET1 + AT1)	36,189,031	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	3,121,151	[i]
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	1,942,592	[-b] + [t]
51	Tier 2 capital before regulatory deductions	5,063,743	
Tier 2 capital: regulatory deductions			
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	(1,871,770)	
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	(1,871,770)	45% of (-[m] - [s])

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3. Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

30 June 2019

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	Total regulatory adjustments to Tier 2 capital	(1,871,770)	
58	Tier 2 capital (T2)	6,935,513	
59	Total regulatory capital (TC = T1 + T2)	43,124,544	
60	Total RWA	219,257,159	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	12.99%	
62	Tier 1 capital ratio	16.51%	
63	Total capital ratio	19.67%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.863%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	1.363%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	8.49%	
National minima (if different from Basel 3 minimum)			
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
Amounts below the thresholds for deduction (before risk weighting)			
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	189,639	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	2,960,268	
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
Applicable caps on the inclusion of provisions in Tier 2 capital			
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)	1,942,592	
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	2,596,153	

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3. Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

30 June 2019

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
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>	1,365,069	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

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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	Other intangible assets (net of associated deferred tax liability)	-	-
	<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	Deferred tax assets (net of associated deferred tax liabilities)	28,134	-
	<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	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<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	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	1,187,885	815,031
	<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.		

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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	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<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	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)	-	-
	<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

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3. Composition of regulatory capital (continued)

3.2 CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	Consolidated statement of financial position as in published interim financial disclosure statements As at 30 June 2019 HK\$'000	Under regulatory scope of consolidation As at 30 June 2019 HK\$'000	Reference
Assets			
Cash, balances and placements with and loans and advances to banks	64,346,063	63,752,194	
Derivative financial instruments	453,695	453,695	
Financial assets at fair value through profit or loss	5,365,607	4,999,628	
Investment in securities	70,016,655	69,244,423	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		236,129	[a]
Advances and other accounts	177,177,939	176,380,150	
- Loans			
of which:			
- collective impairment allowances reflected in regulatory capital		(204,928)	[b]
- significant capital investments in financial sector entities exceeding 10% threshold		285,093	[c]
of which:			
- Defined benefit pension fund net assets		40,473	[d]
Interests in subsidiaries		887,852	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		258,723	[e]
Interests in jointly controlled entities	210,623	43,000	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		12,313	[f]
Interests in associates	2,851,644	1,381,600	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		395,627	[g]
Investment properties	3,302,567	3,302,567	
Interests in leasehold land	159,551	114,391	
Other properties and equipment	1,432,256	1,432,275	
Tax recoverable	613	613	
Deferred tax assets	34,150	28,134	[h]
Total assets	325,351,363	322,020,522	

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)
	Consolidated statement of financial position as in published interim financial disclosure statements As at 30 June 2019 HK\$'000	Under regulatory scope of consolidation As at 30 June 2019 HK\$'000	Reference
Liabilities			
Deposits and balances from banks	29,461,683	29,461,683	
Financial liabilities mandatorily measured at fair value through profit or loss	80,610	80,610	
Derivative financial instruments	469,095	469,095	
Deposits from customers	231,212,930	232,251,858	
Certificates of deposit issued	8,512,031	8,512,031	
Subordinated debts issued	3,121,151	3,121,151	
of which:			
- subordinated debt eligible for inclusion in regulatory capital		3,121,151	[i]
- subordinated debt not eligible for inclusion in regulatory capital		-	[i]
Current taxation	404,232	393,757	
Deferred tax liabilities	15,248	15,248	
of which:			
- Deferred tax liabilities on defined benefit pension fund net assets		6,678	[j]
Other accounts and accruals	6,504,052	4,379,090	
Total liabilities	279,781,032	278,684,523	
Shareholders' equity			
Share capital	1,160,951	1,160,951	[k]
Reserves	36,686,575	34,463,258	
of which:			
- Capital reserve		20,000	[l]
- Bank premises revaluation reserve		396,163	[m]
- Investment revaluation reserve		10,929	[n]
- Other reserve		697,683	[q]
- Retained earnings		33,338,483	[r]
of which:			
- revaluation of land and buildings		3,763,327	[s]
- regulatory reserve for general banking risks		1,737,664	[t]
Total equity attributable to shareholders of the Bank	37,847,526	35,624,209	
Additional equity instruments	7,711,790	7,711,790	[u]
Non-controlling interests	11,015	-	
Total equity	45,570,331	43,335,999	
Total equity and liabilities	325,351,363	322,020,522	

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 2019

The regulatory capital instruments included in the Bank's consolidated capital base as at 30 June 2019 are as follows:

1. Common Equity Tier 1 Capital (Ordinary share capital)
2. US\$130 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 30 Sep 2014)
3. US\$130 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 29 Dec 2014)
4. RMB1,000 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 3 Feb 2015)
5. US\$170 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 Apr 2017)
6. US\$400 million subordinated fixed rate notes due 2027
7. US\$400 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 24 Jan 2019)

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_20190630.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 2019
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

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
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
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\$130 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 30 September 2014)

		(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	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\$130 million as at 30 June 2019
9	Par value of instrument	US\$130 million
10	Accounting classification	Equity - par value
11	Original date of issuance	30 September 2014
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: 1 October 2019 (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
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 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 413 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
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\$130 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 30 September 2014) (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, the Issuer shall, upon 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; and</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>
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).	Tier 2 subordinated notes
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\$130 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 29 December 2014)

		(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	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\$130 million as at 30 June 2019
9	Par value of instrument	US\$130 million
10	Accounting classification	Equity - par value
11	Original date of issuance	29 December 2014
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: 30 December 2019 (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
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	5.8 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 413 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
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)

3.3.4 US\$130 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 29 December 2014) (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, the Issuer shall, upon 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: (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>
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).	Tier 2 subordinated notes
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 3 February 2015)

		(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	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)	RMB1,000 million as at 30 June 2019
9	Par value of instrument	RMB1,000 million
10	Accounting classification	Equity - par value
11	Original date of issuance	3 February 2015
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: 4 February 2020 (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
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	5.5 per cent per annum
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

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 3 February 2015) (continued)

		(a)
		Quantitative / qualitative information
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, the Issuer shall, upon 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: (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>
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).	Tier 2 subordinated notes
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\$170 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 April 2017)

		(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: HK0000337607
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\$170 million as at 30 June 2019
9	Par value of instrument	US\$170 million
10	Accounting classification	Equity - par value
11	Original date of issuance	27 April 2017
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: 28 April 2022 (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
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	5.2 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 313 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
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

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\$170 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 April 2017) (continued)

		(a)
		Quantitative / qualitative information
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, the Issuer shall, upon 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: (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>At the sole discretion of the relevant Hong Kong Resolution Authority, the outstanding amount of Additional Tier 1 Capital Securities can be adjusted upon the exercise of Hong Kong Bail-in Power in accordance with the Hong Kong Financial Institutions (Resolution) Ordinance.</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).	Tier 2 subordinated notes
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)

3.3.7 US\$400 million subordinated fixed rate notes due 2027

		(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: XS1716657876
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 +	Tier 2
6	Eligible at solo / group / solo and group	Solo and group
7	Instrument type (types to be specified by each jurisdiction)	Other Tier 2 instruments - Subordinated Notes
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	US\$399.47 million as at 30 June 2019
9	Par value of instrument	US\$400 million
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	22 November 2017
12	Perpetual or dated	Dated
13	Original maturity date	22 November 2027
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 22 November 2022 (First Call Date) Redemption for taxation reasons: Yes Redemption price: Redemption at par together with interest accrued to the date fixed for redemption, final amount subject to adjustment following occurrence of a Non-Viability Event Redemption for regulatory reasons: Redemption at par together with interest accrued to the date fixed for redemption, final amount subject to adjustment following occurrence of a Non-Viability Event
16	Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>		
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	Interest at 3.75% per annum is payable on a semi-annually basis for the first 5 years from the date of issue to the optional redemption date. Thereafter, if the notes are not redeemed, the interest rate will reset and the notes will bear interest at 5 year US Treasury rate on that date plus 175 basis points.

CMB WING LUNG BANK LIMITED

3. Composition of regulatory capital (continued)

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

3.3.7 US\$400 million subordinated fixed rate notes due 2027 (continued)

		(a)
		Quantitative / qualitative information
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	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 and cancel any accrued but unpaid interest in respect of, each Subordinated Note (in each case in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Subordinated Note.</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; and</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>Each holder of such Subordinated Notes shall be subject to having Subordinated Notes held by each being written off, cancelled, converted or modified, or to having its form changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice.</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).	Unsubordinated creditors and depositors

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3. Composition of regulatory capital (continued)

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

3.3.7 US\$400 million subordinated fixed rate notes due 2027 (continued)

		(a)
		Quantitative / qualitative information
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.

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3. Composition of regulatory capital (continued)

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

3.3.8 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\$400 million as at 30 June 2019
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
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

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3. Composition of regulatory capital (continued)

3.1 CCA: Main features of regulatory capital instruments (continued)

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

		(a)
		Quantitative / qualitative information
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>Each securityholder shall be subject to having the capital securities being written off, cancelled, converted or modified, or to having its form of the Capital Securities changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice.</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).	Tier 2 subordinated notes
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.

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4. Macroprudential supervisory measures

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

	30 June 2019	(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 SAR	2.5000%	83,535,442		
2	Sweden	2.0000%	862,123		
3	United Kingdom	1.0000%	489		
4	Sum		84,398,054		
5	Total		154,482,877	1.3630%	2,105,633

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5. Leverage ratio

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

30 June 2019		(a)
	Item	Value under the LR framework HK\$'000
1	Total consolidated assets as per published financial statements	325,351,363
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,330,840)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4	Adjustments for derivative contracts	943,628
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)	12,930,084
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(8,718)
7	Other adjustments	(7,146,968)
8	Leverage ratio exposure measure	328,738,549

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5. Leverage ratio (continued)

5.2 LR2: Leverage ratio

		(a)	(b)
		HK\$'000	
		As at 30 June 2019	As at 31 March 2019
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	320,934,262	290,416,814
2	Less: Asset amounts deducted in determining Tier 1 capital	(7,146,968)	(5,490,514)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	313,787,294	284,926,300
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)	453,695	523,093
5	Add-on amounts for PFE associated with all derivative contracts	965,767	1,027,426
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(22,139)	(53,512)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	1,397,323	1,497,007
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	632,566	1,010,011
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	632,566	1,010,011
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	41,975,279	39,227,527
18	Less: Adjustments for conversion to credit equivalent amounts	(29,045,195)	(27,713,641)
19	Off-balance sheet items	12,930,084	11,513,886
Capital and total exposures			
20	Tier 1 capital	36,189,031	36,920,616
20a	Total exposures before adjustments for specific and collective provisions	328,747,267	298,947,204
20b	Adjustments for specific and collective provisions	(8,718)	(12,227)
21	Total exposures after adjustments for specific and collective provisions	328,738,549	298,934,977
Leverage ratio			
22	Leverage ratio	11.0%	12.4%

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6. Liquidity

6.1 LIQ1: Liquidity Coverage Ratio - for category 1 institution

For the quarter ended 30 June 2019

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		37,579,278
B. Cash outflows			
2	Retail deposits and small business funding, of which:	137,616,312	10,490,697
3	<i>Stable retail deposits and stable small business funding</i>	3,659,530	182,976
4	<i>Less stable retail deposits and less stable small business funding</i>	72,197,642	7,219,764
4a	<i>Retail term deposits and small business term funding</i>	61,759,140	3,087,957
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	69,881,323	48,776,637
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	69,862,259	48,757,573
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	19,064	19,064
9	Secured funding transactions (including securities swap transactions)		160,827
10	Additional requirements, of which:	17,322,202	3,371,904
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	906,266	906,266
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>	16,415,936	2,465,638
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,162,679	2,162,679
15	Other contingent funding obligations (whether contractual or non-contractual)	7,961,550	716,118
16	Total Cash Outflows		65,678,862
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	255,505	255,505
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	42,371,110	28,168,207
19	Other cash inflows	13,862,513	13,170,468
20	Total Cash Inflows	56,489,128	41,594,180
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		37,579,278
22	Total Net Cash Outflows		24,121,153
23	LCR (%)		162.2%

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6. Liquidity (continued)

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

For the quarter ended 31 March 2019

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: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		31,182,659
B. Cash outflows			
2	Retail deposits and small business funding, of which:	139,825,592	10,702,507
3	<i>Stable retail deposits and stable small business funding</i>	3,568,060	178,403
4	<i>Less stable retail deposits and less stable small business funding</i>	74,224,549	7,422,455
4a	<i>Retail term deposits and small business term funding</i>	62,032,983	3,101,649
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	67,983,636	47,020,224
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	65,999,305	45,035,893
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,984,331	1,984,331
9	Secured funding transactions (including securities swap transactions)		191,119
10	Additional requirements, of which:	20,338,279	5,094,976
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	869,474	869,474
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>	19,468,805	4,225,502
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,590,201	1,590,201
15	Other contingent funding obligations (whether contractual or non-contractual)	6,943,428	672,767
16	Total Cash Outflows		65,271,794
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	51,477,800	39,556,213
19	Other cash inflows	9,491,057	9,044,289
20	Total Cash Inflows	60,968,857	48,600,502
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		31,182,659
22	Total Net Cash Outflows		18,264,413
23	LCR (%)		172.4%

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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 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 Group's average LCR of the first and second quarter in 2019 remained stable at 172.4% and 162.2% 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.

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6. Liquidity (continued)

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

30 June 2019		(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	
A. Available stable funding ("ASF") item						
1	Capital:	43,106,718	-	-	3,121,151	46,227,869
2	<i>Regulatory capital</i>	43,106,718	-	-	3,121,151	46,227,869
2a	<i>Minority interests not covered by row 2</i>	-	-	-	-	-
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits and small business funding:	-	126,712,273	10,174,243	951,101	124,357,037
5	<i>Stable deposits</i>	-	4,082,726	78,711	5,614	3,958,979
6	<i>Less stable deposits</i>	-	122,629,547	10,095,532	945,487	120,398,058
7	Wholesale funding:	-	117,039,633	6,072,339	2,146,695	32,060,783
8	<i>Operational deposits</i>	-	-	-	-	-
9	<i>Other wholesale funding</i>	-	117,039,633	6,072,339	2,146,695	32,060,783
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	2,750,557	7,308,216	2,169,015	-	1,082,165
12	<i>Net derivative liabilities</i>	-	-	-	-	-
13	<i>All other funding and liabilities not included in the above categories</i>	2,750,557	7,308,216	2,169,015	-	1,082,165
14	Total ASF					203,727,854
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				49,680,324	3,212,527
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	6,827,490	103,729,581	52,576,433	98,194,892	139,707,915
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	-	-	-	-	-
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	54,975	82,921,906	21,749,809	25,543,714	48,911,879
20	<i>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:</i>	6,601,057	15,896,286	24,302,315	47,752,471	65,355,520
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	203,997	164,349	4,721,399	3,253,082

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6. Liquidity (continued)

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

30 June 2019		(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	
22	Performing residential mortgages, of which:	430	301,519	287,094	8,933,387	6,212,756
23	With a risk-weight of less than or equal to 35% under the STC approach	-	288,625	274,655	8,376,477	5,726,350
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	171,028	4,609,870	6,237,215	15,965,320	19,227,760
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	9,970,602	844,107	2,955		9,988,589
27	Physical traded commodities, including gold	122,842				104,416
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	112,091				112,091
29	Net derivative assets	114,281				114,281
30	Total derivative liabilities before deduction of variation margin posted	274,444				N/A
31	All other assets not included in the above categories	9,346,944	844,107	2,955	-	9,657,801
32	Off-balance sheet items				936,968	936,968
33	Total RSF					153,845,999
34	Net Stable Funding Ratio (%)					132.4%

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6. Liquidity (continued)

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

31 March 2019		(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	
A. Available stable funding ("ASF") item						
1	Capital:	42,250,597	-	-	3,135,712	45,386,309
2	Regulatory capital	42,250,597	-	-	3,135,712	45,386,309
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	130,102,340	9,008,611	1,129,828	126,535,467
5	Stable deposits	-	4,042,111	73,573	6,387	3,916,286
6	Less stable deposits	-	126,060,229	8,935,038	1,123,441	122,619,181
7	Wholesale funding:	-	90,438,152	5,991,880	2,972,974	29,734,767
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	90,438,152	5,991,880	2,972,974	29,734,767
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	3,382,185	2,805,315	157,359	-	77,965
12	Net derivative liabilities	159,132	-	-	-	-
13	All other funding and liabilities not included in the above categories	3,223,053	2,805,315	157,359	-	77,965
14	Total ASF					201,734,508
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				37,587,931	3,072,544
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	4,412,587	95,740,466	37,893,742	104,798,924	134,925,166
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	184,750	75,208,252	23,609,518	27,070,984	50,341,731
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:	4,045,633	16,183,587	11,024,875	54,862,960	62,723,454
21	With a risk-weight of less than or equal to 35% under the STC approach	-	182,187	166,513	4,765,410	3,271,866
22	Performing residential mortgages, of which:	-	291,578	276,481	8,095,197	5,656,988

CMB WING LUNG BANK LIMITED

6. Liquidity (continued)

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

31 March 2019		(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	
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	278,386	264,058	7,539,794	5,172,088
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	182,204	4,057,049	2,982,868	14,769,783	16,202,993
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	10,332,676	977,363	-	-	10,254,685
27	<i>Physical traded commodities, including gold</i>	116,433				98,968
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	140,963				140,963
29	<i>Net derivative assets</i>	-				-
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	368,737				N/A
31	<i>All other assets not included in the above categories</i>	9,706,543	977,363	-	-	10,014,754
32	Off-balance sheet items				839,315	839,315
33	Total RSF					149,091,710
34	Net Stable Funding Ratio (%)					135.3%

Notes:

The Group's NSFR of end-March and end-June in 2019 remained relatively stable at 135.3% and 132.4% respectively. The available stable funding provided by various funding sources was found stable, the diversity and stability of fund was maintained over the period.

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7. Credit risk for non-securitization exposures

7.1 CR1: Credit quality of exposures

30 June 2019 HK\$'000		(a)	(b)	(c)	(d)	(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 *	386,386	236,847,421	549,756	371,187	178,569	-	236,684,051
2	Debt securities	423,429	73,418,216	783,905	772,512	11,393	-	73,057,740
3	Off-balance sheet exposures	-	18,593,411	31,245	17,048	14,197	-	18,562,166
4	Total	809,815	328,859,048	1,364,906	1,160,747	204,159	-	328,303,957

*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 2019		(a)
		Amount HK\$'000
1	Defaulted loans and debt securities at end of the previous reporting period (31 December 2018)	759,859
2	Loans and debt securities that have defaulted since the last reporting period	137,040
3	Returned to non-defaulted status	-
4	Amounts written off	(3,239)
5	Other changes	(83,845)
6	Defaulted loans and debt securities at end of the current reporting period (30 June 2019)	809,815

7.3 CR3: Overview of recognized credit risk mitigation

30 June 2019 HK\$'000		(a)	(b1)	(b)	(d)	(f)
		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	211,322,247	25,361,804	956,270	24,405,534	-
2	Debt securities	73,031,101	26,639	-	26,639	-
3	Total	284,353,348	25,388,443	956,270	24,432,173	-
4	Of which defaulted	56,789	663	-	663	-

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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 2019 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	26,765,148	-	26,765,270	-	74,986	0.3%
2	PSE exposures	-	-	344,985	198,182	108,633	20.0%
2a	Of which: domestic PSEs	-	-	344,985	198,182	108,633	20.0%
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	102,635,427	491,512	126,039,528	1,408,750	51,382,652	40.3%
5	Securities firm exposures	2,080,535	2,048,539	2,153,172	1,360	1,262,076	58.6%
6	Corporate exposures	139,633,684	27,386,374	115,249,572	7,853,575	114,694,278	93.2%
7	CIS exposures	-	-	-	-	-	-
8	Cash items	1,081,321	-	2,040,828	214,761	309,642	13.7%
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	10,412,752	10,544,947	10,370,052	630,202	8,250,191	75.0%
11	Residential mortgage loans	14,942,483	395,731	14,605,866	1,457	5,475,141	37.5%
12	Other exposures which are not past due exposures	16,827,582	1,108,176	16,809,659	340,444	17,150,103	100.0%
13	Past due exposures	73,776	-	73,776	-	103,464	140.2%
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	Total	314,452,708	41,975,279	314,452,708	10,648,731	198,811,166	61.2%

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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 2019 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	26,390,340	-	374,930	-	-	-	-	-	-	-
2	PSE exposures	-	-	543,167	-	-	-	-	-	-	-	543,167
2a	Of which: domestic PSEs	-	-	543,167	-	-	-	-	-	-	-	543,167
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	48,195,016	-	75,019,227	-	4,234,035	-	-	-	127,448,278
5	Securities firm exposures	-	-	-	-	2,154,532	-	-	-	-	-	2,154,532
6	Corporate exposures	-	-	2,801,982	-	12,841,947	-	106,951,840	507,378	-	-	123,103,147
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	1,195,752	-	937,743	-	-	-	122,094	-	-	-	2,255,589
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	-	-	-	-	-	11,000,254	-	-	-	-	11,000,254
11	Residential mortgage loans	-	-	-	13,802,710	-	641,682	162,931	-	-	-	14,607,323
12	Other exposures which are not past due exposures	-	-	-	-	-	-	17,150,103	-	-	-	17,150,103
13	Past due exposures	-	-	-	-	-	-	13,603	60,173	-	-	73,776
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	27,586,092	-	52,852,838	13,802,710	90,015,706	11,641,936	128,634,606	567,551	-	-	325,101,439

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8. Counterparty Credit risk

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

		(a)	(b)	(c)	(d)	(e)	(f)
30 June 2019 HK\$'000		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	-	-		1.4	-	-
1a	CEM	460,861	955,260		-	1,416,121	666,848
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					632,566	606,300
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	Total						1,273,148

8.2 CCR2: CVA capital charge

30 June 2019 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	1,401,358	204,675
4	Total	1,401,358	204,675

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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 2019 HK\$'000		(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
Exposure class		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	-	-	417,199	-	794,489	-	30,876	-	-	-	1,242,564
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	111,419	-	-	-	111,419
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	128,454	553,295	-	-	-	681,749
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	12,090	-	2,673	-	-	-	-	-	-	-	14,763
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	12,090	-	419,872	-	794,489	128,454	695,590	-	-	-	2,050,495

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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)

	(a)	(b)	(c)	(d)	(e)	(f)
	Derivative contracts				SFTs	
30 June 2019 HK\$'000	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	-	1,055,821	-	-	-	-
Cash - other currencies	-	1,881,372	138,157	165,639	-	-
Total	-	2,937,193	138,157	165,639	-	-

8.5 CCR6: Credit-related derivatives contracts

30 June 2019 HK\$'000	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

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8. Counterparty Credit risk (continued)

8.6 CCR8: Exposures to CCPs

30 June 2019 HK\$'000		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or client to qualifying CCPs (total)		2,618
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	18,830	2,618
3	(i) OTC derivative transactions	18,830	2,618
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	112,091	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures of the AI as clearing member or client to non-qualifying CCPs (total)		-
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	-	-

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9. Market risk

9.1 MR1: Market risk under STM approach

30 June 2019 HK\$'000		(a)
		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	992,138
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	1,888,900
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	4,650
7	Other approach	-
8	Securitization exposures	-
9	Total	2,885,688