



**招商永隆銀行**  
CMB WING LUNG BANK

**Regulatory Disclosures**

**As at 30 June 2020**

# CMB WING LUNG BANK LIMITED

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# **CMB WING LUNG BANK LIMITED**

## **1. Introduction**

### **Purpose**

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

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

### **Basis of Preparation**

The approaches used in calculating the Group’s regulatory capital or capital charge are in accordance with the Banking (Capital) Rules. The Group uses the 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 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 2020 Interim Financial Disclosure Statements.

# CMB WING LUNG BANK LIMITED

## 2. Key prudential ratios and overview of RWA

### 2.1 KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		As at 30 Jun 2020 HK\$'000	As at 31 Mar 2020 HK\$'000	As at 31 Dec 2019 HK\$'000	As at 30 Sep 2019 HK\$'000	As at 30 Jun 2019 HK\$'000
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	32,366,819	30,407,969	28,367,761	28,463,592	28,477,241
2	Tier 1	39,941,392	37,982,730	36,076,122	36,175,382	36,189,031
3	Total capital	46,099,515	45,059,421	43,078,454	43,244,379	43,124,544
	<b>RWA (amount)</b>					
4	Total RWA	248,388,783	237,305,927	231,888,583	234,441,429	219,257,159
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	13.0%	12.8%	12.2%	12.1%	13.0%
6	Tier 1 ratio (%)	16.1%	16.0%	15.6%	15.4%	16.5%
7	Total capital ratio (%)	18.6%	19.0%	18.6%	18.4%	19.7%
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.568%	0.572%	1.111%	1.340%	1.363%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.068%	3.072%	3.611%	3.840%	3.863%
12	CET1 available after meeting the AI's minimum capital requirements (%)	8.5%	8.3%	7.7%	7.6%	8.5%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	373,480,053	341,115,049	345,090,489	336,989,078	328,738,549
14	LR (%)	10.7%	11.1%	10.5%	10.7%	11.0%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	49,341,655	46,838,097	41,309,056	37,287,908	37,579,278
16	Total net cash outflows	22,897,653	30,291,566	24,307,001	22,189,630	24,121,153
17	LCR (%)	227.9%	161.1%	173.8%	169.2%	162.2%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>					
	Applicable to category 1 institution only:					
18	Total available stable funding	227,842,974	214,537,836	218,046,232	213,815,493	203,727,854
19	Total required stable funding	175,091,481	166,585,189	162,702,327	167,407,862	153,845,999
20	NSFR (%)	130.1%	128.8%	134.0%	127.7%	132.4%
	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 2020, total RWA increased by HK\$11,083 million, mainly due to the increase in credit risk RWA for non-securitization exposures, which was mainly driven by the increase in balances and placements with banks and loans and advances to customers.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 June 2020 HK\$'000	As at 31 March 2020 HK\$'000	As at 30 June 2020 HK\$'000
1	Credit risk for non-securitization exposures	226,393,705	217,193,826	18,111,497
2	Of which STC approach	226,393,705	217,193,826	18,111,497
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	1,255,120	1,105,850	100,410
7	Of which SA-CCR*	N/A	N/A	N/A
7a	Of which CEM	642,242	536,842	51,379
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	185,438	180,038	14,835
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	2,814,288	1,671,413	225,143
21	Of which STM approach	2,814,288	1,671,413	225,143
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	N/A	N/A	N/A
24	Operational risk	11,591,750	11,501,750	927,340
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	8,336,255	7,899,593	666,900
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	2,187,773	2,246,543	175,022

# CMB WING LUNG BANK LIMITED

## 2. Key prudential ratios and overview of RWA (continued)

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

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 June 2020 HK\$'000	As at 31 March 2020 HK\$'000	As at 30 June 2020 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	2,187,773	2,246,543	175,022
27	<b>Total</b>	<b>248,388,783</b>	<b>237,305,927</b>	<b>19,871,103</b>

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

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## 3. Composition of regulatory capital

### 3.1 CC1: Composition of regulatory capital

30 June 2020

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	<b>CET1 capital: instruments and reserves</b>		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,160,951	[k]
2	Retained earnings	36,221,697	[r]
3	Disclosed reserves	722,798	[l] + [m] + [n] + [q]
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	<b>CET1 capital before regulatory adjustments</b>	38,105,446	
	<b>CET1 capital: regulatory deductions</b>		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	50,352	[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)	-	[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)	978,197	[a] + [c] + [e] + [f] + [g]
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable



# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
30 June 2020			
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	4,710,078	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	3,977,768	[m] + [s]
26b	Regulatory reserve for general banking risks	732,310	[t]
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	<b>Total regulatory deductions to CET1 capital</b>	5,738,627	
29	<b>CET1 capital</b>	32,366,819	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	7,574,573	[u]
31	of which: classified as equity under applicable accounting standards	7,574,573	
32	of which: classified as liabilities under applicable accounting standards	-	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i>	-	
36	<b>AT1 capital before regulatory deductions</b>	7,574,573	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	

# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
30 June 2020			
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	<b>Total regulatory deductions to AT1 capital</b>	-	
44	<b>AT1 capital</b>	7,574,573	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	39,941,392	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	3,096,390	[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	1,271,737	[-b] + [t]
51	<b>Tier 2 capital before regulatory deductions</b>	4,368,127	
<b>Tier 2 capital: regulatory deductions</b>			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(1,789,996)	
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	(1,789,996)	45% of ([m] + [s])

# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

30 June 2020

		(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	<b>Total regulatory adjustments to Tier 2 capital</b>	(1,789,996)	
58	<b>Tier 2 capital (T2)</b>	6,158,123	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	46,099,515	
60	<b>Total RWA</b>	248,388,783	
<b>Capital ratios (as a percentage of RWA)</b>			
61	<b>CET1 capital ratio</b>	13.03%	
62	<b>Tier 1 capital ratio</b>	16.08%	
63	<b>Total capital ratio</b>	18.56%	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	3.068%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.568%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	8.53%	
<b>National minima (if different from Basel 3 minimum)</b>			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	114,215	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	3,334,502	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	1,271,737	
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	2,952,131	

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## 3. Composition of regulatory capital (continued)

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

30 June 2020

		(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	-	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

**Notes to the template:**

Row No.	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
9	<b>Other intangible assets (net of associated deferred tax liability)</b>	-	-
	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	50,352	-
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
18	<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	-	-
	<u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
19	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	978,197	638,048
	<u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

**Notes to the template:**

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

**Abbreviations:**

CET1: Common Equity Tier 1

AT1: Additional Tier 1

# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

	(a)	(b)	(c)
	<b>Consolidated statement of financial position as in published interim financial disclosure statements</b> As at 30 June 2020 HK\$'000	<b>Under regulatory scope of consolidation</b> As at 30 June 2020 HK\$'000	<b>Reference</b>
<b>Assets</b>			
Cash, balances and placements with and loans and advances to banks	92,852,173	92,109,550	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		77,694	[a1]
Derivative financial instruments	544,396	544,396	
Financial assets at fair value through profit or loss	5,018,161	4,706,624	
Investment in securities	68,521,319	67,785,823	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		185,220	[a2]
Advances and other accounts	196,618,974	196,059,852	
- Loans			
of which:			
- collective impairment allowances reflected in regulatory capital		(539,427)	[b]
- significant capital investments in financial sector entities exceeding 10% threshold		77,236	[c]
- Other assets			
of which:			
- defined benefit pension fund net assets		-	[d]
Interests in subsidiaries	-	787,852	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		320,136	[e]
Interests in jointly controlled entities	211,622	43,000	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		4,536	[f]
Interests in associates	3,018,453	1,381,600	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		313,375	[g]
Investment properties	2,980,060	2,980,060	
Interests in leasehold land	155,797	111,161	
Other properties and equipment	1,570,767	1,570,658	
Tax recoverable	-	-	
Deferred tax assets	50,449	50,352	[h]
<b>Total assets</b>	<b>371,542,171</b>	<b>368,130,928</b>	

# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

	(a)	(b)	(c)
	Consolidated statement of financial position as in published interim financial disclosure statements As at 30 June 2020 HK\$'000	Under regulatory scope of consolidation As at 30 June 2020 HK\$'000	Reference
<b>Liabilities</b>			
Deposits and balances from banks	27,985,204	27,985,204	
Trading liabilities	77,441	77,441	
Derivative financial instruments	306,841	306,841	
Deposits from customers	273,456,706	274,539,413	
Certificates of deposit issued	9,765,450	9,765,450	
Subordinated debts issued	3,096,390	3,096,390	
of which:			
- subordinated debt eligible for inclusion in regulatory capital		3,096,390	[i]
Current taxation	650,709	628,768	
Deferred tax liabilities	2,178	1,639	
of which:			
- deferred tax liabilities on defined benefit pension fund net assets		-	[j]
Other accounts and accruals	8,315,079	6,049,763	
<b>Total liabilities</b>	<b>323,655,998</b>	<b>322,450,909</b>	
<b>Shareholders' equity</b>			
Share capital	1,160,951	1,160,951	[k]
Reserves	39,140,587	36,944,495	
of which:			
- capital reserve		20,000	[l]
- bank premises revaluation reserve		396,557	[m]
- financial asset revaluation reserve		(189,702)	[n]
- other reserve		495,943	[q]
- retained earnings		36,221,697	[r]
of which:			
- revaluation of land and buildings		3,581,211	[s]
- regulatory reserve for general banking risks		732,310	[t]
<b>Total equity attributable to shareholders of the Bank</b>	<b>40,301,538</b>	<b>38,105,446</b>	
Additional equity instruments	7,574,573	7,574,573	[u]
Non-controlling interests	10,062	-	
<b>Total equity</b>	<b>47,886,173</b>	<b>45,680,019</b>	
<b>Total equity and liabilities</b>	<b>371,542,171</b>	<b>368,130,928</b>	



# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

#### 3.3.1 Terms and conditions of regulatory capital instruments issued as at 30 June 2020

The regulatory capital instruments included in the Bank's consolidated capital base as at 30 June 2020 are as follows:

- Common Equity Tier 1 Capital (Ordinary share capital)
- US\$170 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 Apr 2017)
- US\$400 million subordinated fixed rate notes due 2027 (issued on 22 Nov 2017)
- US\$400 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 24 Jan 2019)
- US\$260 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 Dec 2019)
- RMB1,000 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 Feb 2020)

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\\_20200630.html](http://www.cmbwinglungbank.com/wlb_corporate/en/about-us/investor-communication/capital-instruments-issued-terms_20200630.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 2020
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\$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 2020
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)

#### 3.3.3 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)

#### 3.3.4 US\$400 million subordinated fixed rate notes due 2027 (issued on 22 November 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: 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\$399.53 million as at 30 June 2020
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.
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

# 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\$400 million subordinated fixed rate notes due 2027 (issued on 22 November 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 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:                      (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 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
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 US\$400 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 24 January 2019)

		(a)
		Quantitative / qualitative information
1	Issuer	CMB Wing Lung Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN number: XS1892343762
3	Governing law(s) of the instrument	English Law (subordination governed by Law of Hong Kong Special Administrative Region)
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules #	N/A
5	Post-transitional Basel III rules +	Additional Tier 1
6	Eligible at solo / group / solo and group	Solo and group
7	Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Capital Securities
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	US\$398.49 million as at 30 June 2020
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



# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

#### 3.3.5 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.

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

		(a)
		Quantitative / qualitative information
1	Issuer	CMB Wing Lung Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Law of Hong Kong Special Administrative Region
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules #	N/A
5	Post-transitional Basel III rules +	Additional Tier 1
6	Eligible at solo / group / solo and group	Solo and group
7	Instrument type (types to be specified by each jurisdiction)	Undated Non-Cumulative Subordinated Capital Securities
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	US\$260 million as at 30 June 2020
9	Par value of instrument	US\$260 million
10	Accounting classification	Equity - par value
11	Original date of issuance	27 December 2019
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 27 December 2024 (First Call Date) Redemption for taxation reasons: Yes Redemption for regulatory reasons: Yes Redemption price: Redeemed at the outstanding principal amount together with distributions accrued to the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event.
16	Subsequent call dates, if applicable	Any Distribution Payment Date after the First Call Date
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	5.23 per cent per annum for the period from, and including, the Issue Date to, but excluding the First Call Date. The then prevailing 5 year U.S. Treasury Rate plus 350 bps for the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date
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\$260 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 December 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, by the provision of a Non-Viability Event Notice, irrevocably reduce the then principal amount of, and cancel any accrued but unpaid distribution in respect of, each Capital Security in whole or in part.</p> <p>"Non-Viability Event" means the earlier of:</p> <p>(a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; or</p> <p>(b) the HKMA notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.</p> <p>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.

# CMB WING LUNG BANK LIMITED

## 3. Composition of regulatory capital (continued)

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

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

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

#### 3.3.7 RMB1,000 million undated non-cumulative subordinated additional tier 1 capital securities (issued on 27 February 2020) (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, by the provision of a Non-Viability Event Notice, irrevocably reduce the then principal amount of, and cancel any accrued but unpaid distribution in respect of, each Capital Security in whole or in part.</p> <p>"Non-Viability Event" means the earlier of:                      (a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; or                      (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.

# CMB WING LUNG BANK LIMITED

## 4. Macroprudential supervisory measures

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

	30 June 2020	(a)	(c)	(d)	(e)
	<b>Geographical breakdown by Jurisdiction (J)</b>	<b>Applicable JCCyB ratio in effect (%)</b>	<b>RWA used in computation of CCyB ratio HK\$'000</b>	<b>AI-specific CCyB ratio (%)</b>	<b>CCyB amount HK\$'000</b>
1	Hong Kong SAR	1.0000%	100,154,631		
2	Sum		100,154,631		
3	Total		176,324,543	0.5680%	1,001,546

# CMB WING LUNG BANK LIMITED

## 5. Leverage ratio

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

30 June 2020		(a)
	Item	Value under the LR framework HK\$'000
1	Total consolidated assets as per published financial statements	371,542,171
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,411,243)
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	812,182
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)	10,316,454
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(40,884)
7	Other adjustments	(5,738,627)
8	<b>Leverage ratio exposure measure</b>	<b>373,480,053</b>

# CMB WING LUNG BANK LIMITED

## 5. Leverage ratio (continued)

### 5.2 LR2: Leverage ratio

		(a)	(b)
		HK\$'000	
		As at 30 June 2020	As at 31 March 2020
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	366,942,020	334,896,500
2	Less: Asset amounts deducted in determining Tier 1 capital	(5,738,627)	(7,103,527)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	361,203,393	327,792,973
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	544,396	507,338
5	Add-on amounts for PFE associated with all derivative contracts	846,926	722,370
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	(34,744)	(3,019)
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	<b>Total exposures arising from derivative contracts</b>	1,356,578	1,226,689
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	644,512	598,401
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	<b>Total exposures arising from SFTs</b>	644,512	598,401
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	43,765,845	42,493,991
18	Less: Adjustments for conversion to credit equivalent amounts	(33,449,391)	(30,951,790)
19	<b>Off-balance sheet items</b>	10,316,454	11,542,201
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	39,941,392	37,982,730
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	373,520,937	341,160,264
20b	<b>Adjustments for specific and collective provisions</b>	(40,884)	(45,215)
21	<b>Total exposures after adjustments for specific and collective provisions</b>	373,480,053	341,115,049
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	10.7%	11.1%



# CMB WING LUNG BANK LIMITED

## 6. Liquidity

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

For the quarter ended 30 June 2020

Number of data points used in calculating the average value of the LCR and related components set out in this template: 71		HK\$'000 equivalent	
		(a)	(b)
Basis of disclosure: <del>consolidated</del> / unconsolidated / <del>Hong Kong office</del> (delete as appropriate)		<b>Unweighted value</b> (average)	<b>Weighted value</b> (average)
<b>A. HQLA</b>			
1	Total HQLA		49,341,655
<b>B. Cash outflows</b>			
2	Retail deposits and small business funding, of which:	145,406,231	11,199,448
3	<i>Stable retail deposits and stable small business funding</i>	4,308,862	215,443
4	<i>Less stable retail deposits and less stable small business funding</i>	78,582,740	7,858,274
4a	<i>Retail term deposits and small business term funding</i>	62,514,629	3,125,731
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	92,728,557	65,621,814
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	91,725,580	64,618,837
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,002,977	1,002,977
9	Secured funding transactions (including securities swap transactions)		1,320,352
10	Additional requirements, of which:	18,350,062	4,507,208
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	865,128	865,128
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>	17,484,934	3,642,080
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	5,278,432	5,278,432
15	Other contingent funding obligations (whether contractual or non-contractual)	4,754,499	411,180
16	<b>Total Cash Outflows</b>		88,338,434
<b>C. Cash Inflows</b>			
17	Secured lending transactions (including securities swap transactions)	-	-
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	83,387,484	57,653,573
19	Other cash inflows	14,971,080	14,388,357
20	<b>Total Cash Inflows</b>	98,358,564	72,041,930
<b>D. Liquidity Coverage Ratio</b>			<b>Adjusted value</b>
21	<b>Total HQLA</b>		49,341,655
22	<b>Total Net Cash Outflows</b>		22,897,653
23	<b>LCR (%)</b>		227.9%

# CMB WING LUNG BANK LIMITED

## 6. Liquidity (continued)

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

For the quarter ended 31 March 2020

Number of data points used in calculating the average value of the LCR and related components set out in this template: 74		HK\$'000 equivalent	
		(a)	(b)
Basis of disclosure: <del>consolidated</del> / unconsolidated / <del>Hong Kong office</del> (delete as appropriate)		Unweighted value (average)	Weighted value (average)
<b>A. HQLA</b>			
1	Total HQLA		46,838,097
<b>B. Cash outflows</b>			
2	Retail deposits and small business funding, of which:	144,309,919	11,053,127
3	<i>Stable retail deposits and stable small business funding</i>	4,116,339	205,817
4	<i>Less stable retail deposits and less stable small business funding</i>	76,752,622	7,675,262
4a	<i>Retail term deposits and small business term funding</i>	63,440,958	3,172,048
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	86,369,386	60,445,431
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	86,188,199	60,264,244
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	181,187	181,187
9	Secured funding transactions (including securities swap transactions)		-
10	Additional requirements, of which:	19,082,533	3,873,554
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	857,924	857,924
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>	18,224,609	3,015,630
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	3,163,055	3,163,055
15	Other contingent funding obligations (whether contractual or non-contractual)	6,399,100	591,793
16	<b>Total Cash Outflows</b>		79,126,960
<b>C. Cash Inflows</b>			
17	Secured lending transactions (including securities swap transactions)	-	-
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	63,766,261	40,488,655
19	Other cash inflows	9,478,561	8,724,542
20	<b>Total Cash Inflows</b>	73,244,822	49,213,197
<b>D. Liquidity Coverage Ratio</b>			<b>Adjusted value</b>
21	<b>Total HQLA</b>		46,838,097
22	<b>Total Net Cash Outflows</b>		30,291,566
23	<b>LCR (%)</b>		161.1%

# CMB WING LUNG BANK LIMITED

## 6. Liquidity (continued)

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

Notes:

- The weighted amount of high-quality liquid assets ("HQLA") is to be calculated as the amount after applying the haircuts as required under the Banking (Liquidity) Rules.
- The unweighted amounts of cash inflows and cash outflows are to be calculated as the principle amounts in the calculation of the 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 Bank's average LCR for the first and second quarter of 2020 remained strong at 161.1% and 227.9% respectively. The increase of the average LCR in the second quarter is due to the combination effect of the increase in the weighted amount of HQLA and the decrease in total net cash outflows.

The Bank maintains HQLA which can be sold or pledged as collateral to provide liquidity even under periods of stress. The Bank 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 Bank's primary source of funds, together with deposits and balances from banks. The Bank ensures a sound and diversified range of funding sources, through monitoring the structure, the stability and the core level of the deposit portfolio.

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

# CMB WING LUNG BANK LIMITED

## 6. Liquidity (continued)

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

30 June 2020		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: <del>consolidated</del> / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
<b>A. Available stable funding ("ASF") item</b>						
1	Capital:	45,769,591	-	-	3,096,390	48,865,981
2	<i>Regulatory capital</i>	45,769,591	-	-	3,096,390	48,865,981
2a	<i>Minority interests not covered by row 2</i>	-	-	-	-	-
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits and small business funding:	-	134,237,641	11,135,733	1,000,763	132,065,295
5	<i>Stable deposits</i>	-	4,482,446	87,431	3,912	4,345,296
6	<i>Less stable deposits</i>	-	129,755,195	11,048,302	996,851	127,719,999
7	Wholesale funding:	-	145,267,998	10,224,997	2,060,730	43,219,007
8	<i>Operational deposits</i>	-	-	-	-	-
9	<i>Other wholesale funding</i>	-	145,267,998	10,224,997	2,060,730	43,219,007
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	5,287,990	3,452,576	7,387,141	-	3,692,691
12	<i>Net derivative liabilities</i>	-	-	-	-	-
13	<i>All other funding and liabilities not included in the above categories</i>	5,287,990	3,452,576	7,387,141	-	3,692,691
14	<b>Total ASF</b>					227,842,974
<b>B. Required stable funding ("RSF") item</b>						
15	Total HQLA for NSFR purposes				43,462,489	2,191,023
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	13,450,400	133,072,543	64,468,873	103,159,382	161,806,293
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>	103,752	105,787,714	24,610,003	24,833,464	53,110,375
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>	13,255,706	19,121,681	33,276,038	49,214,869	78,538,417

# CMB WING LUNG BANK LIMITED

## 6. Liquidity (continued)

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

30 June 2020		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: <del>consolidated</del> / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	468,887	449,891	14,424,011	9,834,996
22	<i>Performing residential mortgages, of which:</i>	2,323	337,309	322,791	10,995,668	7,553,972
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	314,476	300,765	10,113,248	6,881,232
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	88,619	7,825,839	6,260,041	18,115,381	22,603,529
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	10,028,842	786,350	13,012	4,049	10,236,378
27	<i>Physical traded commodities, including gold</i>	82,232				69,897
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	41,654				41,654
29	<i>Net derivative assets</i>	125,228				125,228
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	116,626				5,831
31	<i>All other assets not included in the above categories</i>	9,663,102	786,350	13,012	4,049	9,993,768
32	Off-balance sheet items				857,787	857,787
33	<b>Total RSF</b>					175,091,481
34	<b>Net Stable Funding Ratio (%)</b>					130.1%

# CMB WING LUNG BANK LIMITED

## 6. Liquidity (continued)

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

31 March 2020		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: <del>consolidated</del> / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
<b>A. Available stable funding ("ASF") item</b>						
1	Capital:	44,990,181	-	-	3,097,492	48,087,673
2	Regulatory capital	44,990,181	-	-	3,097,492	48,087,673
2a	Minority interests not covered by row 2	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and small business funding:	-	130,169,555	10,694,531	698,252	127,686,182
5	Stable deposits	-	4,123,379	81,663	2,561	3,997,351
6	Less stable deposits	-	126,046,176	10,612,868	695,691	123,688,831
7	Wholesale funding:	-	114,717,790	9,106,328	1,552,106	35,013,566
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	114,717,790	9,106,328	1,552,106	35,013,566
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	4,895,350	8,646,996	7,502,166	-	3,750,415
12	Net derivative liabilities	-	-	-	-	-
13	All other funding and liabilities not included in the above categories	4,895,350	8,646,996	7,502,166	-	3,750,415
14	<b>Total ASF</b>					214,537,836
<b>B. Required stable funding ("RSF") item</b>						
15	Total HQLA for NSFR purposes				39,953,221	2,657,387
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	13,007,025	122,627,637	49,761,327	99,302,221	152,404,306
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	108,730	85,965,038	26,600,623	23,152,522	49,456,319
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:	12,811,684	28,615,246	20,820,920	49,694,102	77,006,457

# CMB WING LUNG BANK LIMITED

## 6. Liquidity (continued)

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

31 March 2020		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: <del>consolidated</del> / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
21	With a risk-weight of less than or equal to 35% under the STC approach	-	466,773	434,868	13,709,829	9,362,210
22	Performing residential mortgages, of which:	1,571	317,618	304,836	10,155,680	7,044,468
23	With a risk-weight of less than or equal to 35% under the STC approach	-	301,391	288,663	9,502,110	6,471,399
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	85,040	7,729,735	2,034,948	16,299,917	18,897,062
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	10,631,763	927,642	50,022	-	10,566,661
27	Physical traded commodities, including gold	91,513				77,786
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	66,958				66,958
29	Net derivative assets	189,650				189,650
30	Total derivative liabilities before deduction of variation margin posted	506,131				25,307
31	All other assets not included in the above categories	9,777,511	927,642	50,022	-	10,206,960
32	Off-balance sheet items				956,835	956,835
33	<b>Total RSF</b>					166,585,189
34	<b>Net Stable Funding Ratio (%)</b>					128.8%

#### Notes:

The Bank's NSFR as at 31 March and 30 June 2020 remained relatively stable at 128.8% and 130.1% respectively. The available stable funding provided by various funding sources was found stable, the diversity and stability of fund was maintained over the period.

# CMB WING LUNG BANK LIMITED

## 7. Credit risk for non-securitization exposures

### 7.1 CR1: Credit quality of exposures

30 June 2020 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 *	335,128	285,816,322	768,851	307,323	461,528	-	285,382,599
2	Debt securities	785,752	69,684,727	794,731	757,913	36,818	-	69,675,748
3	Off-balance sheet exposures	-	16,881,371	40,884	1,254	39,630	-	16,840,487
4	<b>Total</b>	<b>1,120,880</b>	<b>372,382,420</b>	<b>1,604,466</b>	<b>1,066,490</b>	<b>537,976</b>	-	<b>371,898,834</b>

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

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

30 June 2020		(a)
		Amount HK\$'000
1	<b>Defaulted loans and debt securities at end of the previous reporting period (31 December 2019)</b>	1,326,474
2	Loans and debt securities that have defaulted since the last reporting period	46,772
3	Returned to non-defaulted status	(217,332)
4	Amounts written off	(1,796)
5	Other changes	(33,238)
6	<b>Defaulted loans and debt securities at end of the current reporting period (30 June 2020)</b>	<b>1,120,880</b>

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

30 June 2020		(a)	(b1)	(b)	(d)	(f)
HK\$'000		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognised collateral	Exposures secured by recognised guarantees	Exposures secured by recognised credit derivative contracts
1	Loans	266,318,139	19,064,460	561,358	18,503,102	-
2	Debt securities	69,675,748	-	-	-	-
3	<b>Total</b>	<b>335,993,887</b>	<b>19,064,460</b>	<b>561,358</b>	<b>18,503,102</b>	-
4	Of which defaulted	51,741	3,903	-	3,903	-



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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 2020 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	29,017,738	-	29,017,738	-	553,230	1.9%
2	PSE exposures	-	-	576,076	183,381	151,891	20.0%
2a	Of which: domestic PSEs	-	-	576,076	183,381	151,891	20.0%
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	131,711,731	1,046	145,669,843	879,388	56,922,050	38.8%
5	Securities firm exposures	1,400,269	308,457	1,400,269	1,500	700,885	50.0%
6	Corporate exposures	148,673,000	30,274,065	132,815,187	4,943,246	131,220,696	95.3%
7	CIS exposures	-	-	-	-	-	-
8	Cash items	699,581	-	2,633,156	252,851	421,936	14.6%
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	12,218,135	10,810,497	12,188,723	912,203	9,825,695	75.0%
11	Residential mortgage loans	16,688,361	364,363	16,125,825	-	6,141,048	38.1%
12	Other exposures which are not past due exposures	19,912,867	2,007,417	19,894,865	455,437	20,350,302	100.0%
13	Past due exposures	86,961	-	86,961	-	105,972	121.9%
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	<b>Total</b>	<b>360,408,643</b>	<b>43,765,845</b>	<b>360,408,643</b>	<b>7,628,006</b>	<b>226,393,705</b>	<b>61.5%</b>

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

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

30 June 2020 HK\$'000		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Exposure class		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	26,251,589	-	2,766,149	-	-	-	-	-	-	-	29,017,738
2	PSE exposures	-	-	759,457	-	-	-	-	-	-	-	759,457
2a	Of which: domestic PSEs	-	-	759,457	-	-	-	-	-	-	-	759,457
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	65,078,856	-	75,128,193	-	6,342,182	-	-	-	146,549,231
5	Securities firm exposures	-	-	-	-	1,401,769	-	-	-	-	-	1,401,769
6	Corporate exposures	-	-	2,794,576	-	9,500,983	-	124,566,046	896,828	-	-	137,758,433
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	1,102,262	-	1,702,261	-	-	-	81,484	-	-	-	2,886,007
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	-	-	-	-	-	13,100,926	-	-	-	-	13,100,926
11	Residential mortgage loans	-	-	-	15,148,755	-	552,347	424,723	-	-	-	16,125,825
12	Other exposures which are not past due exposures	-	-	-	-	-	-	20,350,302	-	-	-	20,350,302
13	Past due exposures	-	-	-	-	-	-	48,939	38,022	-	-	86,961
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	<b>Total</b>	<b>27,353,851</b>	<b>-</b>	<b>73,101,299</b>	<b>15,148,755</b>	<b>86,030,945</b>	<b>13,653,273</b>	<b>151,813,676</b>	<b>934,850</b>	<b>-</b>	<b>-</b>	<b>368,036,649</b>

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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 2020 HK\$'000		Replacement cost (RC)	PFE	Effective EPE	Alpha ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	-	-		1.4	-	-
1a	CEM	518,145	826,508		-	1,344,653	642,242
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					644,512	610,387
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	<b>Total</b>						<b>1,252,629</b>

### 8.2 CCR2: CVA capital charge

30 June 2020 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	1,340,129	185,438
4	<b>Total</b>	<b>1,340,129</b>	<b>185,438</b>

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## 8. Counterparty Credit risk (continued)

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

30 June 2020 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	-	-	332,495	-	859,992	-	-	-	-	-	1,192,487
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	133,138	-	-	-	133,138
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	144,079	514,937	-	-	-	659,016
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	4,524	-	-	-	-	-	-	-	-	-	4,524
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	<b>Total</b>	<b>4,524</b>	<b>-</b>	<b>332,495</b>	<b>-</b>	<b>859,992</b>	<b>144,079</b>	<b>648,075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,989,165</b>

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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 2020 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	72,670	183,910	-	-	-	-
Cash - other currencies	-	1,058,446	79,580	70,526	-	-
<b>Total</b>	<b>72,670</b>	<b>1,242,356</b>	<b>79,580</b>	<b>70,526</b>	-	-

### 8.5 CCR6: Credit-related derivatives contracts

30 June 2020 HK\$'000	(a)	(b)
	Protection bought	Protection sold
<b>Notional amounts</b>		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
<b>Total notional amounts</b>	-	-
<b>Fair values</b>		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

# CMB WING LUNG BANK LIMITED

## 8. Counterparty Credit risk (continued)

### 8.6 CCR8: Exposures to CCPs

30 June 2020 HK\$'000		(a)	(b)
		Exposure after CRM	RWA
<b>1</b>	<b>Exposures of the AI as clearing member or client to qualifying CCPs (total)</b>		<b>2,491</b>
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	84,839	2,491
3	(i) OTC derivative transactions	84,839	2,491
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	41,654	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
<b>11</b>	<b>Exposures of the AI as clearing member or client to non-qualifying CCPs (total)</b>		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

# CMB WING LUNG BANK LIMITED

## 9. Market risk

### 9.1 MR1: Market risk under STM approach

30 June 2020 HK\$'000		(a)
		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	1,665,625
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	1,147,125
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	1,538
7	Other approach	-
8	Securitization exposures	-
9	<b>Total</b>	<b>2,814,288</b>