



招商永隆銀行
CMB WING LUNG BANK

Regulatory Disclosures

As at 30 June 2021

CMB WING LUNG BANK LIMITED

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1 Introduction

Purpose

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

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

Basis of Preparation

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

The financial information contained in this document has been prepared on a consolidated basis including the Bank and certain of its subsidiaries as specified by the Hong Kong Monetary Authority (“HKMA”) for its regulatory purposes. For financial reporting purposes, all the subsidiaries have been consolidated in the Group’s financial statements, the subsidiaries which are excluded from the regulatory scope of consolidation are specified in note 1 to the supplementary financial information of the Group’s 2021 Interim Financial Disclosure Statements.

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2 Key prudential ratios and overview of RWA

2.1 KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		As at 30 June 2021 HK\$'000	As at 31 March 2021 HK\$'000	As at 31 December 2020 HK\$'000	As at 30 September 2020 HK\$'000	As at 30 June 2020 HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	35,570,963	34,130,952	33,284,337	33,230,243	32,366,819
2	Tier 1	43,145,536	41,705,525	40,858,910	40,804,816	39,941,392
3	Total capital	49,396,666	47,950,801	46,980,957	47,098,862	46,099,515
	RWA (amount)					
4	Total RWA	263,757,194	261,370,033	250,652,923	257,337,882	248,388,783
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.5%	13.1%	13.3%	12.9%	13.0%
6	Tier 1 ratio (%)	16.4%	16.0%	16.3%	15.9%	16.1%
7	Total capital ratio (%)	18.7%	18.3%	18.7%	18.3%	18.6%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.591%	0.566%	0.572%	0.591%	0.568%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.091%	3.066%	3.072%	3.091%	3.068%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.0%	8.6%	8.8%	8.4%	8.5%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	384,680,250	397,864,958	380,414,501	370,622,611	373,480,053
14	LR (%)	11.2%	10.5%	10.7%	11.0%	10.7%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	63,138,436	57,072,729	69,462,873	48,589,631	49,341,655
16	Total net cash outflows	34,240,803	33,280,922	41,671,128	30,390,285	22,897,653
17	LCR (%)	188.7%	174.3%	172.5%	163.8%	227.9%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	238,008,499	235,556,537	232,532,575	224,384,482	227,842,974
19	Total required stable funding	178,337,457	180,222,445	173,088,690	174,546,827	175,091,481
20	NSFR (%)	133.5%	130.7%	134.3%	128.6%	130.1%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

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2 Key prudential ratios 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 2021, total RWA increased by HK\$2,387 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 2021 HK\$'000	As at 31 March 2021 HK\$'000	As at 30 June 2021 HK\$'000
1	Credit risk for non-securitization exposures	241,052,477	238,812,714	19,284,198
2	Of which STC approach	241,052,477	238,812,714	19,284,198
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	1,827,862	1,901,395	146,229
7	Of which SA-CCR approach	742,300	-	59,384
7a	Of which CEM	-	954,918	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	232,363	279,413	18,589
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	2,227,575	2,149,213	178,206
21	Of which STM approach	2,227,575	2,149,213	178,206
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	11,544,063	11,635,488	923,525
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	8,971,905	8,708,115	717,752
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	2,099,051	2,116,305	167,924

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2 Key prudential ratios and overview of RWA (continued)

2.2 OV1: Overview of RWA (continued)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 June 2021 HK\$'000	As at 31 March 2021 HK\$'000	As at 30 June 2021 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	2,099,051	2,116,305	167,924
27	Total	263,757,194	261,370,033	21,100,575

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 2021

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	1,160,951	[k]
2	Retained earnings	37,823,466	[r]
3	Disclosed reserves	1,545,911	[l] + [m] + [n] + [q]
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-	
6	CET1 capital before regulatory adjustments	40,530,328	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	37,817	[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)	84,580	[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)	316,655	[a] + [c] + [e] + [f] + [g1]+[g2]
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
30 June 2021			
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	4,520,313	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	3,816,457	[m] + [s]
26b	Regulatory reserve for general banking risks	703,856	[t]
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	Total regulatory deductions to CET1 capital	4,959,365	
29	CET1 capital	35,570,963	
AT1 capital: instruments			
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	AT1 capital before regulatory deductions	7,574,573	
AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
30 June 2021			
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	Total regulatory deductions to AT1 capital	-	
44	AT1 capital	7,574,573	
45	Tier 1 capital (T1 = CET1 + AT1)	43,145,536	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	3,102,598	[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	1,431,126	[-b] + [t]
51	Tier 2 capital before regulatory deductions	4,533,724	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	-	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	(1,717,406)	
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	(1,717,406)	45% of ([m] + [s])

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

30 June 2021

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	Total regulatory adjustments to Tier 2 capital	(1,717,406)	
58	Tier 2 capital (T2)	6,251,130	
59	Total regulatory capital (TC = T1 + T2)	49,396,666	
60	Total RWA	263,757,194	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	13.49%	
62	Tier 1 capital ratio	16.36%	
63	Total capital ratio	18.73%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.091%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	0.591%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	8.99%	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	117,185	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	3,588,762	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	1,431,126	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	3,151,058	

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

		(a)	(b)
		Amount HK\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
30 June 2021			
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	-	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	-	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-	

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

Notes to the template:

Row No.	Description	Hong Kong basis	Basel III basis
		HK\$'000	HK\$'000
9	Other intangible assets (net of associated deferred tax liability)	-	-
	<u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights ("MSRs") may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
10	Deferred tax assets (net of associated deferred tax liabilities)	37,817	-
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
	<u>Explanation</u> For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	316,655	227,600
	<u>Explanation</u> For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the MA that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		

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3 Composition of regulatory capital (continued)

3.1 CC1: Composition of regulatory capital (continued)

Notes to the template:

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

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

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3 Composition of regulatory capital (continued)

3.2 CC2: Reconciliation of regulatory capital to balance sheet

	(a)	(b)	(c)
	Consolidated statement of financial position as in published interim financial disclosure statements As at 30 June 2021 HK\$'000	Under regulatory scope of consolidation As at 30 June 2021 HK\$'000	Reference
Assets			
Cash, balances and placements with and loans and advances to banks	72,282,692	71,772,772	
Derivative financial instruments	996,382	996,382	
Financial assets at fair value through profit or loss	3,416,046	2,996,407	
Investments in securities	90,568,939	89,503,803	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		43,814	[a]
Advances and other accounts	207,416,696	206,724,750	
- Loans			
of which:			
- collective impairment allowances reflected in regulatory capital		(727,270)	[b]
- significant capital investments in financial sector entities exceeding 10% threshold		45,240	[c]
- Other assets			
of which:			
- defined benefit pension fund net assets		101,294	[d]
Interests in subsidiaries		543,908	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		113,794	[e]
Interests in jointly controlled entities	253,387	43,000	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		1,784	[f]
Interests in associates	261,651	145,000	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		11,758	[g1]
Investment properties	2,799,220	2,801,511	
Interests in leasehold land	152,044	107,739	
Other properties and equipment	1,636,033	1,590,790	
Tax recoverable	419	419	
Deferred tax assets	37,911	37,817	[h]
Assets classified as held for sale	3,883,877	1,236,600	
of which:			
- significant capital investments in financial sector entities exceeding 10% threshold		100,265	[g2]
Total assets	383,705,297	378,500,898	

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 2021 HK\$'000	Under regulatory scope of consolidation As at 30 June 2021 HK\$'000	Reference
Liabilities			
Deposits and balances from banks	29,859,488	29,859,488	
Trading liabilities	157,718	157,718	
Derivative financial instruments	1,045,498	1,045,498	
Deposits from customers	286,332,472	287,509,333	
Certificates of deposit issued	1,932,195	1,932,195	
Subordinated debts issued	3,102,598	3,102,598	
of which:			
- subordinated debt eligible for inclusion in regulatory capital		3,102,598	[i]
Current taxation	459,084	439,484	
Deferred tax liabilities	30,232	25,862	
of which:			
- deferred tax liabilities on defined benefit pension fund net assets		16,714	[j]
Other accounts and accruals	8,842,237	6,323,821	
Total liabilities	331,761,522	330,395,997	
Shareholders' equity			
Share capital	1,160,951	1,160,951	[k]
Reserves	43,197,724	39,369,377	
of which:			
- capital reserve		20,000	[l]
- bank premises revaluation reserve		398,184	[m]
- financial asset revaluation reserve		176,111	[n]
- other reserve		951,616	[q]
- retained earnings		37,823,466	[r]
of which:			
- revaluation of land and buildings		3,418,273	[s]
- regulatory reserve for general banking risks		703,856	[t]
Total equity attributable to shareholders of the Bank	44,358,675	40,530,328	
Additional equity instruments	7,574,573	7,574,573	[u]
Non-controlling interests	10,527	-	
Total equity	51,943,775	48,104,901	
Total equity and liabilities	383,705,297	378,500,898	

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 2021

The regulatory capital instruments included in the Bank's consolidated capital base as at 30 June 2021 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_20210630.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 2021
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 2021
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\$399.58 million as at 30 June 2021
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 2021
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 2021
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 2021
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

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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.

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4 Macprudential supervisory measures

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

	30 June 2021	(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio HK\$’000	AI-specific CCyB ratio (%)	CCyB amount HK\$’000
1	Hong Kong SAR	1.0000%	115,491,802		
2	Sum		115,491,802		
3	Total		195,395,709	0.5911%	1,154,918

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5 Leverage ratio

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

30 June 2021		(a)
	Item	Value under the LR framework HK\$'000
1	Total consolidated assets as per published financial statements	383,705,297
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(5,204,399)
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
3a	Adjustments for eligible cash pooling transactions	-
4	Adjustments for derivative contracts	669,524
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)	10,509,277
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(40,084)
7	Other adjustments	(4,959,365)
8	Leverage ratio exposure measure	384,680,250

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5 Leverage ratio (continued)

5.2 LR2: Leverage ratio

		(a)	(b)
		HK\$'000	
		As at 30 June 2021	As at 31 March 2021
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	376,335,951	387,882,797
2	Less: Asset amounts deducted in determining Tier 1 capital	(4,959,365)	(5,355,974)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	371,376,586	382,526,823
Exposures arising from derivative contracts			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	633,213	1,388,457
5	Add-on amounts for PFE associated with all derivative contracts	1,068,876	761,819
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(36,183)	(34,728)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit-related derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	-	-
11	Total exposures arising from derivative contracts	1,665,906	2,115,548
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,168,565	1,024,929
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	1,168,565	1,024,929
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	38,930,760	45,327,909
18	Less: Adjustments for conversion to credit equivalent amounts	(28,421,483)	(33,087,213)
19	Off-balance sheet items	10,509,277	12,240,696
Capital and total exposures			
20	Tier 1 capital	43,145,536	41,705,525
20a	Total exposures before adjustments for specific and collective provisions	384,720,334	397,907,996
20b	Adjustments for specific and collective provisions	(40,084)	(43,038)
21	Total exposures after adjustments for specific and collective provisions	384,680,250	397,864,958
Leverage ratio			
22	Leverage ratio	11.2%	10.5%

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6 Liquidity

6.1 LIQ1: Liquidity Coverage Ratio - for category 1 institution

For the quarter ended 30 June 2021

Number of data points used in calculating the average value of the LCR and related components set out in this template: (71)		HK\$'000 equivalent	
		(a)	(b)
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		63,138,436
B. Cash outflows			
2	Retail deposits and small business funding, of which:	141,487,517	11,731,578
3	<i>Stable retail deposits and stable small business funding</i>	5,111,969	255,598
4	<i>Less stable retail deposits and less stable small business funding</i>	93,144,055	9,314,405
4a	<i>Retail term deposits and small business term funding</i>	43,231,493	2,161,575
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	99,017,384	63,833,519
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	98,064,590	62,880,725
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	952,794	952,794
9	Secured funding transactions (including securities swap transactions)		670,791
10	Additional requirements, of which:	20,948,551	4,779,227
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	1,833,933	1,833,933
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	19,114,618	2,945,294
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	4,214,860	4,214,860
15	Other contingent funding obligations (whether contractual or non-contractual)	5,957,612	477,042
16	Total Cash Outflows		85,707,017
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	19,551	19,551
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	73,764,503	42,757,979
19	Other cash inflows	9,328,985	8,688,684
20	Total Cash Inflows	83,113,039	51,466,214
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		63,138,436
22	Total Net Cash Outflows		34,240,803
23	LCR (%)		188.7%

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6 Liquidity (continued)

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

For the quarter ended 31 March 2021

Number of data points used in calculating the average value of the LCR and related components set out in this template: (73)		HK\$'000 equivalent	
		(a)	(b)
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		Unweighted value (average)	Weighted value (average)
A. HQLA			
1	Total HQLA		57,072,729
B. Cash outflows			
2	Retail deposits and small business funding, of which:	146,328,504	11,928,926
3	<i>Stable retail deposits and stable small business funding</i>	4,925,602	246,280
4	<i>Less stable retail deposits and less stable small business funding</i>	92,250,034	9,225,003
4a	<i>Retail term deposits and small business term funding</i>	49,152,868	2,457,643
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	97,388,294	65,981,768
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	94,993,491	63,586,965
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	2,394,803	2,394,803
9	Secured funding transactions (including securities swap transactions)		922,424
10	Additional requirements, of which:	20,148,202	4,679,172
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	1,702,497	1,702,497
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>	18,445,705	2,976,675
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	3,655,165	3,655,165
15	Other contingent funding obligations (whether contractual or non-contractual)	5,169,453	432,255
16	Total Cash Outflows		87,599,710
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	-	-
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	71,752,283	42,901,464
19	Other cash inflows	12,155,457	11,417,324
20	Total Cash Inflows	83,907,740	54,318,788
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		57,072,729
22	Total Net Cash Outflows		33,280,922
23	LCR (%)		174.3%

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6 Liquidity (continued)

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

Notes:

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

The average LCR is calculated as the arithmetic mean of the LCR as at the end of each working day in the quarter on an unconsolidated basis. The average LCR for the first and second quarters of 2021 remained stable at 174.3% and 188.7% respectively.

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

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

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

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

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6 Liquidity (continued)

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

30 June 2021		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding ("ASF") item						
1	Capital:	48,223,865	-	-	3,102,598	51,326,463
2	<i>Regulatory capital</i>	48,223,865	-	-	3,102,598	51,326,463
2a	<i>Minority interests not covered by row 2</i>	-	-	-	-	-
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits and small business funding:	-	129,648,301	7,066,455	2,343,024	125,649,459
5	<i>Stable deposits</i>	-	5,217,454	45,640	11,611	5,011,550
6	<i>Less stable deposits</i>	-	124,430,847	7,020,815	2,331,413	120,637,909
7	Wholesale funding:	-	156,319,686	21,017,878	2,185,702	60,897,355
8	<i>Operational deposits</i>	-	-	-	-	-
9	<i>Other wholesale funding</i>	-	156,319,686	21,017,878	2,185,702	60,897,355
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	5,617,617	2,409,079	272,310	-	135,222
12	<i>Net derivative liabilities</i>	630,908	-	-	-	-
13	<i>All other funding and liabilities not included in the above categories</i>	4,986,709	2,409,079	272,310	-	135,222
14	Total ASF					238,008,499
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				77,807,464	3,943,488
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	19,346,695	108,150,028	51,076,821	110,301,917	162,634,283
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>	237,767	77,731,840	20,737,828	19,627,083	41,893,539
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>	19,108,928	22,943,673	23,021,731	59,507,698	89,025,347

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6 Liquidity (continued)

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

30 June 2021		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	480,388	459,587	14,876,992	10,140,032
22	<i>Performing residential mortgages, of which:</i>	-	347,202	335,752	11,759,956	8,143,528
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	322,104	311,588	10,669,056	7,251,732
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	7,127,313	6,981,510	19,407,180	23,571,869
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	11,056,782	1,283,884	241,410	-	10,888,500
27	<i>Physical traded commodities, including gold</i>	96,066				81,656
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	89,622				89,622
29	<i>Net derivative assets</i>	-				-
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	860,488				43,024
31	<i>All other assets not included in the above categories</i>	10,010,606	1,283,884	241,410	-	10,674,198
32	Off-balance sheet items				871,186	871,186
33	Total RSF					178,337,457
34	Net Stable Funding Ratio (%)					133.5%

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6 Liquidity (continued)

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

31 March 2021		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding ("ASF") item						
1	Capital:	47,230,753	-	-	3,106,235	50,336,988
2	<i>Regulatory capital</i>	47,230,753	-	-	3,106,235	50,336,988
2a	<i>Minority interests not covered by row 2</i>	-	-	-	-	-
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits and small business funding:	-	133,587,003	7,652,509	1,781,061	129,152,667
5	<i>Stable deposits</i>	-	5,081,948	38,961	10,122	4,874,985
6	<i>Less stable deposits</i>	-	128,505,055	7,613,548	1,770,939	124,277,682
7	Wholesale funding:	-	157,891,957	25,612,396	2,268,298	55,437,600
8	<i>Operational deposits</i>	-	-	-	-	-
9	<i>Other wholesale funding</i>	-	157,891,957	25,612,396	2,268,298	55,437,600
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	4,556,695	4,284,344	1,258,564	-	629,282
12	<i>Net derivative liabilities</i>	601,213	-	-	-	-
13	<i>All other funding and liabilities not included in the above categories</i>	3,955,482	4,284,344	1,258,564	-	629,282
14	Total ASF					235,556,537
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes				72,623,747	3,444,284
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	16,459,790	130,438,186	49,572,929	109,563,409	165,555,244
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>	100,312	90,527,459	25,217,760	20,359,506	46,647,817
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>	16,359,478	31,393,517	19,133,322	59,094,417	88,554,362

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6 Liquidity (continued)

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

31 March 2021		(a)	(b)	(c)	(d)	(e)
HK\$'000		Unweighted value by residual maturity				Weighted amount
Basis of disclosure: consolidated / unconsolidated / Hong Kong office (delete as appropriate)		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	485,679	471,756	15,209,485	10,364,883
22	<i>Performing residential mortgages, of which:</i>	-	349,346	341,219	11,711,162	8,102,741
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	-	325,793	317,876	10,679,315	7,263,389
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	8,167,864	4,880,628	18,398,324	22,250,324
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	10,599,238	1,418,942	60,461	-	10,202,649
27	<i>Physical traded commodities, including gold</i>	97,479				82,857
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	89,721				89,721
29	<i>Net derivative assets</i>	-				-
30	<i>Total derivative liabilities before deduction of variation margin posted</i>	905,383				45,269
31	<i>All other assets not included in the above categories</i>	9,506,655	1,418,942	60,461	-	9,984,802
32	Off-balance sheet items				1,020,268	1,020,268
33	Total RSF					180,222,445
34	Net Stable Funding Ratio (%)					130.7%

Notes:

The Group's NSFR were 130.7% and 133.5% as at 31 March and 30 June 2021, respectively. The Group has continuously maintained a healthy NSFR ratio during the first half of 2021. No material change was found in the diversity and stability of funds over the period.

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7 Credit risk for non-securitization exposures

7.1 CR1: Credit quality of exposures

30 June 2021 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 *	274,676	275,505,973	867,130	315,175	551,955	-	274,913,519
2	Debt securities	745,826	90,429,531	846,167	745,826	100,341	-	90,329,190
3	Off-balance sheet exposures	-	17,975,449	40,084	1,622	38,462	-	17,935,365
4	Total	1,020,502	383,910,953	1,753,381	1,062,623	690,758	-	383,178,074

*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 2021		(a)
		Amount HK\$'000
1	Defaulted loans and debt securities at end of the previous reporting period (31 December 2020)	1,016,568
2	Loans and debt securities that have defaulted since the last reporting period	115,405
3	Returned to non-defaulted status	(57,908)
4	Amounts written off	(11,729)
5	Other changes	(41,834)
6	Defaulted loans and debt securities at end of the current reporting period (30 June 2021)	1,020,502

7.3 CR3: Overview of recognized credit risk mitigation

30 June 2021		(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	263,792,521	11,120,998	2,354,645	8,766,353	-
2	Debt securities	90,329,190	-	-	-	-
3	Total	354,121,711	11,120,998	2,354,645	8,766,353	-
4	Of which defaulted	86,772	2,144	-	2,144	-

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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 2021 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	41,285,496	-	41,285,496	-	1,583,661	3.8%
2	PSE exposures	50,096	50,000	579,914	190,075	153,998	20.0%
2a	Of which: domestic PSEs	50,096	50,000	579,914	190,075	153,998	20.0%
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	117,027,777	2,126,934	125,119,304	961,400	53,247,452	42.2%
5	Securities firm exposures	3,266,656	9,647	3,509,328	1,500	1,755,414	50.0%
6	Corporate exposures	153,053,755	22,863,688	142,755,908	5,196,084	142,292,908	96.2%
7	CIS exposures	-	-	-	-	-	-
8	Cash items	546,342	-	3,384,571	114,997	472,999	13.5%
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	15,335,313	10,187,630	15,311,064	1,392,966	12,528,023	75.0%
11	Residential mortgage loans	17,345,086	352,492	16,818,937	-	6,471,373	38.5%
12	Other exposures which are not past due exposures	22,743,365	3,340,369	21,889,364	556,724	22,446,088	100.0%
13	Past due exposures	87,382	-	87,382	-	100,561	115.1%
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	Total	370,741,268	38,930,760	370,741,268	8,413,746	241,052,477	63.6%

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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 2021 HK\$'000		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
Exposure class		Risk Weight 0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	33,367,192	-	7,918,304	-	-	-	-	-	-	-	41,285,496
2	PSE exposures	-	-	769,989	-	-	-	-	-	-	-	769,989
2a	Of which: domestic PSEs	-	-	769,989	-	-	-	-	-	-	-	769,989
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	42,372,834	-	77,869,971	-	5,837,899	-	-	-	126,080,704
5	Securities firm exposures	-	-	-	-	3,510,828	-	-	-	-	-	3,510,828
6	Corporate exposures	-	-	1,345,147	-	9,798,184	-	136,176,411	632,250	-	-	147,951,992
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	1,515,841	-	1,888,410	-	-	-	95,317	-	-	-	3,499,568
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	-	-	-	-	-	16,704,030	-	-	-	-	16,704,030
11	Residential mortgage loans	-	-	-	15,623,278	-	769,731	425,928	-	-	-	16,818,937
12	Other exposures which are not past due exposures	-	-	-	-	-	-	22,446,088	-	-	-	22,446,088
13	Past due exposures	-	-	-	-	-	-	61,023	26,359	-	-	87,382
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	34,883,033	-	54,294,684	15,623,278	91,178,983	17,473,761	165,042,666	658,609	-	-	379,155,014

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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 2021 HK\$'000		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR (for derivative contracts)	452,295	763,483		1.4	1,702,091	742,300
1a	CEM (for derivative contracts)	-	-		-	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					1,168,565	1,085,230
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	Total						1,827,530

8.2 CCR2: CVA capital charge

30 June 2021 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	1,653,273	232,363
4	Total	1,653,273	232,363

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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 2021 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	-	-	434,764	-	1,216,258	-	-	-	-	-	1,651,022
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	33,845	-	-	-	33,845
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	348,744	837,045	-	-	-	1,185,789
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	434,764	-	1,216,258	348,744	870,890	-	-	-	2,870,656

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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 2021 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	-	-	-	-	-	-
Cash - other currencies	-	574,852	89,622	36,183	-	-
Domestic sovereign debt	-	-	-	-	-	-
Other sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
...	-	-	-	-	-	-
Total	-	574,852	89,622	36,183	-	-

8.5 CCR6: Credit-related derivatives contracts

30 June 2021 HK\$'000	(a)	(b)
	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit-related options	-	-
Other credit-related derivative contracts	-	-
Total notional amounts	-	-
Fair values		
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

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8 Counterparty Credit risk (continued)

8.6 CCR8: Exposures to CCPs

30 June 2021 HK\$'000		(a)	(b)
		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or clearing client¹ to qualifying CCPs (total)		332
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	16,580	332
3	(i) OTC derivative transactions	16,580	332
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	89,622	
8	Unsegregated initial margin	-	-
9	Funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		-
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	-	-
13	(i) OTC derivative transactions	-	-
14	(ii) Exchange-traded derivative contracts	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets subject to valid cross-product netting agreements	-	-
17	Segregated initial margin	-	
18	Unsegregated initial margin	-	-
19	Funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

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9 Market risk

9.1 MR1: Market risk under STM approach

30 June 2021 HK\$'000		(a)
		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	1,291,063
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	932,713
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	3,799
7	Other approach	-
8	Securitization exposures	-
9	Total	2,227,575