



創興銀行有限公司
Chong Hing Bank Limited
(Incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURES

30 September 2022

(Unaudited)

Regulatory disclosures (unaudited)

Introduction

The information contained in this document is for Chong Hing Bank Limited ("the Bank") and its subsidiaries ("the Group") to comply with the Banking (Disclosure) Rules ("the BDR") made under section 60A of the Banking Ordinance. The banking disclosures are prepared in accordance with the BDR and disclosure templates issued by the Hong Kong Monetary Authority ("the HKMA"). It has been prepared on a consolidated basis for regulatory purposes which is different from the consolidated basis for accounting purposes.

The approaches used in calculating the Group's regulatory capital and risk-weighted assets are in accordance with the Banking (Capital) Rules. The Group uses the standardised (credit risk) approach to calculate its credit risk. For counterparty credit risk, the Group uses the standardised approach (counterparty credit risk) to calculate its default risk exposures starting from 30 June 2021. For market risk, the Group uses the standardised (market risk) approach to calculate its market risk. For operational risk, the Group uses the basic indicator approach to calculate its operational risk.

A disclosure policy has been put in place for the disclosure of material information (including inside information) relating to the businesses, state of affairs, profit or loss and capital adequacy ratio to the stakeholders and the public in compliance with the disclosure obligations required by the Banking Ordinance, the Securities and Futures Ordinance and other applicable laws, rules and regulations. The banking disclosures are governed by the Group's disclosure policy, which have been approved by the Board. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. The banking disclosures are reviewed by independent party in accordance with the Group's disclosure policy.

The Group's Banking Disclosure Statement at 30 September 2022 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision. The disclosures are made in accordance with the latest BDR issued by the HKMA.

According to the BDR, disclosure of comparative information is not required unless otherwise specified in the standard disclosure templates. Prior period disclosures can be found in the Regulatory Disclosures section of our website, www.chbank.com.

1: Key prudential ratios (unaudited)

In HK\$'000		(a)	(b)	(c)	(d)	(e)
		As at 30 September 2022	As at 30 June 2022	As at 31 March 2022	As at 31 December 2021	As at 30 September 2021
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	27,561,835	28,147,945	26,559,686	26,274,359	20,910,898
2	Tier 1	32,989,831	33,575,941	31,987,682	31,702,355	26,338,894
3	Total Capital	36,229,958	38,086,915	36,484,521	36,169,029	30,717,688
	RWA (amount)					
4	Total RWA	197,663,211	197,707,841	188,112,306	188,669,987	184,822,639
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.94%	14.24%	14.12%	13.93%	11.31%
6	Tier 1 ratio (%)	16.69%	16.98%	17.00%	16.80%	14.25%
7	Total capital ratio (%)	18.33%	19.26%	19.40%	19.17%	16.62%
	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 (%)	0.590%	0.575%	0.595%	0.616%	0.618%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.090%	3.075%	3.095%	3.116%	3.118%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.44%	9.74%	9.62%	9.43%	6.81%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	266,814,487	275,908,947	260,517,000	263,932,522	249,535,043
14	LR (%)	12.36%	12.17%	12.28%	12.01%	10.56%
	Liquidity Maintenance Ratio (LMR)					
17a	LMR (%)	54.08%	50.31%	47.91%	45.76%	45.19%
	Core Funding Ratio (CFR)					
20a	CFR (%)	175.58%	175.15%	172.65%	164.87%	173.16%

2: Overview of RWA (unaudited)

The following table sets out the RWA by risk types and the corresponding minimum capital requirements (i.e. 8% of RWA), as required by the HKMA.

In HK\$'000		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 September 2022	As at 30 June 2022	As at 30 September 2022
1	Credit risk for non-securitization exposures	177,086,449	178,531,172	14,166,916
2	<i>Of which STC approach</i>	177,086,449	178,531,172	14,166,916
2a	<i>Of which BSC approach</i>	-	-	-
3	<i>Of which foundation IRB approach</i>	-	-	-
4	<i>Of which supervisory slotting criteria approach</i>	-	-	-
5	<i>Of which advanced IRB approach</i>	-	-	-
6	Counterparty default risk and default fund contributions	2,340,439	2,158,597	187,235
7	<i>Of which SA-CCR approach</i>	755,053	998,495	60,404
7a	<i>Of which CEM</i>	-	-	-
8	<i>Of which IMM(CCR) approach</i>	-	-	-
9	<i>Of which others</i>	1,585,386	1,160,102	126,831
10	CVA risk	239,238	293,288	19,139
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	609,218	Not applicable	48,737
13	CIS exposures – MBA	-	Not applicable	-
14	CIS exposures – FBA	-	Not applicable	-
14a	CIS exposures – combination of approaches	-	Not applicable	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	8,263	8,780	661
17	<i>Of which SEC-IRBA</i>	-	-	-
18	<i>Of which SEC-ERBA (including IAA)</i>	-	-	-
19	<i>Of which SEC-SA</i>	8,263	8,780	661
19a	<i>Of which SEC-FBA</i>	-	-	-
20	Market risk	9,439,675	8,841,700	755,174
21	<i>Of which STM approach</i>	9,439,675	8,841,700	755,174
22	<i>Of which IMM approach</i>	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	Not applicable	Not applicable	Not applicable
24	Operational risk	7,542,800	7,477,175	603,424
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	531,423	531,423	42,514
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	134,294	134,294	10,744
26b	<i>Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital</i>	-	-	-
26c	<i>Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital</i>	134,294	134,294	10,744
27	Total	197,663,211	197,707,841	15,813,056

Total RWA decreased by HK\$44.6 million as compared with last quarter. RWA for credit risk for non-securitization exposures was the main contributor and the key driver for the decrease was the decrease in bank exposures.

3: Leverage ratio (unaudited)

		(a)	(b)
		As at 30 September 2022	As at 30 June 2022
In HK\$'000			
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	254,281,401	261,787,783
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,741,500)	(1,487,505)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	252,539,901	260,300,278
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)	627,704	471,096
5	Add-on amounts for PFE associated with all derivative contracts	1,568,234	1,880,599
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	(598,657)	(232,571)
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	1,597,281	2,119,124
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	5,491,257	5,246,424
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	163,880	99,376
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	5,655,137	5,345,800
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	54,926,188	55,347,601
18	Less: Adjustments for conversion to credit equivalent amounts	(45,650,666)	(45,398,364)
19	Off-balance sheet items	9,275,522	9,949,237
Capital and total exposures			
20	Tier 1 capital	32,989,831	33,575,941
20a	Total exposures before adjustments for specific and collective provisions	269,067,841	277,714,439
20b	Adjustments for specific and collective provisions	(2,253,354)	(1,805,492)
21	Total exposures after adjustments for specific and collective provisions	266,814,487	275,908,947
Leverage ratio			
22	Leverage ratio	12.36%	12.17%