



招商永隆銀行
CMB WING LUNG BANK

Regulatory Disclosures

As at 31 March 2020

CMB WING LUNG BANK LIMITED

Contents	Page
1. Introduction	2
2 Key prudential ratios and overview of RWA	3
2.1 KM1: Key prudential ratios	
2.2 OV1: Overview of RWA	
3 Composition of regulatory capital	5
3.1 CCA: Main features of regulatory capital instruments	
4 Leverage ratio	18
4.1 LR2: Leverage ratio	
5 Liquidity	19
5.1 LIQ1: Liquidity Coverage Ratio - for category 1 institution	

CMB WING LUNG BANK LIMITED

1. Introduction

Purpose

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

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

Basis of Preparation

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

The financial information contained in this document has been prepared on a consolidated basis including the Bank and certain of its subsidiaries as specified by the Hong Kong Monetary Authority (“HKMA”) for its regulatory purposes. For financial reporting purposes, all the subsidiaries have been consolidated in the Group’s financial statements, the subsidiaries which are excluded from the regulatory scope of consolidation are specified in note 1 to the supplementary financial information of the Group’s 2019 Annual Report.

CMB WING LUNG BANK LIMITED

2 Key prudential ratios and overview of RWA

2.1 KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		As at 31 Mar 2020 HK\$'000	As at 31 Dec 2019 HK\$'000	As at 30 Sep 2019 HK\$'000	As at 30 Jun 2019 HK\$'000	As at 31 Mar 2019 HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	30,407,969	28,367,761	28,463,592	28,477,241	29,208,826
2	Tier 1	37,982,730	36,076,122	36,175,382	36,189,031	36,920,616
3	Total capital	45,059,421	43,078,454	43,244,379	43,124,544	43,463,547
	RWA (amount)					
4	Total RWA	237,305,927	231,888,583	234,441,429	219,257,159	209,997,774
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	12.8%	12.2%	12.1%	13.0%	13.9%
6	Tier 1 ratio (%)	16.0%	15.6%	15.4%	16.5%	17.6%
7	Total capital ratio (%)	19.0%	18.6%	18.4%	19.7%	20.7%
	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 (%)	0.572%	1.111%	1.340%	1.363%	1.407%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.072%	3.611%	3.840%	3.863%	3.907%
12	CET1 available after meeting the AI's minimum capital requirements (%)	8.3%	7.7%	7.6%	8.5%	9.4%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	341,115,049	345,090,489	336,989,078	328,738,549	298,934,977
14	LR (%)	11.1%	10.5%	10.7%	11.0%	12.4%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	46,838,097	41,309,056	37,287,908	37,579,278	31,182,659
16	Total net cash outflows	30,291,566	24,307,001	22,189,630	24,121,153	18,264,413
17	LCR (%)	161.1%	173.8%	169.2%	162.2%	172.4%
	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	214,537,836	218,046,232	213,815,493	203,727,854	201,734,508
19	Total required stable funding	166,585,189	162,702,327	167,407,862	153,845,999	149,091,710
20	NSFR (%)	128.8%	134.0%	127.7%	132.4%	135.3%
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

CMB WING LUNG BANK LIMITED

2 Key prudential ratios and overview of RWA (continued)

2.2 OV1: Overview of RWA

The table below provides an overview of the Group's total RWAs, breakdown by the approaches with which the RWAs are computed.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 31 Mar 2020 HK\$'000	As at 31 Dec 2019 HK\$'000	As at 31 Mar 2020 HK\$'000
1	Credit risk for non-securitization exposures	217,193,826	210,048,666	17,375,506
2	Of which STC approach	217,193,826	210,048,666	17,375,506
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	1,105,850	1,197,584	88,468
7	Of which SA-CCR*	N/A	N/A	N/A
7a	Of which CEM	536,842	585,260	42,947
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	180,038	197,463	14,403
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	N/A	N/A	N/A
13	CIS exposures – MBA*	N/A	N/A	N/A
14	CIS exposures – FBA*	N/A	N/A	N/A
14a	CIS exposures – combination of approaches*	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA (Including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	1,671,413	3,718,838	133,713
21	Of which STM approach	1,671,413	3,718,838	133,713
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	11,501,750	11,254,800	920,140
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	7,899,593	7,692,460	631,967
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	2,246,543	2,221,228	179,723
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	2,246,543	2,221,228	179,723
27	Total	237,305,927	231,888,583	18,984,474

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

CMB WING LUNG BANK LIMITED

3. Composition of regulatory capital

3.1 CCA: Main features of regulatory capital instruments

3.1.1 Terms and conditions of regulatory capital instruments issued as at 31 March 2020

The Bank, redeemed on 4 February 2020 and re-issued on 27 February 2020, RMB1,000 million undated non-cumulative subordinated additional tier 1 capital securities. The regulatory capital instruments included in the Bank's consolidated capital base as at 31 March 2020 are as follows:

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

The main features of the regulatory capital instruments are set out in the following sections. Full terms and conditions, which are available in English only, are published on the Bank's website at

http://www.cmbwinglungbank.com/wlb_corporate/en/about-us/investor-communication/capital-instruments-issued-terms_20200331.html

CMB WING LUNG BANK LIMITED

3. Composition of regulatory capital (continued)

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

3.1.2 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 31 March 2020
9	Par value of instrument	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Since incorporation
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Discretionary dividend amount
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	N/A

CMB WING LUNG BANK LIMITED

3. Composition of regulatory capital (continued)

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

3.1.2 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)

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

3.1.3 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 31 March 2020
9	Par value of instrument	US\$170 million
10	Accounting classification	Equity - par value
11	Original date of issuance	27 April 2017
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 28 April 2022 (First Call Date) Redemption for taxation reasons: Yes Redemption for regulatory reasons: Yes Redemption price: Redeemed at the outstanding principal amount together with distributions accrued to the date of redemption
16	Subsequent call dates, if applicable	Any Distribution Payment Date after the First Call Date
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	5.2 per cent per annum for the period from, and including, the Issue Date to, but excluding the First Call Date. The then prevailing 5 year U.S. Treasury Rate plus 313 bps for the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative

CMB WING LUNG BANK LIMITED

3. Composition of regulatory capital (continued)

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

3.1.3 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)

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

3.1.4 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\$399.51 million as at 31 March 2020
9	Par value of instrument	US\$400 million
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	22 November 2017
12	Perpetual or dated	Dated
13	Original maturity date	22 November 2027
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 22 November 2022 (First Call Date) Redemption for taxation reasons: Yes Redemption price: Redemption at par together with interest accrued to the date fixed for redemption, final amount subject to adjustment following occurrence of a Non-Viability Event Redemption for regulatory reasons: Redemption at par together with interest accrued to the date fixed for redemption, final amount subject to adjustment following occurrence of a Non-Viability Event
16	Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>		
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	Interest at 3.75% per annum is payable on a semi-annually basis for the first 5 years from the date of issue to the optional redemption date. Thereafter, if the notes are not redeemed, the interest rate will reset and the notes will bear interest at 5 year US Treasury rate on that date plus 175 basis points.
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Cumulative

CMB WING LUNG BANK LIMITED

3. Composition of regulatory capital (continued)

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

3.1.4 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)

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

3.1.5 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 31 March 2020
9	Par value of instrument	US\$400 million
10	Accounting classification	Equity - par value
11	Original date of issuance	24 January 2019
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 24 January 2024 (First Call Date) Redemption for taxation reasons: Yes Redemption for regulatory reasons: Yes Redemption price: Redeemed at the outstanding principal amount together with distributions accrued to the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event.
16	Subsequent call dates, if applicable	Any Distribution Payment Date after the First Call Date
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	6.5 per cent per annum for the period from, and including, the Issue Date to, but excluding the First Call Date. The then prevailing 5 year U.S. Treasury Rate plus 394.8 bps for the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative

CMB WING LUNG BANK LIMITED

3. Composition of regulatory capital (continued)

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

3.1.5 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)

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

3.1.6 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
<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 31 March 2020
9	Par value of instrument	US\$260 million
10	Accounting classification	Equity - par value
11	Original date of issuance	27 December 2019
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 27 December 2024 (First Call Date) Redemption for taxation reasons: Yes Redemption for regulatory reasons: Yes Redemption price: Redeemed at the outstanding principal amount together with distributions accrued to the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event.
16	Subsequent call dates, if applicable	Any Distribution Payment Date after the First Call Date
<i>Coupons / dividends</i>		
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	5.23 per cent per annum for the period from, and including, the Issue Date to, but excluding the First Call Date. The then prevailing 5 year U.S. Treasury Rate plus 350 bps for the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative

CMB WING LUNG BANK LIMITED

3. Composition of regulatory capital (continued)

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

3.1.6 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)

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

3.1.7 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
<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 31 March 2020
9	Par value of instrument	RMB1,000 million
10	Accounting classification	Equity - par value
11	Original date of issuance	27 February 2020
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Optional redemption date: 27 February 2025 (First Call Date) Redemption for taxation reasons: Yes Redemption for regulatory reasons: Yes Redemption price: Redeemed at the outstanding principal amount together with distributions accrued to the date of redemption, subject to adjustment following the occurrence of a Non-Viability Event.
16	Subsequent call dates, if applicable	Any Distribution Payment Date after the First Call Date
<i>Coupons / dividends</i>		
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	4.78 per cent per annum for the period from, and including, the Issue Date to, but excluding the Distribution Payment Date falling on or nearest to the First Call Date. The then prevailing 5 year PRC Treasury Rate plus 212 bps for the period from, and including, the First Call Date and each Distribution Reset Date thereafter to, but excluding, the immediately following Distribution Reset Date
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative

CMB WING LUNG BANK LIMITED

3. Composition of regulatory capital (continued)

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

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

		(a)
		Quantitative / qualitative information
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	<p>If a Non-Viability Event occurs and is continuing, the Issuer shall, by the provision of a Non-Viability Event Notice, irrevocably reduce the then principal amount of, and cancel any accrued but unpaid distribution in respect of, each Capital Security in whole or in part.</p> <p>"Non-Viability Event" means the earlier of: (a) the HKMA notifying the Issuer in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable; or (b) the HKMA notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.</p> <p>Each securityholder shall be subject to having the capital securities being written off, cancelled, converted or modified, or to having its form of the Capital Securities changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice.</p>
32	If write-down, full or partial	Full or partial
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	Tier 2 subordinated notes
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

+ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the Banking (Capital) Rules.

CMB WING LUNG BANK LIMITED

4. Leverage ratio

4.1 LR2: Leverage ratio

		(a)	(b)
		HK\$'000	
		As at 31 Mar 2020	As at 31 Dec 2019
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	334,896,500	337,276,502
2	Less: Asset amounts deducted in determining Tier 1 capital	(7,103,527)	(8,429,194)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	327,792,973	328,847,308
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)	507,338	588,286
5	Add-on amounts for PFE associated with all derivative contracts	722,370	853,480
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	(3,019)	(22,281)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	1,226,689	1,419,485
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	598,401	655,254
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	598,401	655,254
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	42,493,991	39,671,264
18	Less: Adjustments for conversion to credit equivalent amounts	(30,951,790)	(25,460,216)
19	Off-balance sheet items	11,542,201	14,211,048
Capital and total exposures			
20	Tier 1 capital	37,982,730	36,076,122
20a	Total exposures before adjustments for specific and collective provisions	341,160,264	345,133,095
20b	Adjustments for specific and collective provisions	(45,215)	(42,606)
21	Total exposures after adjustments for specific and collective provisions	341,115,049	345,090,489
Leverage ratio			
22	Leverage ratio	11.1%	10.5%

CMB WING LUNG BANK LIMITED

5. Liquidity

5.1 LIQ1: Liquidity Coverage Ratio - for category 1 institution

For the quarter ended 31 March 2020

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

CMB WING LUNG BANK LIMITED

5. Liquidity (continued)

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

For the quarter ended 31 December 2019

Number of data points used in calculating the average value of the LCR and related components set out in this template: 75		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		41,309,056
B. Cash outflows			
2	Retail deposits and small business funding, of which:	144,587,216	10,694,148
3	<i>Stable retail deposits and stable small business funding</i>	3,597,136	179,857
4	<i>Less stable retail deposits and less stable small business funding</i>	69,295,726	6,929,573
4a	<i>Retail term deposits and small business term funding</i>	71,694,354	3,584,718
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	86,593,802	62,106,067
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	84,854,013	60,366,278
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,739,789	1,739,789
9	Secured funding transactions (including securities swap transactions)		-
10	Additional requirements, of which:	18,119,878	3,067,971
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	774,690	774,690
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	-	-
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	17,345,188	2,293,281
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,744,598	1,744,598
15	Other contingent funding obligations (whether contractual or non-contractual)	6,523,673	613,794
16	Total Cash Outflows		78,226,578
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	110,700	110,700
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	67,459,735	46,954,747
19	Other cash inflows	8,022,572	7,331,137
20	Total Cash Inflows	75,593,007	54,396,584
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		41,309,056
22	Total Net Cash Outflows		24,307,001
23	LCR (%)		173.8%