



招商永隆銀行
CMB WING LUNG BANK

Regulatory Disclosures

As at 31 March 2022

CMB WING LUNG BANK LIMITED

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CMB WING LUNG BANK LIMITED

1. Introduction

Purpose

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

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

Basis of Preparation

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

The financial information contained in this document has been prepared on a consolidated basis including the Bank and certain of its subsidiaries as specified by the 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 Annual Report.

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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 31 March 2022 HK\$'000	As at 31 December 2021 HK\$'000	As at 30 September 2021 HK\$'000	As at 30 June 2021 HK\$'000	As at 31 March 2021 HK\$'000
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	39,023,234	39,152,257	39,144,997	35,570,963	34,130,952
2	Tier 1	48,099,165	46,726,830	46,719,570	43,145,536	41,705,525
3	Total capital	54,267,815	52,962,447	52,938,978	49,396,666	47,950,801
	RWA (amount)					
4	Total RWA	277,794,605	270,579,228	262,898,910	263,757,194	261,370,033
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	14.0%	14.5%	14.9%	13.5%	13.1%
6	Tier 1 ratio (%)	17.3%	17.3%	17.8%	16.4%	16.0%
7	Total capital ratio (%)	19.5%	19.6%	20.1%	18.7%	18.3%
	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 (%)	0.584%	0.593%	0.596%	0.591%	0.566%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.084%	3.093%	3.096%	3.091%	3.066%
12	CET1 available after meeting the AI's minimum capital requirements (%)	9.5%	10.0%	10.4%	9.0%	8.6%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	394,884,600	394,644,002	375,820,926	384,680,250	397,864,958
14	LR (%)	12.2%	11.8%	12.4%	11.2%	10.5%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	62,544,449	64,363,553	71,064,697	63,138,436	57,072,729
16	Total net cash outflows	40,540,724	40,463,439	41,969,493	34,240,803	33,280,922
17	LCR (%)	155.5%	159.9%	181.5%	188.7%	174.3%
	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	239,298,627	239,536,764	235,611,699	238,008,499	235,556,537
19	Total required stable funding	190,948,341	180,654,128	175,802,284	178,337,457	180,222,445
20	NSFR (%)	125.3%	132.6%	134.0%	133.5%	130.7%
	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 first quarter of 2022, total RWA increased by HK\$7,215 million, mainly due to the increase in credit risk RWA for non-securitization exposures, which was mainly driven by the increase in loans and advances to banks and investments in securities.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 31 March 2022 HK\$'000	As at 31 December 2021 HK\$'000	As at 31 March 2022 HK\$'000
1	Credit risk for non-securitization exposures	255,917,042	247,979,890	20,473,363
2	Of which STC approach	255,917,042	247,979,890	20,473,363
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	1,447,895	1,451,008	115,832
7	Of which SA-CCR approach	532,204	615,730	42,576
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	168,600	195,913	13,488
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	3,147,838	4,828,075	251,827
21	Of which STM approach	3,147,838	4,828,075	251,827
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	11,692,763	11,642,250	935,421
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	7,489,648	6,551,273	599,172
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	2,069,181	2,069,181	165,534

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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 31 March 2022 HK\$'000	As at 31 December 2021 HK\$'000	As at 31 March 2022 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	2,069,181	2,069,181	165,534
27	Total	277,794,605	270,579,228	22,223,569

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. Leverage ratio

3.1 LR2: Leverage ratio

		(a)	(b)
		HK\$'000	
		As at 31 March 2022	As at 31 December 2021
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	386,050,412	384,795,133
2	Less: Asset amounts deducted in determining Tier 1 capital	(4,242,929)	(4,485,557)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	381,807,483	380,309,576
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)	298,036	356,219
5	Add-on amounts for PFE associated with all derivative contracts	901,226	1,013,585
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	(2,662)	(42,647)
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	1,196,600	1,327,157
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	972,885	905,383
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	972,885	905,383
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	44,259,078	45,712,412
18	Less: Adjustments for conversion to credit equivalent amounts	(33,313,181)	(33,559,019)
19	Off-balance sheet items	10,945,897	12,153,393
Capital and total exposures			
20	Tier 1 capital	48,099,165	46,726,830
20a	Total exposures before adjustments for specific and collective provisions	394,922,865	394,695,509
20b	Adjustments for specific and collective provisions	(38,265)	(51,507)
21	Total exposures after adjustments for specific and collective provisions	394,884,600	394,644,002
Leverage ratio			
22	Leverage ratio	12.2%	11.8%

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4. Liquidity

4.1 LIQ1: Liquidity Coverage Ratio - for category 1 institution

For the quarter ended 31 March 2022

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		62,544,449
B. Cash outflows			
2	Retail deposits and small business funding, of which:	140,306,859	11,774,586
3	<i>Stable retail deposits and stable small business funding</i>	4,948,928	247,447
4	<i>Less stable retail deposits and less stable small business funding</i>	95,184,854	9,518,485
4a	<i>Retail term deposits and small business term funding</i>	40,173,077	2,008,654
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	118,076,854	72,489,226
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	117,995,141	72,407,513
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	81,713	81,713
9	Secured funding transactions (including securities swap transactions)		797,107
10	Additional requirements, of which:	20,792,843	3,176,563
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	570,783	570,783
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>	20,222,060	2,605,780
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	5,227,077	5,227,077
15	Other contingent funding obligations (whether contractual or non-contractual)	5,886,204	477,160
16	Total Cash Outflows		93,941,719
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	86,199,238	46,540,211
19	Other cash inflows	7,478,897	6,860,784
20	Total Cash Inflows	93,678,135	53,400,995
D. Liquidity Coverage Ratio			Adjusted value
21	Total HQLA		62,544,449
22	Total Net Cash Outflows		40,540,724
23	LCR (%)		155.5%

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4. Liquidity (continued)

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

For the quarter ended 31 December 2021

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		64,363,553
B. Cash outflows			
2	Retail deposits and small business funding, of which:	139,184,362	11,627,106
3	<i>Stable retail deposits and stable small business funding</i>	5,117,888	255,894
4	<i>Less stable retail deposits and less stable small business funding</i>	93,357,766	9,335,777
4a	<i>Retail term deposits and small business term funding</i>	40,708,708	2,035,435
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	110,436,404	64,954,006
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	110,080,558	64,598,160
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	355,846	355,846
9	Secured funding transactions (including securities swap transactions)		538,242
10	Additional requirements, of which:	19,450,697	3,659,140
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	1,094,334	1,094,334
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>	18,356,363	2,564,806
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	3,384,105	3,384,105
15	Other contingent funding obligations (whether contractual or non-contractual)	4,928,080	398,572
16	Total Cash Outflows		84,561,171
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	76,234,942	40,374,801
19	Other cash inflows	4,349,279	3,722,931
20	Total Cash Inflows	80,584,221	44,097,732
D. Liquidity Coverage Ratio			
21	Total HQLA		64,363,553
22	Total Net Cash Outflows		40,463,439
23	LCR (%)		159.9%

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4. Liquidity (continued)

4.1 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 Liquidity Coverage Ratio ("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 fourth quarter of 2021 and the first quarter of 2022 remained stable at 159.9% and 155.5% 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.