



**招商永隆銀行**  
CMB WING LUNG BANK

**Regulatory Disclosures**

**As at 30 September 2024**

# **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 standardized 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 2023 Annual Report.

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## 2 Key prudential ratios, overview of risk management and RWA

### 2.1 KM1: Key prudential ratios

		(a)	(b)	(c)	(d)	(e)
		As at 30 September 2024 HK\$'000	As at 30 June 2024 HK\$'000	As at 31 March 2024 HK\$'000	As at 31 December 2023 HK\$'000	As at 30 September 2023 HK\$'000
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	43,815,329	41,140,008	41,176,688	40,461,348	41,004,317
2	Tier 1	53,973,705	51,298,384	51,346,687	52,183,930	48,820,299
3	Total capital	57,632,895	54,611,488	54,703,217	55,465,532	52,183,620
	<b>RWA (amount)</b>					
4	Total RWA	287,691,279	286,762,441	302,582,857	290,951,370	284,665,601
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	15.2%	14.3%	13.6%	13.9%	14.4%
6	Tier 1 ratio (%)	18.8%	17.9%	17.0%	17.9%	17.2%
7	Total capital ratio (%)	20.0%	19.0%	18.1%	19.1%	18.3%
	<b>Additional CET1 buffer requirement (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.601%	0.601%	0.591%	0.593%	0.573%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.101%	3.101%	3.091%	3.093%	3.073%
12	CET1 available after meeting the AI's minimum capital requirements (%)	10.7%	9.9%	9.1%	9.4%	9.9%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	476,113,192	471,557,412	485,136,869	441,918,368	436,732,035
14	LR (%)	11.3%	10.9%	10.6%	11.8%	11.2%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	90,712,096	92,648,010	92,274,077	89,696,611	87,476,934
16	Total net cash outflows	59,471,021	55,681,087	68,081,549	66,704,748	62,273,372
17	LCR (%)	153.7%	170.50%	136.2%	135.0%	140.9%
	Applicable to category 2 institution only:					
17a	LMR (%)	N/A	N/A	N/A	N/A	N/A
	<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>					
	Applicable to category 1 institution only:					
18	Total available stable funding	318,633,180	307,040,154	295,558,044	281,305,948	280,520,716
19	Total required stable funding	220,448,894	214,899,970	217,310,487	207,607,921	206,570,814
20	NSFR (%)	144.5%	142.88%	136.01%	135.5%	135.8%
	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, overview of risk management and 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 third quarter of 2024, total RWA increased by HK\$929 million, mainly due to the increase in credit risk RWA for non-securitization exposures, which was mainly driven by the increase in exposures to non-bank financial institutions.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 September 2024 HK\$'000	As at 30 June 2024 HK\$'000	As at 30 September 2024 HK\$'000
1	Credit risk for non-securitization exposures	264,836,126	263,904,482	21,186,890
2	Of which STC approach	264,836,126	263,904,482	21,186,890
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	1,118,514	1,073,836	89,481
7	Of which SA-CCR approach	711,490	561,218	56,919
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	407,024	-	32,562
10	CVA risk	204,613	241,250	16,369
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	213,130	170,987	17,050
13	CIS exposures – MBA	-	-	-
14	CIS exposures – FBA	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
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	3,114,325	2,791,963	249,146
21	Of which STM approach	3,114,325	2,791,963	249,146
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	16,245,863	15,764,888	1,299,669
24a	Sovereign concentration risk	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% RW)	4,085,428	4,941,755	326,834

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## 2 Key prudential ratios, overview of risk management and RWA (continued)

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

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at 30 September 2024 HK\$'000	As at 30 June 2024 HK\$'000	As at 30 September 2024 HK\$'000
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	2,126,720	2,126,720	170,138
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	2,126,720	2,126,720	170,138
27	<b>Total</b>	<b>287,691,279</b>	<b>286,762,441</b>	<b>23,015,301</b>

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

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## 3 Leverage ratio

### 3.1 LR2: Leverage ratio

		(a)	(b)
		HK\$'000	
		As at 30 September 2024	As at 30 June 2024
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	447,789,712	445,303,720
2	Less: Asset amounts deducted in determining Tier 1 capital	(4,374,741)	(4,835,023)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	443,414,971	440,468,697
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	315,685	108,272
5	Add-on amounts for PFE associated with all derivative contracts	1,001,160	948,125
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	(110,461)	(63,636)
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	<b>Total exposures arising from derivative contracts</b>	1,206,384	992,761
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	566,580	630,224
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	<b>Total exposures arising from SFTs</b>	566,580	630,224
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	219,741,548	206,978,523
18	Less: Adjustments for conversion to credit equivalent amounts	(188,753,899)	(177,446,972)
19	<b>Off-balance sheet items</b>	30,987,649	29,531,551
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	53,973,705	51,298,384
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	476,175,584	471,623,233
20b	<b>Adjustments for specific and collective provisions</b>	(62,392)	(65,821)
21	<b>Total exposures after adjustments for specific and collective provisions</b>	476,113,192	471,557,412
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	11.3%	10.9%

# CMB WING LUNG BANK LIMITED

## 4 Liquidity

### 4.1 LIQ1: Liquidity coverage ratio - for category 1 institution

#### For the quarter ended 30 September 2024

Number of data points used in calculating the average value of the LCR and related components set out in this template: (77)		HK\$000 equivalent	
		(a)	(b)
Basis of disclosure: <del>consolidated</del> / unconsolidated / <del>Hong Kong office</del> (delete as appropriate)		Unweighted value (average)	Weighted value (average)
<b>A. HQLA</b>			
1	Total HQLA		90,712,096
<b>B. Cash outflows</b>			
2	Retail deposits and small business funding, of which:	225,772,364	15,524,730
3	<i>Stable retail deposits and stable small business funding</i>	6,288,285	314,414
4	<i>Less stable retail deposits and less stable small business funding</i>	84,722,226	8,472,223
4a	<i>Retail term deposits and small business term funding</i>	134,761,853	6,738,093
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	118,291,449	76,280,457
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	118,291,449	76,280,457
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	-	-
9	Secured funding transactions (including securities swap transactions)		230,170
10	Additional requirements, of which:	27,516,375	5,420,698
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	390,645	390,645
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>	27,125,730	5,030,053
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	6,397,981	6,397,981
15	Other contingent funding obligations (whether contractual or non-contractual)	6,063,539	319,432
16	<b>Total Cash Outflows</b>		104,173,468
<b>C. Cash Inflows</b>			
17	Secured lending transactions (including securities swap transactions)	34,079	34,079
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	89,397,308	41,062,636
19	Other cash inflows	4,107,700	3,605,731
20	<b>Total Cash Inflows</b>	93,539,087	44,702,447
<b>D. Liquidity Coverage Ratio</b>			<b>Adjusted value</b>
21	<b>Total HQLA</b>		90,712,096
22	<b>Total Net Cash Outflows</b>		59,471,021
23	<b>LCR (%)</b>		153.7%



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## 4 Liquidity (continued)

### 4.1 LIQ1: Liquidity coverage ratio - for category 1 institution (continued)

#### For the quarter ended 30 June 2024

Number of data points used in calculating the average value of the LCR and related components set out in this template: (74)		HK\$000 equivalent	
		(a)	(b)
Basis of disclosure: <del>consolidated</del> / unconsolidated / <del>Hong Kong office</del> (delete as appropriate)		Unweighted value (average)	Weighted value (average)
<b>A. HQLA</b>			
1	Total HQLA		92,648,010
<b>B. Cash outflows</b>			
2	Retail deposits and small business funding, of which:	220,330,574	15,074,418
3	<i>Stable retail deposits and stable small business funding</i>	5,648,413	282,421
4	<i>Less stable retail deposits and less stable small business funding</i>	81,157,769	8,115,777
4a	<i>Retail term deposits and small business term funding</i>	133,524,392	6,676,220
5	Unsecured wholesale funding (other than small business funding), and debt securities and prescribed instruments issued by the AI, of which:	127,907,092	83,673,781
6	<i>Operational deposits</i>	-	-
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	127,877,362	83,644,051
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	29,730	29,730
9	Secured funding transactions (including securities swap transactions)		539,933
10	Additional requirements, of which:	27,214,375	4,517,380
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	460,561	460,561
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>	26,753,814	4,056,819
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	5,222,736	5,222,734
15	Other contingent funding obligations (whether contractual or non-contractual)	5,977,819	312,692
16	<b>Total Cash Outflows</b>		109,340,938
<b>C. Cash Inflows</b>			
17	Secured lending transactions (including securities swap transactions)	1,421,983	1,421,983
18	Secured and unsecured loans (other than secured lending transactions covered in row 17) and operational deposits placed at other financial institutions	100,416,837	49,063,868
19	Other cash inflows	3,648,003	3,174,000
20	<b>Total Cash Inflows</b>	105,486,823	53,659,851
<b>D. Liquidity Coverage Ratio</b>			
21	<b>Total HQLA</b>		92,648,010
22	<b>Total Net Cash Outflows</b>		55,681,087
23	<b>LCR (%)</b>		170.5%

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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 second and third quarters of 2024 remained stable at 170.5% and 153.7% 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.