



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

REGULATORY DISCLOSURES

FOR THE FIRST QUARTER ENDED
31 March 2019
(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 made under section 60A of the Banking Ordinance. The banking disclosures are prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the Hong Kong Monetary Authority. 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 current exposure method to calculate its default risk exposures. 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.

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.

1 Key prudential ratios (Unaudited)

In HK\$'000		(a)	(b)	(c)	(d)	(e)
		As at 31 March 2019	As at 31 December 2018	As at 30 September 2018	As at 30 June 2018	As at 31 March 2018
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	18,475,007	17,737,981	17,927,724	13,291,047	13,425,003
2	Tier 1	20,787,037	20,050,011	20,239,754	15,603,077	15,737,033
3	Total Capital	25,703,037	25,100,544	25,236,189	20,521,443	20,577,680
	RWA (amount)					
4	Total RWA	137,336,150	132,006,902	124,156,734	117,977,847	116,104,572
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.45%	13.44%	14.44%	11.27%	11.56%
6	Tier 1 ratio (%)	15.14%	15.19%	16.30%	13.23%	13.55%
7	Total capital ratio (%)	18.72%	19.01%	20.33%	17.39%	17.72%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	1.875%	1.875%	1.875%	1.875%
9	Countercyclical capital buffer requirement (%)	1.830%	1.368%	1.398%	1.334%	1.357%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	4.330%	3.243%	3.273%	3.209%	3.232%
12	CET1 available after meeting the AI's minimum capital requirements (%)	8.95%	8.94%	9.94%	6.77%	7.06%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	201,325,649	199,848,313	185,108,090	167,735,008	167,701,624
14	LR (%)	10.33%	10.03%	10.93%	9.30%	9.38%
	Liquidity Maintenance Ratio (LMR)					
17a	LMR (%)	45.80%	46.50%	44.31%	43.55%	43.61%
	Core Funding Ratio (CFR)					
20a	CFR (%)	152.20%	161.74%	157.68%	156.39%	148.59%

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 31 March 2019	As at 31 December 2018	As at 31 March 2019
1	Credit risk for non-securitization exposures	124,793,053	119,789,917	9,983,444
2	<i>Of which STC approach</i>	124,793,053	119,789,917	9,983,444
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	1,520,097	1,395,297	121,608
7	<i>Of which SA-CCR*</i>	Not applicable	Not applicable	Not applicable
7a	<i>Of which CEM</i>	1,315,337	1,229,778	105,227
8	<i>Of which IMM(CCR) approach</i>	-	-	-
9	<i>Of which others</i>	204,760	165,519	16,381
10	CVA risk	635,625	639,950	50,850
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA*	Not applicable	Not applicable	Not applicable
13	CIS exposures – MBA*	Not applicable	Not applicable	Not applicable
14	CIS exposures – FBA*	Not applicable	Not applicable	Not applicable
14a	CIS exposures – combination of approaches*	Not applicable	Not applicable	Not applicable
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	<i>Of which SEC-IRBA</i>	-	-	-
18	<i>Of which SEC-ERBA (including IAA)</i>	-	-	-
19	<i>Of which SEC-SA</i>	-	-	-
19a	<i>Of which SEC-FBA</i>	-	-	-
20	Market risk	4,189,100	4,087,900	335,128
21	<i>Of which STM approach</i>	4,189,100	4,087,900	335,128
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	5,800,275	5,692,088	464,022
24a	Sovereign concentration risk*	Not applicable	Not applicable	Not applicable
25	Amounts below the thresholds for deduction (subject to 250% RW)	531,423	535,173	42,514
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	133,423	133,423	10,674
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>	133,423	133,423	10,674
27	Total	137,336,150	132,006,902	10,986,892

Total RWA increased by HK\$5.3billion as compared with last quarter. RWA for credit risk for non-securitization exposures was the main contributor and the key driver for the increase was the increase in loans to corporates.

3 Leverage ratio (Unaudited)

		(a)	(b)
		As at 31 March 2019	As at 31 December 2018
In HK\$'000			
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	184,088,187	182,087,976
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,668,979)	(1,719,061)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	182,419,208	180,368,915
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)	858,765	896,403
5	Add-on amounts for PFE associated with all derivative contracts	3,200,991	3,238,737
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	-	-
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	4,059,756	4,135,140
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	4,864,224	7,652,584
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	1,901,530	676,964
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	6,765,754	8,329,548
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	45,987,822	37,314,868
18	Less: Adjustments for conversion to credit equivalent amounts	(37,269,520)	(29,724,260)
19	Off-balance sheet items	8,718,302	7,590,608
Capital and total exposures			
20	Tier 1 capital	20,787,037	20,050,011
20a	Total exposures before adjustments for specific and collective provisions	201,963,020	200,424,211
20b	Adjustments for specific and collective provisions	(637,371)	(575,898)
21	Total exposures after adjustments for specific and collective provisions	201,325,649	199,848,313
Leverage ratio			
22	Leverage ratio	10.33%	10.03%