



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

REGULATORY DISCLOSURES

30 September 2020
(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 ("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 ("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 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. Securitization standardised approach is used to calculate the credit risk for our securitization exposure.

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 2020 comprises Pillar 3 information required under the framework of the Basel committee on Banking Supervision ("BCBS"). 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 2020	As at 30 June 2020	As at 31 March 2020	As at 31 December 2019	As at 30 September 2019
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	19,270,109	18,607,137	18,247,945	18,812,823	18,467,062
2	Tier 1	24,702,085	21,718,452	21,359,260	21,924,138	21,581,768
3	Total Capital	29,243,686	26,178,291	26,318,380	26,818,885	26,540,135
RWA (amount)						
4	Total RWA	167,505,763	159,611,389	157,290,526	153,151,018	147,497,141
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	11.50%	11.66%	11.60%	12.28%	12.52%
6	Tier 1 ratio (%)	14.75%	13.61%	13.58%	14.32%	14.63%
7	Total capital ratio (%)	17.46%	16.40%	16.73%	17.51%	17.99%
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 (%)	0.672%	0.686%	0.708%	1.411%	1.773%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.172%	3.186%	3.208%	3.911%	4.273%
12	CET1 available after meeting the AI's minimum capital requirements (%)	7.00%	7.16%	7.10%	7.78%	8.02%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	232,051,128	226,868,092	221,921,689	221,563,505	210,607,851
14	LR (%)	10.65%	9.57%	9.62%	9.90%	10.25%
Liquidity Maintenance Ratio (LMR)						
17a	LMR (%)	45.01%	44.71%	44.20%	46.07%	47.02%
Core Funding Ratio (CFR)						
20a	CFR (%)	163.42%	160.39%	153.90%	150.26%	147.18%

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 2020	As at 30 June 2020	As at 30 September 2020
1	Credit risk for non-securitization exposures	154,134,130	145,756,346	12,330,730
2	<i>Of which STC approach</i>	154,134,130	145,756,346	12,330,730
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	887,605	1,187,178	71,009
7	<i>Of which SA-CCR</i>	Not applicable	Not applicable	Not applicable
7a	<i>Of which CEM</i>	835,420	873,878	66,834
8	<i>Of which IMM(CCR) approach</i>	-	-	-
9	<i>Of which others</i>	52,185	313,300	4,175
10	CVA risk	318,475	363,450	25,478
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	1,204	1,934	96
17	<i>Of which SEC-IRBA</i>	-	-	-
18	<i>Of which SEC-ERBA (including IAA)</i>	-	-	-
19	<i>Of which SEC-SA</i>	1,204	1,934	96
19a	<i>Of which SEC-FBA</i>	-	-	-
20	Market risk	4,898,825	5,228,325	391,906
21	<i>Of which STM approach</i>	4,898,825	5,228,325	391,906
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	6,859,338	6,667,763	548,747
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	125,237	125,030	10,019
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>	125,237	125,030	10,019
27	Total	167,505,763	159,611,389	13,400,461

Total RWA increased by HK\$7.9 billion 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 30 September 2020	As at 30 June 2020
In HK\$'000			
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	222,688,382	209,763,358
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,567,022)	(1,586,425)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	221,121,360	208,176,933
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)	706,582	766,241
5	Add-on amounts for PFE associated with all derivative contracts	1,888,262	2,154,882
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	2,594,844	2,921,123
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,658,583	7,654,126
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	110,848	717,606
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	1,769,431	8,371,732
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	42,635,281	45,266,565
18	Less: Adjustments for conversion to credit equivalent amounts	(35,189,808)	(37,103,550)
19	Off-balance sheet items	7,445,473	8,163,015
Capital and total exposures			
20	Tier 1 capital	24,702,085	21,718,452
20a	Total exposures before adjustments for specific and collective provisions	232,931,108	227,632,803
20b	Adjustments for specific and collective provisions	(879,980)	(764,711)
21	Total exposures after adjustments for specific and collective provisions	232,051,128	226,868,092
Leverage ratio			
22	Leverage ratio	10.65%	9.57%