



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

REGULATORY DISCLOSURES

31 March 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 31 March 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 31 March 2020	As at 31 December 2019	As at 30 September 2019	As at 30 June 2019	As at 31 March 2019
Regulatory capital (amount)						
1	Common Equity Tier 1 (CET1)	18,247,945	18,812,823	18,467,062	18,228,225	18,475,007
2	Tier 1	21,359,260	21,924,138	21,581,768	20,540,255	20,787,037
3	Total Capital	26,318,380	26,818,885	26,540,135	25,488,495	25,703,037
RWA (amount)						
4	Total RWA	157,290,526	153,151,018	147,497,141	143,523,675	137,336,150
Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	11.60%	12.28%	12.52%	12.70%	13.45%
6	Tier 1 ratio (%)	13.58%	14.32%	14.63%	14.31%	15.14%
7	Total capital ratio (%)	16.73%	17.51%	17.99%	17.76%	18.72%
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 (%)	0.708%	1.411%	1.773%	1.793%	1.830%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.208%	3.911%	4.273%	4.293%	4.330%
12	CET1 available after meeting the AI's minimum capital requirements (%)	7.10%	7.78%	8.02%	8.20%	8.95%
Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure	221,921,689	221,563,505	210,607,851	213,215,679	201,325,649
14	LR (%)	9.62%	9.90%	10.25%	9.63%	10.33%
Liquidity Maintenance Ratio (LMR)						
17a	LMR (%)	44.20%	46.07%	47.02%	46.19%	45.80%
Core Funding Ratio (CFR)						
20a	CFR (%)	153.90%	150.26%	147.18%	148.89%	152.20%

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 2020	As at 31 December 2019	As at 31 March 2020
1	Credit risk for non-securitization exposures	143,823,275	139,602,614	11,505,862
2	<i>Of which STC approach</i>	143,823,275	139,602,614	11,505,862
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	1,282,338	1,345,279	102,587
7	<i>Of which SA-CCR</i>	Not applicable	Not applicable	Not applicable
7a	<i>Of which CEM</i>	1,093,345	1,144,661	87,468
8	<i>Of which IMM(CCR) approach</i>	-	-	-
9	<i>Of which others</i>	188,993	200,618	15,119
10	CVA risk	420,300	470,463	33,624
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	2,851	4,375	228
17	<i>Of which SEC-IRBA</i>	-	-	-
18	<i>Of which SEC-ERBA (including IAA)</i>	-	705	-
19	<i>Of which SEC-SA</i>	2,851	3,670	228
19a	<i>Of which SEC-FBA</i>	-	-	-
20	Market risk	4,660,975	4,808,000	372,878
21	<i>Of which STM approach</i>	4,660,975	4,808,000	372,878
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	6,699,600	6,519,100	535,968
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	130,236	130,236	10,419
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>	130,236	130,236	10,419
27	Total	157,290,526	153,151,018	12,583,242

Total RWA increased by HK\$4.1 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 31 March 2020	As at 31 December 2019
In HK\$'000			
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	207,838,454	206,784,251
2	Less: Asset amounts deducted in determining Tier 1 capital	(2,126,586)	(2,071,616)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	205,711,868	204,712,635
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)	1,090,469	717,396
5	Add-on amounts for PFE associated with all derivative contracts	2,153,757	2,723,029
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	3,244,226	3,440,425
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	4,695,903	5,266,484
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	256,369	165,447
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	4,952,272	5,431,931
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	47,215,097	46,213,638
18	Less: Adjustments for conversion to credit equivalent amounts	(38,432,671)	(37,579,050)
19	Off-balance sheet items	8,782,426	8,634,588
Capital and total exposures			
20	Tier 1 capital	21,359,260	21,924,138
20a	Total exposures before adjustments for specific and collective provisions	222,690,792	222,219,579
20b	Adjustments for specific and collective provisions	(769,103)	(656,074)
21	Total exposures after adjustments for specific and collective provisions	221,921,689	221,563,505
Leverage ratio			
22	Leverage ratio	9.62%	9.90%