



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

REGULATORY DISCLOSURES

31 March 2023

(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 ("the 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 ("the 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 standardised approach (counterparty credit risk) to calculate its default risk exposures starting from 30 June 2021. 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.

A disclosure policy has been put in place for the disclosure of material information (including inside information) relating to the businesses, state of affairs, profit or loss and capital adequacy ratio to the stakeholders and the public in compliance with the disclosure obligations required by the Banking Ordinance, the Securities and Futures Ordinance and other applicable laws, rules and regulations. 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 2023 comprises Pillar 3 information required under the framework of the Basel Committee on Banking Supervision. 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 2023	As at 31 December 2022	As at 30 September 2022	As at 30 June 2022	As at 31 March 2022
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	28,380,414	27,665,114	27,561,835	28,147,945	26,559,686
2	Tier 1	33,808,410	33,093,110	32,989,831	33,575,941	31,987,682
3	Total Capital	37,149,259	36,385,402	36,229,958	38,086,915	36,484,521
	RWA (amount)					
4	Total RWA	216,366,813	206,510,055	197,663,211	197,707,841	188,112,306
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	13.12%	13.40%	13.94%	14.24%	14.12%
6	Tier 1 ratio (%)	15.63%	16.02%	16.69%	16.98%	17.00%
7	Total capital ratio (%)	17.17%	17.62%	18.33%	19.26%	19.40%
	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 (%)	0.585%	0.586%	0.590%	0.575%	0.595%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-
11	Total AI-specific CET1 buffer requirements (%)	3.085%	3.086%	3.090%	3.075%	3.095%
12	CET1 available after meeting the AI's minimum capital requirements (%)	8.62%	8.90%	9.44%	9.74%	9.62%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	292,197,035	289,959,558	266,814,487	275,908,947	260,517,000
14	LR (%)	11.57%	11.41%	12.36%	12.17%	12.28%
	Liquidity Maintenance Ratio (LMR)					
17a	LMR (%)	58.51%	54.16%	54.08%	50.31%	47.91%
	Core Funding Ratio (CFR)					
20a	CFR (%)	174.55%	174.40%	175.58%	175.15%	172.65%

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 2023	As at 31 December 2022	As at 31 March 2023
1	Credit risk for non-securitization exposures	191,780,055	186,236,660	15,342,404
2	<i>Of which STC approach</i>	191,780,055	186,236,660	15,342,404
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	3,515,382	942,163	281,230
7	<i>Of which SA-CCR approach</i>	1,029,292	743,068	82,343
7a	<i>Of which CEM</i>	-	-	-
8	<i>Of which IMM(CCR) approach</i>	-	-	-
9	<i>Of which others</i>	2,486,090	199,095	198,887
10	CVA risk	300,825	217,400	24,066
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures – LTA	1,171,485	1,148,854	93,719
13	CIS exposures – MBA	-	-	-
14	CIS exposures – FBA	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
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	10,999,013	9,500,775	879,921
21	<i>Of which STM approach</i>	10,999,013	9,500,775	879,921
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	8,201,900	8,066,050	656,152
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	133,270	133,270	10,662
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>	133,270	133,270	10,662
27	Total	216,366,813	206,510,055	17,309,344

Total RWA increased by HK\$9.9 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 corporate exposures.

3: Leverage ratio (unaudited)

		(a)	(b)
		As at 31 March 2023	As at 31 December 2022
In HK\$'000			
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	278,733,254	276,791,296
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,827,771)	(1,690,222)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	276,905,483	275,101,074
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)	804,271	273,499
5	Add-on amounts for PFE associated with all derivative contracts	1,850,175	1,696,972
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	(124,264)	(284,370)
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	2,530,182	1,686,101
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	4,632,416	4,688,652
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	86,290	99,592
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	4,718,706	4,788,244
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	60,766,513	71,135,697
18	Less: Adjustments for conversion to credit equivalent amounts	(49,938,602)	(59,860,331)
19	Off-balance sheet items	10,827,911	11,275,366
Capital and total exposures			
20	Tier 1 capital	33,808,410	33,093,110
20a	Total exposures before adjustments for specific and collective provisions	294,982,282	292,850,785
20b	Adjustments for specific and collective provisions	(2,785,247)	(2,891,227)
21	Total exposures after adjustments for specific and collective provisions	292,197,035	289,959,558
Leverage ratio			
22	Leverage ratio	11.57%	11.41%