星 展 銀 行 （ 香 港 ） 有 限 公 司

DBS BANK (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURE STATEMENTS

FOR THE QUARTER ENDED
31 MARCH 2018

DBS BANK (HONG KONG) LIMITED

REGULATORY DISCLOSURES

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DBS BANK (HONG KONG) LIMITED

REGULATORY DISCLOSURES

1 Introduction

The information contained in this document is for DBS Bank (Hong Kong) Limited ("the Bank") and is prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the Hong Kong Monetary Authority ("HKMA").

Basis of preparation
For regulatory reporting purposes, the Bank is required to compute its capital adequacy ratios and leverage ratio on a combined basis that includes the Bank and its overseas branch.

For the purposes of calculating the risk-weighted assets ("RWA"), the Bank uses the Internal Ratings-Based ("IRB") approach for the calculation of the RWA for the majority of its credit risk exposures and the Standardized approach for those exempted from the IRB approach. The Bank uses the Standardized approaches for the calculation of RWA for market risk and operational risk.

The numbers in this document are expressed in millions of Hong Kong dollars, unless otherwise stated.

2 Key Capital Ratios

2.1 Capital Adequacy Ratios

The capital adequacy ratios were compiled in accordance with the Banking (Capital) Rules issued by the HKMA.

In HK$ millions	As at 31 March 2018
Capital	
Common Equity Tier 1	35,689
Tier 1	37,089
Total	41,634
Total RWA	220,447
Capital Adequacy Ratios	
Common Equity Tier 1	16.2%
Tier 1	16.8%
Total	18.9%

2.2 Leverage Ratio

The leverage ratio was compiled in accordance with the Leverage Ratio Framework issued by the HKMA.

In HK$ millions	As at 31 March 2018
Capital and Total exposures	
Tier 1 capital	37,089
Total exposures	436,827
Leverage Ratio	8.5%

3 Overview of Risk-Weighted Assets ("RWA")

The following table sets out the RWA and the corresponding minimum capital requirements by risk types.

	In HK$ millions	RWA		Minimum capital requirements[1/]
		As at 31 March 2018	**As at 31 December 2017**	**As at 31 March 2018**
1	Credit risk for non-securitization exposures	193,031	192,851	16,250
2	*Of which STC approach*	24,807	25,893	1,985
3	*Of which IRB approach*	168,224	166,958	14,265
4	Counterparty credit risk	782	977	64
5a	*Of which CEM*	508	614	42
11	Settlement Risk	–	1	–
16	Market risk	956	597	76
17	*Of which STM approach*	956	597	76
19	Operational risk	15,465	15,375	1,237
21	*Of which STO approach*	15,465	15,375	1,237
23	Amounts below the thresholds for deduction (subject to 250% RW)	114	114	9
24a	Deduction to RWA	13	24	1
24b	*Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital*	–	11	–
24c	*Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital*	13	13	1
25	Total	210,335	209,891	17,635

1/ Minimum capital requirements correspond to 8% of the RWA, after applicable scaling factor of 1.06 for exposures measured under the IRB approach.

Starting from this quarter, the Bank has used external ratings for credit exposures under the Standardized approach where relevant and only accepts ratings from Standard & Poor's Rating Services, Moody's Investor Services and Fitch Ratings. The Bank follows the processes prescribed in the Banking (Capital) Rules to map the ratings to the relevant risk weights across the various asset classes under the Standardized approach.

4 RWA Flow Statements of Credit Risk Exposures under IRB Approach

The following table explains the change in credit RWA under IRB approach for the quarter.

In HK$ millions		Amount
1	**RWA as at 31 December 2017**	166,958
2	Asset size	475
3	Asset quality	273
4	Model updates	–
5	Methodology and policy	–
6	Acquisitions and disposals	–
7	Foreign exchange movements	518
8	Other	–
9	**RWA as at 31 March 2018**	168,224