



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 six months ended 30 June 2019**

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

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# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 1 INTRODUCTION

The information contained in this document is for DBS Bank (Hong Kong) Limited (“the Bank”) and its subsidiaries (“the Group”), 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 computes key regulatory ratios and disclosures on a combined basis including the Bank and its overseas branch, unless otherwise specified.

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 SCOPE OF CONSOLIDATION

Except where indicated otherwise, the financial information contained in this document has been prepared on a consolidated basis. For regulatory reporting purposes, the Bank computes key regulatory ratios on a combined basis including the Bank and its overseas branch that is different from the basis of consolidation for accounting purposes.

The following entities are within the Group’s accounting scope of consolidation but are excluded from its regulatory scope of consolidation.

Name of entity	Principal activities	Total Assets In HK\$ millions	Total Equity In HK\$ millions
Dao Heng Finance Limited	Inactive	61	61
Hang Lung Bank (Nominee) Limited	Provision of nominee services	–	–
DBS Kwong On (Nominees) Limited	Provision of nominee services	–	–
Overseas Trust Bank Nominees Limited	Provision of nominee services	–	–
Ting Hong Nominees Limited	Provision of nominee, trustee and agency services	–	–
DBS Trustee (Hong Kong) Limited	Inactive	5	5
DBS COMPASS Limited	Inactive	8	8

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 3 KEY PRUDENTIAL RATIOS

The following table provides an overview of the Bank's key prudential ratios which were calculated in accordance with the following Rules, where relevant, issued by the HKMA.

- Banking (Capital) Rules ("BCR")
- Banking (Liquidity) Rules ("BLR")

In HK\$ millions		As at 30 June 2019	As at 31 March 2019	As at 31 December 2018	As at 30 September 2018	As at 30 June 2018
	<b>Regulatory Capital (amount)</b>					
1	Common Equity Tier 1 (CET1)	38,338	36,870	35,414	35,914	36,914
2	Tier 1	39,738	38,270	36,814	37,314	38,314
3	Total Capital	44,245	42,800	41,348	41,857	42,868
	<b>RWA (amount)</b>					
4	Total RWA	232,278	229,711	233,890	232,706	227,512
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	16.5	16.1	15.1	15.4	16.2
6	Tier 1 ratio (%)	17.1	16.7	15.7	16.0	16.8
7	Total Capital ratio (%)	19.0	18.6	17.7	18.0	18.8
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500	2.500	1.875	1.875	1.875
9	Countercyclical capital buffer requirement (%)	2.215	2.205	1.647	1.636	1.663
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0.0	0.0	0.0	0.0	0.0
11	Total AI-specific CET1 buffer requirements (%)	4.715	4.705	3.522	3.511	3.538
12	CET1 available after meeting the AI's minimum capital requirements (%)	11.0	10.6	9.7	10.0	10.8
	<b>Basel III Leverage ratio</b>					
13	Total Leverage ratio (LR) exposure measure	477,309	465,040	467,500	457,327	452,385
14	LR (%)	8.3	8.2	7.9	8.2	8.5
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	36,032	34,697	36,290	34,893	29,984
16	Total net cash outflows	22,694	22,684	23,425	24,501	22,308
17	LCR (%)	158.8	153.3	155.0	142.3	134.6
	Applicable to category 2 institution only:					
17a	LMR (%)	NA	NA	NA	NA	NA
	<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>					
	Applicable to category 1 institution only:					
18	Total available stable funding	300,180	300,654	297,606	294,054	284,039
19	Total required stable funding	262,198	252,410	250,568	244,932	235,112
20	NSFR (%)	114.5	119.1	118.8	120.1	120.8
	Applicable to category 2A institution only:					
20a	CFR (%)	NA	NA	NA	NA	NA

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 4 OVERVIEW OF RISK-WEIGHTED ASSETS

The following table sets out the Bank's risk-weighted assets ("RWA") and the corresponding minimum capital requirements by risk types.

In HK\$ millions		RWA		Minimum capital requirements <sup>1/</sup>
		As at 30 June 2019	As at 31 March 2019	As at 30 June 2019
1	Credit risk for non-securitization exposures	200,686	198,781	16,897
2	<i>Of which STC approach</i>	25,304	24,381	2,024
2a	<i>Of which BSC approach</i>	–	–	–
3	<i>Of which foundation IRB approach</i>	169,073	167,029	14,338
4	<i>Of which supervisory slotting criteria approach</i>	6,309	7,371	535
5	<i>Of which advanced IRB approach</i>	–	–	–
6	Counterparty default risk and default fund contributions	1,003	925	83
7	<i>Of which SA-CCR</i>	NA	NA	NA
7a	<i>Of which CEM</i>	1,003	925	83
8	<i>Of which IMM(CCR) approach</i>	–	–	–
9	<i>Of which others</i>	–	–	–
10	CVA Risk	643	665	51
11	Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–
12	Collective investment scheme ("CIS") exposures - LTA	NA	NA	NA
13	CIS exposures - MBA	NA	NA	NA
14	CIS exposures - FBA	NA	NA	NA
14a	CIS exposures - combination of approaches	NA	NA	NA
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	1,137	1,256	91
21	<i>Of which STM approach</i>	1,137	1,256	91
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)	NA	NA	NA
24	Operational risk	18,140	17,474	1,451

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 4 OVERVIEW OF RISK-WEIGHTED ASSETS (continued)

In HK\$ millions		RWA		Minimum capital requirements <sup>1/</sup>
		As at 30 June 2019	As at 31 March 2019	As at 30 June 2019
24a	Sovereign concentration risk	NA	NA	NA
25	Amounts below the thresholds for deduction (subject to 250% RW)	113	113	9
26	Capital floor adjustment	–	–	–
26a	Deduction to RWA	–	–	–
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>	–	–	–
27	Total	221,722	219,214	18,582

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

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL

#### 5.1 Composition of Regulatory Capital

As at 30 June 2019

In HK\$ millions		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
	<b>CET1 capital: instruments and reserves</b>		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	7,595	(5)
2	Retained earnings	29,324	(7)
3	Disclosed reserves	2,557	(8)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	NA	NA
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	–	
6	<b>CET1 capital before regulatory deductions</b>	39,476	
	<b>CET1 capital: regulatory deductions</b>		
7	Valuation adjustments	1	
8	Goodwill (net of associated deferred tax liabilities)	–	
9	Other intangible assets (net of associated deferred tax liabilities)	–	
10	Deferred tax assets (net of associated deferred tax liabilities)	105	(3)
11	Cash flow hedge reserve	209	(11)
12	Excess of total EL amount over total eligible provisions under the IRB approach	359	(2)
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	–	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	–	
17	Reciprocal cross-holdings in CET1 capital instruments	–	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.1 Composition of Regulatory Capital (continued)

As at 30 June 2019

In HK\$ millions		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
20	Mortgage servicing rights (net of associated deferred tax liabilities)	NA	NA
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	NA	NA
22	Amount exceeding the 15% threshold	NA	NA
23	of which: significant investments in the ordinary share of financial sector entities	NA	NA
24	of which: mortgage servicing rights	NA	NA
25	of which: deferred tax assets arising from temporary differences	NA	NA
26	National specific regulatory adjustments applied to CET1 capital	464	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	–	
26b	Regulatory reserve for general banking risks	464	(9)
26c	Securitization exposures specified in a notice given by the MA	–	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	–	
26e	Capital shortfall of regulated non-bank subsidiaries	–	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	–	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–	
28	<b>Total regulatory deductions to CET1 capital</b>	1,138	
29	<b>CET1 capital</b>	38,338	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	1,400	
31	of which: classified as equity under applicable accounting standards	1,400	(6)
32	of which: classified as liabilities under applicable accounting standards	–	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	–	

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.1 Composition of Regulatory Capital (continued)

As at 30 June 2019

In HK\$ millions		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	–	
35	of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements	–	
36	<b>AT1 capital before regulatory deductions</b>	1,400	
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	–	
38	Reciprocal cross-holdings in AT1 capital instruments	–	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	
41	National specific regulatory adjustments applied to AT1 capital	–	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–	
43	<b>Total regulatory deductions to AT1 capital</b>	–	
44	<b>AT1 capital</b>	1,400	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	39,738	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	4,217	(4)
47	<i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i>	–	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	–	
49	<i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i>	–	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	290	(10)-(1)
51	<b>Tier 2 capital before regulatory deductions</b>	4,507	

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.1 Composition of Regulatory Capital (continued)

As at 30 June 2019

In HK\$ millions		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
	<b>Tier 2 capital: regulatory deductions</b>		
52	Investments in own Tier 2 capital instruments	–	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	–	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	–	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as “section 2 institution” under §2(1) of Schedule 4F to BCR only)	–	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	<b>National specific regulatory adjustments applied to Tier 2 capital</b>	–	
56a	<b>Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital</b>	–	
56b	<b>Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR</b>	–	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	–	
58	<b>Tier 2 capital (T2)</b>	4,507	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	44,245	
60	<b>Total RWA</b>	232,278	
	<b>Capital ratios (as a percentage of RWA)</b>		
61	<b>CET1 capital ratio</b>	16.5%	
62	<b>Tier 1 capital ratio</b>	17.1%	
63	<b>Total capital ratio</b>	19.0%	

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.1 Composition of Regulatory Capital (continued)

As at 30 June 2019

In HK\$ millions		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	4.715%	
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	2.215%	
67	of which: higher loss absorbency requirement	0.0%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	11.0%	
<b>National minima (if different from Basel 3 minimum)</b>			
69	National CET1 minimum ratio	NA	NA
70	National Tier 1 minimum ratio	NA	NA
71	National Total capital minimum ratio	NA	NA
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	1,234	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	45	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	NA	NA
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	NA	NA
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	290	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	323	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	—	

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.1 Composition of Regulatory Capital (continued)

As at 30 June 2019

In HK\$ millions		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	1,119	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	Current cap on CET1 capital instruments subject to phase-out arrangements	NA	NA
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA	NA
82	Current cap on AT1 capital instruments subject to phase-out arrangements	–	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	–	
84	Current cap on Tier 2 capital instruments subject to phase-out arrangements	–	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	–	

#### Note to the template

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards are disclosed below:

Row No.	Description	Hong Kong basis HK\$M	Basel III basis HK\$M
	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	105	–
10	<p><u>Explanation</u></p> <p>As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 10 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.2 Reconciliation of Regulatory Capital to Balance Sheet

In HK\$ millions	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference numbers
	As at 30 June 2019	As at 30 June 2019	
<b>Assets</b>			
Cash and balances with central banks	2,462	2,462	
Government securities and treasury bills	49,700	49,700	
Due from banks	227,011	227,011	
Derivatives	749	749	
Bank and corporate securities	9,768	9,768	
Loans and advances to customers	154,684	154,684	
<i>of which: Allowances eligible for inclusion in Tier 2 capital</i>		(234)	(1)
<i>Excess of total expected loss amount over total eligible provision under the IRB approach</i>		(359)	(2)
Other assets	6,742	6,742	
<i>of which: Deferred tax assets</i>		105	(3)
Subsidiaries	—	48	
Properties and other fixed assets	4,493	4,493	
Goodwill	168	—	
<b>Total assets</b>	<b>455,777</b>	<b>455,657</b>	
<b>Liabilities</b>			
Due to banks	9,889	9,889	
Deposits and balances from customers	361,891	361,901	
Derivatives	733	733	
Certificates of deposit issued	4,245	4,245	
Other liabilities	33,729	33,729	
Amount due to subsidiaries	—	67	
Subordinated liability	4,217	4,217	(4)
<b>Total liabilities</b>	<b>414,704</b>	<b>414,781</b>	
<b>Equity</b>			
<i>Ordinary shares</i>		7,595	(5)
<i>Preference shares</i>		1,400	(6)
Share capital	8,995	8,995	
<i>Retained earnings</i>		29,324	(7)
<i>Other reserves</i>		2,557	(8)
Reserves	32,078	31,881	
<i>of which: Retained earnings earmarked as regulatory reserve</i>		464	(9)
<i>which includes regulatory reserve eligible for inclusion in Tier 2 Capital</i>		56	(10)
<i>of which: Cash flow hedge reserves</i>		209	(11)
<b>Total equity</b>	<b>41,073</b>	<b>40,876</b>	
<b>Total liabilities and equity</b>	<b>455,777</b>	<b>455,657</b>	

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.3 Main Features of Regulatory Capital Instruments

		CET 1 Capital Ordinary Shares	Additional Tier 1 Capital HK\$1.4b Preference Shares issued in October 2016	Tier 2 Capital US\$540m Subordinated Loan issued in December 2017
1	Issuer	DBS Bank (Hong Kong) Limited	DBS Bank (Hong Kong) Limited	DBS Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA	NA
3	Governing law(s) of the instrument	Hong Kong law	Hong Kong Law	Hong Kong law
<i>Regulatory treatment</i>				
4	Transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo/ group/ group & solo	Solo	Solo	Solo
7	Instrument type	Ordinary Shares	Preference Shares	Subordinated loan
8	Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	HK\$7,595 million	HK\$1,400 million	HK\$4,217 million
9	Par value of instrument	NA	HK\$1,400 million	US\$540 million
10	Accounting classification	Shareholders' equity	Shareholders' equity	Liability – amortized cost
11	Original date of issuance	Since incorporation	13 October 2016	13 December 2017
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	No maturity	13 December 2027
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	First optional call date: 13 October 2021  Contingent call dates: Change of Qualification Event, or Tax event  Redemption amount: Liquidation Preference together with, subject to certain limitations and qualifications, accrued but unpaid Dividends	First optional call date: 13 December 2022  Contingent call dates: Change of Qualification Event or Tax Event  Redemption amount: Principal amount together with accrued and unpaid interest

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.3 Main Features of Regulatory Capital Instruments (continued)

		<b>CET 1 Capital Ordinary Shares</b>	<b>Additional Tier 1 Capital HK\$1.4b Preference Shares issued in October 2016</b>	<b>Tier 2 Capital US\$540m Subordinated Loan issued in December 2017</b>
16	Subsequent call dates, if applicable	NA	Optional call dates – any date after 13 October 2021	Optional call dates – any date after 13 December 2022
<i>Coupons / dividends</i>				
17	Fixed or floating dividend/coupon	Discretionary dividend amount	Fixed	Floating
18	Coupon rate and any related index	NA	3.9% per annum	USD 3-month LIBOR plus 1.62% per annum
19	Existence of a dividend stopper	NA	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step-up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Convertible	Non-convertible



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.3 Main Features of Regulatory Capital Instruments (continued)

		CET 1 Capital Ordinary Shares	Additional Tier 1 Capital HK\$1.4b Preference Shares issued in October 2016	Tier 2 Capital US\$540m Subordinated Loan issued in December 2017
24	If convertible, conversion trigger(s)	NA	<p>The Preference shares would be converted into ordinary shares of the Bank upon the occurrence of the trigger event.</p> <p>Trigger event is the earlier of:</p> <p>(i) The HKMA notifying the Bank in writing that it is of the opinion that a conversion is necessary, without which the Bank would become non-viable, or</p> <p>(ii) The HKMA notifying the Bank in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable.</p>	NA
25	If convertible, fully or partially	NA	Fully or partially	NA
26	If convertible, conversion rate	NA	Conversion price is the net tangible assets per ordinary share at the latest month end prior to conversion, floored at HK\$1 per ordinary share	NA
27	If convertible, mandatory or optional conversion	NA	Mandatory	NA
28	If convertible, specify instrument type convertible into	NA	Common Equity Tier 1	NA

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.3 Main Features of Regulatory Capital Instruments (continued)

		CET 1 Capital Ordinary Shares	Additional Tier 1 Capital HK\$1.4b Preference Shares issued in October 2016	Tier 2 Capital US\$540m Subordinated Loan issued in December 2017
29	If convertible, specify issuer of instrument it converts into	NA	DBS Bank (Hong Kong) Limited	NA
30	Write-down feature	No	No	Yes
31	If write-down, write-down trigger(s)	NA	NA	<p>Trigger event is the earlier of:</p> <p>(i) The HKMA notifying the Bank in writing that it is of the opinion that a write-off is necessary, without which the Bank would become non-viable, or</p> <p>(ii) The HKMA notifying the Bank in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable.</p>
32	If write-down, full or partial	NA	NA	Fully or Partially
33	If write-down, permanent or temporary	NA	NA	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	NA

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 5 COMPOSITION OF REGULATORY CAPITAL (continued)

#### 5.3 Main Features of Regulatory Capital Instruments (continued)

		CET 1 Capital Ordinary Shares	Additional Tier 1 Capital HK\$1.4b Preference Shares issued in October 2016	Tier 2 Capital US\$540m Subordinated Loan issued in December 2017
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	Immediately subordinated to Additional Tier 1 capital instruments	Immediately subordinated to Tier 2 capital instruments	Immediately subordinated to senior creditors
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA

Terms and conditions –  
– Ordinary Shares

Terms and conditions –  
Preference Shares

Terms and conditions –  
Subordinated Loan

<https://www.dbs.com/iwov-resources/pdf/hongkong/tnc-ordinary-shares.pdf>

<https://www.dbs.com/iwov-resources/pdf/hongkong/tnc-preference-shares.pdf>

<https://www.dbs.com/iwov-resources/pdf/hongkong/tnc-subordinated-loan-agreement.pdf>

### 6 COUNTERCYCLICAL CAPITAL BUFFER

#### 6.1 Geographical Distribution of Credit Exposures used in Countercyclical Capital Buffer

The following table provides an overview of the geographical distribution of the RWA of private sector credit exposures relevant for the calculation of the Bank's CCyB ratio.

In HK\$ millions		As at 30 June 2019			
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio	AI-specific CCyB ratio (%)	CCyB amount
1	Hong Kong SAR	2.5	121,091		
2	United Kingdom	1.0	957		
	Sum		122,048		
	<b>Total</b>		<b>137,075</b>	<b>2.215</b>	<b>5,145</b>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 7 LEVERAGE RATIO

#### 7.1 Summary Comparison of Accounting Assets Against Leverage Ratio Exposure Measure

In HK\$ millions

	Item	Value under the LR framework As at 30 June 2019
1	Total consolidated assets as per published financial statements	455,777
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	45
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
4	Adjustments for derivative contracts	1,515
5	Adjustment for SFTs (i.e. repos and similar secured lending)	–
6	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	23,339
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	(97)
7	Other adjustments	(3,270)
8	<b>Leverage ratio exposure measure</b>	<b>477,309</b>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 7 LEVERAGE RATIO (continued)

#### 7.2 Leverage Ratio

In HK\$ millions		As at 30 June 2019	As at 31 March 2019
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	455,472	445,642
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,138)	(1,031)
3	<b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>	<b>454,334</b>	<b>444,611</b>
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivative contracts (whether applicable net of eligible cash variation margin and/or with bilateral netting)	264	182
5	Add-on amounts for PFE associated with all derivative contracts	2,001	1,939
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	<b>Total exposures arising from derivative contracts</b>	<b>2,265</b>	<b>2,121</b>
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	—	—
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	—	—
14	CCR exposure for SFT assets	—	—
15	Agent transaction exposures	—	—
16	<b>Total exposures arising from SFTs</b>	<b>—</b>	<b>—</b>
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	184,460	174,311
18	Less: Adjustments for conversion to credit equivalent amounts	(161,121)	(153,400)
19	<b>Off-balance sheet items</b>	<b>23,339</b>	<b>20,911</b>
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	<b>39,738</b>	<b>38,270</b>
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	<b>479,938</b>	<b>467,643</b>
20b	<b>Adjustments for specific and collective provisions</b>	<b>(2,629)</b>	<b>(2,603)</b>
21	<b>Total exposures after adjustments for specific and collective provisions</b>	<b>477,309</b>	<b>465,040</b>
<b>Leverage ratio</b>			
22	<b>Leverage ratio (%)</b>	<b>8.3</b>	<b>8.2</b>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 8 CREDIT RISK

#### 8.1 Credit Quality of Assets

		As at 30 June 2019						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amount of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on exposures calculated under the STC approach		Of which ECL accounting provision for credit losses on IRB exposures	Net values (a+b-c)
In HK\$ millions		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	2,357	385,132	2,401	50	283	2,068	385,088
2	Debt securities	–	36,507	2	–	–	2	36,505
3	Off-balance sheet exposures	–	13,325	32	–	2	30	13,293
	Total	2,357	434,964	2,435	50	285	2,100	434,886

A default is considered to have occurred with regard to a particular borrower when either or both of the following events have taken place:

- Subjective default: Borrower is considered to be unlikely to pay its credit obligations in full, without DBS taking action such as realising security (if held).
- Technical default: Borrower is more than 90 days past due on any credit obligation to DBS.

Loans included balances with banks, loans and advances to customers, balances with central banks, and related accrued interest receivables.

Debt securities included non-trading government securities and treasury bills, banks and corporate securities, and related accrued interest receivables.

Off-balance sheet exposures included direct credit substitutes, transaction-related contingencies, trade-related contingencies and irrecoverable loans commitment.

#### 8.2 Changes in Stock of Defaulted Loans and Debt Securities

In HK\$ millions		Amount
1	As at 1 January 2019	2,510
2	Loans and debt securities that have defaulted since the last reporting period	380
3	Returned to non-defaulted status	(11)
4	Amounts written off	(135)
5	Other changes (note)	(387)
6	As at 30 June 2019	2,357

Note: Other changes mainly related to settlement and repayments from customers.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 8 CREDIT RISK (continued)

#### 8.3 Overview of Recognized Credit Risk Mitigation

In HK\$ millions		As at 30 June 2019				
		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	308,441	76,647	64,467	3,087	–
2	Debt securities	36,505	–	–	–	–
3	<b>Total</b>	344,946	76,647	64,467	3,087	–
4	Of which defaulted	468	626	357	208	–

#### 8.4 Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation – STC approach

In HK\$ millions		As at 30 June 2019					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density (%)
	<b>Exposure classes</b>						
1	Sovereign exposures	–	–	8	–	–	–
2	PSE exposures	–	–	98	–	20	20
2a	Of which: domestic PSEs	–	–	98	–	20	20
2b	Of which: foreign PSEs	–	–	–	–	–	–
3	Multilateral development bank exposures	1,081	–	1,081	–	–	–
4	Bank exposures	369	–	385	1	164	42
5	Securities firm exposures	297	695	297	–	149	50
6	Corporate exposures	14,090	21,459	11,984	868	12,788	99
7	CIS exposures	–	–	–	–	–	–
8	Cash items	–	–	–	–	–	–
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	–
10	Regulatory retail exposures	3,021	4,286	2,206	–	1,654	75
11	Residential mortgage loans	935	–	935	–	327	35
12	Other exposures which are not past due exposures	15,451	15,029	9,778	15	9,793	100

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 8 CREDIT RISK (continued)

#### 8.4 Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation – STC approach (continued)

In HK\$ millions		As at 30 June 2019					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density (%)
	<b>Exposure classes</b>						
13	Past due exposures	282	–	282	–	409	145
14	Significant exposures to commercial entities	–	–	–	–	–	–
15	<b>Total</b>	35,526	41,469	27,054	884	25,304	91



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 8 CREDIT RISK (continued)

#### 8.5 Credit Risk Exposures by Asset Classes and by Risk Weights – STC approach

In HK\$ millions		As at 30 June 2019										
	Risk Weight Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	8	–	–	–	–	–	–	–	–	–	8
2	PSE exposures	–	–	98	–	–	–	–	–	–	–	98
2a	Of which: domestic PSEs	–	–	98	–	–	–	–	–	–	–	98
2b	Of which: foreign PSEs	–	–	–	–	–	–	–	–	–	–	–
3	Multilateral development bank exposures	1,081	–	–	–	–	–	–	–	–	–	1,081
4	Bank exposures	–	–	177	–	161	–	48	–	–	–	386
5	Securities firm exposures	–	–	–	–	297	–	–	–	–	–	297
6	Corporate exposures	–	–	13	–	108	–	12,731	–	–	–	12,852
7	CIS exposures	–	–	–	–	–	–	–	–	–	–	–
8	Cash items	–	–	–	–	–	–	–	–	–	–	–
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	–	–	–	–	–	–	–	–	–	–	–
10	Regulatory retail exposures	–	–	–	–	–	2,206	–	–	–	–	2,206
11	Residential mortgage loans	–	–	–	935	–	–	–	–	–	–	935
12	Other exposures which are not past due exposures	–	–	–	–	–	–	9,793	–	–	–	9,793
13	Past due exposures	–	–	1	–	–	–	25	256	–	–	282
14	Significant exposures to commercial entities	–	–	–	–	–	–	–	–	–	–	–
15	<b>Total</b>	<b>1,089</b>	<b>–</b>	<b>289</b>	<b>935</b>	<b>566</b>	<b>2,206</b>	<b>22,597</b>	<b>256</b>	<b>–</b>	<b>–</b>	<b>27,938</b>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 8 CREDIT RISK (continued)

#### 8.6 Credit Risk Exposures by Portfolio and PD ranges – for IRB approach

##### 8.6.1 Foundation IRB Approach

	As at 30 June 2019											
	a	b	c	d	e	f	g	h	i	j	k	l
PD scale (%)	Original on-balance sheet gross exposure HK\$'M	Off-balance sheet exposures pre-CCF HK\$'M	Average CCF (%)	EAD post-CRM and post-CCF HK\$'M	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (Years)	RWA HK\$'M	RWA density (%)	EL HK\$'M	Provisions HK\$'M
<b>Sovereign exposures</b>												
0.00 to <0.15	30,104	–	–	31,906	0.01	8	45	2.5	2,499	8	55	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
<b>Sub-total</b>	<b>30,104</b>	<b>–</b>	<b>–</b>	<b>31,906</b>	<b>0.01</b>	<b>8</b>	<b>45</b>	<b>2.5</b>	<b>2,499</b>	<b>8</b>	<b>55</b>	<b>22</b>
<b>Bank exposures</b>												
0.00 to <0.15	242,457	12,832	75	252,474	0.04	70	45	2.5	62,012	25	50	
0.15 to <0.25	564	–	–	568	0.24	5	45	2.5	363	64	1	
0.25 to <0.50	343	2	50	344	0.38	10	45	2.5	257	75	1	
0.50 to <0.75	320	–	–	320	0.61	8	45	2.5	314	98	1	
0.75 to <2.50	418	–	–	418	1.03	12	45	2.5	477	114	2	
2.50 to <10.00	2	–	–	2	4.15	1	45	2.5	2	141	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
<b>Sub-total</b>	<b>244,104</b>	<b>12,834</b>	<b>75</b>	<b>254,126</b>	<b>0.05</b>	<b>106</b>	<b>45</b>	<b>2.5</b>	<b>63,425</b>	<b>25</b>	<b>55</b>	<b>562</b>
<b>Corporate exposures – small-and-medium sized corporates</b>												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	
0.50 to <0.75	4	34	3	5	0.56	5	35	2.5	2	46	–	
0.75 to <2.50	106	118	5	106	1.81	26	35	2.5	70	66	1	
2.50 to <10.00	222	41	–	210	5.41	27	39	2.5	219	104	5	
10.00 to <100.00	40	4	6	40	12.15	2	35	2.5	50	125	2	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
<b>Sub-total</b>	<b>372</b>	<b>197</b>	<b>4</b>	<b>361</b>	<b>5.03</b>	<b>60</b>	<b>37</b>	<b>2.5</b>	<b>341</b>	<b>94</b>	<b>8</b>	<b>3</b>
<b>Corporate exposures – other</b>												
0.00 to <0.15	300	9	1	300	0.03	2	45	2.5	44	15	–	
0.15 to <0.25	3,732	2,145	16	4,065	0.22	13	41	2.5	1,712	42	4	
0.25 to <0.50	4,512	7,892	9	5,069	0.32	54	41	2.5	2,593	51	7	
0.50 to <0.75	2,493	4,911	6	2,789	0.56	292	42	2.5	1,919	69	7	
0.75 to <2.50	26,566	33,539	4	27,112	1.72	2,309	38	2.5	24,889	92	177	
2.50 to <10.00	24,603	11,175	3	23,929	4.56	2,216	38	2.5	28,830	120	412	
10.00 to <100.00	2,037	261	2	1,918	12.22	197	39	2.5	3,440	179	94	
100.00 (Default)	2,123	–	–	1,916	100.00	257	43	2.5	2,774	145	1,148	
<b>Sub-total</b>	<b>66,366</b>	<b>59,932</b>	<b>5</b>	<b>67,098</b>	<b>5.59</b>	<b>5,340</b>	<b>39</b>	<b>2.5</b>	<b>66,201</b>	<b>99</b>	<b>1,849</b>	<b>1,791</b>
<b>Total (all portfolios)</b>	<b>340,946</b>	<b>72,963</b>	<b>17</b>	<b>353,491</b>	<b>1.10</b>	<b>5,514</b>	<b>44</b>	<b>2.5</b>	<b>132,466</b>	<b>37</b>	<b>1,967</b>	<b>2,378</b>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 8 CREDIT RISK (continued)

#### 8.6 Credit Risk Exposures by Portfolio and PD ranges - for IRB approach (continued)

##### 8.6.2 Retail IRB Approach

	As at 30 June 2019											
	a	b	c	d	e	f	g	h	i	j	k	l
PD scale (%)	Original on-balance sheet gross exposure HK\$'M	Off-balance sheet exposures pre-CCF HK\$'M	Average CCF (%)	EAD post-CRM and post-CCF HK\$'M	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (Years)	RWA HK\$'M	RWA density (%)	EL HK\$'M	Provisions HK\$'M
<b>Residential mortgages exposures</b>												
0.00 to <0.15	7,124	–	–	7,124	0.12	1,143	13		1,781	25	1	
0.15 to <0.25	11,227	–	–	11,227	0.22	6,467	13		1,715	15	3	
0.25 to <0.50	–	–	–	–	–	–	–		–	–	–	
0.50 to <0.75	2,989	–	–	2,989	0.63	657	13		560	19	2	
0.75 to <2.50	4	–	–	4	1.80	1	32		2	58	–	
2.50 to <10.00	2,122	–	–	2,122	9.84	959	13		1,276	60	28	
10.00 to <100.00	16	–	–	16	33.97	14	13		12	77	1	
100.00 (Default)	10	–	–	10	100.00	10	32		40	395	–	
<b>Sub-total</b>	<b>23,492</b>	<b>–</b>	<b>–</b>	<b>23,492</b>	<b>1.18</b>	<b>9,251</b>	<b>13</b>		<b>5,386</b>	<b>23</b>	<b>35</b>	<b>48</b>
<b>Qualifying revolving retail exposures</b>												
0.00 to <0.15	–	–	–	–	–	–	–		–	–	–	
0.15 to <0.25	1,545	35,608	58	22,040	0.18	303,644	102		2,193	10	41	
0.25 to <0.50	1,934	10,508	56	7,855	0.34	111,867	98		1,268	16	26	
0.50 to <0.75	105	142	300	532	0.67	863	114		170	26	4	
0.75 to <2.50	4,756	21,995	55	16,807	1.66	275,305	101		9,360	56	277	
2.50 to <10.00	513	122	86	618	3.74	3,392	113		692	112	26	
10.00 to <100.00	1,729	398	127	2,235	18.88	18,548	96		5,213	233	403	
100.00 (Default)	41	–	–	41	100.00	560	111		212	519	28	
<b>Sub-total</b>	<b>10,623</b>	<b>68,773</b>	<b>57</b>	<b>50,128</b>	<b>1.66</b>	<b>714,179</b>	<b>101</b>		<b>19,108</b>	<b>38</b>	<b>805</b>	<b>199</b>
<b>Small business retail exposures</b>												
0.00 to <0.15	–	–	–	–	–	–	–		–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–		–	–	–	
0.25 to <0.50	4	–	–	4	0.29	5	6		–	4	–	
0.50 to <0.75	–	–	–	–	–	–	–		–	–	–	
0.75 to <2.50	–	–	–	–	–	–	–		–	–	–	
2.50 to <10.00	–	–	–	–	–	–	–		–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–		–	–	–	
100.00 (Default)	–	–	–	–	–	–	–		–	–	–	
<b>Sub-total</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>0.29</b>	<b>5</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>–</b>
<b>Other retail exposures to individuals</b>												
0.00 to <0.15	–	–	–	–	–	–	–		–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–		–	–	–	
0.25 to <0.50	2,407	–	–	2,407	0.29	2,347	12		169	7	1	
0.50 to <0.75	–	–	–	–	–	–	–		–	–	–	
0.75 to <2.50	2,013	–	–	2,013	1.56	7,983	60		1,535	76	23	
2.50 to <10.00	2,561	–	–	2,561	5.40	6,978	56		2,224	87	88	
10.00 to <100.00	717	–	–	717	23.99	2,070	73		1,169	163	120	
100.00 (Default)	31	–	–	31	100.00	185	95		170	550	17	
<b>Sub-total</b>	<b>7,729</b>	<b>–</b>	<b>–</b>	<b>7,729</b>	<b>4.91</b>	<b>19,563</b>	<b>45</b>		<b>5,267</b>	<b>68</b>	<b>249</b>	<b>64</b>
<b>Total (all portfolios)</b>	<b>41,848</b>	<b>68,773</b>	<b>57</b>	<b>81,353</b>	<b>1.84</b>	<b>742,998</b>	<b>70</b>		<b>29,761</b>	<b>37</b>	<b>1,089</b>	<b>311</b>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 8 CREDIT RISK (continued)

#### 8.7 Effects on RWA of Recognized Credit Derivative Contracts used as Recognized Credit Risk Mitigation – for IRB approach

The Bank does not have credit derivative contracts used as recognized credit risk mitigation.

In HK\$ millions		As at 30 June 2019	
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialized lending under supervisory slotting criteria approach (project finance) (“PF”)	419	419
2	Corporate – Specialized lending under supervisory slotting criteria approach (object finance) (“OF”)	–	–
3	Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance) (“CF”)	–	–
4	Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate) (“IPRE”)	5,890	5,890
5	Corporate – Specialized lending (high-volatility commercial real estate) (“HVCRE”)	–	–
6	Corporate – Small-and-medium sized corporates	341	341
7	Corporate – Other corporates	66,201	66,201
8	Sovereigns	2,481	2,481
9	Sovereign foreign public sector entities	18	18
10	Multilateral development banks	–	–
11	Bank exposures – Banks	63,425	63,425
12	Bank exposures – Securities firms	–	–
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	–	–
14	Retail – Small business retail exposures	–	–
15	Retail – Residential mortgages to individuals	4,838	4,838
16	Retail – Residential mortgages to property-holding shell companies	548	548
17	Retail – Qualifying revolving retail exposures (QRRE)	19,108	19,108
18	Retail – Other retail exposures to individuals	5,267	5,267
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	–	–
20	Equity – Equity exposures under market-based approach (internal models method)	–	–
21	Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment)	–	–
22	Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment)	–	–
23	Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures)	–	–
24	Equity – Equity exposures under PD/LGD approach (other equity exposures)	–	–
25	Equity – Equity exposures associated with equity investments in funds (CIS exposures)	–	–
26	Other – Cash items	–	–
27	Other – Other items	6,846	6,846
28	<b>Total (under the IRB calculation approaches)</b>	<b>175,382</b>	<b>175,382</b>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 8 CREDIT RISK (continued)

#### 8.8 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	RWA
<b>As at 31 March 2019</b>	<b>174,400</b>
Asset size	1,232
Asset quality	692
Model updates	(570)
Methodology and policy	–
Acquisitions and disposals	–
Foreign exchange movements	(372)
Others	–
<b>As at 30 June 2019</b>	<b>175,382</b>

Credit RWA increase during the quarter was mainly due to asset growth which was partially offset by RWA reduction from the enhanced Credit Card exposure at default (“EAD”), probability of default (“PD”) and loss given default (“LGD”) models.

#### 8.9 Specialized Lending Under Supervisory Slotting Criteria Approach – for IRB approach

Specialized lending under supervisory slotting criteria approach – other than HVCRE

In HK\$ millions		As at 30 June 2019									
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW (%)	EAD amount					RWA	Expected loss amount
					PF	OF	CF	IPRE	Total		
Strong <sup>A</sup>	Less than 2.5 years	–	–	50	–	–	–	–	–	–	–
Strong	Equal to or more than 2.5 years	563	136	70	599	–	–	66	665	465	3
Good <sup>A</sup>	Less than 2.5 years	4,428	795	70	–	–	–	5,024	5,024	3,517	20
Good	Equal to or more than 2.5 years	1,839	283	90	–	–	–	1,839	1,839	1,656	15
Satisfactory		584	37	115	–	–	–	584	584	671	16
Weak		–	3	250	–	–	–	–	–	–	–
Default		–	–	0	–	–	–	–	–	–	–
Total		7,414	1,254		599	–	–	7,513	8,112	6,309	54

<sup>A</sup> Use of preferential risk-weights.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 9 COUNTERPARTY CREDIT RISK

#### 9.1 Analysis of Counterparty Default Risk Exposures (Other than those to CCPs) by Approaches

In HK\$ millions		As at 30 June 2019					
		Replacement cost (RC)	PFE	Effective EPE	Alpha ( $\alpha$ ) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	CEM (for derivative contracts)	261	2,000		NA	2,261	1,003
2	IMM (CCR) approach			–	–	–	–
3	Simple Approach (for SFTs)					–	–
4	Comprehensive Approach (for SFTs)					–	–
5	VaR (for SFTs)					–	–
6	<b>Total</b>						1,003

The current exposure method is used for calculating default risk exposures of derivative contracts.

#### 9.2 CVA Capital Charge

In HK\$ millions		As at 30 June 2019	
		EAD post CRM	RWA
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	–	–
1	(i) VaR (after application of multiplication factor if applicable)		–
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		–
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	2,106	643
4	<b>Total</b>	2,106	643

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 9 COUNTERPARTY CREDIT RISK (continued)

#### 9.3 Counterparty Default Risk Exposures (Other than those to CCPs) by Asset Classes and by Risk Weights – for STC approach

In HK\$ millions		As at 30 June 2019										
	Risk Weight Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	-	-	-	-	-	-	-	-	-
5	Securities firm exposures	-	-	-	-	1	-	-	-	-	-	1
6	Corporate exposures	-	-	-	-	58	-	24	-	-	-	82
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	394	-	-	-	394
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	<b>Total</b>	-	-	-	-	59	-	418	-	-	-	477

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 9 COUNTERPARTY CREDIT RISK (continued)

#### 9.4 Counterparty Default Risk Exposures (Other than those to CCPs) by portfolio and PD range – for IRB approach

##### 9.4.1 Foundation IRB Approach

The following table sets out the parameters used for the calculation of the Bank's CCR capital requirements for IRB approach models. The Bank adopts IRB approach for all of its IRB exposures which are subject to CCR capital requirements.

	As at 30 June 2019						
	a	b	c	d	e	f	g
PD scale (%)	EAD post-CRM HK\$'M	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (Years)	RWA HK\$'M	RWA density (%)
<b>Bank</b>							
0.00 to <0.15	1,444	0.07	15	45	2.5	434	30
0.15 to <0.25	1	0.24	2	45	2.5	–	64
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
<b>Sub-total</b>	<b>1,445</b>	<b>0.07</b>	<b>17</b>	<b>45</b>	<b>2.5</b>	<b>434</b>	<b>30</b>
<b>Corporate exposures - small-and-medium sized corporates</b>							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	–	–	–	–	–	–	–
0.25 to <0.50	–	–	–	–	–	–	–
0.50 to <0.75	–	–	–	–	–	–	–
0.75 to <2.50	–	–	–	–	–	–	–
2.50 to <10.00	–	8.34	1	45	2.5	–	136
10.00 to <100.00	–	12.15	1	35	2.5	–	124
100.00 (Default)	–	–	–	–	–	–	–
<b>Sub-total</b>	<b>–</b>	<b>12.06</b>	<b>2</b>	<b>35</b>	<b>2.5</b>	<b>–</b>	<b>124</b>
<b>Corporate exposures - other</b>							
0.00 to <0.15	–	–	–	–	–	–	–
0.15 to <0.25	34	0.22	2	35	2.5	12	36
0.25 to <0.50	80	0.38	8	45	2.5	48	60
0.50 to <0.75	155	0.56	6	2	2.5	4	3
0.75 to <2.50	16	1.43	35	30	2.5	11	66
2.50 to <10.00	15	3.38	32	38	2.5	16	112
10.00 to <100.00	–	12.15	2	45	2.5	–	207
100.00 (Default)	–	100.00	2	35	2.5	–	438
<b>Sub-total</b>	<b>300</b>	<b>0.66</b>	<b>87</b>	<b>20</b>	<b>2.5</b>	<b>91</b>	<b>31</b>
<b>Total (all portfolios)</b>	<b>1,745</b>	<b>0.17</b>	<b>106</b>	<b>41</b>	<b>2.5</b>	<b>525</b>	<b>30</b>



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 9 COUNTERPARTY CREDIT RISK (continued)

#### 9.5 Composition of Collateral for Counterparty Default Risk Exposures (including those for Contracts or Transactions Cleared through CCPs)

In HK\$ millions	As at 30 June 2019					
	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – domestic currency	–	–	–	1	–	–
Cash – other currencies	–	60	–	83	–	–
<b>Total</b>	–	60	–	84	–	–

There is no outstanding securities financing transaction which creates exposures to counterparty credit risk as at 30 June 2019.

#### 9.6 Credit-Related Derivatives Contracts

In HK\$ millions	As at 30 June 2019	
	Protection bought	Protection sold
Notional amounts		
Total return swaps	3,225	3,226
<b>Total notional amounts</b>	3,225	3,226
Fair values		
Positive fair values (asset)	–	3
Negative fair values (liability)	(3)	–

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 9 COUNTERPARTY CREDIT RISK (continued)

#### 9.7 Exposures to CCPs

In HK\$ millions		As at 30 June 2019	
		Exposure after CRM	RWA
<b>1</b>	<b>Exposures of the AI as clearing member or client to qualifying CCPs (total)</b>		–
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	4	–
3	(i) OTC derivative transactions	4	–
4	(ii) Exchange-traded derivative contracts	–	–
5	(iii) Securities financing transactions	–	–
6	(iv) Netting sets subject to valid cross-product netting agreements	–	–
7	Segregated initial margin	–	–
8	Unsegregated initial margin	–	–
9	Funded default fund contributions	–	–
10	Unfunded default fund contributions	–	–
<b>11</b>	<b>Exposures of the AI as clearing member or client to non-qualifying CCPs (total)</b>		–
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	–	–
13	(i) OTC derivative transactions	–	–
14	(ii) Exchange-traded derivative contracts	–	–
15	(iii) Securities financing transactions	–	–
16	(iv) Netting sets subject to valid cross-product netting agreements	–	–
17	Segregated initial margin	–	–
18	Unsegregated initial margin	–	–
19	Funded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 10 MARKET RISK UNDER STANDARDIZED APPROACH

In HK\$ millions		As at 30 June 2019 RWA <sup>(1)</sup>
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	701
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures	434
4	Commodity exposures	–
	Option exposures	
5	Simplified approach	–
6	Delta-plus approach	2
7	Other approach	–
8	Securitization exposures	–
9	<b>Total</b>	<b>1,137</b>

<sup>(1)</sup> The RWA is derived by multiplying the capital requirements by 12.5.

### 11 INTERNATIONAL CLAIMS

Analysis of the Bank's international claims by location and by type of counterparty is as follows:

In HK\$ millions	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
As at 30 June 2019	12,301	11,440	–	2,166	25,907
Developed countries					
Offshore centres, of which	220,289	627	630	35,833	257,379
– Singapore	219,734	4	–	882	220,620
– Hong Kong	550	623	630	31,690	33,493
– Others	5	–	–	3,261	3,266
Developing Europe	–	–	–	148	148
Developing Latin America and Caribbean	30	–	–	41	71
Developing Africa and Middle East	42	–	–	58	100
Developing Asia-Pacific	11,771	633	–	8,039	20,443
International organisations	–	1,081	–	–	1,081
	244,433	13,781	630	46,285	305,129

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 11 INTERNATIONAL CLAIMS (continued)

In HK\$ millions	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
As at 31 December 2018					
Developed countries	13,243	13,197	392	2,215	29,047
Offshore centres, of which	215,817	15	807	37,868	254,507
– Singapore	215,290	4	235	821	216,350
– Hong Kong	520	11	572	33,780	34,883
– Others	7	–	–	3,267	3,274
Developing Europe	–	–	–	81	81
Developing Latin America and Caribbean	61	–	–	40	101
Developing Africa and Middle East	22	–	–	54	76
Developing Asia-Pacific	14,723	643	–	7,148	22,514
International organisations	–	1,011	–	–	1,011
	243,866	14,866	1,199	47,406	307,337

The above analysis is disclosed on a net basis after taking into account the effect of any recognised risk transfer.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 12 LOANS AND ADVANCES TO CUSTOMERS

The Group employs a range of policies and practices to mitigate credit risk, one of which is the taking of collateral. The collateral includes cash, marketable securities, properties, trade receivables, inventory, equipment and other physical and financial collateral.

#### 12.1 Loans and advances to customers by loan usage

The analysis of the Bank's gross advances to customers by loan usage and the corresponding balances covered by collateral are as follows:

In HK\$ millions	As at 30 June 2019		As at 31 December 2018	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
Gross loans and advances for use in Hong Kong Industrial, commercial and financial				
– Property development	3,173	2,995	4,340	4,340
– Property investment	18,341	17,815	19,433	18,871
– Financial concerns	4,856	4,501	4,054	3,618
– Stockbrokers	290	–	790	–
– Wholesale and retail trade	14,486	11,071	15,335	11,791
– Manufacturing	10,432	6,990	9,930	7,566
– Transport and transport equipment	9,270	8,127	9,925	9,184
– Recreational activities	275	239	273	234
– Information technology	984	349	882	300
– Others	5,370	3,520	5,774	3,612
Individuals				
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	103	103	122	122
– Loans for the purchase of other residential properties	22,210	22,210	22,244	22,244
– Credit card advances	8,802	–	8,691	–
– Others	20,369	13,698	17,117	10,668
	118,961	91,618	118,910	92,550
Trade finance (including trade bills)	30,538	10,524	36,723	10,929
Gross loans and advances for use outside Hong Kong	7,585	2,822	8,836	3,153
	<u>157,084</u>	<u>104,964</u>	<u>164,469</u>	<u>106,632</u>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 12 LOANS AND ADVANCES TO CUSTOMERS (continued)

#### 12.1 Loans and advances to customers by loan usage (continued)

Analysis of impaired advances, specific and collective provisions for the individual loan usage category which accounted for 10% or more of the Bank's advances to customers:

In HK\$ millions	Impaired advances to customers	Specific provision	Collective provision
<b>As at 30 June 2019</b>			
Property investment	46	4	273
Loans for the purchase of other residential properties	8	—	2
Trade finance	852	530	133
Individuals – for other private purposes	233	57	150

As at 31 December 2018

Property investment	70	6	270
Loans for the purchase of other residential properties	15	—	4
Trade finance	832	389	162
Individuals – for other private purposes	242	56	143

#### 12.2 Loans and advances to customers by geographical area

The analysis of the Bank's gross advances to customers by geographical area is based on the location of the counterparty after taking into account the transfer of risk. In general, transfer of risk applies if the claim is guaranteed by a party in a country which is different from that of the counterparty.

In HK\$ millions	Loans	Trade finance (including trade bills)	Total
<b>As at 30 June 2019</b>			
Hong Kong	112,907	20,192	133,099
Mainland China	4,851	8,634	13,485
Others	8,788	1,712	10,500
	<u>126,546</u>	<u>30,538</u>	<u>157,084</u>

As at 31 December 2018

Hong Kong	114,675	23,699	138,374
Mainland China	4,784	10,522	15,306
Others	8,287	2,502	10,789
	<u>127,746</u>	<u>36,723</u>	<u>164,469</u>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 12 LOANS AND ADVANCES TO CUSTOMERS (continued)

#### 12.2 Loans and advances to customers by geographical area (continued)

Analysis of impaired advances, impairment allowances for loans and trade finance which accounted for 10% or more of the Bank's gross advances to customers:

In HK\$ millions	Impaired advances to customers	Specific allowances	General allowances
<b>As at 30 June 2019</b>			
Hong Kong	1,774	755	1,119
<b>As at 31 December 2018</b>			
Hong Kong	1,831	652	1,169

### 13 OVERDUE AND RESCHEDULED ASSETS

#### 13.1 Overdue loans and advances to customers

The overdue loans and advances of the Bank are analysed as follows:

In HK\$ millions	As at 30 June 2019		As at 31 December 2018	
		% of gross loans and advances to customers		% of gross loans and advances to customers
Six months or less but over three months	278	0.18	197	0.12
One year or less but over six months	434	0.28	186	0.11
Over one year	1,109	0.71	1,082	0.66
	<u>1,821</u>	<u>1.17</u>	<u>1,465</u>	<u>0.89</u>
Individual impairment allowances made in respect of the above overdue loans and advances	<u>1,089</u>		<u>792</u>	
Current market value of collateral held against the covered portion of the above overdue loans and advances	<u>1,089</u>		<u>1,195</u>	
Covered portion of the above overdue loans and advances	<u>654</u>		<u>717</u>	
Uncovered portion of the above overdue loans and advances	<u>1,167</u>		<u>748</u>	

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 13 OVERDUE AND RESCHEDULED ASSETS (continued)

#### 13.2 Rescheduled advances

The rescheduled loans and advances of the Bank (net of those which have been overdue for over three months and reported in item (a) above) are analysed as follows:

In HK\$ millions	As at 30 June 2019		As at 31 December 2018	
		% of gross loans and advances to customers		% of gross loans and advances to customers
Rescheduled loans and advances	<u>271</u>	0.17	<u>346</u>	0.21

#### 13.3 Repossessed assets

As at 30 June 2019, repossessed assets of the Bank amounted to HK\$96 million (31 December 2018: HK\$119 million).

#### 13.4 Overdue other assets

The overdue other assets of the Bank are analysed as follows:

In HK\$ millions	As at 30 June 2019	As at 31 December 2018
Six months or less but over three months	–	–
One year or less but over six months	–	–
Over one year	<u>135</u>	<u>136</u>
	<u>135</u>	<u>136</u>



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 14 MAINLAND ACTIVITIES

The table below summarises the non-bank Mainland China exposure of the Bank (excluding its Macau Branch), categorised by types of counterparties:

As at 30 June 2019

In HK\$ millions Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	1,041	131	1,172
(b) Local governments, local government-owned entities and their subsidiaries and JVs	279	520	799
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,523	1,163	8,686
(d) Other entities of central government not reported in part (a) above	–	1	1
(e) Other entities of local governments not reported in part (b) above	92	89	181
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,575	1,588	8,163
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	8,287	3,104	11,391
<b>Total</b>	<b>23,797</b>	<b>6,596</b>	<b>30,393</b>
<b>Total assets after provision</b>	<b>453,790</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>5.24%</b>		

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 14 MAINLAND ACTIVITIES (continued)

As at 31 December 2018

In HK\$ millions Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	2,239	115	2,354
(b) Local governments, local government-owned entities and their subsidiaries and JVs	218	139	357
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	10,139	1,488	11,627
(d) Other entities of central government not reported in part (a) above	—	1	1
(e) Other entities of local governments not reported in part (b) above	91	56	147
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	8,071	1,818	9,889
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	8,024	2,451	10,475
Total	28,782	6,068	34,850
Total assets after provision	443,410		
On-balance sheet exposures as percentage of total assets	6.49%		

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 15 CURRENCY CONCENTRATIONS

The table below summarises the Group's assets and liabilities at carrying amounts, categorised by currency:

In HK\$ millions	USD	CNY	CAD	JPY	CHF	MOP	Others	Total
As at 30 June 2019								
Hong Kong dollar equivalents								
Spot assets	186,732	12,110	275	9,623	297	499	12,778	222,314
Spot liabilities	(154,290)	(11,293)	(2,007)	(2,622)	(747)	(408)	(31,024)	(202,391)
Forward purchases	69,115	11,811	2,033	1,710	1,179	–	22,095	107,943
Forward sales	(102,250)	(12,615)	(243)	(8,582)	(674)	–	(3,912)	(128,276)
Net options position	1	–	–	–	–	–	(2)	(1)
Net (short) / long non-structural position	(692)	13	58	129	55	91	(65)	(411)
Net structural position	–	85	–	–	–	(28)	–	57
As at 31 December 2018								
Hong Kong dollar equivalents								
Spot assets	184,056	11,595	435	8,093	189	489	12,672	217,529
Spot liabilities	(150,209)	(11,094)	(2,824)	(2,435)	(580)	(437)	(28,777)	(196,356)
Forward purchases	72,027	9,098	2,632	1,172	394	–	20,119	105,442
Forward sales	(105,783)	(9,607)	(290)	(6,738)	–	–	(3,973)	(126,391)
Net options position	2	–	–	–	–	–	(2)	–
Net (short) / long non-structural position	93	(8)	(47)	92	3	52	39	224
Net structural position	–	85	–	–	–	(50)	–	35

Structural foreign exchange positions arising from capital investments outside Hong Kong, mainly in Chinese Renminbi and Macau Pataca.

The net options position is calculated based on the delta-weighted position as set out in the prudential return "Foreign Currency Position" issued by the HKMA.

## **DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

### **REGULATORY DISCLOSURES**

#### **16 LIQUIDITY**

##### **16.1 Liquidity Coverage Ratio**

The Bank complies with the minimum requirement of Liquidity Coverage Ratio (“LCR”) on a daily basis, in accordance with the Banking (Liquidity) Rules issued by the HKMA. From 2019 onwards, the Bank is required to maintain an LCR of not less than 100%.

LCR aims to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets (“HQLA”) to meet its liquidity needs for a 30-calendar day liquidity stress scenario. Banking (Liquidity) Rules stipulates the range of liquid assets that qualify as HQLA, as well as the applicable haircuts for each category. Net cash outflows are computed using the standardized 30-day cash flow rates defined in the same notice. The amounts after the application of haircuts or 30-day cash flow rates are reflected in the “Weighted value” column of the tables below.

The Bank seeks to ensure that its LCR remains above the specified regulatory minimum requirements. This is achieved by:

1. Establishing internal early warning triggers and thresholds based on observed movements in LCR over time;
2. Monitoring and managing the LCR closely to ensure it stays within established boundaries; and
3. Strategically managing the liquidity risk arising from the balance sheet structure.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 16 LIQUIDITY (continued)

#### 16.1 Liquidity Coverage Ratio (continued)

Table: Average LCR for the quarter ended 30 June 2019

Number of data points used in calculating the average value of the LCR and related components set out in this template for the quarter ending on 30 Jun 2019: (72)		In HK\$ millions	
Basis of disclosure: unconsolidated		Unweighted value (average)	Weighted value (average)
<b>A. HQLA</b>			
1	Total HQLA		36,032
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	203,894	16,016
3	<i>Stable retail deposits and stable small business funding</i>	11,964	359
4	<i>Less stable retail deposits and less stable small business funding</i>	121,209	12,121
4a	<i>Retail term deposits and small business term funding</i>	70,721	3,536
5	Unsecured wholesale funding (other than small business funding), debt securities and prescribed instruments issued by the AI, of which:	138,611	70,099
6	<i>Operational deposits</i>	14,336	3,073
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	123,237	65,988
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	1,038	1,038
9	Secured funding transactions (including securities swap transactions)		–
10	Additional requirements, of which:	12,732	1,928
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	728	728
12	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	–	–
13	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	12,004	1,200
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,242	2,242
15	Other contingent funding obligations (whether contractual or non-contractual)	144,918	464
16	<b>TOTAL CASH OUTFLOWS</b>		90,749
<b>C. Cash Inflows</b>			
17	Secured lending transactions (including securities swap transactions)	–	–
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	118,832	71,176
19	Other cash inflows	2,792	2,539
20	<b>Total Cash Inflows</b>	121,624	73,715
<b>D. LIQUIDITY COVERAGE RATIO</b>		<b>ADJUSTED VALUE</b>	
21	<b>Total HQLA</b>		36,032
22	<b>TOTAL NET CASH OUTFLOWS</b>		22,694
23	<b>LCR (%)</b>		158.8

## **DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

### **REGULATORY DISCLOSURES**

#### **16 LIQUIDITY (continued)**

##### **16.1 Liquidity Coverage Ratio (continued)**

The Bank has maintained a healthy liquidity position in the second quarter of 2019, with LCR being well above regulatory requirement. Quarter-on-quarter, the increase in average LCR is attributable to growth in HQLA holdings as a result of higher funding surplus from loans and deposits.

##### **(i) Composition of High Quality Liquid Assets (“HQLA”)**

The Bank holds a pool of unencumbered HQLAs that is readily available to meet cash flow obligations under stress scenarios, as defined in the LCR rules. These liquid assets consist predominantly of Level 1 HQLA, including mainly Hong Kong exchange fund bills and notes, other government debt securities and balances with central banks. This is supplemented by covered bonds issued by reputable financial institutions.

##### **(ii) Concentration of funding sources**

The Bank strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. Customer deposits form a sound funding base and serve as the main source of funding for the Bank. It is complemented by a well-diversified book of wholesale funding, including but not limited to interbank money market borrowing and the issuance of certificates of deposit. For more information on the Bank’s funding strategy, please refer to section 20.1.3 of annual regulatory disclosure for the year ended 31 December 2018.

##### **(iii) Derivatives exposures**

The Bank actively manages its over-the-counter (“OTC”) and exchange-traded derivative contracts, which comprise mainly of currency, interest rate and bond futures, foreign exchange forwards, interest rate and cross currency swaps, and foreign exchange options. Collaterals may be required to be posted to counterparties and/or the exchanges, depending on the daily mark-to-market of these derivative positions. The Bank’s largest counterparty for OTC derivatives is the Bank’s parent company.

##### **(iv) Currency mismatch**

Customer deposit in Hong Kong, largely denominated in HKD, is a major funding source for the Bank. The Bank swaps surplus HKD funding into United States Dollars (“USD”) and other foreign currencies to meet customer demand for loans.

##### **(v) Centralisation of liquidity management**

The Bank seeks to manage its liquidity in a prudent manner to ensure that its liquidity obligations would always be honored under normal and adverse circumstances. The Bank centrally manages its liquidity position and provides funding support to its overseas branch for the lending growth.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 16 LIQUIDITY (continued)

#### 16.2 Net Stable Funding Ratio

The bank maintains a healthy liquidity position by keeping a stable balance sheet structure that is supported by a diversified funding base. The NSFR remains well above the regulatory minimum requirement of 100%.

The bank seeks to ensure that its NSFR remains above the specified regulatory minimum requirements, which is achieved by:

1. Monitoring the NSFR closely against an internal early warning trigger; and
2. Managing and developing strategies to build a diversified funding base with access to funding sources across retail and wholesale channels.

Table 1: NSFR for the quarter ended 30 June 2019

In HK\$ millions		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: unconsolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	<6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding (“ASF”) item						
1	Capital:	42,116	–	–	4,216	46,332
2	Regulatory capital	42,116	–	–	4,216	46,332
2a	Minority interests not covered by row 2	–	–	–	–	–
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and small business funding:	–	198,800	4,866	4	183,940
5	Stable deposits		12,651	70	–	12,086
6	Less stable deposits		186,149	4,796	4	171,854
7	Wholesale funding:	–	166,294	2,638	3,205	69,239
8	Operational deposits		14,463	–	–	7,231
9	Other wholesale funding	–	151,831	2,638	3,205	62,008
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	30,737	3,598	900	219	669
12	Net derivative liabilities	–				
13	All other funding and liabilities not included in the above categories	30,737	3,598	900	219	669
14	Total ASF					300,180
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes	588	44,015	2,925	16,081	2,476
16	Deposits held at other financial institutions for operational purposes	–	406	–	–	203
17	Performing loans and securities:	17,413	176,276	10,561	190,221	248,586
18	Performing loans to financial institutions secured by Level 1 HQLA	–	–	–	–	–

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 16 LIQUIDITY (continued)

#### 16.2 Net Stable Funding Ratio (continued)

Table 1: NSFR for the quarter ended 30 June 2019 (continued)

In HK\$ millions		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: unconsolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	82	115,841	4,517	127,729	147,445
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	17,392	59,143	5,043	33,969	75,749
21	With a risk-weight of less than or equal to 35% under the STC approach	–	–	–	–	–
22	Performing residential mortgages, of which:	–	1,293	1,001	28,521	25,390
23	With a risk-weight of less than or equal to 35% under the STC approach	–	–	–	–	–
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	–	–	2	2
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	7,733	2,448	12	2,315	10,350
27	Physical traded commodities, including gold	–				–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	–				–
29	Net derivative assets	99				99
30	Total derivative liabilities before deduction of variation margin posted	687				N/A
31	All other assets not included in the above categories	6,947	2,448	12	2,315	10,251
32	Off-balance sheet items		169,824	–	–	583
33	<b>Total RSF</b>					262,198
34	<b>Net Stable Funding Ratio (%)</b>					114.5



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 16 LIQUIDITY (continued)

#### 16.2 Net Stable Funding Ratio (Continued)

Table 2: NSFR for the quarter ended 31 March 2019

In HK\$ millions		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: unconsolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
A. Available stable funding ("ASF") item						
1	Capital:	40,521	–	–	4,239	44,760
2	Regulatory capital	40,521	–	–	4,239	44,760
2a	Minority interests not covered by row 2	–	–	–	–	–
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and small business funding:	–	185,770	20,226	9	186,081
5	Stable deposits		13,254	253	–	12,832
6	Less stable deposits		172,516	19,973	9	173,249
7	Wholesale funding:	–	156,989	3,641	3,660	69,145
8	Operational deposits		15,282	–	–	7,641
9	Other wholesale funding	–	141,707	3,641	3,660	61,504
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	26,180	4,206	900	219	668
12	Net derivative liabilities	196				
13	All other funding and liabilities not included in the above categories	25,984	4,206	900	219	668
14	Total ASF					300,654
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes	598	36,371	3,003	16,522	2,441
16	Deposits held at other financial institutions for operational purposes	–	228	–	–	114
17	Performing loans and securities:	16,983	175,773	13,319	177,873	238,092
18	Performing loans to financial institutions secured by Level 1 HQLA	–	–	–	–	–
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	102	112,883	7,659	116,077	136,941
20	Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:	16,881	61,540	4,631	32,899	75,399
21	With a risk-weight of less than or equal to 35% under the STC approach	–	–	–	–	–

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 16 LIQUIDITY (continued)

#### 16.2 Net Stable Funding Ratio (Continued)

Table 2: NSFR for the quarter ended 31 March 2019 (continued)

In HK\$ millions		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: unconsolidated		Unweighted value by residual maturity				Weighted amount
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
22	Performing residential mortgages, of which:	–	1,350	1,029	28,895	25,750
23	With a risk-weight of less than or equal to 35% under the STC approach	–	–	–	–	–
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	–	–	2	2
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	7,863	2,695	–	2,825	11,165
27	Physical traded commodities, including gold	–				–
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	–				–
29	Net derivative assets	–				–
30	Total derivative liabilities before deduction of variation margin posted	685				N/A
31	All other assets not included in the above categories	7,178	2,695	–	2,825	11,165
32	Off-balance sheet items		165,477	–	–	598
33	<b>Total RSF</b>					252,410
34	<b>Net Stable Funding Ratio (%)</b>					119.1

The NSFR remained well above the regulatory requirement in the first half of 2019. Compared to previous quarter, the NSFR as of end 2Q 2019 reduced due to increase in long-term lendings.

The NSFR is sensitive to (i) balance sheet movements resulting from commercial loan and deposit activities, and (ii) movements due to positions falling into the NSFR 1-year tenor, such as when the residual maturity of capital fall within the 1-year tenor.

There are no interdependent assets and liabilities as of end 1Q and 2Q 2019.

#### 16.3 Approach to Liquidity Management

The Bank's approach to liquidity risk management is based on the building blocks of governance by risk committees' oversight, policies that define overarching principles and specific risk methodologies, and standards that establish the detailed requirements. Processes and systems are in place to measure, limit and control exposures based on the risk methodologies defined. For more information on the Bank's approach to liquidity risk management, please refer to section 20.1 of annual regulatory disclosure for the year ended 31 December 2018.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### 17 ABBREVIATIONS

Abbreviations	Brief Description
ASF	Available Stable Funding
AT1	Additional Tier 1
BSC	Basic Approach
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CFR	Core Funding Ratio
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
D-SIB	Domestic Systemically Important Authorized Institution
DTAs	Deferred Tax Assets
EAD	Exposure At Default
EL	Expected Loss
EPE	Expected Positive Exposure
FBA	Fall-Back Approach
G-SIB	Global Systemically Important Authorized Institution
IAA	Internal Assessment Approach
IMM	Internal Models Method
IMM (CCR)	Internal Models Method (Counterparty Credit Risk)
JCCyB	Jurisdictional Countercyclical Capital Buffer
IRB	Internal Ratings-Based
LAC	Loss-absorbing Capacity
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default

**DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES****REGULATORY DISCLOSURES****17 ABBREVIATIONS (continued)**

<b>Abbreviations</b>	<b>Brief Description</b>
LMR	Liquidity Maintenance Ratio
LR	Leverage Ratio
LTA	Look Through Approach
MBA	Mandate-based Approach
MSRs	Mortgage Servicing Rights
NA	Not Applicable
NSFR	Net Stable Funding Ratio
OTC	Over-the-Counter
PD	Probability of Default
PFE	Potential Future Exposure
PSE	Public Sector Entity
PVA	Prudent Valuation Adjustments
RSF	Required Stable Funding
RWA	Risk Weighted Assets
SA-CCR	Standardized Approach (Counterparty Credit Risk)
SEC-IRBA	Securitization Internal Ratings-Based Approach
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SEC-FBA	Securitization Fall-back Approach
SFT	Securities Financing Transaction
SRW	Supervisory Risk Weights
STC	Standardized (Credit Risk)
STM	Standardized (Market Risk)
VaR	Value-at-risk