



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 2023

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

REGULATORY DISCLOSURES

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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”).

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

For regulatory reporting purposes, the Bank computes key regulatory ratios on a combined basis including the Bank and its overseas branch, unless otherwise specified. It is different from the basis of consolidation for accounting purposes.

The following entities are within the Group’s accounting scope of consolidation but 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	65	64
Hang Lung Bank (Nominee) Limited	Inactive	–	–
DBS Kwong On (Nominees) Limited	Inactive	–	–
Overseas Trust Bank Nominees Limited	Inactive	–	–
Ting Hong Nominees Limited	Provision of nominee, trustee and agency services	–	–
DBS Trustee (Hong Kong) Limited	Inactive	5	5

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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 2023	As at 31 March 2023	As at 31 December 2022	As at 30 September 2022	As at 30 June 2022
	Regulatory Capital (amount)					
1	Common Equity Tier 1 (CET1)	47,364	45,554	43,417	42,842	41,935
2	Tier 1	48,764	46,954	44,817	44,242	43,335
3	Total Capital	51,925	50,332	48,171	49,507	48,569
	RWA (amount)					
4	Total RWA	250,503	262,587	262,344	282,246	275,296
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	18.9	17.3	16.5	15.2	15.2
6	Tier 1 ratio (%)	19.5	17.9	17.1	15.7	15.7
7	Total Capital ratio (%)	20.7	19.2	18.4	17.5	17.6
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical capital buffer requirement (%)	0.743	0.715	0.727	0.714	0.721
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 (%)	3.243	3.215	3.227	3.214	3.221
12	CET1 available after meeting the AI's minimum capital requirements (%)	12.7	11.2	10.4	9.5	9.6
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	499,432	519,331	515,429	516,070	523,184
14	LR (%)	9.8	9.0	8.7	8.6	8.3
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	121,157	124,270	114,679	89,827	80,187
16	Total net cash outflows	73,080	71,929	72,480	58,091	47,362
17	LCR (%)	166.1	173.1	158.2	155.5	171.0
	Applicable to category 2 institution only:					
17a	LMR (%)	NA	NA	NA	NA	NA
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	300,819	319,684	308,301	302,440	303,782
19	Total required stable funding	214,696	224,789	228,024	230,747	238,473
20	NSFR (%)	140.1	142.2	135.2	131.1	127.4
	Applicable to category 2A institution only:					
20a	CFR (%)	NA	NA	NA	NA	NA

The increase in capital ratios in the second quarter was mainly due to decline in risk-weighted assets driven by reduction in assets size along with profit accretion.

Other commentaries for the quarter explaining significant changes in the above metrics, if any, have been included in subsequent sections of this document.

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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 ^{1/}
		As at 30 June 2023	As at 31 March 2023	As at 30 June 2023
1	Credit risk for non-securitization exposures	198,846	209,007	16,800
2	<i>Of which STC approach</i>	12,865	10,787	1,029
2a	<i>Of which BSC approach</i>	–	–	–
3	<i>Of which foundation IRB approach</i>	160,093	171,590	13,576
4	<i>Of which supervisory slotting criteria approach</i>	25,888	26,630	2,195
5	<i>Of which advanced IRB approach</i>	–	–	–
6	Counterparty default risk and default fund contributions	2,426	2,459	204
7	<i>Of which SA-CCR approach</i>	2,339	2,400	197
7a	<i>Of which CEM</i>	NA	NA	–
8	<i>Of which IMM(CCR) approach</i>	–	–	–
9	<i>Of which others</i>	87	59	7
10	CVA Risk	1,543	1,263	123
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	2	1	0
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	1,665	1,521	133
21	<i>Of which STM approach</i>	1,665	1,521	133
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

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4 OVERVIEW OF RISK-WEIGHTED ASSETS (continued)

In HK\$ millions		RWA		Minimum capital requirements ¹¹
		As at 30 June 2023	As at 31 March 2023	As at 30 June 2023
24	Operational risk	21,277	20,606	1,702
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	93	93	7
26	Capital floor adjustment	13,452	15,687	1,076
26a	Deduction to RWA	(91)	(81)	(7)
26b	<i>Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital</i>	(91)	(81)	(7)
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	239,213	250,556	20,038

¹¹ Minimum capital requirements correspond to 8% of the RWA, after applicable scaling factor of 1.06 for exposures measured under the IRB approach.

The decrease in RWA during the quarter was mainly arising from credit risk for non-securitization exposures.

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5 COMPOSITION OF REGULATORY CAPITAL

5.1 Composition of Regulatory Capital

As at 30 June 2023		Component of regulatory capital In HK\$ millions	Cross-referenced to Section 5.2 Source based on reference numbers of the balance sheet under regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	8,995	(4)
2	Retained earnings	38,285	(6)
3	Disclosed reserves	(1,666)	(9)
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	CET1 capital before regulatory deductions	45,614	
CET1 capital: regulatory deductions			
7	Valuation adjustments	11	
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)	1,079	(2)
11	Cash flow hedge reserve	(3,506)	(10)
12	Excess of total EL amount over total eligible provisions under the IRB approach	–	
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)	–	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	NA	NA

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5 COMPOSITION OF REGULATORY CAPITAL (continued)

5.1 Composition of Regulatory Capital (continued)

As at 30 June 2023		Component of regulatory capital in HK\$ millions	Cross-referenced to Section 5.2 Source based on reference numbers of the balance sheet under regulatory scope of consolidation
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	666	
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	666	(7)
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	Total regulatory deductions to CET1 capital	(1,750)	
29	CET1 capital	47,364	
AT1 capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	1,400	
31	of which: classified as equity under applicable accounting standards	1,400	(5)
32	of which: classified as liabilities under applicable accounting standards	–	
33	<i>Capital instruments subject to phase-out arrangements from AT1 capital</i>	–	

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5 COMPOSITION OF REGULATORY CAPITAL (continued)

5.1 Composition of Regulatory Capital (continued)

As at 30 June 2023		Component of regulatory capital in HK\$ millions	Cross-referenced to Section 5.2 Source based on reference numbers of the balance sheet under 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	AT1 capital before regulatory deductions	1,400	
AT1 capital: regulatory deductions			
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	Total regulatory deductions to AT1 capital	–	
44	AT1 capital	1,400	
45	Tier 1 capital (T1 = CET1 + AT1)	48,764	
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	2,350	(3)
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	811	(8) – (1)
51	Tier 2 capital before regulatory deductions	3,161	

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5 COMPOSITION OF REGULATORY CAPITAL (continued)

5.1 Composition of Regulatory Capital (continued)

As at 30 June 2023		Component of regulatory capital in HK\$ millions	Cross-referenced to Section 5.2 Source based on reference numbers of the balance sheet under regulatory scope of consolidation
Tier 2 capital: regulatory deductions			
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	National specific regulatory adjustments applied to Tier 2 capital	–	
56a	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	–	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	–	
57	Total regulatory adjustments to Tier 2 capital	–	
58	Tier 2 capital (T2)	3,161	
59	Total regulatory capital (TC = T1 + T2)	51,925	
60	Total RWA	250,503	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	18.9%	
62	Tier 1 capital ratio	19.5%	
63	Total capital ratio	20.7%	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.243%	
65	of which: capital conservation buffer requirement	2.5%	

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5 COMPOSITION OF REGULATORY CAPITAL (continued)

5.1 Composition of Regulatory Capital (continued)

As at 30 June 2023		Component of regulatory capital in HK\$ millions	Cross-referenced to Section 5.2 Source based on reference numbers of the balance sheet under regulatory scope of consolidation
66	of which: bank specific countercyclical capital buffer requirement	0.743%	
67	of which: higher loss absorbency requirement	0.0%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	12.7%	
National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	NA	NA
70	National Tier 1 minimum ratio	NA	NA
71	National Total capital minimum ratio	NA	NA
Amounts below the thresholds for deduction (before risk weighting)			
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	1,084	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	37	
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
Applicable caps on the inclusion of provisions in Tier 2 capital			
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)	255	
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	164	
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)	647	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	1,197	

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5 COMPOSITION OF REGULATORY CAPITAL (continued)

5.1 Composition of Regulatory Capital (continued)

As at 30 June 2023		Component of regulatory capital in HK\$ millions	Cross-referenced to Section 5.2 Source based on reference numbers of the balance sheet under regulatory scope of consolidation
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
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
	Deferred tax assets (net of associated deferred tax liabilities)	1,079	–
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.</p> <p>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>		

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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 As at 30 June 2023	Under regulatory scope of consolidation As at 30 June 2023	Cross- referenced to Composition of Regulatory Capital in Section 5.1
Assets			
Cash and balances with central banks	2,583	2,583	
Government securities and treasury bills	76,884	76,884	
Due from banks	71,154	71,154	
Derivatives	3,214	3,214	
Bank and corporate securities	22,442	22,442	
Loans and advances to customers	268,559	268,559	
<i>of which: Allowances eligible for inclusion in Tier 2 capital</i>		(785)	(1)
Other assets	5,790	5,790	
<i>of which: Deferred tax assets</i>		1,079	(2)
Subsidiaries	–	52	
Properties and other fixed assets	3,684	3,684	
Goodwill	168	–	
Total assets	454,478	454,362	
Liabilities			
Due to banks	9,788	9,788	
Deposits and balances from customers	363,573	363,597	
Derivatives	4,994	4,994	
Certificates of deposit issued	1,007	1,007	
Other liabilities	25,552	25,552	
Amount due to subsidiaries	–	60	
Subordinated liability	2,350	2,350	(3)
Total liabilities	407,264	407,348	
Equity			
Share capital	8,995	8,995	(4)
Other equity instruments	1,400	1,400	(5)
Reserves	36,819	36,619	
<i>Retained earnings</i>		38,285	(6)
<i>of which: Regulatory reserve for general banking risks</i>		666	(7)
<i>of which: Regulatory reserve eligible for inclusion in Tier 2 capital</i>		26	(8)
<i>Other reserves</i>		(1,666)	(9)
<i>of which: Cash flow hedge reserves</i>		(3,506)	(10)
Total equity	47,214	47,014	
Total liabilities and equity	454,478	454,362	

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5 COMPOSITION OF REGULATORY CAPITAL (continued)

5.3 Main Features of Regulatory Capital Instruments

The following disclosures are made solely pursuant to the requirements of the Banking (Disclosures) Rules issued by the HKMA. They are not a summary of the terms, do not purport to be complete, and should be read in conjunction with, and are qualified in their entirety by, the relevant transaction documents available at <https://www.dbs.com/hongkong/en/financials/regulatory-capital-instruments.page>. This includes the issuances made over the previous period.

As at 30 June 2023	CET 1 Capital Ordinary Shares	Additional Tier 1 Capital HK\$1.4b Perpetual Capital Securities issued in January 2022	Tier 2 Capital US\$300m Subordinated Loan issued in December 2022
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	NA	NA	NA
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	Capital securities	Subordinated loan
8 Amount recognized in regulatory capital (currency in millions, as of most recent reporting date)	HK\$8,995 million	HK\$1,400 million	HK\$2,350 million
9 Par value of instrument	NA	HK\$1,400 million	US\$300 million
10 Accounting classification	Shareholders' equity	Shareholders' equity	Liability – amortized cost
11 Original date of issuance	Various dates	13 January 2022	13 December 2022
12 Perpetual or dated	Perpetual	Perpetual	Dated
13 Original maturity date	No maturity	No maturity	13 December 2032
14 Issuer call subject to prior supervisory approval	No	Yes	Yes

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5 COMPOSITION OF REGULATORY CAPITAL (continued)

5.3 Main Features of Regulatory Capital Instruments (continued)

As at 30 June 2023	CET 1 Capital Ordinary Shares	Additional Tier 1 Capital HK\$1.4b Perpetual Capital Securities issued in January 2022	Tier 2 Capital US\$300m Subordinated Loan issued in December 2022	
15	Optional call date, contingent call dates and redemption amount	NA	<p>First optional call date: 13 January 2027</p> <p>Contingent call dates: Change of Qualification Event, redemption for taxation reasons</p> <p>Redemption amount: Principal amount together with accrued and unpaid distributions</p>	<p>First optional call date: 13 December 2027</p> <p>Contingent call dates: Change of Qualification Event or Tax Event</p> <p>Redemption amount: Principal amount together with accrued and unpaid interest</p>
16	Subsequent call dates, if applicable	NA	<p>Optional call dates – any date after 13 January 2027</p>	<p>Optional call dates – any date after 13 December 2027</p>
<i>Coupons / dividends</i>				
17	Fixed or floating dividend/coupon	Discretionary dividend amount	Fixed to floating	Floating
18	Coupon rate and any related index	NA	<p>2.86% p.a. up to 13 January 2027. 5Y HK Dollar Swap Rate plus 1.29% p.a. thereafter, reset every 5 years</p>	<p>The interest rate shall be calculated by the Benchmark Rate plus 1.87% p.a.</p> <p>The Benchmark Rate for each Interest Period shall be equal to the value of the compounded average daily Secured Overnight Financing Rates for each day during the relevant Interest Rate Period as calculated on the fifth U.S. Government Securities Business Day prior to the last day of each Interest Period in the manner stated in Clause 4(ii) of the Tier 2 Loan Agreement</p>
19	Existence of a dividend stopper	NA	Yes	No

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5 COMPOSITION OF REGULATORY CAPITAL (continued)

5.3 Main Features of Regulatory Capital Instruments (continued)

As at 30 June 2023	CET 1 Capital Ordinary Shares	Additional Tier 1 Capital HK\$1.4b Perpetual Capital Securities issued in January 2022	Tier 2 Capital US\$300m Subordinated Loan issued in December 2022
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	Non-convertible	Non-convertible
24 If convertible, conversion trigger(s)	NA	NA	NA
25 If convertible, fully or partially	NA	NA	NA
26 If convertible, conversion rate	NA	NA	NA
27 If convertible, mandatory or optional conversion	NA	NA	NA
28 If convertible, specify instrument type convertible into	NA	NA	NA
29 If convertible, specify issuer of instrument it converts into	NA	NA	NA
30 Write-down feature	No	Yes	Yes

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)

As at 30 June 2023	CET 1 Capital Ordinary Shares	Additional Tier 1 Capital HK\$1.4b Perpetual Capital Securities issued in January 2022	Tier 2 Capital US\$300m Subordinated Loan issued in December 2022
31 If write-down, write-down trigger(s)	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; and</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>	<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; and</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	Fully or partially	Fully or partially
33 If write-down, permanent or temporary	NA	Permanent	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)

As at 30 June 2023	CET 1 Capital Ordinary Shares	Additional Tier 1 Capital HK\$1.4b Perpetual Capital Securities issued in January 2022	Tier 2 Capital US\$300m Subordinated Loan issued in December 2022
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 Tier 2 capital instruments	Immediately subordinated to unsubordinated creditors and all other Subordinated Creditors of the Bank whose claims are expressed to rank, by its terms or by operation of law, senior to the Tier 2 Loan.
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA

6 COUNTERCYCLICAL CAPITAL BUFFER

6.1 Geographical Distribution of Credit Exposures used in Countercyclical Capital Buffer (“CCyB”)

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 Countercyclical Capital Buffer ratio.

In HK\$ millions		As at 30 June 2023			
	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	1.0	136,749		
2	Australia	1.0	87		
3	France	0.5	122		
4	Germany	0.75	108		
5	Netherlands	1.0	2		
6	Sweden	2.0	38		
7	United Kingdom	1.0	2,703		
	Sum		139,809		
	Total		188,184	0.743	1,861

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

The following tables provide a reconciliation of the Group's balance sheet assets with the leverage ratio exposure measure and the breakdown of the Bank's leverage ratio regulatory elements.

In HK\$ millions

	Item	Value under the LR framework As at 30 June 2023
1	Total consolidated assets as per published financial statements	454,478
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	37
2a	Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference	–
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	–
3a	Adjustments for eligible cash pooling transactions	–
4	Adjustments for derivative contracts	2,170
5	Adjustment for SFTs (i.e. repos and similar secured lending)	534
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	41,809
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(145)
7	Other adjustments	549
8	Leverage ratio exposure measure	499,432

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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7 LEVERAGE RATIO (continued)

7.2 Leverage Ratio

In HK\$ millions		As at 30 June 2023	As at 31 March 2023
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	413,120	438,177
2	Less: Asset amounts deducted in determining Tier 1 capital	1,750	1,194
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	414,870	439,371
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)	2,289	1,691
5	Add-on amounts for PFE associated with all derivative contracts	3,141	3,430
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	(45)	(49)
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	5,385	5,072
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	40,490	42,516
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	534	195
15	Agent transaction exposures	–	–
16	Total exposures arising from SFTs	41,024	42,711
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	241,837	241,552
18	Less: Adjustments for conversion to credit equivalent amounts	(200,028)	(205,721)
19	Off-balance sheet items	41,809	35,831
Capital and total exposures			
20	Tier 1 capital	48,764	46,954
20a	Total exposures before adjustments for specific and collective provisions	503,088	522,985
20b	Adjustments for specific and collective provisions	(3,656)	(3,654)
21	Total exposures after adjustments for specific and collective provisions	499,432	519,331
Leverage ratio			
22	Leverage ratio (%)	9.8	9.0

The increase in leverage ratio in the second quarter was mainly due to decline in exposures driven by reduction in assets size along with profit accretion.

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REGULATORY DISCLOSURES

8 CREDIT RISK

8.1 Credit Quality of Assets

In HK\$ millions		As at 30 June 2023							
		(a)	(b)	(c)	(d)		(e)	(f)	(g)
		Gross carrying amount of		Allowances/ Impairments	Of which ECL accounting provisions [#] for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)	
Defaulted exposures	Non-defaulted exposures	Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions						
1	Loans	2,943	342,973	3,509	115	141	3,253	342,407	
2	Debt securities	–	84,860	4	–	2	2	84,856	
3	Off-balance sheet exposures	–	34,898	132	–	2	130	34,766	
	Total	2,943	462,731	3,645	115	145	3,385	462,029	

[#] ECL accounting provisions for Stage 1 and Stage 2 exposures are treated as collective provisions while provision for Stage 3 exposures are treated as specific provisions. Specific and collective provisions are ascribed to the identified standardized approach exposures.

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 the Bank taking action such as realising security (if held).
- Technical default: Borrower is more than 90 days past due on any credit obligation to the Bank.

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 31 December 2022	3,028
2	Loans and debt securities that have defaulted since the last reporting period	470
3	Returned to non-defaulted status	(7)
4	Amounts written off	(213)
5	Other changes (note)	(335)
6	As at 30 June 2023	2,943

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 2023				
		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	215,325	127,082	101,664	9,760	–
2	Debt securities	84,856	–	–	–	–
3	Total	300,181	127,082	101,664	9,760	–
4	Of which defaulted	453	984	436	364	–

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

In HK\$ millions		As at 30 June 2023					
		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 (%)
	Exposure classes						
1	Sovereign exposures	–	–	1,197	–	–	0
2	PSE exposures	505	250	488	125	123	20
2a	Of which: domestic PSEs	505	250	488	125	123	20
2b	Of which: foreign PSEs	–	–	–	–	–	–
3	Multilateral development bank exposures	5,497	–	5,497	–	–	0
4	Bank exposures	20	–	29	5	13	39
5	Securities firm exposures	–	2,492	–	100	50	50
6	Corporate exposures	11,457	7,689	9,776	201	8,934	90
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	–	–	–	–	–	–
11	Residential mortgage loans	1,646	–	1,646	–	625	38
12	Other exposures which are not past due exposures	2,556	1,461	2,548	68	2,615	100
13	Past due exposures	460	–	460	–	505	110
14	Significant exposures to commercial entities	–	–	–	–	–	–
15	Total	22,141	11,892	21,641	499	12,865	58

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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 2023										
	Risk Weight											Total credit risk exposures amount (post CCF and post CRM)
	Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	
1	Sovereign exposures	1,197	-	-	-	-	-	-	-	-	-	1,197
2	PSE exposures	-	-	613	-	-	-	-	-	-	-	613
2a	Of which: domestic PSEs	-	-	613	-	-	-	-	-	-	-	613
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	5,497	-	-	-	-	-	-	-	-	-	5,497
4	Bank exposures	-	-	26	-	-	-	8	-	-	-	34
5	Securities firm exposures	-	-	-	-	100	-	-	-	-	-	100
6	Corporate exposures	-	-	889	-	664	-	8,424	-	-	-	9,977
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	-	-	-	-	-	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	1,571	-	-	75	-	-	-	1,646
12	Other exposures which are not past due exposures	-	-	-	-	-	-	2,616	-	-	-	2,616
13	Past due exposures	19	-	-	-	142	-	28	271	-	-	460
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	6,713	-	1,528	1,571	906	-	11,151	271	-	-	22,140

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8 CREDIT RISK (continued)

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

Foundation IRB Approach

	As at 30 June 2023											
	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
Sovereign exposures												
0.00 to <0.15	72,071	-	-	73,305	0.01	10	45	2.5	4,123	6	2	
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)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	72,071	-	-	73,305	0.01	10	45	2.5	4,123	6	2	60
Bank exposures												
0.00 to <0.15	43,347	6,381	98	49,672	0.05	69	45	2.5	13,743	28	12	
0.15 to <0.25	165	3	50	166	0.24	7	45	2.5	105	63	0	
0.25 to <0.50	362	8	39	365	0.38	11	45	2.5	289	79	1	
0.50 to <0.75	53	-	-	53	0.61	5	45	2.5	51	97	0	
0.75 to <2.50	108	-	-	108	1.19	6	45	2.5	105	98	1	
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	44,035	6,392	98	50,364	0.06	98	45	2.5	14,293	28	14	218
Corporate exposures – small-and-medium sized corporates												
0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
0.50 to <0.75	-	20	-	-	0.56	3	-	2.5	-	-	-	
0.75 to <2.50	34	27	1	28	1.84	11	36	2.5	19	69	0	
2.50 to <10.00	55	11	-	41	5.16	10	34	2.5	35	87	1	
10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	
100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	89	58	-	69	3.80	24	35	2.5	54	79	1	1
Corporate exposures – other												
0.00 to <0.15	57,354	54,732	15	66,426	0.07	6,579	38	2.5	12,198	18	16	
0.15 to <0.25	31,994	11,292	35	37,488	0.22	58	45	2.5	17,295	46	37	
0.25 to <0.50	36,517	26,750	6	35,561	0.32	342	42	2.5	18,706	53	48	
0.50 to <0.75	8,854	13,401	4	9,696	0.59	622	39	2.5	6,292	65	22	
0.75 to <2.50	20,867	27,737	3	22,337	1.60	2,226	40	2.5	20,709	93	140	
2.50 to <10.00	18,256	7,258	3	16,990	4.68	2,585	38	2.5	21,021	124	305	
10.00 to <100.00	3,072	397	5	2,639	15.05	328	39	2.5	4,890	185	155	
100.00 (Default)	2,429	-	50	2,254	100.00	202	43	2.5	2,956	131	1,249	
Sub-total	179,343	141,567	11	193,391	2.12	12,942	40	2.5	104,067	54	1,972	2,842
Total (all portfolios)	295,538	148,017	15	317,129	1.31	13,074	42	2.5	122,537	39	1,989	3,121

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8 CREDIT RISK (continued)

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

Retail IRB Approach

	As at 30 June 2023											
	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
Residential mortgages exposures												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	
0.15 to <0.25	7,148	-	-	7,148	0.22	4,218	13		1,072	15	2	
0.25 to <0.50	5,430	-	-	5,430	0.41	824	13		816	15	3	
0.50 to <0.75	13,626	-	-	13,626	0.63	2,388	13		2,044	15	11	
0.75 to <2.50	13	-	-	13	1.80	4	32		7	58	0	
2.50 to <10.00	579	-	-	579	9.84	165	13		348	60	8	
10.00 to <100.00	88	-	-	88	33.97	17	13		68	77	4	
100.00 (Default)	96	-	-	96	100.00	18	32		378	395	-	
Sub-total	26,980	-	-	26,980	1.14	7,634	13		4,733	18	28	68
Qualifying revolving retail exposures												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	
0.15 to <0.25	1,653	35,815	59	22,808	0.18	311,681	102		2,270	10	42	
0.25 to <0.50	1,638	8,189	52	5,881	0.33	79,280	99		929	16	19	
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	
0.75 to <2.50	6,018	27,923	57	21,827	1.69	312,484	101		12,437	57	370	
2.50 to <10.00	356	82	104	441	4.44	2,098	117		573	130	23	
10.00 to <100.00	1,417	259	148	1,800	17.84	13,303	97		4,191	233	310	
100.00 (Default)	78	-	-	78	100.00	886	111		477	614	48	
Sub-total	11,160	72,268	58	52,835	1.60	719,732	101		20,877	40	812	350
Small business retail exposures												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	
0.15 to <0.25	-	-	-	-	-	-	-		-	-	-	
0.25 to <0.50	1	-	-	1	0.29	2	6		0	3	0	
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	
0.75 to <2.50	-	-	-	-	-	-	-		-	-	-	
2.50 to <10.00	-	-	-	-	-	-	-		-	-	-	
10.00 to <100.00	-	-	-	-	-	-	-		-	-	-	
100.00 (Default)	-	-	-	-	-	-	-		-	-	-	
Sub-total	1	-	-	1	0.29	2	6		0	3	0	0
Other retail exposures to individuals												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	
0.15 to <0.25	-	-	-	-	-	-	-		-	-	-	
0.25 to <0.50	1,318	-	-	1,318	0.30	2,830	28		200	15	1	
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	
0.75 to <2.50	1,932	-	-	1,932	1.74	7,927	77		1,869	97	28	
2.50 to <10.00	2,267	-	-	2,267	5.74	5,842	68		2,339	103	97	
10.00 to <100.00	1,469	-	-	1,469	25.21	1,663	44		1,443	98	152	
100.00 (Default)	43	-	-	43	100.00	120	58		91	208	27	
Sub-total	7,029	-	-	7,029	8.27	18,382	58		5,942	85	305	113
Total (all portfolios)	45,170	72,268	58	86,845	2.00	745,750	70		31,552	36	1,145	531

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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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 2023	
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialized lending under supervisory slotting criteria approach (project finance)	236	236
2	Corporate – Specialized lending under supervisory slotting criteria approach (object finance)	–	–
3	Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance)	–	–
4	Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate)	25,652	25,652
5	Corporate – Specialized lending (high-volatility commercial real estate)	–	–
6	Corporate – Small-and-medium sized corporates	54	54
7	Corporate – Other corporates	104,067	104,067
8	Sovereigns	3,782	3,782
9	Sovereign foreign public sector entities	341	341
10	Multilateral development banks	–	–
11	Bank exposures – Banks	14,293	14,293
12	Bank exposures – Securities firms	–	–
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	–	–
14	Retail – Small business retail exposures	0	0
15	Retail – Residential mortgages to individuals	4,362	4,362
16	Retail – Residential mortgages to property-holding shell companies	371	371
17	Retail – Qualifying revolving retail exposures (QRRE)	20,877	20,877
18	Retail – Other retail exposures to individuals	5,942	5,942
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	0	0
27	Other – Other items	6,004	6,004
28	Total (under the IRB calculation approaches)	185,981	185,981

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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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
As at 31 March 2023	198,220
Asset size	(9,804)
Asset quality	(1,920)
Model updates	–
Methodology and policy	–
Acquisitions and disposals	–
Foreign exchange movements	(515)
Others	–
As at 30 June 2023	185,981

The decrease in credit RWA during the quarter was mainly arising from asset size movement.

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 2023									
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 ^A	Less than 2.5 years	15,284	1,823	50	–	–	–	16,651	16,651	8,325	–
Strong	Equal to or more than 2.5 years	669	1,922	70	337	–	–	541	878	615	4
Good ^A	Less than 2.5 years	6,997	3,164	70	–	–	–	9,285	9,285	6,499	37
Good	Equal to or more than 2.5 years	4,276	2,238	90	–	–	–	5,722	5,722	5,150	46
Satisfactory		2,852	514	115	–	–	–	3,216	3,216	3,698	90
Weak		640	1	250	–	–	–	640	640	1,601	51
Default		16	–	0	–	–	–	15	15	–	8
Total			30,734	9,662		337	–	–	36,070	36,407	25,888

^A Use of preferential risk-weights.

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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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 2023					
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)	1,635	1,353		1.4	4,183	2,339
2	IMM (CCR) approach			–	–	–	–
3	Simple approach (for SFTs)					–	–
4	Comprehensive approach (for SFTs)					40,540	87
5	VaR (for SFTs)					–	–
6	Total						2,426

The Bank applies SA-CCR approach to calculate the counterparty default risk exposures for derivative contracts.

9.2 CVA Capital Charge

In HK\$ millions		As at 30 June 2023	
		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	4,120	1,543
4	Total	4,120	1,543

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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 2023										
	Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
	Exposure class											
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	0	-	135	-	-	-	-	-	135
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	250	-	10	-	-	-	260
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	0	-	385	-	10	-	-	-	395

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9 COUNTERPARTY CREDIT RISK (continued)

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

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 FIRB approach for all of its IRB exposures which are subject to CCR capital requirements.

	As at 30 June 2023						
	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 (%)
Bank							
0.00 to <0.15	42,786	0.04	6	3	0.6	798	2
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)	–	–	–	–	–	–	–
Sub-total	42,786	0.04	6	3	0.6	798	2
Corporate exposures – small-and-medium sized corporates							
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	–	–	–	–	–	–	–
10.00 to <100.00	–	–	–	–	–	–	–
100.00 (Default)	–	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–	–
Corporate exposures – other							
0.00 to <0.15	50	0.05	3	45	2.5	10	21
0.15 to <0.25	214	0.22	4	45	2.5	99	46
0.25 to <0.50	55	0.32	4	45	2.5	30	56
0.50 to <0.75	167	0.56	9	45	2.5	123	73
0.75 to <2.50	1,020	1.67	37	45	2.5	1,106	108
2.50 to <10.00	28	5.00	20	45	2.5	42	148
10.00 to <100.00	8	12.15	1	45	2.5	16	207
100.00 (Default)	–	–	–	–	–	–	–
Sub-total	1,542	1.36	78	45	2.5	1,426	92
Total (all portfolios)	44,328	0.09	84	5	0.7	2,224	5

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9 COUNTERPARTY CREDIT RISK (continued)

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

The following table provides a breakdown of all types of collateral posted or recognized collateral received by the Bank to support or reduce the CCR exposures related to derivative transactions or to Securities Financing Transactions (“SFTs”), including transactions cleared through a CCP.

In HK\$ millions	As at 30 June 2023					
	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 – other currencies	–	60	–	46	1,877	38,633
Debt Securities	–	–	–	–	37,746	1,907
Total	–	60	–	46	39,623	40,540

10 MARKET RISK UNDER STANDARDIZED APPROACH

In HK\$ millions		As at 30 June 2023 RWA ^{1/}
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	893
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures	769
4	Commodity exposures	–
	Option exposures	
5	Simplified approach	–
6	Delta-plus approach	3
7	Other approach	–
8	Securitization exposures	–
9	Total	1,665

^{1/} The RWA is derived by multiplying the capital requirements by 12.5.

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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 2023					
Developed countries	10,795	43,260	4,246	4,898	63,199
Offshore centres, of which	65,130	732	75	54,083	120,020
– Singapore	64,738	4	–	2,376	67,118
– Hong Kong	384	728	75	48,620	49,807
– Others	8	–	–	3,087	3,095
Developing Europe	–	–	–	102	102
Developing Latin America and Caribbean	1	–	–	17	18
Developing Africa and Middle East	29	–	–	32	61
Developing Asia-Pacific, of which	7,484	75	1,290	30,484	39,333
– China	7,299	75	1,290	28,359	37,023
– Others	185	–	–	2,125	2,310
International Organizations	–	5,484	–	–	5,484
	83,439	49,551	5,611	89,616	228,217
As at 31 December 2022					
Developed countries	15,713	40,426	4,728	3,538	64,405
Offshore centres, of which	85,364	587	1,069	59,384	146,404
– Singapore	84,719	5	350	2,316	87,390
– Hong Kong	645	582	719	52,920	54,866
– Others	–	–	–	4,148	4,148
Developing Europe	–	–	–	105	105
Developing Latin America and Caribbean	–	–	–	13	13
Developing Africa and Middle East	4	–	–	36	40
Developing Asia-Pacific, of which	11,009	62	1,278	27,357	39,706
– China	10,004	62	1,278	24,331	35,675
– Others	1,005	–	–	3,026	4,031
International Organizations	–	4,450	–	–	4,450
	112,090	45,525	7,075	90,433	255,123

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 2023		As at 31 December 2022	
	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	32,601	29,175	35,700	31,711
– Property investment	29,434	27,567	30,595	27,494
– Financial concerns	10,304	6,560	5,865	4,033
– Stockbrokers	–	–	350	350
– Wholesale and retail trade	13,080	8,669	13,687	9,362
– Manufacturing	24,256	13,961	23,398	16,941
– Transport and transport equipment	15,109	12,762	12,747	10,691
– Recreational activities	156	152	192	191
– Information technology	5,587	3,473	5,854	4,916
– Others	14,058	6,721	14,061	7,536
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	23	23	29	29
– Loans for the purchase of other residential properties	26,146	26,145	26,570	26,570
– Credit card advances	9,810	–	9,663	–
– Others	27,156	21,332	28,307	22,178
	207,720	156,540	207,018	162,002
Trade finance (including trade bills)	17,944	1,104	22,759	1,071
Gross loans and advances for use outside Hong Kong	46,403	21,060	49,883	21,108
	272,067	178,704	279,660	184,181

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, impairment allowances 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 allowances	General allowances
As at 30 June 2023			
Property development	–	–	210
Property investment	107	1	229
As at 31 December 2022			
Property development	–	–	163
Property investment	145	9	217
Individuals – for other private purposes	48	52	459

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
As at 30 June 2023			
Hong Kong	219,237	10,149	229,386
Mainland China	28,392	2,649	31,041
Others	6,494	5,146	11,640
	<u>254,123</u>	<u>17,944</u>	<u>272,067</u>
As at 31 December 2022			
Hong Kong	226,514	14,066	240,580
Mainland China	22,690	3,296	25,986
Others	7,697	5,397	13,094
	<u>256,901</u>	<u>22,759</u>	<u>279,660</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
As at 30 June 2023			
Hong Kong	2,548	1,149	1,947
Mainland China	163	132	4
As at 31 December 2022			
Hong Kong	2,620	1,106	1,944
Mainland China	163	130	4

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 2023		As at 31 December 2022	
	135	0.05	555	0.20
	544	0.20	156	0.06
	1,352	0.50	1,428	0.51
	<u>2,031</u>	<u>0.75</u>	<u>2,139</u>	<u>0.77</u>
Specific allowances made in respect of the above overdue loans and advances	<u>1,274</u>		<u>1,330</u>	
Current market value of collateral held against the covered portion of the above overdue loans and advances	<u>835</u>		<u>1,080</u>	
Covered portion of the above overdue loans and advances	<u>700</u>		<u>765</u>	
Uncovered portion of the above overdue loans and advances	<u>1,331</u>		<u>1,374</u>	

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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13 OVERDUE AND RESCHEDULED ASSETS (continued)

13.2 Rescheduled advances

The rescheduled loans and advances of the Bank (excluding those which have been overdue for over three months and reported in section 13.1 above) are analysed as follows:

In HK\$ millions	As at 30 June 2023		As at 31 December 2022	
		% of gross loans and advances to customers		% of gross loans and advances to customers
Rescheduled loans and advances	<u>323</u>	0.12	<u>342</u>	0.12

13.3 Repossessed assets

The amount of repossessed assets as at 30 June 2023 was HK\$94 million.

13.4 Overdue other assets

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

In HK\$ millions	As at	As at
	30 June 2023	31 December 2022
Six months or less but over three months	–	–
One year or less but over six months	–	–
Over one year	<u>9</u>	<u>8</u>
	<u>9</u>	<u>8</u>

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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, which are prepared in accordance with the HKMA return of “Return of Mainland Activities”:

As at 30 June 2023

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”)	20,655	1,968	22,623
(b) Local governments, local government-owned entities and their subsidiaries and JVs	10,622	524	11,146
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	31,667	4,434	36,101
(d) Other entities of central government not reported in part (a) above	7,249	745	7,994
(e) Other entities of local governments not reported in part (b) above	1,208	26	1,234
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	10,713	1,181	11,894
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	12,930	3,782	16,712
Total	95,044	12,660	107,704
Total assets after provision	452,194		
On-balance sheet exposures as percentage of total assets	21.02%		

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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14 MAINLAND ACTIVITIES (continued)

As at 31 December 2022

In HK\$ millions	On-balance sheet exposure	Off-balance sheet exposure	Total
Types of Counterparties			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	24,683	1,622	26,305
(b) Local governments, local government-owned entities and their subsidiaries and JVs	12,034	533	12,567
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	29,465	5,023	34,488
(d) Other entities of central government not reported in part (a) above	6,697	1,056	7,753
(e) Other entities of local governments not reported in part (b) above	1,109	2	1,111
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	9,899	1,145	11,044
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	12,710	4,264	16,974
Total	<u>96,597</u>	<u>13,645</u>	<u>110,242</u>
Total assets after provision	<u>473,652</u>		
On-balance sheet exposures as percentage of total assets	<u>20.39%</u>		

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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15 FOREIGN EXCHANGE EXPOSURES

The table below summarises the Bank's net non-structural and net structural foreign currency positions which are prepared in accordance with the HKMA return of "Foreign Currency Position". The net options position is calculated on the basis of the delta-weighted position of foreign exchange option contracts. Structural foreign exchange positions of the Bank are arising from capital investments outside Hong Kong, mainly in Chinese Renminbi and Macau Pataca.

In HK\$ millions	USD	CNY	JPY	MOP	EUR	CHF	Others	Total
As at 30 June 2023								
Spot assets	165,663	19,485	9,939	640	6,282	3,760	10,364	216,133
Spot liabilities	(172,186)	(20,509)	(4,321)	(485)	(5,750)	(255)	(22,520)	(226,026)
Forward purchases	61,867	17,882	2,847	–	1,467	1,311	15,676	101,050
Forward sales	(56,654)	(16,799)	(8,376)	–	(1,926)	(4,743)	(3,514)	(92,012)
Net options position	1	–	–	–	–	–	–	1
Net long/(short) non-structural position	(1,309)	59	89	155	73	73	6	(854)
Net structural position	–	269	–	(36)	–	–	–	233
As at 31 December 2022								
Spot assets	193,225	17,328	10,891	617	4,712	2,052	12,211	241,036
Spot liabilities	(195,864)	(19,280)	(3,942)	(496)	(6,444)	(331)	(25,010)	(251,367)
Forward purchases	104,034	8,337	2,632	–	4,691	2,259	15,934	137,887
Forward sales	(102,359)	(6,353)	(9,620)	–	(2,885)	(3,950)	(3,161)	(128,328)
Net options position	(7)	(2)	–	–	–	–	9	–
Net long/(short) non-structural position	(971)	30	(39)	121	74	30	(17)	(772)
Net structural position	–	280	–	(17)	–	–	–	263

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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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. 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 2023

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 June 2023: (72)		In HK\$ millions	
		Unweighted value (average)	Weighted value (average)
Basis of disclosure: unconsolidated			
A. HQLA			
1	Total HQLA		121,157
B. Cash Outflows			
2	Retail deposits and small business funding, of which:	215,762	17,593
3	<i>Stable retail deposits and stable small business funding</i>	9,970	299
4	<i>Less stable retail deposits and less stable small business funding</i>	140,094	14,009
4a	<i>Retail term deposits and small business term funding</i>	65,698	3,285
5	Unsecured wholesale funding (other than small business funding), debt securities and prescribed instruments issued by the AI, of which:	142,998	80,777
6	<i>Operational deposits</i>	11,190	2,387
7	<i>Unsecured wholesale funding (other than small business funding) not covered in row 6</i>	131,636	78,218
8	<i>Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period</i>	172	172
9	Secured funding transactions (including securities swap transactions)		–
10	Additional requirements, of which:	34,465	4,543
11	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	1,152	1,152
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>	33,313	3,391
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,504	1,504
15	Other contingent funding obligations (whether contractual or non-contractual)	204,607	668
16	Total Cash Outflows		105,085
C. Cash Inflows			
17	Secured lending transactions (including securities swap transactions)	33,712	–
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	106,442	25,321
19	Other cash inflows	7,020	6,684
20	Total Cash Inflows	147,174	32,005
D. Liquidity Coverage Ratio		Adjusted value	
21	Total HQLA		121,157
22	Total Net Cash Outflows		73,080
23	LCR (%)		166.1

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 2023, with LCR being well above regulatory requirement. Quarter-on-quarter, the Bank reduced the holding of HQLA which had led to the decrease of average LCR.

(i) Composition of High Quality Liquid Assets

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 2022.

(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 its parent company.

(iv) Currency mismatch

Customer deposit in Hong Kong, largely denominated in Hong Kong Dollar ("HKD") and United States Dollar ("USD"), is a major funding source for the Bank. The Bank make appropriate use of swap markets for the deployment of surplus funds 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 2023

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:	49,153	–	–	2,350	51,503
2	<i>Regulatory capital</i>	49,153	–	–	2,350	51,503
2a	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3	<i>Other capital instruments</i>	–	–	–	–	–
4	Retail deposits and small business funding:	–	202,413	10,048	296	192,076
5	<i>Stable deposits</i>		11,147	176	3	10,759
6	<i>Less stable deposits</i>		191,266	9,872	293	181,317
7	Wholesale funding:	–	167,947	3,464	1,543	57,240
8	<i>Operational deposits</i>		10,005	–	–	5,003
9	<i>Other wholesale funding</i>	–	157,942	3,464	1,543	52,237
10	Liabilities with matching interdependent assets					
11	Other liabilities:	25,205	1,283	–	–	–
12	<i>Net derivative liabilities</i>	2,983				
13	<i>All other funding and liabilities not included in the above categories</i>	22,222	1,283	–	–	–
14	Total ASF					300,819
15	Total HQLA for NSFR purposes	601	52,506	17,561	30,088	5,038
16	Deposits held at other financial institutions for operational purposes	–	356	–	–	178
17	Performing loans and securities:	15,313	177,311	27,655	126,537	197,124
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	38,534	–	–	3,853

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 2023 (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	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	107	33,506	31	7,950	13,099
20	<i>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:</i>	15,206	104,202	26,783	88,102	153,305
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	–	–	–	–
22	<i>Performing residential mortgages, of which:</i>	–	1,069	841	29,637	26,146
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	–	–	–	–
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	–	–	848	721
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	13,284	1,347	16	1,601	10,630
27	<i>Physical traded commodities, including gold</i>	–				–
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	–				–
29	<i>Net derivative assets</i>	–				–
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	5,050				253
31	<i>All other assets not included in the above categories</i>	8,234	1,347	16	1,601	10,377
32	Off-balance sheet items		234,668	–	–	1,726
33	Total RSF					214,696
34	Net Stable Funding Ratio (%)					140.1

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 2023

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:	47,935	–	–	2,355	50,290
2	<i>Regulatory capital</i>	47,935	–	–	2,355	50,290
2a	<i>Minority interests not covered by row 2</i>	–	–	–	–	–
3	<i>Other capital instruments</i>	–	–	–	–	–
4	Retail deposits and small business funding:	–	216,231	8,435	190	202,968
5	<i>Stable deposits</i>		11,442	130	1	10,994
6	<i>Less stable deposits</i>		204,789	8,305	189	191,974
7	Wholesale funding:	–	175,785	3,498	1,671	66,426
8	<i>Operational deposits</i>		10,996	–	–	5,498
9	<i>Other wholesale funding</i>	–	164,789	3,498	1,671	60,928
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	21,628	2,637	–	–	–
12	<i>Net derivative liabilities</i>	2,781				
13	<i>All other funding and liabilities not included in the above categories</i>	18,847	2,637	–	–	–
14	Total ASF					319,684
15	Total HQLA for NSFR purposes	565	43,124	14,919	40,656	5,174
16	Deposits held at other financial institutions for operational purposes	–	334	–	–	167
17	Performing loans and securities:	15,181	195,111	26,017	132,828	207,066
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>	–	40,735	–	–	4,074
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	89	40,599	2,386	7,897	15,269
20	<i>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:</i>	15,092	112,666	22,779	94,141	160,570

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 2023 (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	
21	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	–	–	–	–
22	<i>Performing residential mortgages, of which:</i>	–	1,111	852	29,906	26,402
23	<i>With a risk-weight of less than or equal to 35% under the STC approach</i>	–	–	–	–	–
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	–	–	–	884	751
25	Assets with matching interdependent liabilities					
26	Other assets:	12,546	1,526	18	1,723	10,782
27	<i>Physical traded commodities, including gold</i>	–				–
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	–				–
29	<i>Net derivative assets</i>	–				–
30	<i>Total derivative liabilities before adjustments for deduction of variation margin posted</i>	4,326				216
31	<i>All other assets not included in the above categories</i>	8,220	1,526	18	1,723	10,566
32	Off-balance sheet items		237,304	–	–	1,600
33	Total RSF					224,789
34	Net Stable Funding Ratio (%)					142.2

The NSFR remained well above the regulatory requirement in the first half of 2023. Compared to previous quarter, the NSFR as of end 2Q 2023 decreased mainly due to decrease in customer deposits, partially offset by decrease in customer loans.

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.

There are no interdependent assets and liabilities as of end 1Q and 2Q 2023.

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

REGULATORY DISCLOSURES

16 LIQUIDITY (continued)

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 2022.

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

REGULATORY DISCLOSURES

17 ABBREVIATIONS

Abbreviations	Brief Description
AI	Authorised Institutions
ASF	Available Stable Funding
AT1	Additional Tier 1
BCR	Banking (Capital) Rules
BLR	Banking (Liquidity) Rules
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
CF	Commodities Finance
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
ECL	Expected Credit Loss
EL	Expected Loss
EPE	Expected Positive Exposure
FBA	Fall-Back Approach
G-SIB	Global Systemically Important Authorized Institution
HKMA	Hong Kong Monetary Authority
HQLA	High Quality Liquid Assets
HVCRE	High-volatility Commercial Real Estate
IAA	Internal Assessment Approach
IMM	Internal Models Method
IMM (CCR)	Internal Models Method (Counterparty Credit Risk)
IPRE	Income-producing Real Estate

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

REGULATORY DISCLOSURES

17 ABBREVIATIONS (continued)

Abbreviations	Brief Description
IRB	Internal Ratings-Based
JCCyB	Jurisdictional Countercyclical Capital Buffer
LAC	Loss-absorbing Capacity
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
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
OF	Object Finance
OTC	Over-the-Counter
PD	Probability of Default
PF	Project Finance
PFE	Potential Future Exposure
PSE	Public Sector Entity
PVA	Prudent Valuation Adjustments
RSF	Required Stable Funding
RWA	Risk Weighted Assets
SA-CCR	Standardized (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