

# **Dah Sing Bank, Limited**

## **Regulatory Disclosure Statement**

For the quarter ended 31 March 2019  
(Unaudited)

These disclosures are prepared under  
the Banking (Disclosure) Rules

**Dah Sing Bank, Limited**  
**Regulatory Disclosure Statement for the quarter ended 31 March 2019 (Unaudited)**

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**A. Purpose and Basis of Consolidation**

The information contained in this Regulatory Disclosure Statement (the “Statement”) is for Dah Sing Bank, Limited (the “Bank”) and its subsidiaries (together the “Group”) to comply with the Banking (Disclosure) Rules (“BDR”) (Cap. 155M) and does not constitute statutory financial statements.

While the Statement is not required to be subject to external audit, it has been reviewed and verified within the Bank in accordance with the Group’s governance processes over financial reporting and policies on disclosures.

Except where indicated otherwise, the financial information contained in this Statement has been prepared on the basis of regulatory scope of consolidation specified by the Hong Kong Monetary Authority (“HKMA”) to the Bank.

**B. Key prudential ratios**

**Template KM1: Key prudential ratios**

The key prudential ratios and the comparative figures as at each reporting date are set out as below.

	HK\$’000	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018
	<b>Regulatory capital (amount)</b>					
1	Common Equity Tier 1	20,558,765	19,747,523	19,602,334	19,309,570	19,338,200
2	Tier 1	21,457,352	20,646,110	20,500,921	20,208,157	20,236,787
3	Total capital	27,680,530	27,174,788	26,954,537	26,651,389	26,657,606
	<b>RWA (amount)</b>					
4	Total RWA	152,758,751	150,452,144	146,473,016	144,630,452	143,487,031
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET 1 ratio (%)	13.5%	13.1%	13.4%	13.4%	13.5%
6	Tier 1 ratio (%)	14.0%	13.7%	14.0%	14.0%	14.1%
7	Total capital ratio (%)	18.1%	18.1%	18.4%	18.4%	18.6%
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500%	1.875%	1.875%	1.875%	1.875%
9	Countercyclical capital buffer requirement (%)	1.935%	1.444%	1.432%	1.428%	1.399%
10	Higher loss absorbency requirement (%) (applicable only to G-SIB or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirement (%)	4.435%	3.319%	3.307%	3.303%	3.274%
12	CET1 available after meeting the AI’s minimum capital requirement (%)	6.167%	5.848%	6.121%	6.097%	6.229%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (“LR”) exposure measure	235,735,936	234,726,371	226,240,998	220,435,783	222,763,977
14	LR (%)	9.1%	8.8%	9.1%	9.2%	9.1%
	<b>Liquidity Maintenance Ratio (“LMR”) – applicable to category 2 institution only</b>					
17a	LMR (%)	45.1%	47.7%	46.6%	45.2%	42.9%
	<b>Core Funding Ratio (“CFR”) – applicable to category 2A institution only</b>					
20a	CFR (%)	159.6%	165.3%	169.8%	168.9%	178.5%

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**C. Overview of Risk-weighted Assets**

The following table provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 31 March 2019 and 31 December 2018 respectively:

**Template OV1: Overview of RWA**

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		31 Mar 2019 (HK\$'000)	31 Dec 2018 (HK\$'000)	31 Mar 2019 (HK\$'000)
1	Credit risk for non-securitization exposures	138,308,424	135,951,732	11,064,674
2	Of which STC approach	138,308,424	135,951,732	11,064,674
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	1,019,248	1,033,140	81,540
7	Of which SA-CCR	-	-	-
7a	Of which CEM	1,019,248	1,033,140	81,540
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	CIS exposures – LTA	-	-	-
13	CIS exposures – MBA	-	-	-
14	CIS exposures – FBA	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	975,250	1,319,450	78,020
21	Of which STM approach	975,250	1,319,450	78,020
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	-	-	-
24	Operational risk	9,931,825	9,694,463	794,546
25	Amounts below the thresholds for deduction (subject to 250% RW)	3,085,575	3,085,575	246,846
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	(534,571)	(632,216)	(42,766)
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	(68,824)	(166,469)	(5,506)
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	(465,747)	(465,747)	(37,260)
27	Total	152,785,751	150,452,144	12,222,860
N/A: Not applicable in the case of Hong Kong				

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**D. Leverage Ratio**

The detailed composition of the Bank's consolidated leverage ratio as at 31 March 2019 and 31 December 2018 is set out below:

**Template LR2: Leverage ratio**

		(a)	(b)
		31 Mar 2019 (HK\$'000)	31 Dec 2018 (HK\$'000)
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	228,259,642	226,151,553
2	Less: Asset amounts deducted in determining Tier 1 capital	(2,973,306)	(3,068,269)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	225,286,336	223,083,284
<b>Exposures arising from derivative exposures</b>			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/ or with all derivative contracts)	202,740	177,502
5	Add-on amounts for PFE associated with all derivative contracts	886,999	815,341
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	(115,864)	(135,081)
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts	-	-
11	Total exposures arising from derivative contracts	973,875	857,762
<b>Securities financing transaction exposures</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	1,124,580	2,641,121
13	Less: Netted amount of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	35,023	145,425
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	1,159,603	2,786,546
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	78,035,408	76,844,104
18	Less: Adjustments for conversion to credit equivalent amounts	(68,674,209)	(67,757,591)
19	Off-balance sheet items	9,361,199	9,086,513
<b>Capital and total exposures</b>			
20	Tier 1 capital	21,457,352	20,646,110
20a	Total exposures before adjustments for specific and collective provisions	236,781,013	235,814,105
20b	Adjustments for specific and collective provisions	(1,045,077)	(1,087,734)
21	Total exposures after adjustments for specific and collective provisions	235,735,936	234,726,371
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>9.1%</b>	<b>8.8 %</b>

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**E. Abbreviations**

A	
AI	Authorised institution
B	
BSC	Basic approach
C	
CCP	Central counterparty
CEM	Current exposure method
CET1	Common equity tier 1
CIS	Collective investment scheme
CVA	Credit valuation adjustment
D	
D-SIBs	Domestic systemically important banks
F	
FBA	Fall-back approach
G	
G-SIBs	Global systemically important banks
I	
IMM	Internal models approach
IMM(CCR)	Internal models (counterparty credit risk) approach
IRB	Internal ratings-based approach
L	
LTA	Look through approach
M	
MBA	Mandate-based approach
N	
N/A	Not applicable
P	
PFE	Potential future exposure
R	
RWA	Risk-weighted asset/risk-weighted amount
S	
SA-CCR	Standardised approach for counterparty credit risk
SFT	Securities financing transaction
STC	Standardised (credit risk) approach
STM	Standardised (market risk) approach