

Dah Sing Bank, Limited

Regulatory Disclosure Statement

For the quarter ended 30 September 2019
(Unaudited)

These disclosures are prepared under
the Banking (Disclosure) Rules

Dah Sing Bank, Limited
Regulatory Disclosure Statement for the quarter ended 30 September 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	30 Sep 2019	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018
	Regulatory capital (amount)					
1	Common Equity Tier 1	20,726,541	20,654,421	20,558,765	19,747,523	19,602,334
2	Tier 1	21,625,128	21,553,008	21,457,352	20,646,110	20,500,921
3	Total capital	27,881,165	27,786,516	27,680,530	27,174,788	26,954,537
	RWA (amount)					
4	Total RWA	155,888,448	155,310,408	152,758,751	150,452,144	146,473,016
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET 1 ratio (%)	13.3%	13.3%	13.5%	13.1%	13.4%
6	Tier 1 ratio (%)	13.9%	13.9%	14.0%	13.7%	14.0%
7	Total capital ratio (%)	17.9%	17.9%	18.1%	18.1%	18.4%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	1.88%	1.88%
9	Countercyclical capital buffer requirement (%)	1.94%	1.94%	1.94%	1.44%	1.43%
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 (%)	4.44%	4.44%	4.44%	3.32%	3.31%
12	CET1 available after meeting the AI’s minimum capital requirement (%)	6.00%	6.00%	6.17%	5.85%	6.12%
	Basel III leverage ratio					
13	Total leverage ratio (“LR”) exposure measure	242,376,982	237,379,524	235,735,936	234,726,371	226,240,998
14	LR (%)	8.9%	9.1%	9.1%	8.8%	9.1%
	Liquidity Maintenance Ratio (“LMR”) – applicable to category 2 institution only					
17a	LMR (%)	48.2%	46.4%	45.1%	47.7%	46.6%
	Core Funding Ratio (“CFR”) – applicable to category 2A institution only					
20a	CFR (%)	153.5%	154.6%	159.6%	165.3%	169.8%

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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 30 September 2019 and 30 June 2019 respectively:

Template OV1: Overview of RWA

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2019 (HK\$'000)	30 Jun 2019 (HK\$'000)	30 Sep 2019 (HK\$'000)
1	Credit risk for non-securitization exposures	141,303,178	140,925,297	11,304,254
2	Of which STC approach	141,303,178	140,925,297	11,304,254
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	605,679	545,820	48,454
7	Of which SA-CCR	N/A	N/A	N/A
7a	Of which CEM	578,178	530,078	46,254
7b	Of which CEM (such a risk to CCPs which is not included in row 7a)	27,501	15,742	2,201
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	366,863	354,000	29,349
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 (including IAA)	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	924,013	823,750	73,921
21	Of which STM approach	924,013	823,750	73,921
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	10,132,688	10,091,388	810,615
24a	Sovereign concentration risk	-	-	-
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	(529,548)	(515,422)	(42,364)
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	(63,801)	(49,675)	(5,104)
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	155,888,448	155,310,408	12,471,075

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D. Leverage Ratio

The detailed composition of the Bank's consolidated leverage ratio as at 30 September 2019 and 30 June 2019 is set out below:

Template LR2: Leverage ratio

		(a)	(b)
		30 Sep 2019 (HK\$'000)	30 Jun 2019 (HK\$'000)
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	235,279,247	229,344,802
2	Less: Asset amounts deducted in determining Tier 1 capital	(2,996,143)	(2,974,951)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	232,283,104	226,369,851
Exposures arising from derivative exposures			
4	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/ or with all derivative contracts)	233,240	154,350
5	Add-on amounts for PFE associated with all derivative contracts	873,686	829,492
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	(536,208)	(193,151)
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	570,718	790,691
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	789,705	1,448,783
13	Less: Netted amount of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	20,650	53,362
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	810,355	1,502,145
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	81,078,662	80,602,520
18	Less: Adjustments for conversion to credit equivalent amounts	(71,257,446)	(70,841,479)
19	Off-balance sheet items	9,821,216	9,761,041
Capital and total exposures			
20	Tier 1 capital	21,625,128	21,553,008
20a	Total exposures before adjustments for specific and collective provisions	243,485,393	238,423,728
20b	Adjustments for specific and collective provisions	(1,108,411)	(1,044,204)
21	Total exposures after adjustments for specific and collective provisions	242,376,982	237,379,524
Leverage ratio			
22	Leverage ratio	8.9%	9.1 %

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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