

Dah Sing Bank, Limited

Regulatory Disclosure Statement

For the quarter ended 30 September 2020
(Unaudited)

These disclosures are prepared under
the Banking (Disclosure) Rules

Dah Sing Bank, Limited
Regulatory Disclosure Statement for the quarter ended 30 September 2020 (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 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
	Regulatory capital (amount)					
1	Common Equity Tier 1	22,236,134	21,676,886	20,858,363	21,292,465	20,726,541
2	Tier 1	23,134,721	22,575,473	21,756,950	22,191,052	21,625,128
3	Total capital	28,577,090	28,013,263	27,666,353	28,454,294	27,881,165
4	Total RWA	166,865,895	165,696,592	160,472,775	159,234,450	155,888,448
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET 1 ratio (%)	13.3%	13.1%	13.0%	13.4%	13.3%
6	Tier 1 ratio (%)	13.9%	13.6%	13.6%	13.9%	13.9%
7	Total capital ratio (%)	17.1%	16.9%	17.2%	17.9%	17.9%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical capital buffer requirement (%)	0.79%	0.78%	0.77%	1.55%	1.94%
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 (%)	3.29%	3.28%	3.27%	4.05%	4.44%
12	CET1 available after meeting the AI’s minimum capital requirement (%)	7.9%	7.6%	7.6%	7.9%	7.9%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	252,546,125	257,724,348	250,866,328	248,132,253	242,376,982
14	LR (%)	9.2%	8.8%	8.7%	8.9%	8.9%
	Liquidity Maintenance Ratio (“LMR”) – applicable to category 2 institution only					
17a	LMR (%)	46.0%	50.1%	49.2%	46.1%	48.2%
	Core Funding Ratio (“CFR”) – applicable to category 2A institution only					
20a	CFR (%)	157.2%	163.1%	160.6%	153.5%	153.5%

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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 30 September 2020 and 30 June 2020 respectively:

Template OV1: Overview of RWA

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30 Sep 2020 (HK\$'000)	30 Jun 2020 (HK\$'000)	30 Sep 2020 (HK\$'000)
1	Credit risk for non-securitization exposures	150,781,952	149,538,926	12,062,556
2	Of which STC approach	150,781,952	149,538,926	12,062,556
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	744,252	811,976	59,540
7	Of which SA-CCR	-	-	-
7a	Of which CEM	636,227	678,005	50,898
7b	Of which CEM (such a risk to CCPs which is not included in row 7a)	56,838	55,986	4,547
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	51,187	77,985	4,095
10	CVA risk	372,763	356,975	29,821
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	1,934,263	1,862,125	154,741
21	Of which STM approach	1,934,263	1,862,125	154,741
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	10,403,350	10,497,275	832,268
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	(456,260)	(456,260)	(36,501)
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
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	(456,260)	(456,260)	(36,501)
27	Total	166,865,895	165,696,592	13,349,271

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D. Leverage Ratio

The detailed composition of the Bank's consolidated leverage ratio as at 30 September 2020 and 30 June 2020 is set out below:

Template LR2: Leverage ratio

		(a)	(b)
		30 Sep 2020 (HK\$'000)	30 Jun 2020 (HK\$'000)
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	242,184,724	249,384,811
2	Less: Asset amounts deducted in determining Tier 1 capital	(2,404,102)	(2,425,841)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	239,780,622	246,958,970
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)	245,538	185,898
5	Add-on amounts for PFE associated with all derivative contracts	1,019,857	1,163,798
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	(774,307)	(732,622)
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	491,088	617,074
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	3,902,474	2,069,796
13	Less: Netted amount of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	117,329	83,672
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	4,019,803	2,153,468
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	79,679,563	79,865,760
18	Less: Adjustments for conversion to credit equivalent amounts	(70,051,557)	(70,491,030)
19	Off-balance sheet items	9,628,006	9,374,730
Capital and total exposures			
20	Tier 1 capital	23,134,721	22,575,473
20a	Total exposures before adjustments for specific and collective provisions	253,919,519	259,104,242
20b	Adjustments for specific and collective provisions	(1,373,394)	(1,379,894)
21	Total exposures after adjustments for specific and collective provisions	252,546,125	257,724,348
Leverage ratio			
22	Leverage ratio	9.2%	8.8%

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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