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
31 December 2024

(Unaudited)

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

REGULATORY DISCLOSURES

CONTENTS

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

REGULATORY DISCLOSURES

1 INTRODUCTION

The information contained in this document is for DBS Bank (Hong Kong) Limited (the "Bank") and its subsidiaries (the "Group") and is made pursuant to the Banking (Disclosure) Rules and disclosure templates issued by the Hong Kong Monetary Authority ("HKMA").

For the purposes of calculating its 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 approach for market and operational risks.

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	69	68
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

3 RISK MANAGEMENT APPROACH

In executing our strategic priorities and business opportunities, the Group is faced with economic, financial and other types of risks. These risks are interdependent and require a holistic approach to risk management. Very broadly, these risks can be aligned around the following risk categories:

(i) Credit
(ii) Market
(iii) Liquidity
(iv) Operational
(v) Technology
(vi) Reputational
(vii) Business and Strategic

The Board oversees the Group's affairs and provides sound leadership for the Chief Executive Officer ("CEO") and management. Authorised by the Board, various board committees oversee specific responsibilities based on clearly defined terms of reference.

Under our risk management approaches, the Board, through the Board Risk Management Committee ("BRMC"), sets our risk appetite, oversees the establishment of enterprise-wide risk management policies and processes, and establishes risk appetite limits to guide the Group's risk-taking. The BRMC also oversees the identification, monitoring, management and reporting of risks including credit, market, liquidity, operational, technology and reputational risks.

To facilitate the BRMC's risk oversight, the following risk management committees have been established:

Risk Management Committees

HK Risk Executive Committee ("Risk ExCo")	As the overall executive body regarding risk matters, the Risk ExCo oversees Group's risk management.
HK Risk Culture and Conduct Committee ("RCCC")	RCCC provides oversight and direction relating to the management and implementation of risk culture and conduct agenda.
HK Product Oversight Committee ("POC")	POC reports to the Risk Exco and oversees the risks associated with new or changed products and services to ensure these are offered in line with the Bank's strategy and risk appetite, in the interest of protecting the Bank's franchise.
HK Credit Risk Committee ("HK CRC") **HK Market and Liquidity Risk Committee ("HK MLRC")** **HK Operational and Technology Risk Committee ("HK OTRC")**	Each of the committees reports to the Risk ExCo, and serves as an executive forum to discuss and implement Group's risk management. Key responsibilities: • Assess and approve risk-taking activities • Oversee the Group's risk management infrastructure, which includes frameworks, decision criteria, authorities, people, policies, standards, processes, information and systems • Approve/endorse risk policies, the evaluation and endorsement of risk models and stress testing programmes • Assess and monitor specific risk concentration • Recommend stress testing scenarios (including macroeconomic variable projections) and review the results The members in these committees comprise representatives from the Risk Management Group ("RMG") as well as key business and support units.

3 RISK MANAGEMENT APPROACH (continued)

Our risk appetite takes into account a spectrum of risk types, and is implemented using thresholds, policies, processes and controls.

Setting thresholds is essential in making the Group's Risk Appetite an intrinsic part of our businesses as they help to keep all our risks within acceptable levels. Portfolio risk limits for the quantifiable risk types are established top down, and these are implemented using frameworks. As for the non-quantifiable risk types, these are managed using qualitative principles.

We manage these risks by diversifying our risk across industries and individual exposures. In addition, the Group relies on specialist knowledge of our regional markets and industry segments to effectively assess our risks.

The Group adopts the Three Lines Model for risk management where each line has clear role and responsibilities. Our business and support units are our first line. Their responsibilities include identification and management of risks arising from their respective areas of responsibilities and ensuring that our operations remain within approved boundaries of our risk appetite and policies.

Our second line includes 10.1.4 Risk Management Group, Legal and Compliance provide independent risk oversight, monitoring and reporting. They are responsible for the development and maintenance of risk management policies and processes, and they provide objective review and challenge on the activities undertaken by business and support units.

Group Audit forms the third line. It provides an independent assessment and assurance on the reliability, adequacy and effectiveness of our system of internal controls, risk management, governance framework and processes.

The Group believes that effective safeguards against undesired business conduct have to go beyond a "tick-the-box" mentality. Other than relying on published codes of conduct, the Group also advocates the following organisational safeguards to maintain a strong risk and governance culture:

- Tone from the top
- Aligning strategies and incentives via the balanced scorecard. Performance is assessed against the scorecard to determine remuneration, providing a clear line of sight between employee goals and organisational imperatives.
- Respecting voice of control functions
- Risk ownership
- Having established escalation protocols
- Encouraging constructive challenges at all levels
- Reinforcing cultural alignment

In addition to cultivating a strong risk and governance culture, robust internal control processes and systems have been designed and implemented to support the respective risk management approaches. These are reviewed regularly by the respective risk units to assess and ensure their effectiveness.

3 RISK MANAGEMENT APPROACH (continued)

Risk management reports including exposure and position information for all significant risk areas are provided to the BRMC and management on a regular basis, as deemed appropriate. The Group, through various committees, determines the risk reporting requirements that best suit the business.

This includes the following:

i. risk exposures and profile against risk limits and risk strategy

ii. large risk events and subsequent remedial action plans

iii. market developments such as macroeconomic and country risks, financial and operational risks, risk concentrations and stress tests related to these developments.

iv. key technology risk events and updates

Stress testing is an integral part of our risk management process. It includes both sensitivity analysis and scenario analysis, and is conducted regularly. In particular, the Internal Capital Adequacy Assessment Process ("ICAAP") (a Group-wide exercise spanning across risk types) is performed annually. In addition, stress tests are carried out in response to microeconomic and macroeconomic conditions or portfolio developments. Every stress test is documented and the results are reviewed by senior management and/or the BRMC.

Stress testing alerts the senior management to our potential vulnerability to exceptional but plausible adverse events. As such, stress testing enables us to assess capital adequacy and identify potentially risky portfolio segments as well as inherent systematic risks. This then allows us to develop the right contingency plans, exit strategies and mitigating actions beforehand.

The ICAAP ensures our business plans are consistent with our risk appetite. This is done by comparing the projected demand for capital to the projected supply of capital under various scenarios, including severe macroeconomic stress.

4 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 31 December 2024	As at 30 September 2024	As at 30 June 2024	As at 31 March 2024	As at 31 December 2023
	Regulatory Capital (amount)					
1	Common Equity Tier 1 (CET1)	48,886	50,633	50,287	48,169	46,112
2	Tier 1	50,286	52,033	51,687	49,569	47,512
3	Total Capital	53,048	54,820	54,269	52,191	50,488
	RWA (amount)					
4	Total RWA	269,397	266,659	253,990	245,084	250,971
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	18.1	19.0	19.8	19.7	18.4
6	Tier 1 ratio (%)	18.7	19.5	20.3	20.2	18.9
7	Total Capital ratio (%)	19.7	20.6	21.4	21.3	20.1
	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 (%)	0.362	0.726	0.722	0.742	0.766
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 (%)	2.862	3.226	3.222	3.242	3.266
12	CET1 available after meeting the AI's minimum capital requirements (%)	11.7	12.6	13.4	13.3	12.1
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	531,114	535,362	514,325	510,900	507,359
14	LR (%)	9.5	9.7	10.0	9.7	9.4
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	133,638	123,036	129,321	130,328	115,739
16	Total net cash outflows	81,121	80,265	73,772	73,736	70,978
17	LCR (%)	164.9	153.7	175.6	176.9	163.2
	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	337,111	335,959	326,231	318,196	315,555
19	Total required stable funding	227,867	240,350	243,600	227,867	216,069
20	NSFR (%)	147.9	139.8	133.9	139.6	146.0
	Applicable to category 2A institution only:					
20a	CFR (%)	NA	NA	NA	NA	NA

The decrease in capital ratios in the fourth quarter was mainly due to lower capital base driven by dividend distribution.

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

5 OVERVIEW OF RISK-WEIGHTED ASSETS

The following table sets out the Bank's RWA and the corresponding minimum capital requirements by risk types.

In HK$ millions		RWA		Minimum capital requirements[1/]
		As at 31 December 2024	As at 30 September 2024	As at 31 December 2024
1	Credit risk for non-securitization exposures	225,054	221,381	18,994
2	*Of which STC approach*	18,702	16,959	1,496
2a	*Of which BSC approach*	–	–	–
3	*Of which foundation IRB approach*	179,615	180,066	15,231
4	*Of which supervisory slotting criteria approach*	26,737	24,356	2,267
5	*Of which advanced IRB approach*	–	–	–
6	Counterparty default risk and default fund contributions	2,723	2,906	230
7	*Of which SA-CCR approach*	2,575	2,797	217
7a	*Of which CEM*	NA	NA	NA
8	*Of which IMM (CCR) approach*	–	–	–
9	*Of which others*	148	109	13
10	CVA Risk	1,309	1,647	105
11	Equity positions in banking book under the simple risk-weight method and internal models method	–	–	–
12	Collective investment scheme ("CIS") exposures – LTA	NA	NA	NA
13	CIS exposures – MBA	NA	NA	NA
14	CIS exposures – FBA	NA	NA	NA
14a	CIS exposures – combination of approaches	NA	NA	NA
15	Settlement Risk	–	–	–
16	Securitization exposures in banking book	–	–	–
17	*Of which SEC – IRBA*	–	–	–
18	*Of which SEC – ERBA (including IAA)*	–	–	–
19	*Of which SEC – SA*	–	–	–
19a	*Of which SEC – FBA*	–	–	–
20	Market risk	2,230	3,565	178
21	*Of which STM approach*	2,230	3,565	178
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)	NA	NA	NA

5 OVERVIEW OF RISK-WEIGHTED ASSETS (continued)

In HK$ millions		RWA		Minimum capital requirements[1/]
		As at 31 December 2024	As at 30 September 2024	As at 31 December 2024
24	Operational risk	25,557	24,736	2,045
24a	Sovereign concentration risk	–	–	–
25	Amounts below the thresholds for deduction (subject to 250% RW)	93	93	7
26	Capital floor adjustment	–	–	–
26a	Deduction to RWA	(98)	(97)	(8)
26b	*Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital*	(98)	(97)	(8)
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*	–	–	–
27	Total	256,868	254,231	21,551

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

6 LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES

6.1 Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories

The following table shows the differences between the carrying values as reported in the Group's financial statements following the scope of accounting consolidation and the carrying values under the scope of regulatory consolidation, with a breakdown into regulatory risk categories.

The sum of amounts disclosed under column (c) to (g) below can be more than amounts disclosed in column (b) as some of the assets and liabilities, such as derivatives, amount due from/ to banks can be subject to regulatory capital charges for credit risk, counterparty credit risk and market risk.

	As at 31 December 2024						
	a	b	c	d	e	f	g
			Carrying values of items:				
In HK$ millions	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to the market risk framework	not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances with central banks	2,778	2,778	2,778	–	–	–	–
Government securities and treasury bills	78,469	78,469	74,726	–	–	3,743	–
Due from banks	86,094	86,094	42,897	43,195	–	850	–
Derivatives assets	5,166	5,166	–	5,103	–	2,499	63
Bank and corporate securities	38,895	38,895	32,650	–	–	6,245	–
Loans and advances to customers	269,983	269,983	269,710	273	–	273	–
Other assets	5,505	5,337	4,576	88	–	–	673
Subsidiaries	–	61	61	–	–	–	–
Properties and other fixed assets	4,933	4,933	4,933	–	–	–	–
Total assets	**491,823**	**491,716**	**432,331**	**48,659**	**–**	**13,610**	**736**
Liabilities							
Due to banks	14,791	14,791	–	5,190	–	5,424	9,367
Deposits and balances from customers	405,134	405,171	–	–	–	–	405,171
Derivatives liabilities	4,125	4,125	–	4,017	–	2,455	108
Other liabilities	15,473	15,473	–	–	–	1,886	13,587
Amounts due to subsidiaries	–	60	–	–	–	–	60
Subordinated liability	2,329	2,329	–	–	–	–	2,329
Total liabilities	**441,852**	**441,949**	**–**	**9,207**	**–**	**9,765**	**430,622**

6 LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES (continued)

6.2 Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements

The following table provides information on the main sources of differences between regulatory exposure amounts and carrying amounts in the financial statements.

		As at 31 December 2024				
			Items subject to:			
In HK$ millions		Total	credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
1	**Assets carrying value amount under scope of regulatory consolidation**	490,980	432,331	–	48,659	13,610
2	Liabilities carrying value amount under regulatory scope of consolidation	11,327	–	–	9,207	9,765
3	Total net amount under regulatory scope of consolidation	479,653	432,331	–	39,452	3,845
4	Off-balance sheet amounts	246,429	79,583	–	–	–
5	Difference due to netting and potential future exposures for derivatives	5,390	–	–	5,390	–
6	Differences due to allowances[1/]	3,742	3,742	–	–	–
7	Other differences	9,935	(473)	–	10,151	–
8	**Exposure amounts considered for regulatory purposes**	**745,149**	**515,183**	**–**	**54,993**	**3,845**

Explanations of differences between carrying amounts in financial statement and regulatory exposure amounts

The key differences between accounting carrying amounts and regulatory exposures amounts are:

(i) Off-balance sheet amounts: Off-balance sheet amounts include contingent liabilities and undrawn portions of committed facilities after application of credit conversion factors;

(ii) Difference due to netting and potential future exposures for derivatives: Derivative regulatory exposures are netted (where an enforceable master netting agreement is in place) and also include potential future exposures;

(iii) Differences due to allowances[1/]: The carrying values of assets in the financial statement are net of allowances. However, regulatory exposures under IRB approach are gross of all allowances, while those under STD approach are net of specific allowances; and

(iv) Other differences: These mainly include acceptances that included as contingencies in accordance with the BCR whilst recognized as balance sheet item for accounting purpose, recognition of credit risk mitigation, and inclusion of repurchase agreement for counterparty credit risk, etc.

1/ Allowances refer to specific allowances (Expected Credit Loss Stage 3) and general allowances (Expected Credit Loss Stage 1 and Stage 2)

6 LINKAGES BETWEEN FINANCIAL STATEMENTS AND REGULATORY EXPOSURES (continued)

6.3 Prudent Valuation Adjustments

The following table provides a breakdown of the elements of prudent valuation adjustments.

In HK$ millions		As at 31 December 2024							
		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	–	–	–	9	–	9	1	8
2	Mid-market value	–	–	–	–	–	–	–	–
3	Close out costs	–	–	–	–	–	–	–	–
4	Concentration	–	–	–	9	–	9	1	8
5	Early termination	–	–	–	–	–	–	–	–
6	Model risk	–	–	–	–	–	–	–	–
7	Operational risks	–	–	–	–	–	–	–	–
8	Investing and funding costs						–	–	–
9	Unearned credit spreads						–	–	–
10	Future administrative costs	–	–	–	–	–	–	–	–
11	Other adjustments	–	–	–	–	–	–	–	–
12	**Total adjustments**	–	–	–	9	–	9	1	8

Section 4A of the Banking (Capital) Rules sets out the standards for valuing financial instruments that are accounted for at fair value, regardless of whether these are booked in the trading or banking book, for the purpose of determining capital requirements. Banks are required to apply prudence and make appropriate adjustments, taking into account valuation uncertainties. Valuation adjustments taken in addition to that which has been incorporated into the financial statements are known as prudent valuation adjustments (“PVA”). PVA is deducted from CET1 capital.

The Group maintains policies, systems and controls for the calculation of valuation adjustments, including PVA. The Group’s PVA methodology addresses fair value uncertainties arising from the following factors (where relevant): concentrated positions, unearned credit spreads, close out costs, operational risks, early termination costs, investing and funding costs, future administrative costs and model risk.

Please refer to Note 29 Fair Value of Financial Instruments of the financial statements for details of valuation process of the Group.

7 COMPOSITION OF REGULATORY CAPITAL

7.1 Composition of Regulatory Capital

As at 31 December 2024		Component of regulatory capital In HK$ millions	Cross-referenced to Section 7.2 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	38,347	(6)
3	Disclosed reserves	1,025	(9)
4	*Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)*	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**	48,367	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	9	
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)	426	(2)
11	Cash flow hedge reserve	(1,249)	(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)	–	

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.1 Composition of Regulatory Capital (continued)

		Component of regulatory capital In HK$ millions	Cross-referenced to Section 7.2 Source based on reference numbers of the balance sheet under regulatory scope of consolidation
20	Mortgage servicing rights (net of associated deferred tax liabilities)	NA	NA
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	NA	NA
22	Amount exceeding the 15% threshold	NA	NA
23	of which: significant investments in the ordinary share of financial sector entities	NA	NA
24	of which: mortgage servicing rights	NA	NA
25	of which: deferred tax assets arising from temporary differences	NA	NA
26	National specific regulatory adjustments applied to CET1 capital	295	
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	295	(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**	(519)	
29	**CET1 capital**	48,886	
	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	*Capital instruments subject to phase-out arrangements from AT1 capital*	–	

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.1 Composition of Regulatory Capital (continued)

		Component of regulatory capital In HK$ millions	Cross-referenced to Section 7.2 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)**	50,286	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	2,329	(3)
47	*Capital instruments subject to phase-out arrangements from Tier 2 capital*	–	
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	*of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	–	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	433	(8) – (1)
51	**Tier 2 capital before regulatory deductions**	2,762	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	–	

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.1 Composition of Regulatory Capital (continued)

		Component of regulatory capital In HK$ millions	Cross-referenced to Section 7.2 Source based on reference numbers of the balance sheet under regulatory scope of consolidation
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)**	2,762	
59	**Total regulatory capital (TC = T1 + T2)**	53,048	
60	**Total RWA**	269,397	
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio**	18.1%	
62	**Tier 1 capital ratio**	18.7%	
63	**Total capital ratio**	19.7%	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	2.862%	
65	of which: capital conservation buffer requirement	2.5%	

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.1 Composition of Regulatory Capital (continued)

		Component of regulatory capital In HK$ millions	Cross-referenced to Section 7.2 Source based on reference numbers of the balance sheet under regulatory scope of consolidation
66	of which: bank specific countercyclical capital buffer requirement	0.362%	
67	of which: higher loss absorbency requirement	0.0%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	11.7%	
	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	2,107	
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)	336	
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	238	
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)	195	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	1,328	

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.1 Composition of Regulatory Capital (continued)

		Component of regulatory capital In HK$ millions	Cross-referenced to Section 7.2 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 In HK$ millions	Basel III basis In HK$ millions
10	**Deferred tax assets (net of associated deferred tax liabilities)**	426	–
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column “Basel III basis” in this box represents the amount reported in row 10 (i.e. the amount reported under the “Hong Kong basis”) adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.2 Reconciliation of Regulatory Capital to Balance Sheet

In HK$ millions	Balance sheet as in published financial statements As at 31 December 2024	Under regulatory scope of consolidation As at 31 December 2024	Cross-referenced to Composition of Regulatory Capital in Section 7.1
Assets			
Cash and balances with central banks	2,778	2,778	
Government securities and treasury bills	78,469	78,469	
Due from banks	86,094	86,094	
Derivatives assets	5,166	5,166	
Bank and corporate securities	38,895	38,895	
Loans and advances to customers	269,983	269,983	
of which: Allowances eligible for inclusion in Tier 2 capital		*(417)*	(1)
Other assets	5,505	5,337	
of which: Deferred tax assets deducted from CET 1 capital		*426*	(2)
Subsidiaries	–	61	
Properties and other fixed assets	4,933	4,933	
Total assets	**491,823**	**491,716**	
Liabilities			
Due to banks	14,791	14,791	
Deposits and balances from customers	405,134	405,171	
Derivatives liabilities	4,125	4,125	
Other liabilities	15,473	15,473	
Amount due to subsidiaries	–	60	
Subordinated liability	2,329	2,329	(3)
Total liabilities	**441,852**	**441,949**	
Equity			
Share capital	8,995	8,995	(4)
Other equity instruments	1,400	1,400	(5)
Reserves	39,576	39,372	
Retained earnings		*38,347*	(6)
of which: Regulatory reserve for general banking risks		*295*	(7)
of which: Regulatory reserve eligible for inclusion in Tier 2 capital		*16*	(8)
Other reserves		*1,025*	(9)
of which: Cash flow hedge reserves		*(1,249)*	(10)
Total equity	**49,971**	**49,767**	
Total liabilities and equity	**491,823**	**491,716**	

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.3 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-captial-instruments.page. This includes the issuances made over the previous period.

As at 31 December 2024		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
	Regulatory treatment			
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$2,329 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

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.3 Main Features of Regulatory Capital Instruments (continued)

		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	First optional call date: 13 January 2027 Contingent call dates: Change of Qualification Event, redemption for taxation reasons Redemption amount: Principal amount together with accrued and unpaid distributions	First optional call date: 13 December 2027 Contingent call dates: Change of Qualification Event or Tax Event Redemption amount: Principal amount together with accrued and unpaid interest
16	Subsequent call dates, if applicable	NA	Optional call dates – any date after 13 January 2027	Optional call dates – any date after 13 December 2027
	Coupons/dividends			
17	Fixed or floating dividend/coupon	Discretionary dividend amount	Fixed to floating	Floating
18	Coupon rate and any related index	NA	2.86% p.a. up to 13 January 2027. 5 Y HK Dollar Swap Rate plus 1.29% p.a. thereafter, reset every 5 years	The interest rate shall be calculated by the Benchmark Rate plus 1.87% p.a 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
19	Existence of a dividend stopper	NA	Yes	No

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.3 Main Features of Regulatory Capital Instruments (continued)

		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[1]	Non-convertible[1]
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

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.3 Main Features of Regulatory Capital Instruments (continued)

		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	1) Occurrence of a Non-viable event, which is the earlier of: (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 (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. 2) Subject to Hong Kong Resolution Authority bail-in power	1) Occurrence of a Non-viable event, which is the earlier of: (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 (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. 2) Subject to Hong Kong Resolution Authority bail-in power
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

7 COMPOSITION OF REGULATORY CAPITAL (continued)

7.3 Main Features of Regulatory Capital Instruments (continued)

		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 Additional Tier 1 capital instruments	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	No
37	If yes, specify non-compliant features	NA	NA	NA

Footnote:

1 *Subject to the Financial Institutions (Resolution) Ordinance ("FIRO")*

8 COUNTERCYCLICAL CAPITAL BUFFER

8.1 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 31 December 2024			
	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	0.50%	142,191		
2	Australia	1.00%	32		
3	Belgium	1.00%	124		
4	Chile	0.50%	9		
5	Czech Republic	1.25%	9		
6	Denmark	2.50%	1		
7	France	1.00%	201		
8	Germany	0.75%	445		
9	Slovenia	0.50%	1		
10	South Korea	1.00%	233		
11	Sweden	2.00%	56		
12	United Kingdom	2.00%	1,051		
	Sum		144,353		
	Total		**205,378**	**0.362%**	**975**

9 LEVERAGE RATIO

9.1 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 31 December 2024**
1	Total consolidated assets as per published financial statements	491,823
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	2,107
5	Adjustment for SFTs (i.e. repos and similar secured lending)	501
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	38,942
6a	Adjustment for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(174)
7	Other adjustments	(2,122)
8	**Leverage ratio exposure measure**	531,114

9 LEVERAGE RATIO (continued)

9.2 Leverage Ratio

In HK$ millions		As at 31 December 2024	As at 30 September 2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	439,137	452,050
2	Less: Asset amounts deducted in determining Tier 1 capital	519	517
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	**439,656**	**452,567**
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)	3,993	3,306
5	Add-on amounts for PFE associated with all derivative contracts	3,279	3,676
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	–	(15)
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**	**7,272**	**6,967**
Exposures arising from SFTs			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	48,689	42,231
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	501	300
15	Agent transaction exposures	–	–
16	**Total exposures arising from SFTs**	**49,190**	**42,531**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	246,429	236,658
18	Less: Adjustments for conversion to credit equivalent amounts	(207,487)	(199,502)
19	**Off-balance sheet items**	**38,942**	**37,156**
Capital and total exposures			
20	**Tier 1 capital**	**50,286**	**52,033**
20a	Total exposures before adjustments for specific and collective provisions	535,060	539,221
20b	Adjustments for specific and collective provisions	(3,946)	(3,859)
21	**Total exposures after adjustments for specific and collective provisions**	**531,114**	**535,362**
Leverage ratio			
22	**Leverage ratio (%)**	**9.5**	**9.7**

The decrease in leverage ratio was mainly due to lower Tier 1 capital driven by dividend distribution.

10 CREDIT RISK

10.1 Qualitative Disclosures

10.1.1 General Qualitative Disclosures

Credit risk arises from borrowers or counterparties failing to meet their debt or contractual obligations. It includes both the risk of lending as well as the pre-settlement and settlement risk of foreign exchange, derivatives and securities.

RMG-Credit Risk unit acts as a second line responsible for the development and maintenance of credit risk management and internal control frameworks. It provides an independent review and challenges the first line (e.g. Business Units) who, together with RMG-Credit Risk unit, are responsible for the identification, assessment and management of risk on an end-to-end basis and in conformity with approved risk appetite and policies.

Various functions under RMG-Credit Risk unit report to the Hong Kong Senior Risk Executive:

- Credit risk managers approve and control credit risk and portfolio quality as well as ensure legal, regulatory and compliance obligation issues are addressed
- Credit control units monitor compliance with credit risk policies and standards of the Group and perform independent checks on completeness of documentation and compliance of credit conditions
- Credit remediation units are responsible for establishing, formalising and standardising the end-to-end process to identify, categorise, review and monitor problem credits

RMG-Credit Risk unit also partners with the Legal and Compliance units to ensure all risk-taking activities abide by all regulations, while Group Audit serves as a third line to provide an independent assessment and assurance on the reliability, adequacy and effectiveness of the risk management, control and governance processes in operation throughout the Group.

The Group's credit risk management is supported by policies which cover credit risk management process and establish a consistent Group-wide approach for managing credit risk in a structured, systematic and consistent manner.

These policies, supplemented by a number of operational standards and guides, ensure consistency in identifying, assessing, underwriting, measuring, reporting and controlling credit risk across the Group, and provide guidance in the formulation of business-specific and/or location-specific credit risk policies and standards.

Day-to-day monitoring of credit exposures, portfolio performance and external environmental factors potentially affecting credit risk profiles is key to the Group's philosophy of effective credit risk management. Credit trends, which may include industry analysis, early warning alerts and significant weak credits are submitted to the various risk committees. Please refer to Section 3 on the risk management committees established to discuss the various risk types.

In managing its portfolio risk profile, the Group has put in place the Target Market & Risk Acceptance Criteria ("TM-RAC") that support the Group's portfolio strategy and ensure well-defined and consistent customer onboarding standards across the Group.

DBS Group Holdings Ltd ("DBSH")'s Delegation of Authority ("DOA") Standard sets out the level of risk-based credit authority required to approve total facilities to a DOA group, taking into consideration credit risk rating and various risk parameters of the facilities. The Group's ultimate credit authority rests with the Group's Board of Directors.

The Group engages in various types of credit stress testing, and these are driven either by regulators or internal requirements and management. Independent risk management functions that report to the Senior Risk Executive are jointly responsible for developing and maintaining a robust credit stress testing programme. These units oversee the implementation of credit stress tests as well as the analysis of the results, of which the management, various risk committees and regulators are informed.

10 CREDIT RISK (continued)

10.1 Qualitative Disclosures (continued)

10.1.2 Qualitative Disclosures related to CRM techniques

The Group's policies provide detailed policy requirements and references on:

- Eligible collaterals
- Collateral valuation and valuation method
- Appointment of valuers/appraisers
- Loan-to-valuation/margin calls

Core processes for collateral evaluation include:

- Frequency of valuation for the various asset classes
- In the case of classified credits, the minimum discount to be applied to the Net Book Value/Fair Market Value
- Ownership and approving authority
- Deviations

Where possible, the Group takes collateral as a secondary source of repayment. This includes, but not limited to, cash, marketable securities, real estate, trade receivables, inventory, equipment and other physical and/or financial collateral. The Group may also take fixed and floating charges on the assets of borrowers.

The Group's collateral is generally diversified and periodic valuations of collateral are required. Real estate constitutes the bulk of the Group's collateral, with a significantly lower proportion in marketable securities and cash.

For derivatives, repurchase agreements ("repo") and other repo-style transactions with financial market counterparties, collateral arrangements are typically covered under market-standard documentation, such as International Swaps & Derivatives Association ("ISDA") Agreements and Master Repurchase Agreements. The collateral exchanged mitigates marked-to-market changes at a re-margining frequency that the Group and the counterparties have mutually agreed upon. This is governed by internal guidelines with respect to collateral eligibility. In the event of a default, the credit risk exposure is reduced by master-netting arrangements where the Group is allowed to offset what is owed to a counterparty against what is due from that counterparty in a netting-eligible jurisdiction.

In times of difficulty, the Group will review the customers' specific situation and circumstances to assist them in restructuring their financial obligations. However, should the need arise, disposal and recovery processes are in place to dispose of collateral held. The Group maintains a panel of agents and solicitors to assist in the disposal of non-liquid assets and specialised equipment quickly.

The Group also accepts guarantees as credit risk mitigants. Internal requirements for considering the eligibility of guarantors for credit risk mitigation are in place.

10.1.3 Qualitative Disclosures on the use of External Credit Ratings under STC approach

The Bank uses external ratings for credit exposures under the Standardized Approach where relevant and only accepts ratings from Standard & Poor's Rating Services, Moody's Investors Services and Fitch Ratings. There has been no change in this regard during the reporting period. The Bank follows the processes prescribed in the BCR to map the ratings to the relevant risk weights across various asset classes under the Standardised Approach.

10 CREDIT RISK (continued)

10.1 Qualitative Disclosures (continued)

10.1.4 Qualitative Disclosures for IRBA Models

Structure and control mechanisms for internal rating models

The Bank adopts rating systems for the different asset classes under Internal Ratings Based Approach ("IRB"). There is a robust governance process for the development, independent validation and approval of any credit risk rating model. The roles and responsibilities between various stakeholders in the model development and management process are articulated in the Model Risk Policy. This policy applies to the Group, including its banking subsidiaries on a group basis. The models go through a rigorous review process before they are endorsed by Group Credit Risk Models Committee of DBSH. The models have also been endorsed by Hong Kong Credit Risk Committee, Hong Kong Risk Executive Committee, Risk Executive Committee and Board Risk Management Committee of DBSH and approved by Hong Kong Board Risk Management Committee before submission for relevant regulatory approval.

The performance metrics of the rating models are monitored regularly and reported to the relevant Group Risk Committees; the main findings of the monitoring outcome is also reported to the Board Risk Management Committee of the Bank. To provide assurance to the approving authority, models are independently validated by RMG-Model Validation unit prior to approval. RMG-Model Validation unit also conducts formal validations for the respective models annually. The validation processes are also independently reviewed by Internal Audit.

Use of internal estimates

The internal credit risk ratings produced by credit rating models are used to calculate the IRB approach capital requirements. In addition, the ratings from the credit models are used as the basis to support the underwriting of credit, monitoring the performance of the portfolios, reporting, stress testing, risk rating migration and to facilitate the calculation for risk-based pricing as appropriate.

For portfolios under the Foundation Internal Rating Based Approach ("F-IRB"), internal estimates of Probability of Default ("PD") are used while the supervisory Loss Given Default ("LGD") and Exposure at Default ("EAD") estimates are applied. For retail portfolios under the Retail-IRB approach, internal estimates of PD, LGD and EAD are used. Relevant regulatory floors are applied in regulatory capital calculation and reporting.

Nature of exposures within IRB approach

Retail Portfolios

Retail exposures are categorised into the following asset classes under the Retail IRB approach: residential mortgages, qualifying revolving retail exposures, small business retail exposures and other retail exposures to individuals.

Portfolios on Retail-IRB approach constitute 16% of the Bank's Credit EAD and 15% of the Bank's Credit RWA.

10 CREDIT RISK (continued)

10.1 Qualitative Disclosures (continued)

10.1.4 Qualitative Disclosures for IRBA Models (continued)

Within each asset class, exposures are managed on a portfolio basis. Each customer or account is assigned to a risk pool, considering factors such as borrower characteristics and collateral type. PD, EAD and LGD estimates are based on internal historical default, utilisation and realised losses within a defined period. Product-specific credit risk elements such as underwriting criteria, scoring models, approving authorities, asset quality and business strategy reviews, as well as systems, processes and techniques to monitor portfolio performance, are in place.

Wholesale Portfolios

Wholesale exposures include sovereign, bank, corporate, corporate small business (which are assessed under Foundation IRB approach for capital computation) and specialised lending (which is assessed under the supervisory slotting criteria approach for capital computation) and wealth management portfolio (which is assessed under Foundation IRB approach for capital computation).

Portfolios on Wholesales Foundation-IRB approach (excluding Specialized Lending) constitute 72% of the Bank’s Credit EAD and 62% of the Bank’s Credit RWA.

Sovereign exposures are risk rated using internal risk rating models. The models are built through statistical methods using external data (e.g., macroeconomic information and external ratings). Factors related to country-specific macroeconomics risk, political risk, social risk and liquidity risk are included in the sovereign rating models to assess the sovereign credit risk in an objective and systematic manner.

Bank exposures are assessed using a bank rating model, a statistical model that considers both quantitative and qualitative factors such as capital levels and liquidity, asset quality, and management strength.

Large corporate exposures are assessed using internal rating model. Factors considered in the risk assessment process include the counterparty’s financial strength and qualitative factors such as industry risk, access to funding, market standing and management strength. The Counterparty Risk Rating assigned to smaller business borrowers is assessed via internal rating model that considers financial and non-financial factors such as liquidity, leverage, debt servicing ratio and borrower profile etc. Risk rating for Wealth Management portfolio is primarily based on borrower characteristics and collateral coverage, market volatility and assessment on the borrower’s willingness to repay. The models are a statistical model built based on internal data and calibrated to internal default experiences, including the impact of economic cycles.

Credit ratings under the Foundation IRB portfolios are, at a minimum, reviewed on an annual basis unless credit conditions require more frequent assessment.

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

10 CREDIT RISK (continued)

10.1 Qualitative Disclosures (continued)

10.1.4 Qualitative Disclosures for IRBA Models (continued)

Wholesale Portfolios (continued)

– 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.

Other exposures mainly comprise of premises, equipment and other fixed assets and notes and coins, which are assessed under specific risk-weight approach.

In Other Portfolios, portfolios on Standardized approach account for 5% of the Bank's Credit EAD and 8% of the Bank's Credit RWA. The remaining portions are mainly Specialized Lending under Supervisory Slotting Criteria Approach and other exposures under Specific Risk Weight Approach.

Definitions of variables

The Group-wide credit risk rating framework incorporates PD of a counterparty and loss severity expressed in terms of EAD and LGD.

PD measures the likelihood that a borrower defaults on its credit obligation over a period of one year.

LGD is the loss likely to be incurred on an exposure upon default of an obligor relative to the amount outstanding at default.

EAD is the expected amount of an exposure that the Group is exposed to upon the default of an obligor.

Methods and data for estimation and validation of the PD, LGD and EAD

For retail exposures, facilities/borrowers with homogenous nature of facility utilisation, payment history, delinquency trend and other transaction characteristics are segmented into homogenous risk pools. PD is estimated by each risk pool based on long run average of historical internal default experience with appropriate adjustment to reflect adverse economic condition to ensure conservatism for capital calculation. The LGD is estimated by dividing the loss by EAD. Loss represents the written-off or specific provision amounts plus collection costs at the end of LGD workout period after netting off recoveries. The LGD is calibrated to reflect adverse economic condition to ensure conservatism for capital calculation. For retail non-revolving exposures, EAD estimation is based on the sum of current outstanding. For retail revolving exposures, EAD estimation is referring to projected further drawdown prior to defaults based on historical experience.

For wholesale exposures (including corporate, corporate small business, bank and sovereign exposures), PD generated by models and/or rating templates for individual counterparty is reviewed by credit risk managers. An Adjusted Counterparty Risk Rating ("ACRR") is assigned by taking the counterparty's PD and mapping it to the Bank's internal ACRR scale. For wealth management exposures, a risk pool is assigned to each borrower that reflects the likelihood of default. The Bank applies the LGD determined by reference to the supervisory LGD estimates provided by the HKMA based on the nature of the collateral and subordination. EAD estimation is subject to parameters set by the HKMA. These supervisory LGD estimates and EAD estimates are used in the computation of risk-weights and regulatory capital calculations for the portfolios.

10 CREDIT RISK (continued)

10.1 Qualitative Disclosures (continued)

10.1.4 Qualitative Disclosures for IRBA Models (continued)

Methods and data for estimation and validation of the PD, LGD and EAD (continued)

ACRR is estimated using a 11-grade scale expanded into 19 risk ratings to provide greater rating granularity that corresponds more closely to the Standard & Poor's ("S&P") rating scale. 14 of which are non-default ratings representing varying degrees of strength of financial condition, and 5 are default ratings. These scales are used group-wide for all distinct borrowers.

Model validation process enables the Bank to reaffirm the continuing appropriateness of the models. The model validation process involves quantitative and qualitative assessment of the model that includes assessment of a model's discriminatory power, calibration, ratings stability and model design. To ensure the models are reliable, an independent validation is conducted by Risk Management Group and an independent review on the validation process is carried out by Group Audit.

The credit risk ratings for the wholesale exposures have been mapped to likely corresponding external rating equivalents. A description of the risk rating is provided in the following table to give a qualitative explanation of the risk benchmark.

10 CREDIT RISK (continued)

10.1 Qualitative Disclosures (continued)

10.1.4 Qualitative Disclosures for IRBA Models (continued)

Methods and data for estimation and validation of the PD, LGD and EAD (continued)

DBS PD Grade (ACRR)	Description of Risk Ratings	S&P's Likely Ratings
1	Exceptional capacity to meet its financial commitments. 1 is the strongest possible assigned credit risk rating in the Group	AAA
2	Excellent capacity to meet its financial commitments. Marginal difference from the strongest rated counterparties	AA+, AA, AA-
3	Strong capacity to meet its financial commitments	A+, A, A-
4A/4B	Very good capacity to meet its financial commitments with adequate protection against adverse economic, social or geopolitical conditions or changing circumstances.	BBB+/BBB
5	Good capacity to meet its financial commitments. Entities rated 5 and above are deemed investment grade	BBB-
6A/6B	Satisfactory capacity to meet its financial commitment. However, persistent uncertainties and exposure to adverse business, financial, or economic conditions could weaken its capacity to meet its financial commitments	BB+/BB
7A/7B	Adequate capacity to meet its financial commitments. Onset of adverse economic conditions or changing circumstances heightens the risk on its future capacity to meet its financial commitments	BB-
8A	Acceptable capacity to meet its financial commitments. Susceptible to adverse financial or economic conditions impairing its future capacity or willingness to meet its financial commitments	B+
8B/8C	Vulnerable. Increased risk that adverse financial or economic conditions will impair the obligor's capacity or willingness to meet its financial commitments	B/B-
9	Most vulnerable of the performing credit risk ratings in DBS. Weaknesses, if not corrected in a timely manner, could adversely affect repayment ability and hence, warrant closer attention	CCC – C
10 and Above	An obligor rated "10" or above is in default (as defined under Basel Capital Accord)	D

10 CREDIT RISK (continued)

10.1 Qualitative Disclosures (continued)

10.1.5 Additional Disclosures related to the Credit Quality of Assets

HKMA's Loan Classification System requires credit portfolios to be categorised into one of the following five categories, according to the Group's assessment of a borrower's ability to repay a credit facility from its normal sources of income and/or the repayment behavior of the borrower. Categories of Pass and Special Mention are classified as Performing assets, while Substandard, Doubtful, and Loss are classified as Non – Performing Assets ("NPA").

Pass: This refers to loans where borrowers are current in meeting commitments and full repayment of interest and principal is not in doubt.

Special Mention: This refers to loans where borrowers are experiencing difficulties which may threaten the lender's position. Ultimate loss is not identified at this stage but could occur if adverse conditions persist.

Substandard: This refers to loans where borrowers are displaying a definable weakness that is likely to jeopardise repayment. The Group is relying heavily on available security. This would include loans where some loss of principal or interest is possible after taking account of the net realisable value of the security, and rescheduled loans where concessions have been made to a borrower on interest or principal such as to render the loan "non-commercial" to the Group.

Doubtful: This refers to loans where collection in full is improbable and the Group expects to sustain a loss of principal and/or interest after taking account of the net realisable value of the security.

Loss: This refers to loans which are considered uncollectible after exhausting all collection efforts such as realisation of collateral, institution of legal proceedings, etc.

For retail borrower, the categorisation into NPA is consistent with the above except that the NPA is managed and reported at credit facility level.

Credit facilities are classified as restructured assets when the Group grants non-commercial concessions to a borrower because its financial position has deteriorated or is unable to meet the original repayment schedule. A restructured credit facility is classified into the appropriate non-performing grade based on the assessment of the borrower's financial condition and its ability to repay according to the restructured terms.

Such credit facilities are not returned to the performing status until there are reasonable grounds to conclude that the borrower will be able to service all future principal and interest payments on the credit facility in accordance with the restructured terms.

International Harmonisation of Credit Quality Categorisation – Supervisory vs Regulatory vs Accounting

Currently, different terminology and criteria exists for the categorisation of quality of credit exposures under different regime and for various purpose:

1. Supervisory classification mainly for reporting/monitoring purpose – "Non-Performing"

There are variations in how individual regulators classify exposures/obligors as Non-Performing, mainly in terms of criteria, terminology (e.g. classified, criticized etc.) and granularity (e.g., sub-category for Performing and further classification of Non-Performing based on recovery prospect etc.).

10 CREDIT RISK (continued)

10.1 Qualitative Disclosures (continued)

10.1.5 Additional Disclosures related to the Credit Quality of Assets (continued)

International Harmonisation of Credit Quality Categorisation – Supervisory vs Regulatory vs Accounting (continued)

2. Prudential/Regulatory definition for capital adequacy purpose – "Default"

Under Basel, a default is considered to have occurred when an obligor is considered Unlikely to Pay ("UTP") (with list of such indicators specified in the Basel Accord) its credit obligations in full without recourse to actions such as realizing collateral (if held), or the obligor is more than 90 Days Past Due ("90DPD") on any material obligation. It should be noted that the Basel UTP and 90DPD criteria are aligned to the DBSH's definition of Subjective and Technical Default respectively.

3. Accounting definition for valuation/provisioning purpose – "Credit-Impaired"

Under International Financial Reporting Standards 9 ("IFRS 9"), a financial asset is considered credit-impaired when one or more events (with list of such events specified in the IFRS 9 standard) that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. All such financial instruments are classified as Stage 3 and requires individual assessment of provisions under the principle of IFRS 9. This is aligned to DBSH's definition. In other words exposures which are classified as Default under Basel purpose are considered to be Credit – Impaired for IFRS 9 purpose.

Please refer to Note 2 Summary of Material Accounting Policies of DBS Bank (Hong Kong) Limited's financial statements for more information on impairment.

Please refer to Note 36 Financial Risk Management of DBS Bank (Hong Kong) Limited's financial statements for analysis of loans and advances to customers by credit quality.

10.2 Quantitative Disclosures

10.2.1 Credit Quality of Assets

		As at 31 December 2024						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amount of			Of which ECL accounting provisions# for credit losses on STC approach exposures			
In HK$ millions		Defaulted exposures	Non-defaulted exposures	Allowances/ Impairments	Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions	Of which ECL accounting provision for credit losses on IRB approach exposures	Net values (a+b-c)
1	Loans	3,733	358,960	3,765	152	51	3,562	358,928
2	Debt securities	–	106,558	7	–	1	6	106,551
3	Off-balance sheet exposures	–	47,746	161	–	5	156	47,585
	Total	3,733	513,264	3,933	152	57	3,724	513,064

ECL accounting provisions classified as Stage 1 and Stage 2 are treated as collective provisions while those classified as Stage 3 are treated as specific provisions. Specific and collective provisions are ascribed to the identified standardized approach exposures.

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

10.2.1 Credit Quality of Assets (continued)

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

a) Subjective default: Borrower is considered to be unlikely to pay its credit obligations in full, without DBS taking action such as realising security (if held).

b) Technical default: Borrower is more than 90 days past due on any credit obligation to DBS.

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

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

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

10.2.2 Changes in Stock of Defaulted Loans and Debt Securities

In HK$ millions		Amount
1	**As at 30 June 2024**	3,502
2	Loans and debt securities that have defaulted since the last reporting period	1,462
3	Returned to non-defaulted status	(42)
4	Amounts written off	(268)
5	Other changes (note)	(921)
6	**As at 31 December 2024**	3,733

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

10.2.3 Additional Quantitative Disclosures related to Credit Quality of Assets

The following tables show the breakdown of credit risk exposure by geographical areas, industry and residual maturity.

Breakdown by geographical areas **HK$ millions**	**As at 31 December 2024**
Hong Kong	298,238
Singapore	45,781
Others	172,978
Total	516,997

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

10.2.3 Additional Quantitative Disclosures related to Credit Quality of Assets (continued)

Breakdown by industry **HK$ millions**	**As at 31 December 2024**
Banks	104,606
Official sector	82,766
Non-bank private sector	–
Property development	47,947
Property investment	46,018
Financial concerns	16,449
Stockbrokers	200
Wholesale and retail trade	23,212
Manufacturing	35,844
Transport & transport equipment	17,152
Recreational activities	134
Information technology	16,234
Trade finance	32,577
Individuals	57,158
Others	36,700
Total	516,997

Breakdown by residual maturity **HK$ millions**	**As at 31 December 2024**
Up to and including one year	335,516
Over one year and up to including two years	79,073
Over two years	102,408
Total	516,997

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

10.2.3 Additional Quantitative Disclosures related to Credit Quality of Assets (continued)

The following show the breakdown of impaired exposures, specific allowances and write-offs by geographical areas and industry.

Geographical areas	As at 31 December 2024				
HK$ millions	**Hong Kong**	**China**	**Singapore**	**Others**	**Total**
Impaired exposures	3,159	284	2	273	3,718
Specific allowances	1,185	207	1	13	1,406
Write-offs (during the year)	521	14	–	–	535

Please refer to Section 17 Overdue and Rescheduled Assets of this document for the aging analysis of accounting past due exposures.

Breakdown of restructured exposures

HK$ millions	As at 31 December 2024
Impaired	694
Not impaired	–
Total	694

10.2.4 Overview of Recognized Credit Risk Mitigation

		As at 31 December 2024				
In HK$ millions		**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	242,595	116,333	93,544	9,807	–
2	Debt securities	106,551	–	–	–	–
3	**Total**	349,146	116,333	93,544	9,807	–
4	Of which defaulted	740	1,588	1,067	428	–

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

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

In HK$ millions		As at 31 December 2024					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density (%)
1	Sovereign exposures	–	–	1,210	–	–	0
2	PSE exposures	1,990	1,914	2,454	964	684	20
2a	Of which: domestic PSEs	1,990	1,914	2,454	964	684	20
2b	Of which: foreign PSEs	–	–	–	–	–	–
3	Multilateral development bank exposures	1,176	–	1,176	–	–	0
4	Bank exposures	35	–	20	–	7	35
5	Securities firm exposures	–	2,079	–	100	50	50
6	Corporate exposures	16,933	10,755	14,857	1,293	14,468	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	2,212	–	2,212	–	808	37
12	Other exposures which are not past due exposures	2,133	1,516	2,126	35	2,161	100
13	Past due exposures	424	–	424	–	524	124
14	Significant exposures to commercial entities	–	–	–	–	–	–
15	**Total**	24,903	16,264	24,479	2,392	18,702	70

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

10.2.6 Credit Risk Exposures by Asset Classes and by Risk Weights – STC approach

In HK$ millions		As at 31 December 2024										
	Risk Weight / Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
1	Sovereign exposures	1,210	–	–	–	–	–	–	–	–	–	1,210
2	PSE exposures	–	–	3,418	–	–	–	–	–	–	–	3,418
2a	Of which: domestic PSEs	–	–	3,418	–	–	–	–	–	–	–	3,418
2b	Of which: foreign PSEs	–	–	–	–	–	–	–	–	–	–	–
3	Multilateral development bank exposures	1,176	–	–	–	–	–	–	–	–	–	1,176
4	Bank exposures	–	–	10	–	10	–	–	–	–	–	20
5	Securities firm exposures	–	–	–	–	100	–	–	–	–	–	100
6	Corporate exposures	–	–	673	–	2,288	–	13,189	–	–	–	16,150
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	–	–	–	2,160	–	–	52	–	–	–	2,212
12	Other exposures which are not past due exposures	–	–	–	–	–	–	2,161	–	–	–	2,161
13	Past due exposures	69	–	–	–	–	–	16	339	–	–	424
14	Significant exposures to commercial entities	–	–	–	–	–	–	–	–	–	–	–
15	**Total**	2,455	–	4,101	2,160	2,398	–	15,418	339	–	–	26,871

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

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

Foundation IRB Approach

	As at 31 December 2024											
	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	84,929	2,000	–	85,849	0.01	10	45	2.5	4,779	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	**84,929**	**2,000**	**–**	**85,849**	**0.01**	**10**	**45**	**2.5**	**4,779**	**6**	**2**	**62**
Bank exposures												
0.00 to <0.15	60,118	4,519	74	63,515	0.06	61	46	2.5	18,251	29	17	
0.15 to <0.25	1,054	3	50	1,056	0.24	5	45	2.5	674	64	1	
0.25 to <0.50	1,309	3	50	1,313	0.29	7	45	2.5	929	71	2	
0.50 to <0.75	1,435	–	–	1,435	0.61	7	45	2.5	1,399	98	4	
0.75 to <2.50	3	–	–	3	1.23	2	45	2.5	3	99	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	**63,919**	**4,525**	**74**	**67,322**	**0.08**	**82**	**46**	**2.5**	**21,256**	**32**	**24**	**292**
Corporate exposures – small-and-medium sized corporates												
0.00 to <0.15	–	–	–	–	–	–	–	–	–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	
0.25 to <0.50	–	7	2	–	0.39	1	45	2.5	–	49	–	
0.50 to <0.75	–	15	–	–	–	3	–	–	–	–	–	
0.75 to <2.50	8	7	–	6	1.29	2	45	2.5	5	80	–	
2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	
10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
Sub-total	**8**	**29**	**1**	**6**	**1.27**	**6**	**45**	**2.5**	**5**	**80**	**–**	**–**
Corporate exposures – other												
0.00 to <0.15	70,716	61,785	17	82,464	0.06	6,607	41	2.5	15,848	19	20	
0.15 to <0.25	25,939	12,472	25	30,093	0.22	65	45	2.5	13,833	46	30	
0.25 to <0.50	37,370	31,575	16	40,007	0.33	355	44	2.5	22,529	56	58	
0.50 to <0.75	7,655	10,106	6	8,341	0.58	518	41	2.5	5,695	68	20	
0.75 to <2.50	16,658	25,081	4	17,833	1.62	1,929	40	2.5	16,743	94	115	
2.50 to <10.00	19,347	6,129	3	18,462	5.61	2,062	40	2.5	25,444	138	420	
10.00 to <100.00	3,302	599	14	3,374	24.15	251	39	2.5	6,739	200	314	
100.00 (Default)	2,913	1	50	2,555	100.00	208	41	2.5	6,280	246	905	
Sub-total	**183,900**	**147,748**	**14**	**203,129**	**2.46**	**11,995**	**42**	**2.5**	**113,111**	**56**	**1,882**	**2,588**
Total (all portfolios)	**332,756**	**154,302**	**15**	**356,306**	**1.42**	**12,093**	**43**	**2.5**	**139,151**	**39**	**1,908**	**2,942**

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

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

Retail IRB Approach

	As at 31 December 2024											
	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	4,998	–	–	4,998	0.22	3,416	13		286	6	1	
0.25 to <0.50	865	–	–	865	0.41	145	15		90	10	1	
0.50 to <0.75	15,844	–	–	15,844	0.63	2,738	13		1,930	12	13	
0.75 to <2.50	1,017	–	–	1,017	1.80	277	32		587	58	6	
2.50 to <10.00	487	–	–	487	9.84	130	15		323	66	7	
10.00 to <100.00	46	–	–	46	33.97	11	17		44	96	3	
100.00 (Default)	149	–	–	149	100.00	28	32		588	395	–	
Sub-total	**23,406**	**–**	**–**	**23,406**	**1.47**	**6,745**	**14**		**3,848**	**16**	**31**	**50**
Qualifying revolving retail exposures												
0.00 to <0.15	–	–	–	–	–	–	–		–	–	–	
0.15 to <0.25	1,587	35,062	75	27,728	0.18	309,047	102		2,759	10	51	
0.25 to <0.50	1,498	7,128	67	6,281	0.33	67,206	98		989	16	20	
0.50 to <0.75	–	–	–	–	–	–	–		–	–	–	
0.75 to <2.50	6,262	26,183	68	24,027	1.75	287,643	99		13,834	58	416	
2.50 to <10.00	342	74	118	429	5.25	1,985	110		586	137	25	
10.00 to <100.00	1,634	248	163	2,040	18.22	14,684	97		4,772	234	358	
100.00 (Default)	126	–	–	126	100.00	1,223	112		714	569	83	
Sub-total	**11,449**	**68,695**	**72**	**60,631**	**1.67**	**681,788**	**101**		**23,654**	**39**	**953**	**388**
Small business retail exposures												
0.00 to <0.15	–	–	–	–	–	–	–		–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–		–	–	–	
0.25 to <0.50	–	–	–	–	0.29	1	6		–	3	–	
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	**–**	**–**	**–**	**–**	**0.29**	**1**	**6**		**–**	**3**	**–**	**–**
Other retail exposures to individuals												
0.00 to <0.15	–	–	–	–	–	–	–		–	–	–	
0.15 to <0.25	–	–	–	–	–	–	–		–	–	–	
0.25 to <0.50	674	–	–	674	0.30	2,324	37		133	20	1	
0.50 to <0.75	–	–	–	–	–	–	–		–	–	–	
0.75 to <2.50	1,379	–	–	1,379	1.85	6,482	88		1,533	111	23	
2.50 to <10.00	1,646	–	–	1,646	6.42	5,525	88		2,218	135	95	
10.00 to <100.00	2,512	–	–	2,512	25.85	2,146	36		2,050	82	223	
100.00 (Default)	71	–	–	71	100.00	221	69		168	238	45	
Sub-total	**6,282**	**–**	**–**	**6,282**	**13.58**	**16,698**	**61**		**6,102**	**97**	**387**	**124**
Total (all portfolios)	**41,137**	**68,695**	**72**	**90,319**	**2.45**	**705,232**	**75**		**33,604**	**37**	**1,371**	**562**

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

10.2.8 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 31 December 2024	
		Pre-credit derivatives RWA	Actual RWA
1	Corporate – Specialized lending under supervisory slotting criteria approach (project finance) ("PF")	129	129
2	Corporate – Specialized lending under supervisory slotting criteria approach (object finance) ("OF")	–	–
3	Corporate – Specialized lending under supervisory slotting criteria approach (commodities finance) ("CF")	–	–
4	Corporate – Specialized lending under supervisory slotting criteria approach (income-producing real estate) ("IPRE")	26,608	26,608
5	Corporate – Specialized lending (high-volatility commercial real estate) ("HVCRE")	–	–
6	Corporate – Small-and-medium sized corporates	5	5
7	Corporate – Other corporates	113,111	113,111
8	Sovereigns	4,366	4,366
9	Sovereign foreign public sector entities	413	413
10	Multilateral development banks	–	–
11	Bank exposures – Banks	21,248	21,248
12	Bank exposures – Securities firms	–	–
13	Bank exposures – Public sector entities (excluding sovereign foreign public sector entities)	8	8
14	Retail – Small business retail exposures	–	–
15	Retail – Residential mortgages to individuals	3,695	3,695
16	Retail – Residential mortgages to property-holding shell companies	153	153
17	Retail – Qualifying revolving retail exposures (QRRE)	23,654	23,654
18	Retail – Other retail exposures to individuals	6,102	6,102
19	Equity – Equity exposures under market-based approach (simple risk-weight method)	–	–
20	Equity – Equity exposures under market-based approach (internal models method)	–	–
21	Equity – Equity exposures under PD/LGD approach (publicly traded equity exposures held for long-term investment)	–	–
22	Equity – Equity exposures under PD/LGD approach (privately owned equity exposures held for long-term investment)	–	–
23	Equity – Equity exposures under PD/LGD approach (other publicly traded equity exposures)	–	–
24	Equity – Equity exposures under PD/LGD approach (other equity exposures)	–	–
25	Equity – Equity exposures associated with equity investments in funds (CIS exposures)	–	–
26	Other – Cash items	–	–
27	Other – Other items	6,860	6,860
28	**Total (under the IRB calculation approaches)**	206,352	206,352

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

10.2.9 RWA Flow Statement 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 30 September 2024	204,422
Asset size	(1,996)
Asset quality	6,178
Model updates	–
Methodology and policy	(956)
Acquisitions and disposals	–
Foreign exchange movements	(1,296)
Others	–
As at 31 December 2024	206,352

The increase in credit RWA was mainly arising from asset quality movement. "Methodology and policy" represented removal of risk-weight floor requirement applicable to residential mortgage loans as per HKMA guidelines.

10.2.10 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 31 December 2024									
					EAD amount						
Supervisory Rating Grade	Remaining Maturity	On-balance sheet exposure amount	Off-balance sheet exposure amount	SRW (%)	PF	OF	CF	IPRE	Total	RWA	Expected loss amount
Strong^	Less than 2.5 years	14,614	3,634	50	118	–	–	16,567	16,685	8,343	–
Strong	Equal to or more than 2.5 years	1,335	533	70	101	–	–	1,634	1,735	1,214	7
Good^	Less than 2.5 years	8,209	1,370	70	–	–	–	9,193	9,193	6,435	37
Good	Equal to or more than 2.5 years	150	131	90	–	–	–	249	249	224	2
Satisfactory		1,524	973	115	–	–	–	2,047	2,047	2,354	57
Weak		2,884	527	250	–	–	–	3,267	3,267	8,167	261
Default		13	–	0	–	–	–	13	13	–	7
Total		28,729	7,168		219	–	–	32,970	33,189	26,737	371

^ Use of preferential risk-weights.

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

10.2.11 Back-Testing of PD per portfolio – for IRB approach

The actual default rate is measured by using the number of obligors or number of accounts defaulted, depending on the exposure class of the annual reporting period.

Please refer to Note 10.1.4 Qualitative Disclosures for IRBA Models of this document for key rating models used for exposures and the percentage of RWA covered by these models.

Foundation IRB Approach

As at 31 December 2024									
a	b	c	d	e	f		g	h	i
					Number of obligors				
Foundation IRB	PD scale (%)	External rating equivalent (S&P likely ratings)	Weighted average PD (%)	Arithmetic average PD by obligors (%)	Beginning of the year	End of the year	Defaulted obligors in the year	Of which: New defaulted obligors in the year	Average historical annual default rate (%)
Sovereign exposures									
	0.00 to <0.15	AAA to BBB+	0.01	0.02	10	10	–	–	–
	0.15 to <0.25	BBB+ to BBB	–	–	–	–	–	–	–
	0.25 to <0.50	BBB to BBB-	–	–	–	–	–	–	–
	0.50 to <0.75	BB+	–	–	–	–	–	–	–
	0.75 to <2.50	BB to BB-	–	–	–	–	–	–	–
	2.50 to <10.00	B+ to B	–	–	–	–	–	–	–
	10.00 to <100.00	B- to C	–	–	–	–	–	–	–
Bank exposures									
	0.00 to <0.15	AAA to BBB+	0.05	0.09	65	61	–	–	–
	0.15 to <0.25	BBB+ to BBB	0.24	0.24	7	5	–	–	–
	0.25 to <0.50	BBB to BBB-	0.38	0.38	12	7	–	–	–
	0.50 to <0.75	BB+	0.61	0.61	3	7	–	–	–
	0.75 to <2.50	BB to BB-	1.29	1.34	6	2	–	–	–
	2.50 to <10.00	B+ to B	–	–	–	–	–	–	–
	10.00 to <100.00	B- to C	–	–	–	–	–	–	–
Corporate exposures – small-and-medium sized corporates									
	0.00 to <0.15	AAA to BBB+	–	–	–	–	–	–	–
	0.15 to <0.25	BBB+ to BBB	–	–	–	–	–	–	–
	0.25 to <0.50	BBB to BBB-	–	–	–	1	–	–	–
	0.50 to <0.75	BB+	0.56	0.56	1	3	–	–	–
	0.75 to <2.50	BB to BB-	1.24	1.12	4	2	–	–	–
	2.50 to <10.00	B+ to B	–	–	–	–	–	–	–
	10.00 to <100.00	B- to C	–	–	–	–	–	–	–
Corporate exposures – other									
	0.00 to <0.15	AAA to BBB+	0.06	0.10	6,493	6,607	1	–	0.02
	0.15 to <0.25	BBB+ to BBB	0.22	0.22	58	65	–	–	–
	0.25 to <0.50	BBB to BBB-	0.32	0.33	334	355	–	–	0.12
	0.50 to <0.75	BB+	0.59	0.62	599	518	–	–	0.10
	0.75 to <2.50	BB to BB-	1.66	1.59	2,262	1,929	19	–	0.52
	2.50 to <10.00	B+ to B	4.70	4.33	2,377	2,062	28	–	1.15
	10.00 to <100.00	B- to C	22.29	18.99	281	251	27	–	5.34

10 CREDIT RISK (continued)

10.2 Quantitative Disclosures (continued)

10.2.11 Back-Testing of PD per portfolio – for IRB approach (continued)

Retail IRB Approach

As at 31 December 2024									
a	b	c	d	e	f		g	h	i
					Number of obligors				
Retail IRB	PD scale (%)	External rating equivalent (S&P likely ratings)	Weighted average PD (%)	Arithmetic average PD by obligors (%)	Beginning of the year	End of the year	Defaulted obligors in the year	Of which: New defaulted obligors in the year	Average historical annual default rate (%)
Residential mortgages exposures									
	0.00 to <0.15		–	–	–	–	–	–	0.30
	0.15 to <0.25		0.22	0.22	4,225	3,661	1	–	0.05
	0.25 to <0.50		0.41	0.41	629	165	2	–	0.29
	0.50 to <0.75		0.63	0.63	2,954	3,018	11	–	0.15
	0.75 to <2.50		1.80	1.80	16	278	–	–	–
	2.50 to <10.00		9.84	9.84	149	136	1	–	1.87
	10.00 to <100.00		33.97	33.97	20	11	7	–	21.12
Qualifying revolving retail exposures									
	0.00 to <0.15		–	–	–	–	–	–	–
	0.15 to <0.25		0.18	0.18	318,338	309,653	282	1	0.07
	0.25 to <0.50		0.33	0.33	76,559	67,270	126	–	0.12
	0.50 to <0.75		–	–	–	–	–	–	0.88
	0.75 to <2.50		1.70	1.72	307,502	288,441	1,875	57	0.47
	2.50 to <10.00		4.46	4.49	2,058	1,986	91	4	3.11
	10.00 to <100.00		18.27	18.86	14,194	14,692	1,410	1	7.89
Small business retail exposures									
	0.00 to <0.15		–	–	–	–	–	–	–
	0.15 to <0.25		–	–	–	–	–	–	–
	0.25 to <0.50		0.29	0.29	2	1	–	–	–
	0.50 to <0.75		–	–	–	–	–	–	–
	0.75 to <2.50		–	–	–	–	–	–	–
	2.50 to <10.00		–	–	–	–	–	–	–
	10.00 to <100.00		–	–	–	–	–	–	–
Other retail exposures to individuals									
	0.00 to <0.15		–	–	–	–	–	–	–
	0.15 to <0.25		–	–	–	–	–	–	–
	0.25 to <0.50		0.30	0.31	2,575	2,366	10	–	0.31
	0.50 to <0.75		–	–	–	–	–	–	–
	0.75 to <2.50		1.83	1.90	7,449	6,493	125	37	0.90
	2.50 to <10.00		6.05	6.49	5,831	5,542	284	25	2.79
	10.00 to <100.00		25.26	24.81	2,324	2,264	333	37	10.95

11 COUNTERPARTY CREDIT RISK

11.1 Qualitative Disclosures

Counterparty Credit Risk is defined as the risk that a counterparty could default before the final settlement of the cash flows of derivatives or securities financing transactions.

Pre-settlement credit risk for traded products arising from a counterparty potentially defaulting on its obligations is quantified by evaluation of the mark-to-market value, plus potential future exposure. This is included within the Bank's overall credit limits to counterparties for internal risk management.

Issuer default risk that may also arise from derivatives, notes and securities is generally measured based on jump-to-default computations.

DBSH's policy documents set out the requirements with respect to counterparty risk for Traded Products which include Securities Trading (Equity and Debt), Over-the-counter ("OTC") Derivatives Trading, Exchange Traded Derivatives and Securities Borrowing and Lending (including repos).

Credit limits and exposures to counterparties are subject to the Group's overarching credit risk management framework. Counterparties (including Central Clearing Counterparties ("CCPs")) are assessed individually using an internal rating model and assigned credit risk ratings. Credit limits take into account current trading and projected volume for novation and are approved by the credit risk function after an independent credit assessment. The Group's assessment for CCPs takes into consideration additional parameters including but not limited to default waterfall protection, margining process, risk management capabilities, segregation of margins, member liability provisions, regulatory oversights etc.

The Group actively monitors and manages our exposure to counterparties for OTC derivative trades to protect our balance sheet in the event of a counterparty default. Counterparty risk exposures that may be adversely affected by market risk events are identified, reviewed and acted upon by management, and highlighted to the appropriate risk committees.

The Group enters into master netting arrangements with counterparties where it is appropriate and feasible to do netting to mitigate counterparty risk. The credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. These agreements include derivative master agreements (including ISDA Master Agreement, global master repurchase agreements and global securities lending agreements). Master netting arrangements do not result in an offset of financial assets and liabilities on the balance sheet as the legal right to offset the transactions is conditional upon default.

The Group also clears OTC Derivatives trades through CCPs to manage overall counterparty credit risks.

DBSH's policies provide the definition and management of specific wrong-way risk ("SWWR"). SWWR arises when the credit exposure of a counterparty (from the traded product transaction) directly correlates with the probability of default of the counterparty.

If there is a 3-notch downgrade in the Bank's credit ratings, the impact on the Bank's collateral obligations under derivative contracts is not significant.

11 COUNTERPARTY CREDIT RISK (continued)

11.2 Quantitative Disclosures

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

		As at 31 December 2024					
In HK$ millions		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)	2,540	2,086		1.4	6,476	2,575
2	IMM (CCR) approach			–	–	–	–
3	Simple Approach (for SFTs)					–	–
4	Comprehensive Approach (for SFTs)					48,517	148
5	VaR (for SFTs)					–	–
6	**Total**						2,723

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

11.2.2 CVA Capital Charge

		As at 31 December 2024	
In HK$ millions		**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	6,476	1,309
4	Total	6,476	1,309

11 COUNTERPARTY CREDIT RISK (continued)

11.2 Quantitative Disclosures (continued)

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

In HK$ millions		As at 31 December 2024										
	Exposure class / Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	–	–	–	–	–	–	–	–	–	–	–
2	PSE exposures	–	–	–	–	–	–	–	–	–	–	–
2a	Of which: domestic PSEs	–	–	–	–	–	–	–	–	–	–	–
2b	Of which: foreign PSEs	–	–	–	–	–	–	–	–	–	–	–
3	Multilateral development bank exposures	–	–	–	–	–	–	–	–	–	–	–
4	Bank exposures	–	–	–	–	94	–	–	–	–	–	94
5	Securities firm exposures	–	–	–	–	–	–	–	–	–	–	–
6	Corporate exposures	–	–	–	–	339	–	30	–	–	–	369
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**	–	–	–	–	433	–	30	–	–	–	463

11 COUNTERPARTY CREDIT RISK (continued)

11.2 Quantitative Disclosures (continued)

11.2.4 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 to calculate the Bank's Counterparty Credit Risk ("CCR") capital requirements for IRB approach models. The Bank adopts FIRB approach for all of its IRB approach exposures which are subject to CCR capital requirements.

	As at 31 December 2024						
	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	52,445	0.04	7	5	0.65	1,374	3
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	**52,445**	**0.04**	**7**	**5**	**0.65**	**1,374**	**3**
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	810	0.10	6	45	2.50	238	29
0.15 to <0.25	341	0.22	5	45	2.50	158	46
0.25 to <0.50	408	0.29	9	45	2.50	219	54
0.50 to <0.75	270	0.69	13	45	2.50	216	80
0.75 to <2.50	231	1.42	33	45	2.50	238	103
2.50 to <10.00	26	3.31	9	45	2.50	34	132
10.00 to <100.00	–	37.00	1	45	2.50	–	244
100.00 (Default)	–	–	–	–	–	–	–
Sub-total	**2,086**	**0.42**	**76**	**45**	**2.50**	**1,103**	**53**
Total (all portfolios)	**54,531**	**0.06**	**83**	**6**	**0.72**	**2,477**	**5**

11 COUNTERPARTY CREDIT RISK (continued)

11.2 Quantitative Disclosures (continued)

11.2.5 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.

	As at 31 December 2024					
	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
In HK$ millions	Segregated	Unsegregated	Segregated	Unsegregated		
Cash – other currencies	–	76	–	18	5,178	43,557
Debt securities	–	–	–	–	42,182	5,218
Total	–	76	–	18	47,360	48,775

11.2.6 Credit-related Derivatives Contracts

	As at 31 December 2024	
In HK$ millions	Protection bought	Protection sold
Notional amounts		
Total return swaps	5,477	–
Total notional amounts	5,477	–
Fair Values		
Positive fair values (asset)	–	–
Negative fair values (liability)	(29)	–

12 MARKET RISK

12.1 Qualitative Disclosure

Please refer to Note 36 Financial Risk Management of DBS Bank (Hong Kong) Limited's financial statements for details.

12.2 Quantitative Disclosure

12.2.1 Market Risk under Standardized Approach

In HK$ millions		As at 31 December 2024 RWA[/1]
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	1,147
2	Equity exposures (general and specific risk)	–
3	Foreign exchange (including gold) exposures	1,076
4	Commodity exposures	–
	Option exposures	
5	Simplified approach	–
6	Delta-plus approach	7
7	Other approach	–
8	Securitization exposures	–
9	**Total**	2,230

/1 *The RWA is derived by multiplying the capital requirements by 12.5.*

13 OPERATIONAL RISK

Please refer to Note 36 Financial Risk Management of DBS Bank (Hong Kong) Limited's financial statements for details.

14 INTEREST RATE RISK IN THE BANKING BOOK

14.1 Qualitative Disclosure

Interest rate risk in the banking book ("IRRBB") arises from mismatches in the interest rate profiles of assets, liabilities and capital instruments. It includes basis risk arising from different interest rate benchmarks, interest rate repricing risk, yield curve risk and optionality risk arising from the options embedded in the Banks's assets, liabilities and off-balance sheet portfolios.

The Group identifies, measures and manages IRRBB from both economic value and earning perspectives using changes in Economic Value of Equity ("∆EVE") and Net Interest Income variability ("∆NII") as the respective key risk metrics. Internal control processes and systems have been designed and implemented to support the market risk management approach. The Group reviews these control processes and systems regularly, allowing management to assess their effectiveness. The Group measures IRRBB on a monthly basis with exposures kept within defined Risk Appetite limits. These are supplemented with risk control measures monitored on a weekly basis.

Independent monitoring of established limits and analysis of the Group's IRRBB is the responsibility of the RMG-Market and Liquidity Risk unit. Please refer to Section 2 and Section 4 in the Corporate Governance Report of DBS Bank (Hong Kong) Limited's Financial Statement on the role of Asset and Liability Committee and Internal Audit respectively.

Both ∆NII and ∆EVE are calculated under various interest rate scenarios that assess vulnerabilities in the Group's business model and key behavioural assumptions, including internally selected interest rate shock scenarios addressing the Group's profile, as well as historical and hypothetical interest rate stress scenarios. The Group also uses the six standardized interest rate shock scenarios on ∆EVE as defined in HKMA SPM IR-1.

The Group enters into hedging transactions to manage exposures to interest rate risks. Hedge accounting is applied to manage volatility in earnings arising from changes in interest rate risks. Please refer to Note 31 of DBS Bank (Hong Kong) Limited's financial statements.

Behavioral assumptions are applied when managing the interest rate risk of non-maturity deposits ("NMDs") internally, consistent with that applied in the computation of ∆EVE based on the HKMA's standardized framework. Behavioral assumptions are also applied when managing the interest rate risk of administered rate products internally, which gives a longer asset duration.

Core NMDs represents the portion of deposits with a high probability to be remained undrawn and unlikely to reprice under significant changes in interest rate environment. The average repricing maturity of core non-maturity deposits takes into account regulatory caps and industry standards. As of 31 December 2024, the notional-weighted repricing maturity of NMDs is 1 year. The longest repricing maturity assigned to NMDs is 4 years. The assessment of products subject to prepayment or early redemption risk follows HKMA's standardized framework.

In the computation of the ∆EVE based on the HKMA's standardized framework, commercial margins are included in the projected interest cash flows and risk-free discount curve per currency is used for computing present values. Exposures across currencies are aggregated to determine total exposures, following HKMA's standardized framework.

Compared to 2023, the worst scenario for ∆EVE remained as "parallel up" in 2024. The increase in ∆EVE compared with 2023 was mainly due to the increase in fixed rate bond exposures. For ∆NII, "parallel down" remains unchanged as the worst loss scenario, with a decrease in variability driven mainly by the increase in customer deposits.

14 INTEREST RATE RISK IN THE BANKING BOOK (continued)

14.2 Quantitative Disclosure

14.2.1 Quantitative Information on Interest Rate Risk in Banking Book

		(a)	(b)	(c)	(d)
In HK$ millions		ΔEVE[1]		ΔNII[1]	
	Period	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2024**	**As at 31 December 2023**
1	Parallel up	3,458	2,758	(494)	(974)
2	Parallel down	569	0	494	974
3	Steepener	1,702	1,818		
4	Flattener	304	259		
5	Short rate up	792	664		
6	Short rate down	247	508		
7	**Maximum**	3,458	2,758	494	974
	Period	**As at 31 December 2024**		**As at 31 December 2023**	
8	**Tier 1 capital**	50,286		47,512	

[1] *Positive values of ΔEVE and ΔNII indicate losses under the respective scenarios, in accordance with HKMA's disclosure requirement*

15 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: Non-bank financial institutions	Non-bank private sector: Non-financial private sector	Others	Total
As at 31 December 2024						
Developed countries, of which	**11,492**	**95,556**	**7,270**	**6,457**	**–**	**120,775**
– United States	**1,776**	**87,060**	**7,224**	**3,588**	**–**	**99,648**
– Others	**9,716**	**8,496**	**46**	**2,869**	**–**	**21,127**
Offshore centres, of which	**37,461**	**196**	**1,588**	**83,990**	**–**	**123,235**
– Singapore	**36,198**	**5**	**–**	**5,043**	**–**	**41,246**
– Hong Kong	**1,255**	**191**	**1,350**	**72,413**	**–**	**75,209**
– Others	**8**	**–**	**238**	**6,534**	**–**	**6,780**
Developing Europe	**–**	**–**	**–**	**37**	**–**	**37**
Developing Latin America and Caribbean	**–**	**–**	**–**	**790**	**–**	**790**
Developing Africa and Middle East	**5**	**–**	**–**	**42**	**–**	**47**
Developing Asia-Pacific, of which	**17,136**	**67**	**1,053**	**29,606**	**–**	**47,862**
– China	**16,198**	**67**	**1,053**	**26,663**	**–**	**43,981**
– Others	**938**	**–**	**–**	**2,943**	**–**	**3,881**
International Organizations	**–**	**–**	**–**	**–**	**2,231**	**2,231**
	66,094	**95,819**	**9,911**	**120,922**	**2,231**	**294,977**
As at 31 December 2023						
Developed countries	16,602	40,788	6,796	4,518	–	68,704
Offshore centres, of which	93,031	510	335	61,374	–	155,250
– Singapore	92,073	5	–	3,604	–	95,682
– Hong Kong	948	505	335	55,226	–	57,014
– Others	10	–	–	2,544	–	2,554
Developing Europe	–	–	–	105	–	105
Developing Latin America and Caribbean	–	–	–	11	–	11
Developing Africa and Middle East	27	–	–	44	–	71
Developing Asia-Pacific, of which	5,351	85	1,266	25,585	–	32,287
– China	4,383	85	1,266	22,866	–	28,600
– Others	968	–	–	2,719	–	3,687
International Organizations	–	2,667	–	–	–	2,667
	115,011	44,050	8,397	91,637	–	259,095

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

16 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.

16.1 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 31 December 2024 Outstanding balance	As at 31 December 2024 Balance covered by collateral	As at 31 December 2023 Outstanding balance	As at 31 December 2023 Balance covered by collateral
Gross loans and advances for use in Hong Kong				
Industrial, commercial and financial				
– Property development	**27,165**	**23,474**	34,758	30,300
– Property investment	**33,117**	**32,925**	36,758	33,643
– Financial concerns	**7,358**	**2,555**	6,936	3,073
– Stockbrokers	**–**	**–**	100	–
– Wholesale and retail trade	**20,456**	**14,434**	12,968	9,284
– Manufacturing	**23,421**	**10,808**	21,825	12,869
– Transport and transport equipment	**10,080**	**6,240**	9,989	7,319
– Recreational activities	**134**	**133**	108	107
– Information technology	**6,226**	**4,127**	5,965	3,880
– Others	**16,979**	**8,902**	17,406	10,319
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	**11**	**11**	19	19
– Loans for the purchase of other residential properties	**23,492**	**23,485**	25,654	25,652
– Credit card advances	**10,229**	**–**	10,553	–
– Others	**23,131**	**17,534**	25,545	19,726
	201,799	**144,628**	208,584	156,191
Trade finance (including trade bills)	**22,545**	**1,642**	17,868	1,215
Gross loans and advances for use outside Hong Kong	**49,130**	**21,159**	39,428	19,952
	273,474	**167,429**	265,880	177,358

16 LOANS AND ADVANCES TO CUSTOMERS (continued)

16.1 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	Provision charge to profit or loss during the year	Net specific allowances written off during the year
As at 31 December 2024					
Property development	**58**	**3**	**191**	**(63)**	**–**
Property investment	**222**	**8**	**235**	**35**	**–**
As at 31 December 2023					
Property development	–	–	256	93	–
Property investment	124	–	207	(10)	–

16.2 Loans and Advances to Customers by Geographical Area

Please refer to Note 36 Financial Risk Management of DBS Bank (Hong Kong) Limited's financial statements for details.

17 OVERDUE AND RESCHEDULED ASSETS

17.1 Overdue Loans and Advances to Customers

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

In HK$ millions	**As at 31 December 2024**	**% of gross loans and advances to customers**	As at 31 December 2023	% of gross loans and advances to customers
Six months or less but over three months	**374**	**0.14**	442	0.17
One year or less but over six months	**505**	**0.18**	153	0.06
Over one year	**1,495**	**0.55**	1,235	0.46
	2,374	**0.87**	1,830	0.69
Specific allowances made in respect of the above overdue loans and advances	**1,175**		1,071	
Current market value of collateral held against the covered portion of the above overdue loans and advances	**1,648**		1,050	
Covered portion of the above overdue loans and advances	**1,319**		811	
Uncovered portion of the above overdue loans and advances	**1,055**		1,019	

17.2 Rescheduled Advances

The rescheduled loans and advances of the Bank (excluding those which have been overdue for over three months and reported in section 17.1 above) are analysed as follows:

In HK$ millions	**As at 31 December 2024**	**% of gross loans and advances to customers**	As at 31 December 2023	% of gross loans and advances to customers
Rescheduled loans and advances	**526**	**0.19**	331	0.12

17.3 Repossessed Assets

The amount of repossessed assets as at 31 Dec 2024 was HK$50 million.

17 OVERDUE AND RESCHEDULED ASSETS (continued)

17.4 Overdue Other Assets

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

In HK$ millions	**As at 31 December 2024**	As at 31 December 2023
Six months or less but over three months	**–**	–
One year or less but over six months	**–**	–
Over one year	**8**	7
	8	7

18 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 31 December 2024

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")	**34,886**	**3,228**	**38,114**
(b) Local governments, local government-owned entities and their subsidiaries and JVs	**12,351**	**941**	**13,292**
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	**36,010**	**9,658**	**45,668**
(d) Other entities of central government not reported in part (a) above	**7,423**	**707**	**8,130**
(e) Other entities of local governments not reported in part (b) above	**1,990**	**–**	**1,990**
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	**12,240**	**1,737**	**13,977**
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	**12,071**	**3,808**	**15,879**
Total	**116,971**	**20,079**	**137,050**
Total assets after provision	**488,582**		
On-balance sheet exposures as percentage of total assets	**23.94%**		

18 MAINLAND ACTIVITIES (continued)

As at 31 December 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")	18,222	2,053	20,275
(b) Local governments, local government-owned entities and their subsidiaries and JVs	11,188	602	11,790
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	31,684	4,877	36,561
(d) Other entities of central government not reported in part (a) above	5,883	938	6,821
(e) Other entities of local governments not reported in part (b) above	2,485	20	2,505
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	10,664	770	11,434
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	11,450	4,179	15,629
Total	91,576	13,439	105,015
Total assets after provision	465,360		
On-balance sheet exposures as percentage of total assets	19.68%		

19 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	CAD	AUD	JPY	GBP	MOP	EUR	CHF	SGD	NZD	Others	Total
As at 31 December 2024													
Spot assets	**189,798**	**44,195**	**1,170**	**2,253**	**10,409**	**2,889**	**848**	**10,630**	**3,961**	**1,520**	**1,330**	**720**	**269,723**
Spot liabilities	**(210,530)**	**(19,787)**	**(3,311)**	**(9,453)**	**(5,395)**	**(5,053)**	**(521)**	**(6,700)**	**(431)**	**(1,501)**	**(2,802)**	**(574)**	**(266,058)**
Forward purchases	**84,267**	**37,523**	**2,243**	**12,334**	**4,175**	**2,845**	**–**	**2,070**	**938**	**1,762**	**1,984**	**21**	**150,162**
Forward sales	**(62,889)**	**(62,017)**	**(148)**	**(5,014)**	**(9,025)**	**(674)**	**–**	**(5,957)**	**(4,404)**	**(1,789)**	**(502)**	**(155)**	**(152,574)**
Net options position	**1**	**–**	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**–**	**1**
Net long/(short) non-structural position	**647**	**(86)**	**(46)**	**121**	**164**	**7**	**327**	**43**	**64**	**(8)**	**9**	**12**	**1,254**
Net structural position	**–**	**501**	**–**	**–**	**–**	**–**	**(85)**	**–**	**–**	**–**	**–**	**–**	**416**
As at 31 December 2023													
Spot assets	185,161	22,515	306	1,860	11,436	4,718	637	7,436	4,115	1,230	1,366	652	241,432
Spot liabilities	(182,788)	(24,736)	(3,245)	(9,701)	(5,634)	(7,084)	(486)	(7,172)	(353)	(1,268)	(1,661)	(642)	(244,770)
Forward purchases	48,468	19,485	3,187	8,630	2,847	3,255	–	1,315	2,500	1,424	714	21	91,846
Forward sales	(51,534)	(17,267)	(271)	(661)	(8,433)	(915)	–	(1,471)	(6,206)	(1,400)	(386)	(16)	(88,560)
Net options position	1	–	–	(2)	–	–	–	–	–	–	–	–	(1)
Net long/(short) non-structural position	(692)	(3)	(23)	126	216	(26)	151	108	56	(14)	33	15	(53)
Net structural position	–	324	–	–	–	–	(55)	–	–	–	–	–	269

20 LIQUIDITY

20.1 Liquidity Risk Management

20.1.1 Governance

The Group'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.

The Group Liquidity Risk Management Policy sets out the Group's overall approach towards liquidity risk management and describes the range of strategies employed by the Group's to manage its liquidity. These include maintaining an adequate counterbalancing capacity, which corresponds to liquid assets, the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity, to address potential cash flow shortfalls and maintaining diversified sources of liquidity. The Policy also sets out the structure and responsibilities of committees and functional units for liquidity risk management.

The Policy is supported by standards and corresponding Hong Kong addendums which establish the detailed requirements for liquidity risk identification, measurement, reporting and control. All the policies, standards and addendums would be subjected to annual review and approval from various risk committees, including the BRMC.

The MLRC serves as an executive forum to provide oversight on the effectiveness of liquidity risk management framework including policies, models, systems, processes, information and methodologies. The MLRC comprises representatives from risk management and other relevant business and support units. It sets standards and provides necessary guidance on the establishment and maintenance of bank-wide Liquidity Contingency Plan ("LCP").

The day-to-day liquidity risk monitoring, control, reporting and analysis are managed by the Risk Management Group, Market and Liquidity Risk unit – an independent risk management function that reports to the Senior Risk Executive.

20.1.2 Liquidity Stress Testing

The primary measure used to manage liquidity within the tolerance defined by the Board is the cash flow maturity mismatch analysis. The analysis is performed on a regular basis under normal and adverse scenarios. It assesses the adequacy of the counterbalancing capacity to fund or mitigate any cash flow shortfalls that may occur as forecasted in the cash flow movements across successive time bands. To ensure that liquidity is managed in line with the risk tolerance, core parameters underpinning the performance of the analysis, such as the types of scenarios, survival period and minimum level of liquid assets, are pre-specified for monitoring and control.

Stress testing is performed under the cash flow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or bank-specific in nature. Stress tests assess the bank's vulnerability when liability run-offs increase, asset drawdown and rollovers increase and/or liquid asset buffer reduces. In addition, ad-hoc stress tests are performed in the formulation of the internal capital adequacy assessment process.

20 LIQUIDITY (continued)

20.1 Liquidity Risk Management (continued)

20.1.3 Funding Strategy

The Group strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. In particular, the Group has continuously made inroads in growing, deepening and diversifying its deposit base, spanning retail, wealth management, corporate and institutional customers. Supplementing the deposit base, the Group continues to maintain access to wholesale channels to increase flexibility and manage funding cost in capitalising on business opportunities.

The Assets and Liabilities Committee ("ALCO") regularly reviews the composition and growth trajectories of the balance sheet and refine our funding strategy according to business momentum, competitive factors and prevailing market conditions.

20.1.4 Contingency Funding Plan

In the event of a potential or actual crisis, the DBS Bank Ltd has in place a set of LCP and respective Hong Kong Addendum, which applies to Hong Kong location level, to facilitate and prepare the management to respond in a coordinated, coherent and organized way to tide the Group over a crisis situation. The LCP establishes clear lines of responsibilities and preventive measures against and respond to a crisis situation. It also outlines the key management actions and options to be taken in managing a liquidity crisis. Stockpiling High Quality Liquid Assets, maintaining diversification of wholesale funding facilities, such as Money Market lines, Overdraft facilities, Repo facilities and access to Central Bank liquidity facilities could be served as contingent facilities while their availability depends on the types and/or severity of the crisis.

20.1.5 Liquidity Risk Mitigation

Strategies and plans are discussed at relevant committees such as BRMC, ALCO and MLRC to proactively manage liquidity risk of the Group. To mitigate the risk, the Group strives to maintain a diversified funding base and put in place a set of LCP to ensure adequate liquidity as mentioned in above paragraphs.

20.1.6 Cash Flow Maturity Mismatch Analysis*

In HK$ millions(i)	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months
2024				
Net liquidity mismatch	**43,352**	**1,947**	**4,869**	**65,446**
Cumulative mismatch	**43,352**	**45,299**	**50,168**	**115,614**
2023(ii)				
Net liquidity mismatch	51,834	1,476	(12,472)	58,872
Cumulative mismatch	51,834	53,310	40,838	99,710

(i) Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has to be funded. The Group's liquidity is monitored on a cumulative mismatch basis.

(ii) As the behavioural assumptions used to determine the maturity mismatch between assets and liabilities are updated from time to time, the information presented above may not be directly comparable across past balance sheet dates.

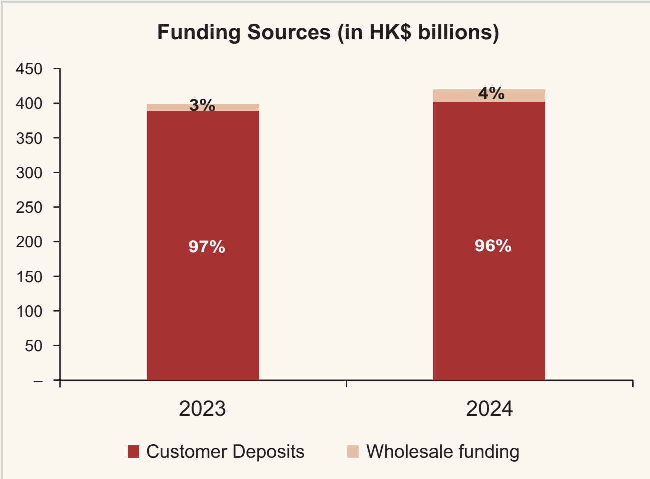
* *The cash flow maturity mismatch analysis has already taken into account limitations on the transferability of liquidity.*

20 LIQUIDITY (continued)

20.1 Liquidity Risk Management (continued)

20.1.7 Sources of Funding

The Bank's source of funding is mainly from customer deposits:



20.1.8 Liquidity Gap

The table below analyses the on- and off-balance sheet items, broken down into maturity buckets of the Bank as at 31 December 2024 based on the completion instructions of the HKMA MA(BS)23 – Liquidity Monitoring Tools:

In HK$ millions	Total amount	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	Balancing amount
Cash and balances with central bank	2,778	2,728	-	-	-	-	-	-	-	-	-	50
Due from banks	86,755	20,531	22,273	20,415	7,652	2,307	3,703	9,874	-	-	-	-
Debt securities	114,581	88,640	-	5,238	4,971	6,742	3,277	1,350	2,134	1,474	755	-
Loans and advances to customers	274,718	7,895	9,375	63,382	31,501	25,928	26,612	38,309	28,582	11,710	26,403	5,021
Other assets	54,199	322	1,782	2,130	10,144	4,835	7,203	12,896	3,523	2,096	4,262	5,006
Total on-balance sheet assets	**533,031**	**120,116**	**33,430**	**91,165**	**54,268**	**39,812**	**40,795**	**62,429**	**34,239**	**15,280**	**31,420**	**10,077**
Total off-balance sheet claims	**8,466**	**1,562**	**1,000**	**1,952**	**3,952**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

In HK$ millions	Total amount	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	Balancing amount
Deposits and balances from customers	406,742	204,974	21,421	46,273	100,475	29,799	3,661	139	-	-	-	-
Due to banks	14,786	9,162	57	5,298	253	16	-	-	-	-	-	-
Subordinated liability	2,337	-	-	-	8	-	-	-	2,329	-	-	-
Other liabilities	54,974	2,990	1,824	2,598	11,260	4,222	6,979	13,512	3,730	2,794	3,294	1,771
Total on-balance sheet liabilities	**478,839**	**217,126**	**23,302**	**54,169**	**111,996**	**34,037**	**10,640**	**13,651**	**6,059**	**2,794**	**3,294**	**1,771**
Total off-balance sheet obligations	**65,595**	**44,799**	**7,313**	**5,017**	**4,514**	**-**	**3,952**	**-**	**-**	**-**	**-**	**-**

20 LIQUIDITY (continued)

20.2 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.

20 LIQUIDITY (continued)

20.2 Liquidity Coverage Ratio (continued)

Table: Average LCR for the quarter ended 31 December 2024

	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 31 December 2024: (75)	HK$ millions	
	Basis of disclosure: unconsolidated	**Unweighted value (average)**	**Weighted value (average)**
A. HQLA			
1	Total HQLA		133,638
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	241,573	18,479
3	*Stable retail deposits and stable small business funding*	9,141	274
4	*Less stable retail deposits and less stable small business funding*	131,659	13,166
4a	*Retail term deposits and small business term funding*	100,773	5,039
5	Unsecured wholesale funding (other than small business funding), debt securities and prescribed instruments issued by the AI, of which:	147,424	90,871
6	*Operational deposits*	8,495	1,704
7	*Unsecured wholesale funding (other than small business funding) not covered in row 6*	138,923	89,161
8	*Debt securities and prescribed instruments issued by the AI and redeemable within the LCR period*	6	6
9	Secured funding transactions (including securities swap transactions)		–
10	Additional requirements, of which:	41,358	5,410
11	*Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements*	1,402	1,402
12	*Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions*	–	–
13	*Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)*	39,956	4,008
14	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	3,588	3,588
15	Other contingent funding obligations (whether contractual or non-contractual)	195,146	679
16	**TOTAL CASH OUTFLOWS**		119,027
C. CASH INFLOWS			
17	Secured lending transactions (including securities swap transactions)	38,839	1,657
18	Secured and unsecured loans (other than secured lending transactions covered in Row 17) and operational deposits placed at other financial institutions	117,978	33,589
19	Other cash inflows	2,950	2,660
20	**TOTAL CASH INFLOWS**	159,767	37,906
D. LIQUIDITY COVERAGE RATIO		**ADJUSTED VALUE**	
21	**Total HQLA**		133,638
22	**TOTAL NET CASH OUTFLOWS**		81,121
23	**LCR (%)**		164.9

20 LIQUIDITY (continued)

20.2 Liquidity Coverage Ratio (continued)

The Bank has maintained a healthy liquidity position in the fourth quarter of 2024, with LCR being well above regulatory requirement. Quarter-on-quarter, the Bank increased holding of HQLA which had led to the increase of average LCR.

(i) Composition of High Quality Liquid Assets ("HQLA")

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

(ii) Concentration of funding sources

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

(iii) Derivatives exposures

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

(iv) Currency mismatch

Customer deposit in Hong Kong, largely denominated in Hong Kong Dollar ("HKD") and United States Dollar ("USD"), is a major funding source for the Bank. The Bank makes 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.

20 LIQUIDITY (continued)

20.3 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 31 December 2024

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:	52,293	–	–	2,329	54,622
2	*Regulatory capital*	52,293	–	–	2,329	54,622
2a	*Minority interests not covered by row 2*	–	–	–	–	–
3	*Other capital instruments*	–	–	–	–	–
4	Retail deposits and small business funding:	–	241,568	2,822	113	220,675
5	*Stable deposits*		12,184	44	1	11,617
6	*Less stable deposits*		229,384	2,778	112	209,058
7	Wholesale funding:	–	177,966	4,514	1,271	61,814
8	*Operational deposits*		8,246	–	–	4,123
9	*Other wholesale funding*	–	169,720	4,514	1,271	57,691
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	12,112	614	–	–	–
12	*Net derivative liabilities*	575				
13	*All other funding and liabilities not included in the above categories*	11,537	614	–	–	–
14	**Total ASF**					337,111
B. Required stable funding (“RSF”) item						
15	Total HQLA for NSFR purposes	799	48,658	15,225	39,370	8,353
16	Deposits held at other financial institutions for operational purposes	–	1,206	–	–	603
17	Performing loans and securities:	14,964	207,817	30,327	117,144	203,989
18	*Performing loans to financial institutions secured by Level 1 HQLA*	–	39,116	–	–	3,912

20 LIQUIDITY (continued)

20.3 Net Stable Funding Ratio (continued)

Table 1: NSFR for the quarter ended 31 December 2024 (continued)

In HK$ millions		(a)	(b)	(c)	(d)	(e)
Basis of disclosure: unconsolidated		**Unweighted value by residual maturity**				**Weighted amount**
		No specified term to maturity	< 6 months or repayable on demand	6 months to < 12 months	12 months or more	
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	80	38,206	3,708	10,876	18,540
20	*Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:*	14,884	118,649	24,282	77,745	150,201
21	*With a risk-weight of less than or equal to 35% under the STC approach*	–	–	–	–	–
22	*Performing residential mortgages, of which:*	–	941	768	25,782	22,769
23	*With a risk-weight of less than or equal to 35% under the STC approach*	–	–	–	–	–
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	–	10,905	1,569	2,741	8,567
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	14,913	976	2	1,359	12,759
27	*Physical traded commodities, including gold*	–				–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	–				–
29	*Net derivative assets*	–				–
30	*Total derivative liabilities before adjustments for deduction of variation margin posted*	4,025				201
31	*All other assets not included in the above categories*	10,888	976	2	1,359	12,558
32	Off-balance sheet items		241,510	–	–	2,163
33	**Total RSF**					227,867
34	**Net Stable Funding Ratio (%)**					147.9

20 LIQUIDITY (continued)

20.3 Net Stable Funding Ratio (continued)

Table 2: NSFR for the quarter ended 30 September 2024

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:	54,035	–	–	2,330	56,365
2	*Regulatory capital*	54,035	–	–	2,330	56,365
2a	*Minority interests not covered by row 2*	–	–	–	–	–
3	*Other capital instruments*	–	–	–	–	–
4	Retail deposits and small business funding:	–	238,550	4,182	214	219,145
5	*Stable deposits*		9,404	38	1	8,971
6	*Less stable deposits*		229,146	4,144	213	210,174
7	Wholesale funding:	–	175,851	4,706	1,307	60,449
8	*Operational deposits*		8,205	–	–	4,102
9	*Other wholesale funding*	–	167,646	4,706	1,307	56,347
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	17,007	1,959	–	–	–
12	*Net derivative liabilities*	1,150				
13	*All other funding and liabilities not included in the above categories*	15,857	1,959	–	–	–
14	**Total ASF**					335,959
B. Required stable funding ("RSF") item						
15	Total HQLA for NSFR purposes	514	56,293	16,305	33,947	7,787
16	Deposits held at other financial institutions for operational purposes	–	770	–	–	385
17	Performing loans and securities:	15,362	185,495	39,909	132,029	216,272
18	*Performing loans to financial institutions secured by Level 1 HQLA*	–	33,514	–	–	3,351
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	86	32,738	3,722	20,938	27,795
20	*Performing loans, other than performing residential mortgage, to non-financial corporate clients, retail and small business customers, sovereigns, the Monetary Authority for the account of the Exchange Fund, central banks and PSEs, of which:*	15,276	114,106	25,600	82,507	152,968

20 LIQUIDITY (continued)

20.3 Net Stable Funding Ratio (continued)

Table 2: NSFR for the quarter ended 30 September 2024 (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	*With a risk-weight of less than or equal to 35% under the STC approach*	–	–	–	–	–
22	*Performing residential mortgages, of which:*	–	961	792	26,465	23,372
23	*With a risk-weight of less than or equal to 35% under the STC approach*	–	–	–	–	–
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	–	4,176	9,795	2,119	8,786
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	15,432	3,218	11	1,411	13,814
27	*Physical traded commodities, including gold*	–				–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	–				–
29	*Net derivative assets*	–				–
30	*Total derivative liabilities before adjustments for deduction of variation margin posted*	3,711				186
31	*All other assets not included in the above categories*	11,721	3,218	11	1,411	13,628
32	Off-balance sheet items		234,655	–	–	2,092
33	**Total RSF**					240,350
34	**Net Stable Funding Ratio (%)**					139.8

The NSFR remained well above the regulatory requirement in the second half of 2024. Compared to previous quarter, the NSFR as of end 4Q 2024 increased. It was mainly due to decrease in customer loan and long term interbank lending.

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

There are no interdependent assets and liabilities as of end 3Q and 4Q 2024.

21 SEGMENTAL INFORMATION

(a) Segmental information by class of business

In HK$ millions 2024	Commercial and consumer banking	Treasury	Others	Total
Total income	**14,787**	**(48)**	**2,028**	**16,767**
Profit before allowances for credit and other losses	**8,350**	**(227)**	**1,891**	**10,014**
Profit before income tax	**7,234**	**(229)**	**2,079**	**9,084**
Operating assets	**279,494**	**53,334**	**158,995**	**491,823**
2023				
Total income	14,484	(151)	935	15,268
Profit before allowances for credit and other losses	8,800	(313)	688	9,175
Profit before income tax	8,177	(312)	746	8,611
Operating assets	268,051	41,766	157,804	467,621

Commercial and consumer banking business mainly comprises deposit account services, residential mortgage and other consumer lending, credit card services, corporate lending, trade finance and international banking.

Treasury Markets' activities primarily include structuring, market-making and trading across a broad range of treasury products.

Others encompass the results of corporate decisions that are not attributed to business segments.

(b) Segmental information by booking location

Over 90% of the Group's total income, profit before income tax, total assets, total liabilities, contingent liabilities and commitments are booked in Hong Kong.

22 REMUNERATION

The Bank adopts the remuneration policy and practices formulated by DBSH.

The Board of DBSHK reviewed and approved DBSHK's remuneration policy. The Board Nomination and Remuneration Committee ("BNRC") provided oversight of the remuneration of the CEO, senior executives and control functions in line with the Financial Stability Board's ("FSB") guidelines.

22 REMUNERATION (continued)

22.1 Objectives of DBS Remuneration Strategy

DBS' remuneration policy, which is applicable to DBS Bank and all our subsidiaries and overseas offices, seeks to ensure that we are able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out by the FSB and the Code of Corporate Governance.

When formulating our remuneration strategy, consideration was given to aligning our remuneration approach with DBS PRIDE! values in order to drive desired behaviours and achieve the objectives set out in our balanced scorecard.

The following shows the three main thrusts of our remuneration strategy and how they are implemented within DBS:

Main thrusts	Details
Pay for performance as measured against balanced scorecard	• Instill and drive a pay-for-performance culture • Ensure close linkage between total compensation and our annual and long-term business objectives as measured by the balanced scorecard • Calibrate mix of fixed and variable pay to drive sustainable performance aligned to DBS PRIDE! values, taking into account both "what" and "how" key performance indicators ("KPIs") are achieved
Provide market competitive pay	• Benchmark our total compensation against other organisations of similar size and standing in the markets we operate in • Drive performance differentiation by benchmarking total compensation for top performing employees against the upper quartile or higher in each market
Guard against excessive risk-taking	• Focus on achieving risk-adjusted returns that are consistent with our prudent risk and capital management as well as emphasis on long-term sustainable outcomes • Design payout structure to align incentive payments with the long-term performance of the company through deferral and clawback arrangements • Design sales incentives plans to encourage the right sales behaviour

22 REMUNERATION (continued)

22.2 Summary of Current Total Compensation Elements

The table below provides a description of total compensation elements, their purpose and implementation:

Elements	Purpose	Details
Salary	• Attract and retain talent by ensuring our fixed pay is competitive vis-à-vis comparable institutions	• Set at an appropriate level taking into account market dynamics as well as skills, experience, responsibilities, competencies and performance of the employee • Typically reviewed annually
Cash bonus and deferred shares	• Provide a portion of total compensation that is performance-linked • Focus employees on the achievement of objectives which are aligned to value creation for our shareholders and multiple stakeholders • Align to time horizon of risk	• Based on DBS, business or support unit and individual performance • Measured against a balanced scorecard which is agreed to at the start of the year • Awards in excess of a certain threshold are subject to a tiered deferral rate with a minimum deferred quantum. • For Senior Management (SM) and Material Risk Takers (MRTs i.e. employees whose actions have a material impact on the risk exposure of the bank), awards are deferred by a minimum of 40%

22 REMUNERATION (continued)

22.3 Determination of Variable Pay Pool

The variable pay pool is derived from a combination of bottom-up and top-down approach. It is underpinned by our aim to drive a pay-for-performance culture which is aligned to our risk framework.

Process	Details
Determining total variable pay pool	A function of our overall balanced scorecard and benchmarked against market. The scorecard includes substantial risk and control metrics designed and evaluated by the control functions such as Audit, Compliance and Risk. Control functions therefore have a direct role in determining the size of the variable pay pool. The variable pay pool is further calibrated against the following prisms: • Risk adjustment through review of Returns on Risk-Adjusted Capital ("RoRAC") • Appropriate distribution of surplus earnings (after cost of equity) between employees and shareholders
Allocating pool to business units	• Pool allocation takes into account the relative performance of each unit against their balanced scorecard as evaluated by the CEO • Inputs from control functions are sought • Country heads are also consulted in the allocation process
Determining individual award	• Unit heads cascade their allocated pool to their teams and individuals • Individual variable pay determined based on performance against goals and DBS PRIDE! Values • Employees with disciplinary warning meted out may have their variable pay impacted

The performance of control functions are assessed independently from the business units they support to prevent any conflicts of interests. The remuneration of the Senior Risk Executive and Head of Audit are endorsed by the Board Nomination and Remuneration Committee.

Sales employees are incentivised to promote the development of mutually beneficial long-term relationships with their customers, rather than a sole focus on short-term gains. Non-financial metrics such as customer satisfaction and compliance with fair dealing principles are incorporated into their KPIs.

22 REMUNERATION (continued)

22.4 Deferred Remuneration

Plan objectives	Details
• Foster a culture that aligns employees' interests with shareholders • Enable employees to share in DBS' performance • Help in talent retention	• Deferred remuneration is paid in restricted shares (DBSH Share Plan) except for SM and MRTs, where it is paid in restricted shares (DBSH Share Plan) and cash • Deferred remuneration comprises two elements: the main award and retention award • The retention award constitutes 15% of the main award and is designed to retain talent and compensate staff for the time value of deferral • Deferred awards vest over four years, and will lapse immediately upon termination of employment (including resignation) except in the event of ill health, injury, disability, redundancy, retirement or death • Special Award is sometimes awarded as part of talent retention

Vesting schedule	Malus of unvested awards and clawback of vested awards
Main Award • 25% vest on each anniversary after grant date **Retention Award** • 100% vest four years after grant date	**Malus and/or clawback will be triggered by** • Material violation of risk limits • Material losses due to negligent risk-taking or inappropriate individual behavior • Material restatement of DBS' financials due to inaccurate performance measures • Misconduct or fraud Vested and unvested awards are subject to claw back within seven years from the date of grant

Employees on sales incentive plans whose incentives exceed a certain threshold are also subject to deferrals which vest over 3 years and a 15% retention award.

Special Award is awarded to selected individuals as part of talent retention, and it is subject to three-year vesting period, with 33% vesting on the first and second anniversaries of grant and 34% on the third anniversary.

22 REMUNERATION (continued)

22.5 Senior Management and Material Risk Takers

In line with the principles set out by FSB, a substantial portion of remuneration for our Senior Management as well as Material Risk Takers are variable. The variable remuneration is subject to deferral, thus ensuring alignment to the time horizon of risks.

In 2024, an external management consulting firm, Aon Solutions Singapore Ptd Ltd., was engaged to provide an independent review of the Bank's compensation system and processes to ensure compliance with the various principles and procedures for maintaining a sound remuneration system stipulated under the Supervisory Policy Manual on Guideline on a Sound Remuneration System ("CG-5") issued by the HKMA. A similar review is planned for 2025.

We used salary surveys conducted by an external compensation consultant, McLagan, as references for employee salary benchmarking purposes. McLagan and its consultants are independent and not related to us or any of our Directors.

For more details on the remuneration policies, please refer to DBS Group Annual Report and Pillar 3 disclosure documents.

23 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
EVE	Economic Value of Equity
FBA	Fall-Back Approach
FVOCI	Fair Value through Other Comprehensive Income
G-SIB	Global Systemically Important Authorized Institution
HKMA	Hong Kong Monetary Authority
HQLA	High Quality Liquid Assets

23 ABBREVIATIONS (continued)

Abbreviations	Brief Description
HVCRE	High-volatility Commercial Real Estate
IAA	Internal Assessment Approach
ICAAP	Internal Capital Adequacy Assessment Process
IMM	Internal Models Method
IMM (CCR)	Internal Models Method (Counterparty Credit Risk)
IPRE	Income-producing Real Estate
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
NII	Net Interest Income
NMDs	Non-maturity Deposits
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

23 ABBREVIATIONS (continued)

Abbreviations	Brief Description
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