星 展 銀 行 （ 香 港 ） 有 限 公 司

DBS BANK (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

REGULATORY DISCLOSURES

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

CONTENTS

Appendix 1: Reconciliation of Regulatory Scope Consolidated Balance Sheet to Capital Components

	Balance sheet as per published financial statements	Under regulatory scope of consolidation	Cross reference to Appendix 2
	As at 31 December 2013	As at 31 December 2013	
Assets			
Cash and balances with banks	5,831	5,831	
Placements with and advances to banks	57,505	57,502	
Trading securities	4,302	4,302	
Derivatives	9,084	9,084	
Financial investments	24,536	24,536	
Loans and advances to customers	200,254	200,254	
of which: Collective impairment allowances eligible for inclusion in Tier 2 capital		*(83)*	(1)
Excess of total expected loss amount over total eligible provisions under IRB approach		*259*	(2)
Other assets	4,118	4,118	
Interest in a joint venture	364	1	
Subsidiaries	–	48	
Deferred tax assets	39	39	(3)
Properties and other fixed assets	2,626	2,626	
Total assets	**308,659**	**308,341**	
Liabilities			
Deposits and balances from banks	4,751	4,751	
Trading liabilities	3,122	3,122	
Derivatives	9,091	9,091	
Financial liabilities designated at fair value through profit or loss	8,122	8,122	
Deposits from customers	230,269	230,269	
Certificate of deposit issued	7,564	7,564	
Other liabilities	7,231	7,229	
Current income tax liabilities	168	168	
Amount due to a joint venture	2,887	2,887	
Amounts due to subsidiaries	–	83	
Subordinated liability	4,187	4,187	(4)
Total liabilities	**277,392**	**277,473**	
Equity			
Share capital	7,000	7,000	(5)
Share premium		*595*	(6)
Retained earnings		*20,836*	(7)
Other reserves		*2,437*	(8)
Reserves	24,267	23,868	
of which : Retained earnings earmarked as regulatory reserve		*1,305*	(9)
which includes regulatory reserve eligible for inclusion in Tier 2 capital		*98*	(10)
of which : Fair value gains on revaluation of land and buildings		*467*	(11)
Total equity	**31,267**	**30,868**	
Total liabilities and equity	**308,659**	**308,341**	

Appendix 2: Capital Disclosures

		Component of regulatory capital reported by Bank	Amounts subject to Pre-Basel III Treatment	Cross reference to Appendix 1 & 2
In HK$ millions				
	Common Equity Tier 1 ("CET1") capital : Instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	7,595		(5)+(6)
2	Retained earnings	20,836		(7)
3	Disclosed reserves	2,437		(8)
4	Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)	NA		
	Public sector capital injections grandfathered until 1 January 2018	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**	30,868		
	CET1 capital: regulatory deductions			
7	Valuation adjustments	–		
8	Goodwill (net of associated deferred tax liability)	–		
9	Other intangible assets (net of associated deferred tax liability)	–	–	
10	Deferred tax assets net of deferred tax liabilities	39		(3)
11	Cash flow hedge reserve	–		
12	Excess of total EL amount over total eligible provisions under the IRB approach	–	259	(2)-(12)-(13)
13	Gain-on-sale 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 capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–	
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–	
20	Mortgage servicing rights (amount above 10% threshold)	NA		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	NA		
22	Amount exceeding the 15% threshold	NA		
23	*of which: significant investments in the common stock of financial sector entities*	NA		
24	*of which: mortgage servicing rights*	NA		
25	*of which: deferred tax assets arising from temporary differences*	NA		
26	National specific regulatory adjustments applied to CET1 capital	1,772		
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	467		(11)
26b	Regulatory reserve for general banking risks	1,305		(9)

Appendix 2: Capital Disclosures (continued)

		Component of regulatory capital reported by Bank	Amounts subject to Pre-Basel III Treatment	Cross reference to Appendix 1 & 2
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	130		(12)
28	**Total regulatory deductions to CET1 Capital**	1,941		
29	**CET1 capital**	28,927		
	Additional Tier 1 (“AT1”) capital: instruments			
30	Qualifying AT1 capital instruments plus any related share premium	–		
31	*of which: classified as equity under applicable accounting standards*	–		
32	*of which: classified as liabilities under applicable accounting standards*	–		
33	Capital instruments subject to phase out arrangements from AT1 capital	–		
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**	–		
	AT1 capital: regulatory deductions			
37	Investments in own AT1 capital instruments	–	–	
38	Reciprocal cross-holdings in AT1 capital instruments	–	–	
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–	
40	Significant capital 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	130		
41a	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 1 capital	130		
i	*of which: Excess of total EL amount over total eligible provisions under the IRB approach*	130		(12)
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–		
43	**Total regulatory deductions to AT1 capital**	130		
44	**AT1 capital**	–		
45	**Tier 1 capital (Tier 1 = CET1 + AT1)**	28,927		
	Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	4,187		(4)
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 impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	181		(10)-(1)
51	**Tier 2 capital before regulatory deductions**	4,368		
	Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	–	–	

Appendix 2: Capital Disclosures (continued)

		Component of regulatory capital reported by Bank	Amounts subject to Pre-Basel III Treatment	Cross reference to Appendix 1 & 2
53	Reciprocal cross-holdings in Tier 2 capital instruments	–	–	
54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–	
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	–	–	
56	National specific regulatory adjustments applied to Tier 2 capital	(81)		
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	(210)		(11) * 45%
56b	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital	129		
i	*of which: Excess of total EL amount over total eligible provisions under the IRB approach*	129		(13)
57	**Total regulatory deductions to Tier 2 capital**	(81)		
58	**Tier 2 capital**	4,449		
59	**Total capital (Total capital = Tier 1 + Tier 2)**	33,376		
59a	Deduction items under Basel III which during transitional period remain subject to risk-weighting, based on pre-Basel III treatment	–		
i	*of which: Mortgage servicing rights*	–		
ii	*of which: Defined benefit pension fund net assets*	–		
iii	*of which: Investments in own CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments*	–		
iv	*of which: Capital investment in a connected company which is a commercial entity*	–		
v	*of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation*	–		
vi	*of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation*	–		
60	**Total risk weighted assets**	207,850		
	Capital ratios (as a percentage of risk weighted assets)			
61	**CET1 capital ratio**	13.9%		
62	**Tier 1 capital ratio**	13.9%		
63	**Total capital ratio**	16.1%		
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3A, or s.3B, as the case requires, of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	3.5%		
65	*of which: capital conservation buffer requirement*	–		
66	*of which: bank specific countercyclical buffer requirement*	–		
67	*of which: G-SIB or D-SIB buffer requirement*	–		
68	CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3A, or s.3B, as the case requires, of the BCR	10.4%		

Appendix 2: Capital Disclosures (continued)

		Component of regulatory capital reported by Bank	Amounts subject to Pre-Basel III Treatment	Cross reference to Appendix 1 & 2
	National minima (if different from Basel 3 minimum)			
69	National CET1 minimum ratio	NA		
70	National Tier 1 minimum ratio	NA		
71	National Total capital minimum ratio	NA		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	76		
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	40		
74	Mortgage servicing rights (net of related tax liability)	NA		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	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 basic approach and the standardized (credit risk) approach (prior to application of cap)	183		
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	181		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	–		
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	1,032		
	Capital instruments subject to phase-out arrangements			
80	Current cap on CET1 capital instruments subject to phase out arrangements	NA		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	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)	–		

NA : not applicable

Appendix 2: Capital Disclosures (continued)

Note to the template

<table>
<tr><th>Row No.</th><th>Description</th><th>Hong Kong basis</th><th>Basel III basis</th></tr>
<tr><td rowspan="2">10</td><td>Deferred tax assets net of deferred tax liabilities</td><td>HK$39m</td><td>nil</td></tr>
<tr><td colspan="3"><u>Explanation</u>

As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), deferred tax assets (“DTAs”) that rely on future profitability of the bank to be realised are to deducted, whereas DTAs which relate to temporary differences may be given limited recognition of 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 Mortgage Servicing Rights (“MSRs”), DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.</td></tr>
</table>

Appendix 3: Main Features of Capital Instruments

		CET 1 Capital Ordinary Shares	Tier 2 Capital Subordinated Loan
1	Issuer	DBS Bank (Hong Kong) Limited	DBS Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Hong Kong law	Hong Kong law
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
6	Eligible at solo/group/ group & solo	Solo	Solo
7	Instrument type	Ordinary Shares	Subordinated loan
8	Amount recognised in regulatory capital	HK$7,595 million as at 31 December 2013	HK$4.2 billion as at 31 December 2013
9	Par value of instrument	Nominal value of issued share capital paid up at 31 December 2013 was HK$7billion, divided into 7,000,000,000 shares at HK$1 each	US$540 million
10	Accounting classification	Shareholders' equity	Liability – amortised cost
11	Original date of issuance	Since incorporation	12 December 2012
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No maturity	12 December 2022
14	Issuer call subject to prior supervisory approval	No	Yes

Appendix 3: Main Features of Capital Instruments (continued)

		CET 1 Capital Ordinary Shares	Tier 2 Capital Subordinated Loan
15	Optional call date, contingent call dates and redemption amount	NA	With the prior approval from the HKMA, the Subordinated Loan may be redeemed, in whole but not in part, at the option the Bank, on the First Call Date (13 December 2017) or any Interest Payment Date after the First Call date. The Subordinated Loan may also be redeemed, in whole but not in part, if a Regulatory Repayment Event has occurred, at their principal amount of the Loan together with the interest accrued up to but excluding the date specified in the Repayment Notice. **Regulatory Repayment Event** occurs if : The Loan in whole, but not in part, no longer qualifies as term subordinated debt for inclusion in Tier 2 Capital of the Bank as a result of amendments to the relevant provisions of the Banking Ordinance of Hong Kong or the statutory guidelines issued by the HKMA in relation thereto after the Utilisation Date (12 December 2012), excluding for the avoidance of doubt, non-qualification of the Loan solely by virtue of the Bank already having outstanding instruments with an aggregate principal amount up to or in excess of any limit of Tier 2 Capital permitted from time to time by the HKMA or solely as a result of any discounting requirements as to the eligibility of the Loan for such inclusion pursuant to the relevant legislation and statutory guidelines in force as at 12 December 2012.
16	Subsequent call dates, if applicable	NA	Optional call dates – any Interest Payment Date after the First Call date
	Coupons / dividends		
17	Fixed or floating dividend/ coupon	Discretionary dividend amount	Floating
18	Coupon rate and any related index	The Ordinary Shares receive distributable profits that have been declared as dividend	USD 3-month LIBOR plus 2.5% per annum
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Cumulative or non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Convertible

Appendix 3: Main Features of Capital Instruments (continued)

		CET 1 Capital Ordinary Shares	Tier 2 Capital Subordinated Loan
24	If convertible, conversion trigger(s)	NA	The Subordinated Loan would be converted into ordinary shares of the Bank upon the occurrence of the trigger event. Trigger event is the earlier of : (i) The HKMA notifying the Bank in writing that the HKMA is of the opinion that a write-off or conversion is necessary, without which the Bank would become non-viable, or (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.
25	If convertible, fully or partially	NA	Fully
26	If convertible, conversion rate	NA	Upon occurrence of the trigger event, the Subordinated Loan would be converted into a number of ordinary shares of the Bank determined by dividing the principal amount and accrued interest of the Loan by the net tangible assets per share as determined by an independent party according to the generally accepted accounting principles and standards in Hong Kong at the latest month end prior to conversion, floored at HK$1 per share. The USD loan will be converted to HKD at the prevailing exchange rate on the date when the trigger event occurs.
27	If convertible, mandatory or optional conversion	NA	Mandatory, upon the occurrence of the trigger event
28	If convertible, specify instrument type convertible into	NA	Common Equity Tier 1
29	If convertible, specify issuer of instrument it converts into	NA	DBS Bank (Hong Kong) Limited
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA

Appendix 3: Main Features of Capital Instruments (continued)

		CET 1 Capital Ordinary Shares	Tier 2 Capital Subordinated Loan
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Ordinary Shares shall on the return of capital in a winding-up, entitle the holders thereof rights of participation in any surplus profits or assets of the company after all obligations have been satisfied.	The Subordinated Loan is direct, unsecured and subordinated obligation of the Bank. Upon the occurrence of any winding-up proceeding, the rights of the Lender to payments on the Subordinated Loan will be subordinated to the claims of Senior Creditors and will rank senior to all class of equity securities of the Bank, including preference shares, if any. The Subordinated Loan rank pari passu with all subordinated debt issued by the Bank in the future that the HKMA approves as qualifying for Tier 2 Capital treatment pursuant to the relevant guidelines established by the HKMA.
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA