



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**  
**REGULATORY DISCLOSURES**  
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# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### A. Regulatory capital

#### 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 30 June 2015 HK\$'M	As at 30 June 2015 HK\$'M	
<b>Assets</b>			
Cash and balances with central banks	3,088	3,088	
Government securities and treasury bills	35,633	35,633	
Due from banks	87,293	87,293	
Derivatives	5,704	5,704	
Bank and corporate securities	10,146	10,146	
Loans and advances to customers	174,980	174,980	
<i>of which: Collective impairment allowances eligible for inclusion in Tier 2 capital</i>		(136)	(1)
<i>Excess of total expected loss amount over total eligible provisions under IRB approach</i>		551	(2)
Other assets	6,821	6,817	
<i>of which: Deferred tax assets</i>		28	(3)
Subsidiaries	–	57	
Properties and other fixed assets	2,577	2,577	
Goodwill and Intangible	192	–	
<b>Total assets</b>	<b><u>326,434</u></b>	<b><u>326,295</u></b>	
<b>Liabilities</b>			
Due to banks	7,829	7,829	
Deposits and balances from customers	243,995	243,995	
Derivatives	5,578	5,578	
Certificate of deposit issued	5,000	5,000	
Other liabilities	26,215	26,214	
Amounts due to subsidiaries	–	80	
Subordinated liability	4,186	4,186	(4)
<b>Total liabilities</b>	<b><u>292,803</u></b>	<b><u>292,882</u></b>	
<b>Equity</b>			
Share capital	7,595	7,595	(5)
<i>Retained earnings</i>		23,373	(6)
<i>Other reserves</i>		2,445	(7)
Reserves	26,036	25,818	
<i>of which: Retained earnings earmarked as regulatory reserve</i>		1,299	(8)
<i>which includes regulatory reserve eligible for inclusion in Tier 2 capital</i>		67	(9)
<i>of which: Fair value gains on revaluation of land and buildings</i>		447	(10)
<b>Total equity</b>	<b><u>33,631</u></b>	<b><u>33,413</u></b>	
<b>Total liabilities and equity</b>	<b><u>326,434</u></b>	<b><u>326,295</u></b>	

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### A. Regulatory capital (continued)

#### Appendix 2: Capital Disclosures

	Component of regulatory capital reported by Bank HK\$'M	Amounts subject to Pre-Basel III Treatment HK\$'M	Cross reference to Appendix 1 & 2
<b>Common Equity Tier 1 ("CET1") capital : Instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	7,595	(5)
2	Retained earnings	23,373	(6)
3	Disclosed reserves	2,445	(7)
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	<b>CET1 capital before regulatory deductions</b>	33,413	
	<b>CET1 capital: regulatory deductions</b>		
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	28	(3)
11	Cash flow hedge reserve	–	
12	Excess of total EL amount over total eligible provisions under the IRB approach	220	331
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	<i>of which: significant investments in the common stock of financial sector entities</i>	NA	
24	<i>of which: mortgage servicing rights</i>	NA	
25	<i>of which: deferred tax assets arising from temporary differences</i>	NA	
26	National specific regulatory adjustments applied to CET1 capital	1,746	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	447	(10)
26b	Regulatory reserve for general banking risks	1,299	(8)

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### A. Regulatory capital (continued)

#### Appendix 2: Capital Disclosures (continued)

		Component of regulatory capital reported by Bank HK\$'M	Amounts subject to Pre-Basel III Treatment HK\$'M	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	166		(11)
28	<b>Total regulatory deductions to CET1 Capital</b>	2,160		
29	<b>CET1 capital</b>	31,253		
	<b>Additional Tier 1 ("AT1") capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	–		
31	<i>of which: classified as equity under applicable accounting standards</i>	–		
32	<i>of which: classified as liabilities under applicable accounting standards</i>	–		
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	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	–		
36	<b>AT1 capital before regulatory deductions</b>	–		
	<b>AT1 capital: regulatory deductions</b>			
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	166		
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	166		
i	<i>of which: Excess of total EL amount over total eligible provisions under the IRB approach</i>	166		(11)
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–		
43	<b>Total regulatory deductions to AT1 capital</b>	166		
44	<b>AT1 capital</b>	–		
45	<b>Tier 1 capital (Tier 1 = CET1 + AT1)</b>	31,253		
	<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	4,186		(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	<i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	–		
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	203		(9)-(1)
51	<b>Tier 2 capital before regulatory deductions</b>	4,389		

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### A. Regulatory capital (continued)

#### Appendix 2: Capital Disclosures (continued)

	Component of regulatory capital reported by Bank HK\$'M	Amounts subject to Pre-Basel III Treatment HK\$'M	Cross reference to Appendix 1 & 2
	<b>Tier 2 capital: regulatory deductions</b>		
52	Investments in own Tier 2 capital instruments	–	–
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	(36)	
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	(201)	(10)* 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	165	
i	<i>of which: Excess of total EL amount over total eligible provisions under the IRB approach</i>	165	(12)
57	<b>Total regulatory deductions to Tier 2 capital</b>	(36)	
58	<b>Tier 2 capital</b>	4,425	
59	<b>Total capital (Total capital = Tier 1 + Tier 2)</b>	35,678	
59a	Deduction items under Basel III which during transitional period remain subject to risk-weighting, based on pre-Basel III treatment	–	
i	<i>of which: Mortgage servicing rights</i>	–	
ii	<i>of which: Defined benefit pension fund net assets</i>	–	
iii	<i>of which: Investments in own CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments</i>	–	
iv	<i>of which: Capital investment in a connected company which is a commercial entity</i>	–	
v	<i>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</i>	–	
vi	<i>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</i>	–	
60	<b>Total risk weighted assets</b>	204,976	
	<b>Capital ratios (as a percentage of risk weighted assets)</b>		
61	<b>CET1 capital ratio</b>	15.2%	
62	<b>Tier 1 capital ratio</b>	15.2%	
63	<b>Total capital ratio</b>	17.4%	
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)	4.5%	
65	<i>of which: capital conservation buffer requirement</i>	0.0%	
66	<i>of which: bank specific countercyclical buffer requirement</i>	0.0%	
67	<i>of which: G-SIB or D-SIB buffer requirement</i>	0.0%	

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### A. Regulatory capital (continued)

#### Appendix 2: Capital Disclosures (continued)

		Component of regulatory capital reported by Bank HK\$'M	Amounts subject to Pre-Basel III Treatment HK\$'M	Cross reference to Appendix 1 & 2
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	9.2%		
	<b>National minima (if different from Basel 3 minimum)</b>			
69	National CET1 minimum ratio	NA		
70	National Tier 1 minimum ratio	NA		
71	National Total capital minimum ratio	NA		
	<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
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	436		
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	46		
74	Mortgage servicing rights (net of related tax liability)	NA		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA		
	<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
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)	341		
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	203		
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	1,005		
	<b>Capital instruments subject to phase-out arrangements</b>			
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

**DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

**REGULATORY DISCLOSURES**

**A. Regulatory capital (continued)**

**Appendix 2: Capital Disclosures (continued)**

**Note to the template**

Row No.	Description	Hong Kong basis	Basel III basis
	<b>Deferred tax assets net of deferred tax liabilities</b>	HK\$28m	nil
<b>10</b>	<p><u>Explanation</u></p> <p>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 be 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.</p> <p>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.</p>		



## DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

### REGULATORY DISCLOSURES

#### A. Regulatory capital (continued)

##### 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
<i>Regulatory treatment</i>		
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 30 June 2015	HK\$4,186 million as at 30 June 2015
9 Par value of instrument	NA	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

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### A. Regulatory capital (continued)

#### 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	<p>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.</p> <p>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.</p> <p><b>Regulatory Repayment Event</b> occurs if:</p> <p>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.</p>
16 Subsequent call dates, if applicable	NA	Optional call dates – any Interest Payment Date after the First Call date
<i>Coupons / dividends</i>		
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

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### A. Regulatory capital (continued)

#### 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

## DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

### REGULATORY DISCLOSURES

#### A. Regulatory capital (continued)

##### 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
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.
36	Non-compliant transitioned features	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.
37	If yes, specify non-compliant features	No
		NA

**DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

**REGULATORY DISCLOSURES**

**B. Leverage Ratio**

**1(a) Leverage Ratio as at 30 June 2015**

	<b>Item</b>	<b>Leverage ratio framework</b>
		<b>HK\$'M</b>
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	321,212
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	(2,160)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	319,052
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	3,232
5	Add-on amounts for PFE associated with all derivatives transactions	8,155
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions (reported as negative amounts)	–
8	Less: Exempted CCP leg of client-cleared trade exposures (reported as negative amounts)	–
9	Adjusted effective notional amount of written credit derivatives	–
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives (reported as negative amounts)	–
11	Total derivative exposures (sum of lines 4 to 10)	11,387
<b>Securities financing transaction exposures</b>		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	–
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets (reported as negative amounts)	–
14	CCR exposure for SFT assets	–
15	Agent transaction exposures	–
16	Total securities financing transaction exposures (sum of lines 12 to 15)	–
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	160,769
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(142,052)
19	Off-balance sheet items (sum of lines 17 and 18)	18,717
<b>Capital and total exposures</b>		
20	Tier 1 capital	31,253
21	Total exposures (sum of lines 3, 11, 16 and 19)	349,156
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>9.0%</b>

**DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES****REGULATORY DISCLOSURES****B. Leverage Ratio (continued)****1(b) Summary Comparison Table as at 30 June 2015**

	<b>Item</b>	<b>Leverage ratio framework</b>
		<b>HK\$'M</b>
1	Total consolidated assets as per published financial statements	326,434
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	46
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	–
4	Adjustments for derivative financial instruments	5,683
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	18,717
7	Other adjustments	(1,724)
8	<b>Leverage ratio exposure</b>	<b>349,156</b>

**DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

**REGULATORY DISCLOSURES**

**B. Leverage Ratio (continued)**

**2(a) Leverage Ratio as at 31 December 2014**

	<b>Item</b>	<b>Leverage ratio framework</b>
		<b>HK\$'M</b>
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	309,388
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	(2,157)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	307,231
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	3,960
5	Add-on amounts for PFE associated with all derivatives transactions	8,057
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions (reported as negative amounts)	–
8	Less: Exempted CCP leg of client-cleared trade exposures (reported as negative amounts)	–
9	Adjusted effective notional amount of written credit derivatives	–
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives (reported as negative amounts)	–
11	Total derivative exposures (sum of lines 4 to 10)	12,017
<b>Securities financing transaction exposures</b>		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	–
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets (reported as negative amounts)	–
14	CCR exposure for SFT assets	–
15	Agent transaction exposures	–
16	Total securities financing transaction exposures (sum of lines 12 to 15)	–
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	157,196
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(138,943)
19	Off-balance sheet items (sum of lines 17 and 18)	18,253
<b>Capital and total exposures</b>		
20	Tier 1 capital	30,217
21	Total exposures (sum of lines 3, 11, 16 and 19)	337,501
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>9.0%</b>

**DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES****REGULATORY DISCLOSURES****B. Leverage Ratio (continued)****2(b) Summary Comparison Table as at 31 December 2014**

	<b>Item</b>	<b>Leverage ratio framework</b>
		<b>HK\$'M</b>
1	Total consolidated assets as per published financial statements	313,440
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	607
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	–
4	Adjustments for derivative financial instruments	6,924
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	18,253
7	Other adjustments	(1,723)
8	<b>Leverage ratio exposure</b>	<b>337,501</b>



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### C. Liquidity Coverage Ratio (“LCR”)

Table 1: Average LCR for the quarter ended 30 June 2015

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this Template for the quarter ending on 30 Jun 2015: (72)		Currency: (HK\$'M)	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
Basis of disclosure: unconsolidated			
<b>A. HIGH QUALITY LIQUID ASSETS</b>			
1	Total high quality liquid assets (HQLA)		24,556
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	133,495	10,462
3	<i>Stable retail deposits and stable small business funding</i>	10,220	511
4	<i>Less stable retail deposits and less stable small business funding</i>	75,753	7,575
5	<i>Retail term deposits and small business term funding</i>	47,522	2,376
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	97,374	50,274
7	<i>Operational deposits</i>	11,661	2,466
8	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	85,563	47,658
9	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	150	150
10	Secured funding transactions (including securities swap transactions)		1
11	Additional requirements, of which:	6,166	4,753
12	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	4,596	4,596
13	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	–	–
14	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	1,570	157
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,735	2,735
16	Other contingent funding obligations (whether contractual or non-contractual)	155,291	403
17	<b>TOTAL CASH OUTFLOWS</b>		68,628
<b>C. CASH INFLOWS</b>			
18	Secured lending transactions (including securities swap transactions)	–	–
19	Secured and unsecured loans (other than secured lending transactions covered in Row 18) and operational deposits placed at other financial institutions	86,266	51,676
20	Other cash inflows	2,560	2,225
21	<b>TOTAL CASH INFLOWS</b>	88,826	53,901
<b>D. LIQUIDITY COVERAGE RATIO</b>		<b>ADJUSTED VALUE</b>	
22	<b>TOTAL HQLA</b>		24,556
23	<b>TOTAL NET CASH OUTFLOWS</b>		17,789
24	<b>LCR (%)</b>		138.5%

**DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**
**REGULATORY DISCLOSURES**
**C. Liquidity Coverage Ratio (continued)**

Table 2: Average LCR for the quarter ended 31 March 2015

Number of data points used in calculating the average value of the Liquidity Coverage Ratio (LCR) and related components set out in this Template for the quarter ending on 31 Mar 2015: (73)		Currency: (HK\$'M)	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
Basis of disclosure: unconsolidated			
<b>A. HIGH QUALITY LIQUID ASSETS</b>			
1	Total high quality liquid assets (HQLA)		31,790
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	131,069	10,146
3	<i>Stable retail deposits and stable small business funding</i>	9,675	484
4	<i>Less stable retail deposits and less stable small business funding</i>	71,838	7,184
5	<i>Retail term deposits and small business term funding</i>	49,556	2,478
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	99,829	53,248
7	<i>Operational deposits</i>	10,064	2,112
8	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	89,728	51,099
9	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	37	37
10	Secured funding transactions (including securities swap transactions)		–
11	Additional requirements, of which:	9,031	7,975
12	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	7,858	7,858
13	<i>Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions</i>	–	–
14	<i>Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)</i>	1,173	117
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,541	2,541
16	Other contingent funding obligations (whether contractual or non-contractual)	153,491	427
17	<b>TOTAL CASH OUTFLOWS</b>		74,337
<b>C. CASH INFLOWS</b>			
18	Secured lending transactions (including securities swap transactions)	–	–
19	Secured and unsecured loans (other than secured lending transactions covered in Row 18) and operational deposits placed at other financial institutions	82,135	53,137
20	Other cash inflows	1,046	963
21	<b>TOTAL CASH INFLOWS</b>	83,181	54,100
<b>D. LIQUIDITY COVERAGE RATIO</b>		<b>ADJUSTED VALUE</b>	
22	<b>TOTAL HQLA</b>		31,790
23	<b>TOTAL NET CASH OUTFLOWS</b>		24,155
24	<b>LCR (%)</b>		137.2%

## **DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

### **REGULATORY DISCLOSURES**

#### **C. Liquidity Coverage Ratio (continued)**

The LCR is sensitive to the balance sheet composition over the first half of year 2015. The average LCR in the second quarter of 2015 was slightly higher than that of the first quarter of 2015. The key driver contributing to the incremental increase was the optimization of deposit composition. The proportion of retail deposits increased steadily throughout the first half of 2015. The effect on LCR is partially offset by the shift in deployment of surplus funds from high quality liquid assets to medium term money market lending in the second quarter of 2015.

##### **(i) Composition of High Quality Liquid Assets (“HQLA”)**

The Bank holds a pool of high quality unencumbered liquid assets 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, as well as other government debt securities. This is supplemented by bonds issued by public sector entities in Hong Kong and highly rated corporate issuers, as well as 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.

The Bank has continued to make inroads into growing, deepening and diversifying its deposit base, spanning retail, wealth management, corporate and institutional customers across the markets that it operates in.

Concurrently, the Bank maintains access to wholesale funding channels so as to grow its investor base, as well as to develop a source of short term funding that it may quickly access in times of need. A sustainable source of wholesale funding allows the Bank to manage funding costs under challenging liquidity environments and maintain funding nimbleness to capture business opportunities.

##### **(iii) Derivative Exposures**

The Bank actively manages its over-the-counter (“OTC”) and exchange-traded financial derivative exposures arising from market making, trading activities, and its commercial business (including structuring and packaging products for investors and clients). The derivative contracts comprise mainly of currency, interest rate and bond futures, foreign exchange forwards, interest rate and cross currency swaps, and foreign exchange options. These derivative positions are marked-to-market daily, which may affect the collateral amount required to be posted to counterparties and/or the exchanges. The Bank’s largest counterparty for OTC derivatives is the Bank’s parent company, DBS Bank Ltd. The amount of required collateral due to valuation changes in the second quarter has lowered in comparison to the first quarter due to changes in mark-to-market values.

## **DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

### **REGULATORY DISCLOSURES**

#### **C. Liquidity Coverage Ratio (continued)**

##### **(iv) Currency mismatch**

The biggest currency mismatch of the Bank's LCR is Hong Kong Dollar ("HKD"). Customer deposit in Hong Kong, largely denominated in HKD, is a major funding source for the Bank. The Bank swaps surplus HKD funding into United States Dollar ("USD") and other foreign currencies to meet customer demand for loans.

Due to the limited supply of HKD denominated HQLA in the market compared to market demands, the Bank covers its HKD mismatch by holding high quality USD and Australian Dollar ("AUD") liquid assets, notwithstanding the pool of Hong Kong government securities and exchange fund bills and notes maintained. This is in line with the LCR alternative liquidity approach option elected by the HKMA. The Bank has continued to maintain its ratio of HKD Level 1 HQLA to HKD net cash outflows within 30 days well above the HKMA minimum requirement of 20%.

##### **(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.

##### **Approach to liquidity risk management**

The Bank's approach to liquidity risk management is based on the building blocks of governance by framework, oversight by risk committees, and policies that define specific risk methodologies. Processes and systems are in place to measure, limit and control exposures based on the risk methodologies defined. Please refer to the annual report and financial statement for the year ended 31 December 2014 for more detailed information.