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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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 2016 HK$'M	As at 30 June 2016 HK$'M	
Assets			
Cash and balances with central banks	1,309	1,309	
Government securities and treasury bills	31,195	31,195	
Due from banks	113,813	113,813	
Derivatives	3,110	3,110	
Bank and corporate securities	11,736	11,736	
Loans and advances to customers	154,121	154,121	
of which: Collective impairment allowances eligible for inclusion in Tier 2 capital		*(138)*	(1)
Excess of total expected loss amount over total eligible provision under the IRB approach		*778*	(2)
Other assets	6,508	6,508	
of which: Deferred tax assets		*28*	(3)
Subsidiaries		55	
Properties and other fixed assets	2,407	2,407	
Goodwill and intangibles	182	–	
Total assets	**324,381**	**324,254**	
Liabilities			
Due to banks	12,080	12,080	
Deposits and balances from customers	242,287	242,287	
Derivatives	3,555	3,555	
Certificates of deposit issued	2,907	2,907	
Other liabilities	24,723	24,723	
Amount due to subsidiaries	–	83	
Subordinated liability	4,190	4,190	(4)
Total liabilities	**289,742**	**289,825**	
Equity			
Share capital	7,595	7,595	(5)
Retained earnings		*24,461*	(6)
Other reserves		*2,373*	(7)
Reserves	27,044	26,834	
of which: Retained earnings earmarked as regulatory reserve		*1,073*	(8)
which includes regulatory reserve eligible for inclusion in Tier 2		*71*	(9)
of which: Fair value gains on revaluation of land and buildings		*285*	(10)
Total equity	**34,639**	**34,429**	
Total liabilities and equity	**324,381**	**324,254**	

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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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
	Common Equity Tier 1 ("CET1") capital: Instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	7,595		(5)
2	Retained earnings	24,461		(6)
3	Disclosed reserves	2,373		(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	**CET1 capital before regulatory deductions**	**34,429**		
	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	28		(3)
11	Cash flow hedge reserve	–		
12	Excess of total EL amount over total eligible provisions under the IRB approach	466	312	(2)-(11)-(12)
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	1,358		
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	285		(10)
26b	Regulatory reserve for general banking risks	1,073		(8)

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
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	156		(11)
28	**Total regulatory deductions to CET1 capital**	2,008		
29	**CET1 capital**	**32,421**		
	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	156		
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	156		
i	*of which: Excess of total EL amount over total eligible provisions under the IRB approach*	156		(11)
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	–		
43	**Total regulatory deductions to AT1 capital**	156		
44	**AT1 capital**	**–**		
45	**Tier 1 capital (Tier 1 = CET1 + AT1)**	**32,421**		
	Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	4,190		(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	209		(9)-(1)
51	**Tier 2 capital before regulatory deductions**	4,399		
	Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	–	–	

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
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	28		
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	(128)		(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	156		
i	*of which: Excess of total EL amount over total eligible provisions under the IRB approach*	156		(12)
57	**Total regulatory deductions to Tier 2 capital**	28		
58	**Tier 2 capital**	**4,371**		
59	**Total capital (Total capital = Tier 1 + Tier 2)**	**36,792**		
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**	**207,236**		
	Capital ratios (as a percentage of risk weighted assets)			
61	**CET1 capital ratio**	**15.6%**		
62	**Tier 1 capital ratio**	**15.6%**		
63	**Total capital ratio**	**17.8%**		
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)	5.7%		
65	*of which: capital conservation buffer requirement*	0.6%		
66	*of which: bank specific countercyclical buffer requirement*	0.6%		
67	*of which: G-SIB or D-SIB buffer requirement*	0.0%		
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	9.6%		

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
	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	1,554		
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	45		
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)	274		
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	209		
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	1,040		
	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

A. Regulatory capital (continued)

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$28m</td><td>nil</td></tr>
<tr><td colspan="3">Explanation

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.

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>

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
	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 30 June 2016	HK$4,190 million as at 30 June 2016
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

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	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

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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

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	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

B. Leverage Ratio

Leverage Ratio Common Disclosure Template

	Item	Leverage ratio framework As at 30 June 2016 HK$'M
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	321,788
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	(2,008)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	319,780
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1,989
5	Add-on amounts for PFE associated with all derivatives transactions	1,784
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)	3,773
	Securities financing transaction exposures	
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)	–
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	171,635
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(151,233)
19	Off-balance sheet items (sum of lines 17 and 18)	20,402
	Capital and total exposures	
20	Tier 1 capital	32,421
21	Total exposures (sum of lines 3, 11, 16 and 19)	343,955
	Leverage ratio	
22	**Basel III leverage ratio**	**9.4%**

The Bank's leverage ratio as at 30 June 2016 was 9.4% (2015: 9.5%). The decrease in leverage ratio was mainly attributed to an increase in the total exposures.

B. Leverage Ratio (continued)

Summary Comparison Table

	Item	Leverage ratio framework As at 30 June 2016 HK$'M
1	Total consolidated assets as per published financial statements	324,381
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	45
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	663
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)	20,402
7	Other adjustments	(1,536)
8	**Leverage ratio exposure**	**343,955**

C. Countercyclical Capital Buffer Ratio

The following table sets out the Bank's countercyclical capital buffer ("CCyB") ratio, the risk weighted assets ("RWA") of its private sector credit exposures by jurisdiction and the Jurisdictional CCyB ("JCCyB") ratios as announced by the relevant jurisdictions which are used for calculating the Bank's CCyB ratio. The attribution of the Bank's private sector credit exposures by jurisdiction is determined on an ultimate risk basis pursuant to the Hong Kong Monetary Authority ("HKMA") Supervisory Policy Manual module CA-B-3 "Countercyclical Capital Buffer – Geographic Allocation of Private Sector Credit Exposures", considering factors such as country of residence and location of collateral, as applicable.

The Bank's CCyB ratio as at 30 June 2016 was 0.6% as the majority of its private sector credit exposures are attributed to Hong Kong.

Geographical breakdown of risk-weighted amounts in relation to private sector credit exposures

	Jurisdiction	Applicable JCCyB ratio in effect %	Total RWA used in computation of CCyB ratio As at 30 June 2016 HK$'M	CCyB ratio As at 30 June 2016 %	CCyB amount As at 30 June 2016 HK$'M
1	Hong Kong	0.625%	136,422		
2	Mainland China	0%	5,333		
3	Australia	0%	10		
4	Bangladesh	0%	31		
5	Cambodia	0%	1		
6	Chinese Taipei	0%	300		
7	Czech Republic	0%	53		
8	France	0%	11		
9	Germany	0%	2		
10	Hungary	0%	2		
11	India	0%	1		
12	Japan	0%	5		
13	Macau	0%	2,578		
14	Norway	1.5%	1		
15	Peru	0%	4,504		
16	Philippines	0%	30		
17	Russia	0%	37		
18	Samoa	0%	64		
19	Singapore	0%	648		
20	Spain	0%	83		
21	United Kingdom	0%	7		
22	United States	0%	132		
	Total		**150,255**	**0.6%**	**853**

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REGULATORY DISCLOSURES

D. Liquidity Coverage Ratio ("LCR")

Table 1: Average LCR for the quarter ended 30 June 2016

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 2016: (74)		Currency: (HK$'M)	
Basis of disclosure: unconsolidated		**UNWEIGHTED AMOUNT (Average Value)**	**WEIGHTED AMOUNT (Average Value)**
A. HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		23,063
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	134,232	10,594
3	*Stable retail deposits and stable small business funding*	10,721	536
4	*Less stable retail deposits and less stable small business funding*	77,648	7,765
5	*Retail term deposits and small business term funding*	45,863	2,293
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	97,413	49,889
7	*Operational deposits*	13,030	2,824
8	*Unsecured wholesale funding (other than small business funding) not covered in Row 7*	84,147	46,829
9	*Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period*	236	236
10	Secured funding transactions (including securities swap transactions)		1
11	Additional requirements, of which:	15,911	5,669
12	*Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements*	4,531	4,531
13	*Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions*	–	–
14	*Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)*	11,380	1,138
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,199	2,199
16	Other contingent funding obligations (whether contractual or non-contractual)	145,708	436
17	**TOTAL CASH OUTFLOWS**		68,788
C. CASH INFLOWS			
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	84,329	50,144
20	Other cash inflows	4,640	4,471
21	**TOTAL CASH INFLOWS**	88,969	54,615
D. LIQUIDITY COVERAGE RATIO			**ADJUSTED VALUE**
22	**TOTAL HQLA**		23,063
23	**TOTAL NET CASH OUTFLOWS**		17,646
24	**LCR (%)**		131.1%

D. Liquidity Coverage Ratio (continued)

Table 2: Average LCR for the quarter ended 31 March 2016

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 2016: (72)		Currency: (HK$'M)	
Basis of disclosure: unconsolidated		**UNWEIGHTED AMOUNT (Average Value)**	**WEIGHTED AMOUNT (Average Value)**
A. HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		24,061
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	130,969	10,354
3	*Stable retail deposits and stable small business funding*	10,550	528
4	*Less stable retail deposits and less stable small business funding*	76,108	7,610
5	*Retail term deposits and small business term funding*	44,311	2,216
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	100,179	50,078
7	*Operational deposits*	13,865	3,028
8	*Unsecured wholesale funding (other than small business funding) not covered in Row 7*	86,224	46,960
9	*Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period*	90	90
10	Secured funding transactions (including securities swap transactions)		–
11	Additional requirements, of which:	16,943	6,845
12	*Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements*	5,723	5,723
13	*Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions*	–	–
14	*Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)*	11,220	1,122
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,492	1,492
16	Other contingent funding obligations (whether contractual or non-contractual)	147,264	407
17	**TOTAL CASH OUTFLOWS**		69,176
C. CASH INFLOWS			
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	89,778	54,486
20	Other cash inflows	3,209	3,077
21	**TOTAL CASH INFLOWS**	92,987	57,563
D. LIQUIDITY COVERAGE RATIO			
22	**TOTAL HQLA**		24,061
23	**TOTAL NET CASH OUTFLOWS**		17,612
24	**LCR (%)**		136.9%

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

REGULATORY DISCLOSURES

D. Liquidity Coverage Ratio (continued)

Table 3: 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)	
Basis of disclosure: unconsolidated		**UNWEIGHTED AMOUNT (Average Value)**	**WEIGHTED AMOUNT (Average Value)**
A. HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		24,556
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	133,495	10,462
3	*Stable retail deposits and stable small business funding*	10,220	511
4	*Less stable retail deposits and less stable small business funding*	75,753	7,575
5	*Retail term deposits and small business term funding*	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	*Operational deposits*	11,661	2,466
8	*Unsecured wholesale funding (other than small business funding) not covered in Row 7*	85,563	47,658
9	*Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period*	150	150
10	Secured funding transactions (including securities swap transactions)		1
11	Additional requirements, of which:	6,166	4,753
12	*Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements*	4,596	4,596
13	*Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions*	–	–
14	*Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)*	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	**TOTAL CASH OUTFLOWS**		68,628
C. CASH INFLOWS			
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	**TOTAL CASH INFLOWS**	88,826	53,901
D. LIQUIDITY COVERAGE RATIO			**ADJUSTED VALUE**
22	**TOTAL HQLA**		24,556
23	**TOTAL NET CASH OUTFLOWS**		17,789
24	**LCR (%)**		138.5%

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

REGULATORY DISCLOSURES

D. Liquidity Coverage Ratio (continued)

Table 4: 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)	
Basis of disclosure: unconsolidated		**UNWEIGHTED AMOUNT (Average Value)**	**WEIGHTED AMOUNT (Average Value)**
A. HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		31,790
B. CASH OUTFLOWS			
2	Retail deposits and small business funding, of which:	131,069	10,146
3	*Stable retail deposits and stable small business funding*	9,675	484
4	*Less stable retail deposits and less stable small business funding*	71,838	7,184
5	*Retail term deposits and small business term funding*	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	*Operational deposits*	10,064	2,112
8	*Unsecured wholesale funding (other than small business funding) not covered in Row 7*	89,728	51,099
9	*Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period*	37	37
10	Secured funding transactions (including securities swap transactions)		–
11	Additional requirements, of which:	9,031	7,975
12	*Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements*	7,858	7,858
13	*Cash outflows arising from obligations under structured financing transactions and repayment of funding obtained from such transactions*	–	–
14	*Potential drawdown of undrawn committed facilities (including committed credit facilities and committed liquidity facilities)*	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	**TOTAL CASH OUTFLOWS**		74,337
C. CASH INFLOWS			
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	**TOTAL CASH INFLOWS**	83,181	54,100
D. LIQUIDITY COVERAGE RATIO			**ADJUSTED VALUE**
22	**TOTAL HQLA**		31,790
23	**TOTAL NET CASH OUTFLOWS**		24,155
24	**LCR (%)**		137.2%

D. Liquidity Coverage Ratio (continued)

The Bank has maintained a healthy liquidity position. The LCR remained stable and well above the regulatory requirement in the first half of 2016. Surplus funds from loans and deposits are deployed to money market lending. Tenor shifts in money market lending contributed to a slight reduction in LCR's 30-day cash inflows.

(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. For more information on the Bank's funding strategy, please refer to Note 38 in the annual report for the year ended 31 December 2015.

(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. Collateral 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 HKD, is a major funding source for the Bank. The Bank swaps surplus HKD funding into United States Dollars ("USD") and other foreign currencies to meet customer demand for loans.

As the supply of HKD denominated HQLA in the market is relatively limited, the Bank covers its HKD mismatch by supplementing its holdings in high quality USD denominated HQLA. 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.

D. Liquidity Coverage Ratio (continued)

Approach to liquidity risk management

The Bank’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. Processes and systems are in place to measure, limit and control exposures based on the risk methodologies defined. For more information on the Bank’s approach to liquidity risk management, please refer to Note 38 in the annual report for the year ended 31 December 2015.