



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 31 December 2016 HK\$'M	As at 31 December 2016 HK\$'M	
<b>Assets</b>			
Cash and balances with central banks	3,201	3,201	
Government securities and treasury bills	22,500	22,500	
Due from banks	153,077	153,077	
Derivatives	1,661	1,661	
Bank and corporate securities	12,930	12,930	
Loans and advances to customers	145,738	145,738	
<i>of which: Collective impairment allowances eligible for inclusion in Tier 2 capital</i>		(150)	(1)
<i>Excess of total expected loss amount over total eligible provision under the IRB approach</i>		887	(2)
Other assets	7,514	7,514	
<i>of which: Deferred tax assets</i>		49	(3)
Subsidiaries		53	
Properties and other fixed assets	2,166	2,166	
Goodwill and intangibles	177	–	
<b>Total assets</b>	<b><u>348,964</u></b>	<b><u>348,840</u></b>	
<b>Liabilities</b>			
Due to banks	14,610	14,610	
Deposits and balances from customers	274,151	274,151	
Derivatives	1,935	1,935	
Certificates of deposit issued	2,765	2,765	
Other liabilities	16,180	16,180	
Amount due to subsidiaries	–	81	
Subordinated liability	4,188	4,188	(4)
<b>Total liabilities</b>	<b><u>313,829</u></b>	<b><u>313,910</u></b>	
<b>Equity</b>			
<i>Ordinary shares</i>		7,595	(5)
<i>Preference shares</i>		1,400	(6)
Share capital	8,995	8,995	
<i>Retained earnings</i>		23,788	(7)
<i>Other reserves</i>		2,147	(8)
Reserves	26,140	25,935	
<i>of which: Retained earnings earmarked as regulatory reserve</i>		1,057	(9)
<i>which includes regulatory reserve eligible for inclusion in Tier 2</i>		90	(10)
<i>of which: Fair value gains on revaluation of land and buildings</i>		20	(11)
<b>Total equity</b>	<b><u>35,135</u></b>	<b><u>34,930</u></b>	
<b>Total liabilities and equity</b>	<b><u>348,964</u></b>	<b><u>348,840</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
	<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	23,788	(7)
3	Disclosed reserves	2,147	(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	<b>CET1 capital before regulatory deductions</b>	<b>33,530</b>	
	<b>CET1 capital: regulatory deductions</b>		
7	Valuation adjustments	1	
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	49	(3)
11	Cash flow hedge reserve	–	
12	Excess of total EL amount over total eligible provisions under the IRB approach	532	355
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	1,077	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	20	(11)
26b	Regulatory reserve for general banking risks	1,057	(9)

# 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
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	–		
28	<b>Total regulatory deductions to CET1 capital</b>	1,659		
29	<b>CET1 capital</b>	<b>31,871</b>		
	<b>Additional Tier 1 (“AT1”) capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	1,400		
31	<i>of which: classified as equity under applicable accounting standards</i>	<b>1,400</b>		(6)
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>	1,400		
	<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	177		
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	177		
i	<i>of which: Excess of total EL amount over total eligible provisions under the IRB approach</i>	177		(12)
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>	177		
44	<b>AT1 capital</b>	<b>1,223</b>		
45	<b>Tier 1 capital (Tier 1 = CET1 + AT1)</b>	<b>33,094</b>		
	<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	4,188		(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	240		(10)-(1)
51	<b>Tier 2 capital before regulatory deductions</b>	4,428		
	<b>Tier 2 capital: regulatory deductions</b>			
52	Investments in own Tier 2 capital instruments	–	–	

# 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
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	169		
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	(9)		(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	178		
i	<i>of which: Excess of total EL amount over total eligible provisions under the IRB approach</i>	178		(13)
57	<b>Total regulatory deductions to Tier 2 capital</b>	169		
58	<b>Tier 2 capital</b>	<b>4,259</b>		
59	<b>Total capital (Total capital = Tier 1 + Tier 2)</b>	<b>37,353</b>		
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>	<b>204,232</b>		
	<b>Capital ratios (as a percentage of risk weighted assets)</b>			
61	<b>CET1 capital ratio</b>	<b>15.6%</b>		
62	<b>Tier 1 capital ratio</b>	<b>16.2%</b>		
63	<b>Total capital ratio</b>	<b>18.3%</b>		
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	<i>of which: capital conservation buffer requirement</i>	0.6%		
66	<i>of which: bank specific countercyclical buffer requirement</i>	0.6%		
67	<i>of which: G-SIB or D-SIB buffer requirement</i>	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	10.2%		

# 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
	<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	1,502		
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		
	<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)	287		
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	240		
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	1,012		
	<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\$49m	nil
10	<p>Explanation</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	Additional Tier 1 Capital Preference Shares	Tier 2 Capital Subordinated Loan
1	Issuer	DBS Bank (Hong Kong) Limited	DBS Bank (Hong Kong) Limited	DBS Bank (Hong Kong) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA	NA
3	Governing law(s) of the instrument	Hong Kong law	Hong Kong Law	Hong Kong law
	<i>Regulatory treatment</i>			
4	Transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo/ group/ group & solo	Solo	Solo	Solo
7	Instrument type	Ordinary Shares	Preference Shares	Subordinated loan
8	Amount recognised in regulatory capital (currency in mil, as of most recent reporting date)	HK\$7,595 million	HK\$1,400 million	HK\$4,188 million
9	Par value of instrument	NA	HK\$1,400 million	US\$540 million
10	Accounting classification	Shareholders' equity	Shareholders' equity	Liability – amortised cost
11	Original date of issuance	Since incorporation	13 October 2016	12 December 2012
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	No maturity	12 December 2022
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	First optional call date: 13 October 2021  Contingent call dates: Change of Qualification Event, or Tax event  Redemption amount: Liquidation Preference together with, subject to certain limitations and qualifications, accrued but unpaid Dividends	First optional call date: 13 December 2017  Contingent call dates: Change of Qualification Event  Redemption amount: Principal amount together with accrued and unpaid interest
16	Subsequent call dates, if applicable	NA	Optional call dates – any date after 13 October 2021	Optional call dates – any Interest Payment Date after 13 December 2017

# 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	Additional Tier 1 Capital Preference Shares	Tier 2 Capital Subordinated Loan
<i>Coupons/dividends</i>				
17	Fixed or floating dividend/ coupon	Discretionary dividend amount	Fixed	Floating
18	Coupon rate and any related index	The Ordinary Shares receive distributable profits that have been declared as dividend	3.9% per annum	USD 3-month LIBOR plus 2.5% per annum
19	Existence of a dividend stopper	NA	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Cumulative or non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	NA	The Preference shares 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 it is of the opinion that a 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.	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 it is of the opinion that a 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 or partially	Fully
26	If convertible, conversion rate	NA	Conversion price is the net tangible assets per ordinary share at the latest month end prior to conversion, floored at HK\$1 per ordinary share	Conversion price is the net tangible assets per ordinary share at the latest month end prior to conversion, floored at HK\$1 per ordinary share
27	If convertible, mandatory or optional conversion	NA	Mandatory	Mandatory

## 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	Additional Tier 1 Capital Preference Shares	Tier 2 Capital Subordinated Loan
28	If convertible, specify instrument type convertible into	NA	Common Equity Tier 1	Common Equity Tier 1
29	If convertible, specify issuer of instrument it converts into	NA	DBS Bank (Hong Kong) Limited	DBS Bank (Hong Kong) Limited
30	Write-down feature	No	No	No
31	If write-down, write-down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Immediately subordinated to Additional Tier 1 capital instruments	Immediately subordinated to Tier 2 capital instruments	Immediately subordinated to senior creditors
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA
		Terms and conditions – Ordinary Shares	Terms and conditions – Preference Shares	Terms and conditions – Subordinated Loan

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

### B. Leverage Ratio

#### Leverage Ratio Common Disclosure Template

	Item	Leverage ratio framework As at 31 December 2016 HK\$'M
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	346,272
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	(1,837)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	344,435
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	964
5	Add-on amounts for PFE associated with all derivatives transactions	1,074
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)	2,038
<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	169,237
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(146,941)
19	Off-balance sheet items (sum of lines 17 and 18)	22,296
<b>Capital and total exposures</b>		
20	Tier 1 capital	33,094
21	Total exposures (sum of lines 3, 11, 16 and 19)	368,769
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>9.0%</b>

The Bank's Leverage Ratio as at 31 December 2016 was 9.0% (2015: 9.5%). The Leverage Ratio decreased by 0.5% due to an increase in total exposures contributed mainly by an increase in due from banks.

**DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES****REGULATORY DISCLOSURES****B. Leverage Ratio (continued)****Summary Comparison Table**

	<b>Item</b>	<b>Leverage ratio framework As at 31 December 2016 HK\$'M</b>
1	Total consolidated assets as per published financial statements	348,964
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	376
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)	22,296
7	Other adjustments	(2,912)
8	<b>Leverage ratio exposure</b>	<b>368,769</b>

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

### REGULATORY DISCLOSURES

#### 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 31 December 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 31 December 2016 HK\$'M	CCyB ratio As at 31 December 2016 %	CCyB amount As at 31 December 2016 HK\$'M
1	Hong Kong	0.625%	134,124		
2	Mainland China	0%	5,344		
3	Australia	0%	10		
4	Bangladesh	0%	13		
5	Brazil	0%	6		
6	Cambodia	0%	1		
7	Chinese Taipei	0%	329		
8	Czech Republic	0%	44		
9	Germany	0%	5		
10	Hungary	0%	2		
11	India	0%	25		
12	Macau	0%	3,508		
13	Malaysia	0%	22		
14	Philippines	0%	80		
15	Russia	0%	18		
16	Singapore	0%	542		
17	Spain	0%	53		
18	United Kingdom	0%	5		
19	United States	0%	233		
	<b>Total</b>		<b>144,364</b>	<b>0.6%</b>	<b>838</b>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## REGULATORY DISCLOSURES

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

Table 1: Average LCR for the quarter ended 31 December 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 Dec 2016: (74)		Currency: (HK\$'M)	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
<b>Basis of disclosure: unconsolidated</b>			
<b>A. HIGH QUALITY LIQUID ASSETS</b>			
1	Total high quality liquid assets (HQLA)		24,952
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	144,460	11,278
3	<i>Stable retail deposits and stable small business funding</i>	11,030	552
4	<i>Less stable retail deposits and less stable small business funding</i>	81,100	8,110
5	<i>Retail term deposits and small business term funding</i>	52,330	2,616
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	109,266	57,749
7	<i>Operational deposits</i>	14,109	3,076
8	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	94,750	54,266
9	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	407	407
10	Secured funding transactions (including securities swap transactions)		–
11	Additional requirements, of which:	16,914	5,455
12	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	4,182	4,182
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>	12,732	1,273
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	2,842	2,842
16	Other contingent funding obligations (whether contractual or non-contractual)	158,279	459
17	<b>TOTAL CASH OUTFLOWS</b>		77,783
<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	103,455	66,888
20	Other cash inflows	2,409	2,280
21	<b>TOTAL CASH INFLOWS</b>	105,864	69,168
<b>D. LIQUIDITY COVERAGE RATIO</b>			<b>ADJUSTED VALUE</b>
22	<b>TOTAL HQLA</b>		24,952
23	<b>TOTAL NET CASH OUTFLOWS</b>		19,446
24	<b>LCR (%)</b>		128.5%

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

**REGULATORY DISCLOSURES**

**D. Liquidity Coverage Ratio (continued)**

**Table 2: Average LCR for the quarter ended 30 September 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 Sep 2016: (77)		Currency: (HK\$'M)	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
<b>Basis of disclosure: unconsolidated</b>			
<b>A. HIGH QUALITY LIQUID ASSETS</b>			
1	Total high quality liquid assets (HQLA)		25,358
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	138,153	10,815
3	<i>Stable retail deposits and stable small business funding</i>	10,971	548
4	<i>Less stable retail deposits and less stable small business funding</i>	78,148	7,815
5	<i>Retail term deposits and small business term funding</i>	49,034	2,452
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	96,978	50,168
7	<i>Operational deposits</i>	13,931	3,041
8	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	82,923	47,003
9	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	124	124
10	Secured funding transactions (including securities swap transactions)		–
11	Additional requirements, of which:	16,312	5,612
12	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	4,423	4,423
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>	11,889	1,189
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,659	1,659
16	Other contingent funding obligations (whether contractual or non-contractual)	146,119	440
17	<b>TOTAL CASH OUTFLOWS</b>		68,694
<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	83,756	47,762
20	Other cash inflows	2,617	2,444
21	<b>TOTAL CASH INFLOWS</b>	86,373	50,206
<b>D. LIQUIDITY COVERAGE RATIO</b>			<b>ADJUSTED VALUE</b>
22	<b>TOTAL HQLA</b>		25,358
23	<b>TOTAL NET CASH OUTFLOWS</b>		19,317
24	<b>LCR (%)</b>		132.1%



**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 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)	
		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)		23,063
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	134,232	10,594
3	<i>Stable retail deposits and stable small business funding</i>	10,721	536
4	<i>Less stable retail deposits and less stable small business funding</i>	77,648	7,765
5	<i>Retail term deposits and small business term funding</i>	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	<i>Operational deposits</i>	13,030	2,824
8	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	84,147	46,829
9	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	236	236
10	Secured funding transactions (including securities swap transactions)		1
11	Additional requirements, of which:	15,911	5,669
12	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	4,531	4,531
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>	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	<b>TOTAL CASH OUTFLOWS</b>		68,788
<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	84,329	50,144
20	Other cash inflows	4,640	4,471
21	<b>TOTAL CASH INFLOWS</b>	88,969	54,615
<b>D. LIQUIDITY COVERAGE RATIO</b>			<b>ADJUSTED VALUE</b>
22	<b>TOTAL HQLA</b>		23,063
23	<b>TOTAL NET CASH OUTFLOWS</b>		17,646
24	<b>LCR (%)</b>		131.1%

**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 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)	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
<b>Basis of disclosure: unconsolidated</b>			
<b>A. HIGH QUALITY LIQUID ASSETS</b>			
1	Total high quality liquid assets (HQLA)		24,061
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	130,969	10,354
3	<i>Stable retail deposits and stable small business funding</i>	10,550	528
4	<i>Less stable retail deposits and less stable small business funding</i>	76,108	7,610
5	<i>Retail term deposits and small business term funding</i>	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	<i>Operational deposits</i>	13,865	3,028
8	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	86,224	46,960
9	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	90	90
10	Secured funding transactions (including securities swap transactions)		–
11	Additional requirements, of which:	16,943	6,845
12	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	5,723	5,723
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>	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	<b>TOTAL CASH OUTFLOWS</b>		69,176
<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	89,778	54,486
20	Other cash inflows	3,209	3,077
21	<b>TOTAL CASH INFLOWS</b>	92,987	57,563
<b>D. LIQUIDITY COVERAGE RATIO</b>			<b>ADJUSTED VALUE</b>
22	<b>TOTAL HQLA</b>		24,061
23	<b>TOTAL NET CASH OUTFLOWS</b>		17,612
24	<b>LCR (%)</b>		136.9%

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

**REGULATORY DISCLOSURES**

**D. Liquidity Coverage Ratio (continued)**

**Table 5: Average LCR for the quarter ended 31 December 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 Dec 2015: (75)		Currency: (HK\$'M)	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
<b>Basis of disclosure: unconsolidated</b>			
<b>A. HIGH QUALITY LIQUID ASSETS</b>			
1	Total high quality liquid assets (HQLA)		23,170
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	130,768	10,474
3	<i>Stable retail deposits and stable small business funding</i>	10,566	528
4	<i>Less stable retail deposits and less stable small business funding</i>	78,717	7,872
5	<i>Retail term deposits and small business term funding</i>	41,485	2,074
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	101,824	50,717
7	<i>Operational deposits</i>	12,810	2,764
8	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	88,834	47,773
9	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	180	180
10	Secured funding transactions (including securities swap transactions)		–
11	Additional requirements, of which:	16,598	6,318
12	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	5,176	5,176
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>	11,422	1,142
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,544	1,544
16	Other contingent funding obligations (whether contractual or non-contractual)	151,340	423
17	<b>TOTAL CASH OUTFLOWS</b>		69,476
<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	90,758	53,788
20	Other cash inflows	3,266	3,132
21	<b>TOTAL CASH INFLOWS</b>	94,024	56,920
<b>D. LIQUIDITY COVERAGE RATIO</b>			<b>ADJUSTED VALUE</b>
22	<b>TOTAL HQLA</b>		23,170
23	<b>TOTAL NET CASH OUTFLOWS</b>		17,773
24	<b>LCR (%)</b>		130.8%

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

**REGULATORY DISCLOSURES**

**D. Liquidity Coverage Ratio (continued)**

**Table 6: Average LCR for the quarter ended 30 September 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 Sep 2015: (76)		Currency: (HK\$'M)	
		UNWEIGHTED AMOUNT (Average Value)	WEIGHTED AMOUNT (Average Value)
<b>Basis of disclosure: unconsolidated</b>			
<b>A. HIGH QUALITY LIQUID ASSETS</b>			
1	Total high quality liquid assets (HQLA)		24,688
<b>B. CASH OUTFLOWS</b>			
2	Retail deposits and small business funding, of which:	132,606	10,425
3	<i>Stable retail deposits and stable small business funding</i>	10,105	505
4	<i>Less stable retail deposits and less stable small business funding</i>	75,890	7,589
5	<i>Retail term deposits and small business term funding</i>	46,611	2,331
6	Unsecured wholesale funding (other than small business funding) and debt securities and prescribed instruments issued by the institution, of which:	103,533	51,573
7	<i>Operational deposits</i>	13,126	2,821
8	<i>Unsecured wholesale funding (other than small business funding) not covered in Row 7</i>	90,248	48,593
9	<i>Debt securities and prescribed instruments issued by the institution and redeemable within the LCR period</i>	159	159
10	Secured funding transactions (including securities swap transactions)		8
11	Additional requirements, of which:	17,446	6,947
12	<i>Cash outflows arising from derivative contracts and other transactions, and additional liquidity needs arising from related collateral requirements</i>	5,780	5,780
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>	11,666	1,167
15	Contractual lending obligations (not otherwise covered in Section B) and other contractual cash outflows	1,307	1,307
16	Other contingent funding obligations (whether contractual or non-contractual)	146,593	414
17	<b>TOTAL CASH OUTFLOWS</b>		70,674
<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	95,890	57,866
20	Other cash inflows	3,718	3,511
21	<b>TOTAL CASH INFLOWS</b>	99,608	61,377
<b>D. LIQUIDITY COVERAGE RATIO</b>			<b>ADJUSTED VALUE</b>
22	<b>TOTAL HQLA</b>		24,688
23	<b>TOTAL NET CASH OUTFLOWS</b>		18,831
24	<b>LCR (%)</b>		132.4%

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

**REGULATORY DISCLOSURES**

**D. Liquidity Coverage Ratio (continued)**

**Table 7: 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)
<b>Basis of disclosure: unconsolidated</b>			
<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**

**D. Liquidity Coverage Ratio (continued)**

**Table 8: 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)
<b>Basis of disclosure: unconsolidated</b>			
<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**

#### **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 second half of 2016. Surplus funds from loans and deposits are deployed to money market lending and HQLA. The impact to LCR from increased outflow due to deposit growth is offset by increased inflow from money market lending and increased HQLA.

##### ***(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 2016.

##### ***(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 value 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 centrally manages its liquidity position and provides funding support to its overseas branch for the lending growth. In managing the pool of liquid assets, the Bank is able to monetize liquid assets to meet liquidity shortfalls under times of stress.

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

### **REGULATORY DISCLOSURES**

#### **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 2016.