



DBS BANK LTD., HONG KONG BRANCH

(Incorporated in Singapore with limited liability)

**INTERIM FINANCIAL DISCLOSURE STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2020**

DBS BANK LTD., HONG KONG BRANCH

TABLE OF CONTENTS

	Page
Income statement (unaudited)	1
Statement of financial position (unaudited)	2
Supplementary financial information (unaudited)	3
Group consolidated financial information	18

DBS BANK LTD., HONG KONG BRANCH

INCOME STATEMENT (unaudited)

		For the six months ended	
	Note	30 June 2020 <i>HK\$ million</i>	30 June 2019 <i>HK\$ million</i>
Interest income		4,089	4,681
Interest expense		(3,005)	(3,384)
Net interest income		1,084	1,297
Fee and commission income		318	253
Other income	1	313	506
Total income		1,715	2,056
Total expenses	2	(358)	(367)
Profit before allowances for credit losses		1,357	1,689
Allowances for credit and other losses		(141)	68
Profit before income tax		1,216	1,757
Income tax expense		(184)	(270)
Profit after income tax		1,032	1,487

DBS BANK LTD., HONG KONG BRANCH

STATEMENT OF FINANCIAL POSITION (unaudited)

	Note	As at 30 June 2020 <i>HK\$ million</i>	As at 31 December 2019 <i>HK\$ million</i>
Assets			
Cash and balance with central bank	3	812	1,011
Government securities and treasury bills	4	10,256	11,288
Due from banks	5	41,810	43,901
Derivatives	12	22,732	14,320
Bank and corporate securities	6	41,019	47,910
Loans and advances to customers	7	251,680	237,819
Other assets	8	2,419	1,867
Total assets		<u>370,728</u>	<u>358,116</u>
Liabilities			
Due to banks	9	277,528	263,345
Deposits and balances from customers	10	43,334	50,776
Derivatives	12	23,243	14,315
Other liabilities		25,543	26,962
Issued debt securities	11	1,080	2,718
Total liabilities		<u>370,728</u>	<u>358,116</u>

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

1. Other income

	For the six months ended	
	30 June 2020	30 June 2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net trading income / (loss)		
– Foreign exchange	(1,438)	(534)
– Interest rates, debt securities, equities and others	<u>1,598</u>	<u>997</u>
	<u>160</u>	<u>463</u>
Net income from investment securities	<u>153</u>	<u>43</u>
	<u><u>313</u></u>	<u><u>506</u></u>

2. Total expenses

	For the six months ended	
	30 June 2020	30 June 2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
Employee benefits	146	133
Premises expenses	8	8
Brokerage	26	26
Other expenses	<u>178</u>	<u>200</u>
	<u>358</u>	<u>367</u>

3. Cash and balance with central bank

	As at	As at
	30 June 2020	31 December 2019
	<i>HK\$ million</i>	<i>HK\$ million</i>
Cash in hand	1	1
Balance with central bank	<u>811</u>	<u>1,010</u>
	<u><u>812</u></u>	<u><u>1,011</u></u>

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

4. Government securities and treasury bills

As at 30 June 2020	Mandatorily at fair value through profit or loss <i>HK\$ million</i>	Fair value through other comprehensive income <i>HK\$ million</i>	Amortised cost <i>HK\$ million</i>	Total <i>HK\$ million</i>
Treasury bills	–	4,933	–	4,933
Other debt securities	108	952	4,263	5,323
	<u>108</u>	<u>5,885</u>	<u>4,263</u>	<u>10,256</u>
As at 31 December 2019				
Treasury bills	–	4,632	–	4,632
Other debt securities	–	2,397	4,259	6,656
	<u>–</u>	<u>7,029</u>	<u>4,259</u>	<u>11,288</u>

5. Due from banks

	As at 30 June 2020 <i>HK\$ million</i>	As at 31 December 2019 <i>HK\$ million</i>
(a) Balances with banks	<u>2,288</u>	<u>1,596</u>
(b) Placements with banks		
Remaining maturity		
– Within one month	5,479	2,682
– One year or less but over one month	2,441	1,230
	<u>7,920</u>	<u>3,912</u>
(c) Amount due from overseas offices	31,602	38,394
(d) Loans and advances to banks	<u>–</u>	<u>–</u>
Gross amount due from banks	41,810	43,902
Allowances for credit and other losses	<u>–</u>	<u>(1)</u>
Net amount due from banks	<u>41,810</u>	<u>43,901</u>

As at 30 June 2020, there were no impaired, overdue or rescheduled placements with and advances to banks (31 December 2019: Nil).

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

6. Bank and corporate securities

As at 30 June 2020	Mandatorily at fair value through profit or loss <i>HK\$ million</i>	Fair value through other comprehensive income <i>HK\$ million</i>	Amortised cost <i>HK\$ million</i>	Total <i>HK\$ million</i>
Certificates of deposit held	3,673	4,631	–	8,304
Debt securities	82	18,742	13,895	32,719
	<u>3,755</u>	<u>23,373</u>	<u>13,895</u>	<u>41,023</u>
Allowance for credit and other losses	–	–	(4)	(4)
	<u>3,755</u>	<u>23,373</u>	<u>13,891</u>	<u>41,019</u>
As at 31 December 2019				
Certificates of deposit held	9,036	3,797	–	12,833
Debt securities	–	5,494	29,589	35,083
	<u>9,036</u>	<u>9,291</u>	<u>29,589</u>	<u>47,916</u>
Allowance for credit and other losses	–	–	(6)	(6)
	<u>9,036</u>	<u>9,291</u>	<u>29,583</u>	<u>47,910</u>

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

7. Loans and advances to customers

	As at 30 June 2020 <i>HK\$ million</i>	As at 31 December 2019 <i>HK\$ million</i>
Loans and advances to customers	252,348	238,326
Allowances for credit and other losses	(668)	(507)
	<u>251,680</u>	<u>237,819</u>
Comprising:		
– Trade bills	8,304	16,018
– Loans	243,376	221,801
	<u>251,680</u>	<u>237,819</u>

Specific allowance for credit losses is established if there is evidence that DBS Bank Ltd., HK Branch (the “Branch”) will be unable to collect all amounts due under a claim according to the original contractual terms or the equivalent value.

Specific allowance for credit losses is recorded as a reduction in the carrying value of a claim on the balance sheet.

8. Other assets

	As at 30 June 2020 <i>HK\$ million</i>	As at 31 December 2019 <i>HK\$ million</i>
Acceptances	1,120	530
Accrued interest receivables	485	669
Deferred tax assets	96	112
Fixed assets	15	16
Others	703	540
	<u>2,419</u>	<u>1,867</u>

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

9. Due to banks

	As at 30 June 2020 <i>HK\$ million</i>	As at 31 December 2019 <i>HK\$ million</i>
Deposits and balances from banks	191,044	199,186
Amounts due to overseas offices	86,484	64,159
	<u>277,528</u>	<u>263,345</u>

10. Deposits and balances from customers

	As at 30 June 2020 <i>HK\$ million</i>	As at 31 December 2019 <i>HK\$ million</i>
Demand deposits and current accounts	12,304	11,580
Savings deposits	16,867	20,816
Time, call and notice deposits	14,163	18,380
	<u>43,334</u>	<u>50,776</u>

11. Issued debt securities

	As at 30 June 2020 <i>HK\$ million</i>	As at 31 December 2019 <i>HK\$ million</i>
Liabilities designated at fair value through profit or loss	1,080	383
Liabilities measured at amortised cost	—	2,335
	<u>1,080</u>	<u>2,718</u>

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

12. Derivatives

The contractual/notional amounts of derivatives are disclosed as follows:

	As at 30 June 2020 HK\$ million	As at 31 December 2019 HK\$ million
Foreign exchange derivatives	1,845,224	1,711,719
Interest rate derivatives	1,221,092	1,244,063
Equity derivatives	1,577	422
	<u>3,067,893</u>	<u>2,956,204</u>

The amounts are shown on a gross basis and do not take into account the effect of bilateral netting arrangements.

The contract/notional amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet date. They do not represent amounts at risk.

The following table summarises the positive and negative fair values of each class of derivatives:

	As at 30 June 2020 HK\$ million	As at 31 December 2019 HK\$ million
Positive fair values		
Foreign exchange derivatives	8,779	8,697
Interest rate derivatives	13,948	5,621
Equity derivatives	5	2
	<u>22,732</u>	<u>14,320</u>
Negative fair values		
Foreign exchange derivatives	11,382	9,595
Interest rate derivatives	11,743	4,715
Equity derivatives	118	5
	<u>23,243</u>	<u>14,315</u>

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

13. Contingent liabilities and commitments

The following is a summary of the contractual amount of each significant class of contingent liabilities and commitments:

	As at 30 June 2020 HK\$ million	As at 31 December 2019 HK\$ million
Direct credit substitutes	1,179	2,555
Transaction-related contingencies	4,590	3,345
Trade-related contingencies	6,816	6,821
Forward forward deposits placed	3,578	1,577
Other commitments with an original maturity of not more than one year or which are unconditionally cancellable	145,603	153,156
Other commitments with an original maturity of more than one year	38,263	29,009
	<u>200,029</u>	<u>196,463</u>

The above table shows the contractual amounts of the Branch's off balance sheet exposures that commit it to extend credit to customers. The above amounts represent a worse case scenario of credit risk exposure arising from these instruments, without taking into account any collateral held or other credit enhancements attached. The amounts do not represent amounts at risk at the balance sheet date.

14. Liquidity

14.1 Liquidity Ratios

The Branch complies with the minimum requirement of Liquidity Maintenance Ratio ("LMR") and Core Funding Ratio ("CFR") in accordance with the Banking (Liquidity) Rules issued by the Hong Kong Monetary Authority ("HKMA").

	For the quarter ended	
	30 June 2020	30 June 2019
Average LMR	<u>42.3%</u>	<u>41.9%</u>
	For the quarter ended	
	30 June 2020	30 June 2019
Average CFR	<u>156.2%</u>	<u>135.7%</u>

The average LMR and CFR are calculated as the simple average of each month's corresponding average ratio for the quarter.

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

14. Liquidity (Continued)

14.2 Approach to Liquidity Risk Management

The Branch's approach to liquidity risk management is based on the building blocks of governance by risk committees' oversight, policies that define overarching principles and specific risk methodologies, and standards that establish the detailed requirements.

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

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

The Branch seeks to manage its liquidity in a manner that ensures that its liquidity obligations would continue to be honoured under normal as well as adverse circumstances. Oversight relating to the management of liquidity risk is provided by the Hong Kong Risk Executive Committee ("Risk Exco") and the Hong Kong Market and Liquidity Risk Committee ("MLRC"). The HK Risk Exco comprises the HK Chief Executive Officer, the Senior Risk Executive and representatives from relevant business and support units. The HK MLRC reports to the HK Risk Exco and comprises representatives from Risk Management Group and the relevant business and support units. The Assets and Liabilities Committee ("ALCO") regularly reviews the composition and growth trajectories of the balance sheet and refine our funding strategy according to business momentum, competitive factors and prevailing market conditions.

The Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manual LM-2, Sound Systems and Controls for Liquidity Risk Management.

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

15. Foreign exchange exposures

The table summarises the Branch's non-structural foreign currency positions which are prepared in accordance with the HKMA return of "Foreign Currency Position". The net options position is calculated on the basis of the delta-weighted position of foreign exchange option contracts.

	USD	CNY	EUR	JPY	AUD	GBP	TWD	Others	Total
In HK\$ million									
As at 30 June 2020									
Spot assets	174,407	16,640	5,625	4,750	4,282	7,249	3,152	1,140	217,245
Spot liabilities	(216,952)	(11,739)	(375)	(767)	(1,704)	(729)	(862)	(942)	(234,070)
Forward purchases	992,729	437,106	6,940	3,657	4,029	946	67,938	4,293	1,517,638
Forward sales	(944,379)	(441,932)	(12,072)	(7,641)	(6,703)	(7,455)	(70,732)	(4,493)	(1,495,407)
Net options position	201	(201)	-	-	-	-	-	-	-
Net long/(short) non-structural position	<u>6,006</u>	<u>(126)</u>	<u>118</u>	<u>(1)</u>	<u>(96)</u>	<u>11</u>	<u>(504)</u>	<u>(2)</u>	<u>5,406</u>
As at 31 December 2019									
Spot assets	156,670	18,617	5,006	4,267	4,913	7,283	499	1,153	198,408
Spot liabilities	(193,736)	(9,345)	(952)	(353)	(1,516)	(4,150)	(506)	(941)	(211,499)
Forward purchases	942,446	387,945	5,456	839	1,875	1,024	35,729	3,723	1,379,037
Forward sales	(901,185)	(397,046)	(9,515)	(4,855)	(5,267)	(4,150)	(35,847)	(3,917)	(1,361,782)
Net options position	-	-	-	-	-	-	-	-	-
Net long/(short) non-structural position	<u>4,195</u>	<u>171</u>	<u>(5)</u>	<u>(102)</u>	<u>5</u>	<u>7</u>	<u>(125)</u>	<u>18</u>	<u>4,164</u>

There is no structural position in any currency as at 30 June 2020 and 31 December 2019.

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

16. Loans and advances to customers by loan usage

The Branch employs a range of policies and practices to mitigate credit risk, one of which is the taking of collateral. The collateral includes cash, marketable securities, properties, trade receivables, inventory, equipment and other physical and financial collateral. Balances of advances analysed by loan usage and the corresponding balances covered by collateral are as follows:

	As at 30 June 2020		As at 31 December 2019	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
In HK\$ million				
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	40,432	10,060	40,965	9,081
– Property investment	37,483	19,730	33,635	16,862
– Financial concerns	2,063	–	2,294	–
– Stockbrokers	581	–	522	–
– Wholesale and retail trade	14,796	–	10,390	895
– Manufacturing	4,006	62	5,748	53
– Transport and transport equipment	8,604	–	6,096	–
– Recreational activities	657	–	669	–
– Information technology	12,209	–	6,639	–
– Others	14,647	1,256	13,512	1,269
Individuals				
– Loans for the purchase of other residential properties	190	190	160	160
– Others	–	–	–	–
Trade finance (including trade bills)	21,123	–	20,720	–
Loans for use outside Hong Kong	95,557	3,836	96,976	5,623
	252,348	35,134	238,326	33,943

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

17. Loans and advances to customers by geographical area

	As at 30 June 2020 <i>HK\$ million</i>	As at 31 December 2019 <i>HK\$ million</i>
Hong Kong	224,353	200,460
Mainland China	21,779	28,386
Others	6,216	9,480
	<u>252,348</u>	<u>238,326</u>

The above analysis by geographical area is based on the location of the counterparty after taking into account the transfer of risk. In general, transfer of risk applies when an advance is guaranteed by a party in a location which is different from that of the counterparty.

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

18. International claims

Analysis of international claims by location and by type of counterparty is as follows:

	Banks	Non-bank private sector			Total
		Official sector	Non-bank financial institutions	Non-financial private sector	
In HK\$ million					
As at 30 June 2020					
Developed countries	12,300	9,876	–	5,644	27,820
Offshore centres, of which:	39,250	–	4,365	99,595	143,210
– Singapore	34,159	–	–	1,329	35,488
– Hong Kong	5,091	–	3,287	98,266	106,644
– Others	–	–	1,078	–	1,078
Developing Latin America and Caribbean	–	–	–	–	–
Developing Africa and Middle East	–	–	–	–	–
Developing Asia Pacific, of which	19,876	262	816	19,980	40,934
– China	19,353	262	816	17,298	37,729
– Others	523	–	–	2,682	3,205
International organisations	–	5,069	–	–	5,069
Total	71,426	15,207	5,181	125,219	217,033
As at 31 December 2019					
Developed countries	14,278	11,416	–	5,047	30,741
Offshore centres, of which:	41,046	–	3,365	69,908	114,319
– Singapore	38,779	–	–	1,440	40,219
– Hong Kong	2,266	–	2,235	68,468	72,969
– Others	1	–	1,130	–	1,131
Developing Latin America and Caribbean	–	–	–	–	–
Developing Africa and Middle East	192	–	–	–	192
Developing Asia Pacific, of which	32,304	155	1,025	16,311	49,795
– China	32,152	155	1,025	15,766	49,098
– Others	152	–	–	545	697
International organisations	–	5,608	–	–	5,608
Total	87,820	17,179	4,390	91,266	200,655

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

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

19. Non-performing loans and advances

There is no non-performing loans and advances as at 30 June 2020 (At 31 December 2019: Nil).

Non-performing loans and advances are advances with objective evidence of impairment and are assessed using discounted cash flow method. Specific allowances of such advances are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The specific allowances were made after taking into account the value of collateral in respect of the above advances.

20. Overdue and rescheduled loans and advances

There is no overdue, rescheduled loan and advance and no repossessed asset as at 30 June 2020 and 31 December 2019.

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

21. Mainland activities

Type of counterparties	On-balance sheet exposures <i>HK\$ million</i>	Off-balance sheet exposures <i>HK\$ million</i>	Total <i>HK\$ million</i>
As at 30 June 2020			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (“JVs”)	69,226	13,561	82,787
(b) Local governments, local government-owned entities and their subsidiaries and JVs	24,337	740	25,077
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	22,046	2,691	24,737
(d) Other entities of central government not reported in part (a) above	12,195	2,286	14,481
(e) Other entities of local governments not reported in part (b) above	7,586	100	7,686
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	12,766	2,290	15,056
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	13,126	1,298	14,424
	<u>161,282</u>	<u>22,966</u>	<u>184,248</u>
Total assets after provisions	<u>370,656</u>		
On-balance sheet exposures as percentage of total assets	<u>43.51%</u>		

DBS BANK LTD., HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

21. Mainland activities (Continued)

Type of counterparties	On-balance sheet exposures <i>HK\$ million</i>	Off-balance sheet exposures <i>HK\$ million</i>	Total <i>HK\$ million</i>
As at 31 December 2019			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	51,971	12,208	64,179
(b) Local governments, local government-owned entities and their subsidiaries and JVs	23,035	750	23,785
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	19,893	2,116	22,009
(d) Other entities of central government not reported in part (a) above	14,230	3,100	17,330
(e) Other entities of local governments not reported in part (b) above	7,227	900	8,127
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	13,171	1,882	15,053
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	13,263	3,024	16,287
	<u>142,790</u>	<u>23,980</u>	<u>166,770</u>
Total assets after provisions	<u>358,170</u>		
On-balance sheet exposures as percentage of total assets	<u>39.87%</u>		

Hong Kong, 21 August 2020

DBS GROUP HOLDINGS LTD

GROUP CONSOLIDATED FINANCIAL INFORMATION

1. Capital Position and Capital Adequacy Ratios

The Group's capital adequacy ratios are as follows:

	As at 30 June 2020	As at 31 December 2019
Capital Adequacy Ratios		
Common Equity Tier 1	13.7%	14.1%
Tier 1	14.9%	15.0%
Total	16.6%	16.7%

The capital adequacy ratios are computed in accordance with the requirements set out in the Monetary Authority of Singapore's Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore".

The Group shareholders' funds, including capital and reserves, as at 30 June 2020 were S\$53,438 million (31 December 2019: S\$50,981 million).

2. Other financial information

	For the six months ended	
	30 June 2020	30 June 2019
	S\$ million	S\$ million
Pre-tax profit	2,778	3,889
	As at 30 June 2020	As at 31 December 2019
	S\$ million	S\$ million
Total assets	648,204	578,946
Total liabilities	593,945	527,147
Total loans and advances	374,784	357,884
Total customer deposits	447,423	404,289