



# **DBS BANK LTD., HONG KONG BRANCH**

(Incorporated in Singapore with limited liability)

**FINANCIAL DISCLOSURE STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2014**

# DBS BANK LTD., HONG KONG BRANCH

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# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED INCOME STATEMENT

		For the year ended	
	Note	31 December 2014	31 December 2013
		HK\$'M	HK\$'M
Interest income		3,449	2,928
Interest expense		(1,367)	(1,131)
Net interest income		2,082	1,797
Fee and commission income		637	399
Other income	1	616	866
Total income		3,335	3,062
Total expenses	2	(581)	(440)
Profit before allowances for credit losses		2,754	2,622
Allowances for credit losses		(121)	(338)
Profit before income tax		2,633	2,284
Income tax expense		(474)	(367)
Profit after income tax		2,159	1,917

# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED BALANCE SHEET

	Note	As at 31 December 2014 HK\$'M	As at 30 June 2014 HK\$'M
<b>Assets</b>			
Cash and balances with central bank	3	6,594	2
Due from banks	4	38,728	53,124
Government securities and treasury bills	5	10,149	5,830
Derivatives	12	19,304	18,333
Bank and corporate securities	6	3,969	2,546
Loans and advances to customers	7	135,779	114,385
Other assets	8	2,183	8,275
Total assets		<u>216,706</u>	<u>202,495</u>
<b>Liabilities</b>			
Due to banks	9	103,338	96,866
Derivatives	12	19,947	19,032
Deposits and balances from customers	10	73,141	64,548
Other liabilities		13,307	18,489
Issued debt securities	11	6,973	3,560
Total liabilities		<u>216,706</u>	<u>202,495</u>

# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

### 1. Other income

	For the year ended	
	31 December 2014	31 December 2013
	HK\$'M	HK\$'M
Net trading income		
– Foreign exchange	167	762
– Interest rates, debt securities, equities and others	445	100
	<u>612</u>	<u>862</u>
Others	4	4
	<u>616</u>	<u>866</u>

### 2. Total expenses

	For the year ended	
	31 December 2014	31 December 2013
	HK\$'M	HK\$'M
Employee benefits	254	210
Rental of premises	18	17
Brokerage	47	45
Other expenses	262	168
	<u>581</u>	<u>440</u>

### 3. Cash and balances with central bank

	As at	As at
	31 December 2014	30 June 2014
	HK\$'M	HK\$'M
Cash in hand	1	2
Balances with central bank	6,593	–
	<u>6,594</u>	<u>2</u>

# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 4. Due from banks

	As at 31 December 2014 <i>HK\$'M</i>	As at 30 June 2014 <i>HK\$'M</i>
(a) Balances with banks	<u>6,297</u>	<u>3,333</u>
Of which, amounts due from overseas offices	24	120
(b) Placements with and advances to banks		
Remaining maturity		
– Within one month	30,327	47,027
– One year or less but over one month	1,893	2,559
– Over one year	<u>211</u>	<u>205</u>
	<u>32,431</u>	<u>49,791</u>
Of which, amounts due from overseas office	28,868	42,041
Total due from banks	<u><u>38,728</u></u>	<u><u>53,124</u></u>

### 5. Government securities and treasury bills

	Held for Trading <i>HK\$'M</i>	Available- for-Sale <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>As at 31 December 2014</b>			
Treasury bills	–	3,404	3,404
Other debt securities	<u>151</u>	<u>6,594</u>	<u>6,745</u>
	<u><u>151</u></u>	<u><u>9,998</u></u>	<u><u>10,149</u></u>
<b>As at 30 June 2014</b>			
Treasury bills	–	3,404	3,404
Other debt securities	<u>–</u>	<u>2,426</u>	<u>2,426</u>
	<u><u>–</u></u>	<u><u>5,830</u></u>	<u><u>5,830</u></u>

# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 6. Bank and corporate securities

	Held for Trading <i>HK\$'M</i>	Available- for-Sale <i>HK\$'M</i>	Loans and receivables <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>As at 31 December 2014</b>				
Debt securities	927	2,007	621	3,555
Equity securities	411	3	–	414
	<u>1,338</u>	<u>2,010</u>	<u>621</u>	<u>3,969</u>
<b>As at 30 June 2014</b>				
Debt securities	1,137	303	767	2,207
Equity securities	336	3	–	339
	<u>1,473</u>	<u>306</u>	<u>767</u>	<u>2,546</u>

### 7. Loans and advances to customers

	As at 31 December 2014 <i>HK\$'M</i>	As at 30 June 2014 <i>HK\$'M</i>
Loans and advances to customers	137,008	115,540
Less		
– General allowances	<u>(1,229)</u>	<u>(1,155)</u>
	<u>135,779</u>	<u>114,385</u>
Comprising:		
– Trade bills	30,839	24,322
– Loans	<u>104,940</u>	<u>90,063</u>
	<u>135,779</u>	<u>114,385</u>

## DBS BANK LTD., HONG KONG BRANCH

### UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

#### 7. Loans and advances to customers (continued)

In determining general allowances, the Branch follows the Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the home country regulator.

A specific allowance for credit losses is established if there is evidence that the Bank will be unable to collect all amounts due under a claim according to the original contractual terms or the equivalent value.

A 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 31 December 2014 HK\$'M	As at 30 June 2014 HK\$'M
Accrued interest receivables	552	459
Other accounts	1,378	7,588
Deferred tax assets	251	226
Fixed assets	2	2
	<u>2,183</u>	<u>8,275</u>

Included in other accounts is the impaired and overdue accounts receivable of HK\$20 million (30 June 2014: HK\$20 million) arising from transactions with financial institutions. The accounts receivable has been overdue since September 2008. No specific allowances were made by the Branch since specific allowances have been provided by the Head Office.

#### 9. Due to banks

	As at 31 December 2014 HK\$'M	As at 30 June 2014 HK\$'M
Balances from central banks	12,324	8,167
Deposits and balances from banks	64,433	56,047
Amounts due to overseas offices	26,581	32,652
	<u>103,338</u>	<u>96,866</u>



# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 10. Deposits and balances from customers

	As at 31 December 2014 <i>HK\$'M</i>	As at 30 June 2014 <i>HK\$'M</i>
Demand deposits and current accounts	5,408	3,168
Savings deposits	10,376	7,919
Time, call and notice deposits	57,357	53,461
	<u>73,141</u>	<u>64,548</u>

### 11. Issued debt securities

	As at 31 December 2014 <i>HK\$'M</i>	As at 30 June 2014 <i>HK\$'M</i>
Trading liabilities	1,589	3,056
Others	5,384	504
	<u>6,973</u>	<u>3,560</u>

### 12. Derivatives

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

	As at 31 December 2014 <i>HK\$'M</i>	As at 30 June 2014 <i>HK\$'M</i>
Foreign exchange derivatives	2,850,847	2,870,780
Interest rate derivatives	682,970	688,222
Equity derivatives	605	310
Commodity derivatives	1,248	864
	<u>3,535,670</u>	<u>3,560,176</u>

# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 12. Derivatives (continued)

The above table includes derivatives and embedded derivatives. 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:

	<b>As at 31 December 2014 HK\$'M</b>	<b>As at 30 June 2014 HK\$'M</b>
<b>Positive fair values</b>		
Foreign exchange derivatives	<b>14,789</b>	13,994
Interest rate derivatives	<b>4,047</b>	4,237
Equity derivatives	<b>1</b>	1
Commodity derivatives	<b>467</b>	101
	<b>19,304</b>	18,333
<b>Negative fair values</b>		
Foreign exchange derivatives	<b>15,444</b>	14,549
Interest rate derivatives	<b>3,918</b>	4,272
Equity derivatives	<b>118</b>	110
Commodity derivatives	<b>467</b>	101
	<b>19,947</b>	19,032

## DBS BANK LTD., HONG KONG BRANCH

### UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

#### 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 31 December 2014 <i>HK\$'M</i>	As at 30 June 2014 <i>HK\$'M</i>
Direct credit substitutes	1,571	1,393
Transaction-related contingencies	14,063	12,824
Trade-related contingencies	3,724	2,382
Forward forward deposits placed	6	26
Other commitments with an original maturity of not more than one year or which are unconditionally cancellable	80,974	67,739
Other commitments with an original maturity of more than one year	<u>17,244</u>	<u>13,977</u>
	<u><u>117,582</u></u>	<u><u>98,341</u></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 ratio

	For the year ended	
	31 December 2014	31 December 2013
Average liquidity ratio	<u>35.8%</u>	<u>36.0%</u>

The average liquidity ratio is the simple average of each calendar month's average liquidity ratio for the relevant period calculated for the Branch in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 15. Currency concentrations

	USD HK\$'M	CNY HK\$'M	TWD HK\$'M	SGD HK\$'M	Others HK\$'M	Total HK\$'M
<b>As at 31 December 2014</b>						
<b>Hong Kong dollar equivalents</b>						
Spot assets	100,756	43,836	142	1,364	6,629	152,727
Spot liabilities	(124,913)	(13,188)	(138)	(894)	(6,343)	(145,476)
Forward purchases	1,427,062	1,221,129	16,125	11,482	9,690	2,685,488
Forward sales	(1,338,686)	(1,312,721)	(16,889)	(11,809)	(9,928)	(2,690,033)
Net options position	(64,502)	63,151	–	–	–	(1,351)
Net (short)/long position	<u>(283)</u>	<u>2,207</u>	<u>(760)</u>	<u>143</u>	<u>48</u>	<u>1,355</u>
<b>As at 30 June 2014</b>						
<b>Hong Kong dollar equivalents</b>						
Spot assets	106,112	34,279	132	1,274	4,824	146,621
Spot liabilities	(104,906)	(15,213)	(136)	(2,550)	(4,257)	(127,062)
Forward purchases	1,358,071	1,144,871	17,287	12,532	11,542	2,544,303
Forward sales	(1,291,987)	(1,227,502)	(18,052)	(11,296)	(12,355)	(2,561,192)
Net options position	(65,739)	64,343	–	–	(2)	(1,398)
Net (short)/long position	<u>1,551</u>	<u>778</u>	<u>(769)</u>	<u>(40)</u>	<u>(248)</u>	<u>1,272</u>

There is no structural position in any particular currency as at 31 December 2014 and 30 June 2014.

The net options position is calculated based on the delta-weighted position as set out in the prudential return “Foreign Currency Position” issued by the Hong Kong Monetary Authority.

# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 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 31 December 2014		As at 30 June 2014	
	Outstanding balance <i>HK\$'M</i>	Balance covered by collateral <i>HK\$'M</i>	Outstanding balance <i>HK\$'M</i>	Balance covered by collateral <i>HK\$'M</i>
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	13,364	2,295	11,059	1,005
– Property investment	19,250	11,361	13,919	9,785
– Financial concerns	2,001	–	2,000	–
– Stockbrokers	–	–	–	–
– Wholesale and retail trade	1,936	432	1,419	470
– Manufacturing	5,807	251	2,199	–
– Transport and transport equipment	1,933	23	964	45
– Recreational activities	413	200	430	200
– Information technology	443	–	5,150	–
– Others	5,025	463	6,719	309
Individuals				
– Loans for the purchase of other residential properties	53	53	50	50
– Others	5	5	5	5
Trade finance (including trade bills)	35,651	1,402	26,946	1,042
Loans for use outside Hong Kong	51,127	4,235	44,680	3,658
	<b>137,008</b>	<b>20,720</b>	<b>115,540</b>	<b>16,569</b>

# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 17. Loans and advances to customers by geographical area

	As at 31 December 2014 <i>HK\$'M</i>	As at 30 June 2014 <i>HK\$'M</i>
Hong Kong	88,304	74,715
Mainland China	45,220	37,283
Others	3,484	3,542
	<u>137,008</u>	<u>115,540</u>

There is no non-performing and overdue loan and advance as at 31 December 2014 and 30 June 2014.

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 country which is different from that of the counterparty.

### 18. Cross-border claims

Analysis of cross-border claims by location and by type of counterparty is as follows:

	Banks <i>HK\$'M</i>	Public sector entities <i>HK\$'M</i>	Others <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>As at 31 December 2014</b>				
Asia Pacific excluding Hong Kong	38,007	2,028	16,210	56,245
North America	5,012	4,647	74	9,733
Europe	6,411	–	631	7,042
Others	–	–	1,333	1,333
Total	<u>49,430</u>	<u>6,675</u>	<u>18,248</u>	<u>74,353</u>
<b>As at 30 June 2014</b>				
Asia Pacific excluding Hong Kong	28,784	1,416	14,554	44,754
North America	2,136	388	390	2,914
Europe	5,278	–	1,000	6,278
Others	–	–	963	963
Total	<u>36,198</u>	<u>1,804</u>	<u>16,907</u>	<u>54,909</u>

## **DBS BANK LTD., HONG KONG BRANCH**

### **UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)**

#### **18. Cross-border claims (continued)**

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 if the claim is guaranteed by a party in a country which is different from that of the counterparty.

#### **19. Non-performing loans and advances**

There is no non-performing loan and advance as at 31 December 2014 and 30 June 2014.

Non-performing loans and advances are advances with 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 to customer and no repossessed asset as at 31 December 2014 and 30 June 2014.

# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 21. Mainland activities

Type of Counterparties	On-balance sheet exposures <i>HK\$'M</i>	Off-balance sheet exposures <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>As at 31 December 2014</b>			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	41,268	17,979	59,247
(b) Local governments, local government-owned entities and their subsidiaries and JVs	16,680	2,816	19,496
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,110	2,366	7,476
(d) Other entities of central government not reported in part (a) above	1,518	20	1,538
(e) Other entities of local governments not reported in part (b) above	1,696	–	1,696
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,258	379	4,637
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	5,053	2,220	7,273
	<u>75,583</u>	<u>25,780</u>	<u>101,363</u>
<b>Total assets after provisions</b>	<u>216,491</u>		
<b>On-balance sheet exposures as percentage of total assets</b>	<u>34.91%</u>		



# DBS BANK LTD., HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 21. Mainland activities (continued)

Type of Counterparties	On-balance sheet exposures HK\$'M	Off-balance sheet exposures HK\$'M	Total HK\$'M
As at 30 June 2014			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	32,662	16,582	49,244
(b) Local governments, local government-owned entities and their subsidiaries and JVs	12,066	816	12,882
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,727	1,769	6,496
(d) Other entities of central government not reported in part (a) above	682	3	685
(e) Other entities of local governments not reported in part (b) above	736	38	774
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,000	1,158	3,158
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	6,390	613	7,003
	<u>59,263</u>	<u>20,979</u>	<u>80,242</u>
Total assets after provisions	<u>202,306</u>		
On-balance sheet exposures as percentage of total assets	<u>29.29%</u>		

Hong Kong, 09 February 2015

## DBS GROUP HOLDINGS LTD.

### GROUP CONSOLIDATED FINANCIAL INFORMATION

#### 1. Capital and capital adequacy ratio

The Group's capital adequacy ratios are as follows:

	<b>As at 31 December 2014</b>	As at 30 June 2014
Capital Adequacy Ratios		
Common Equity Tier 1	<b>13.1%</b>	13.5%
Tier 1	<b>13.1%</b>	13.5%
Total	<b>15.3%</b>	15.7%

The capital adequacy ratios are computed in accordance with the Basel III capital adequacy 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 31 December 2014 were S\$37,708 million (30 June 2014: S\$36,188 million).

#### 2. Other financial information

	<b>For the year ended</b>	
	<b>31 December 2014</b>	31 December 2013
	<b>S\$'million</b>	S\$'million
Pre-tax profit	<b>4,898</b>	4,489
	<b>As at 31 December 2014</b>	As at 30 June 2014
	<b>S\$'million</b>	S\$'million
Total assets	<b>440,666</b>	417,275
Total liabilities	<b>400,460</b>	378,537
Total loans and advances	<b>275,588</b>	257,355
Total customer deposits	<b>317,173</b>	299,399