



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

(Incorporated in Singapore with limited liability)

**FINANCIAL DISCLOSURE STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2015**

# 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 2015	31 December 2014
		HK\$'M	HK\$'M
Interest income		4,120	3,449
Interest expense		(1,331)	(1,367)
Net interest income		2,789	2,082
Fee and commission income		759	637
Other income	1	395	616
Total income		3,943	3,335
Total expenses	2	(688)	(581)
Profit before allowances for credit losses		3,255	2,754
Allowances for credit losses		51	(121)
Profit before income tax		3,306	2,633
Income tax expense		(525)	(474)
Profit after income tax		2,781	2,159

# DBS BANK LTD, HONG KONG BRANCH

## UNAUDITED BALANCE SHEET

	Note	As at 31 December 2015 HK\$'M	As at 30 June 2015 HK\$'M
<b>Assets</b>			
Cash and balance with central bank	3	1,740	43
Due from banks	4	31,006	44,310
Government securities and treasury bills	5	13,384	10,405
Derivatives	12	40,532	19,967
Bank and corporate securities	6	6,126	4,334
Loans and advances to customers	7	131,415	147,565
Other assets	8	5,120	2,617
Total assets		<u>229,323</u>	<u>229,241</u>
<b>Liabilities</b>			
Due to banks	9	99,547	114,091
Derivatives	12	39,984	20,231
Deposits and balances from customers	10	59,654	69,723
Other liabilities		22,470	16,542
Issued debt securities	11	7,668	8,654
Total liabilities		<u>229,323</u>	<u>229,241</u>

# DBS BANK LTD, HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

### 1. Other income

	For the year ended	
	31 December 2015	31 December 2014
	HK\$'M	HK\$'M
Net trading income		
– Foreign exchange	97	167
– Interest rates, debt securities, equities and others	294	445
	<u>391</u>	<u>612</u>
Others	4	4
	<u>395</u>	<u>616</u>

### 2. Total expenses

	For the year ended	
	31 December 2015	31 December 2014
	HK\$'M	HK\$'M
Employee benefits	270	254
Rental of premises	20	18
Brokerage	47	47
Other expenses	351	262
	<u>688</u>	<u>581</u>

### 3. Cash and balance with central bank

	As at	As at
	31 December 2015	30 June 2015
	HK\$'M	HK\$'M
Cash in hand	1	1
Balance with central bank	1,739	42
	<u>1,740</u>	<u>43</u>

# DBS BANK LTD, HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 4. Due from banks

	As at 31 December 2015 <i>HK\$'M</i>	As at 30 June 2015 <i>HK\$'M</i>
(a) Balances with banks	<u>935</u>	<u>2,165</u>
Of which, amounts due from overseas office	16	22
(b) Placements with and advances to banks		
Remaining maturity		
– Within one month	27,786	40,619
– One year or less but over one month	2,063	1,309
– Over one year	<u>222</u>	<u>217</u>
	<u>30,071</u>	<u>42,145</u>
Of which, amounts due from overseas office	<u>25,675</u>	<u>37,456</u>
Total due from banks	<u><u>31,006</u></u>	<u><u>44,310</u></u>

### 5. Government securities and treasury bills

	As at 31 December 2015 <i>HK\$'M</i>	As at 30 June 2015 <i>HK\$'M</i>
<b>Available-for-Sale</b>		
Treasury bills	3,400	3,400
Other debt securities	<u>9,984</u>	<u>7,005</u>
	<u><u>13,384</u></u>	<u><u>10,405</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 2015</b>				
Debt securities	1,192	4,400	366	5,958
Equity securities	165	3	–	168
	<u>1,357</u>	<u>4,403</u>	<u>366</u>	<u>6,126</u>
<b>As at 30 June 2015</b>				
Debt securities	567	3,007	387	3,961
Equity securities	370	3	–	373
	<u>937</u>	<u>3,010</u>	<u>387</u>	<u>4,334</u>

### 7. Loans and advances to customers

	As at 31 December 2015 <i>HK\$'M</i>	As at 30 June 2015 <i>HK\$'M</i>
Loans and advances to customers	132,612	148,902
Less		
– General allowances	<u>(1,197)</u>	<u>(1,337)</u>
	<u>131,415</u>	<u>147,565</u>
Comprising:		
– Trade bills	12,503	28,216
– Loans	<u>118,912</u>	<u>119,349</u>
	<u>131,415</u>	<u>147,565</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

	<b>As at 31 December 2015 HK\$'M</b>	<b>As at 30 June 2015 HK\$'M</b>
Accrued interest receivables	619	709
Other accounts	4,258	1,646
Deferred tax assets	240	260
Fixed assets	3	2
	<u>5,120</u>	<u>2,617</u>

### 9. Due to banks

	<b>As at 31 December 2015 HK\$'M</b>	<b>As at 30 June 2015 HK\$'M</b>
Balances from central banks	4,118	9,219
Deposits and balances from banks	65,555	76,167
Amounts due to overseas offices	29,874	28,705
	<u>99,547</u>	<u>114,091</u>



# DBS BANK LTD, HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 10. Deposits and balances from customers

	As at 31 December 2015 <i>HK\$'M</i>	As at 30 June 2015 <i>HK\$'M</i>
Demand deposits and current accounts	4,149	5,603
Savings deposits	17,148	16,581
Time, call and notice deposits	38,357	47,539
	<u>59,654</u>	<u>69,723</u>

### 11. Issued debt securities

	As at 31 December 2015 <i>HK\$'M</i>	As at 30 June 2015 <i>HK\$'M</i>
Trading liabilities	335	1,280
Others	7,333	7,374
	<u>7,668</u>	<u>8,654</u>

### 12. Derivatives

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

	As at 31 December 2015 <i>HK\$'M</i>	As at 30 June 2015 <i>HK\$'M</i>
Foreign exchange derivatives	2,615,175	2,807,311
Interest rate derivatives	656,531	679,042
Equity derivatives	471	1,421
Commodity derivatives	1,430	1,551
	<u>3,273,607</u>	<u>3,489,325</u>

# DBS BANK LTD, HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 12. Derivatives (continued)

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 2015 HK\$'M</b>	<b>As at 30 June 2015 HK\$'M</b>
<b>Positive fair values</b>		
Foreign exchange derivatives	<b>35,682</b>	15,436
Interest rate derivatives	<b>4,003</b>	4,128
Equity derivatives	<b>2</b>	20
Commodity derivatives	<b>845</b>	383
	<b>40,532</b>	19,967
<b>Negative fair values</b>		
Foreign exchange derivatives	<b>35,236</b>	15,553
Interest rate derivatives	<b>3,886</b>	4,180
Equity derivatives	<b>17</b>	115
Commodity derivatives	<b>845</b>	383
	<b>39,984</b>	20,231

# 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 2015 <i>HK\$'M</i>	As at 30 June 2015 <i>HK\$'M</i>
Direct credit substitutes	5,885	1,613
Transaction-related contingencies	6,498	11,796
Trade-related contingencies	1,640	2,691
Forward deposits placed	1	58
Other commitments with an original maturity of not more than one year or which are unconditionally cancellable	79,779	71,119
Other commitments with an original maturity of more than one year	17,077	16,217
	<u>110,880</u>	<u>103,494</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

	For the year ended 31 December 2014
Average liquidity ratio	35.8%

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.

The Branch has adopted the liquidity maintenance ratio ("LMR") requirement in accordance with Banking (Liquidity) Rules starting 1 January 2015 onwards. It complies with the minimum requirement of 25% as stipulated by the Hong Kong Monetary Authority ("HKMA").

# DBS BANK LTD, HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 14. Liquidity (continued)

For the year ended  
31 December 2015

Average liquidity maintenance ratio 35.1%

Average LMR is calculated as the simple average of each month's average liquidity maintenance ratio for the financial year.

#### Approach to liquidity risk management

The Branch's approach to liquidity risk management comprises the building blocks of governance by policies, oversight by risk committees, and well-defined risk methodologies.

The Group Liquidity Risk Management Policy, approved by the Group Board Risk Management Committee ("BRMC"), 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 (comprising liquid assets, the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity) to address potential cashflow shortfalls and maintaining diversified sources of liquidity. In the event of a potential or actual crisis, the Branch has in place a set of liquidity contingency and recovery plans to ensure that decisive actions are taken to ensure the Branch maintains adequate liquidity.

The primary measure used to manage liquidity within the tolerance is the cashflow maturity mismatch analysis. The analysis is performed on a regular basis under normal and adverse scenarios, and assesses the adequacy of the counterbalancing capacity to fund or mitigate any cashflow shortfalls that may occur as forecasted in the cashflow movements across successive time bands. Processes and systems are in place to measure, limit and control exposures based on the risk methodologies defined.

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 relevant business and supports units. The Hong Kong Assets and Liabilities Committee ("ALCO") regularly reviews the balance sheet composition, trends in loans and deposits, utilization of wholesale funding, momentum in business activities, market competition, economic outlooks, market conditions and other factors that may affect liquidity in the continual refinement of the Branch's funding strategy.

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

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 15. Currency concentrations

	USD <i>HK\$'M</i>	CNY <i>HK\$'M</i>	Others <i>HK\$'M</i>	Total <i>HK\$'M</i>
<b>As at 31 December 2015</b>				
<b>Hong Kong dollar equivalents</b>				
Spot assets	131,955	22,898	6,022	160,875
Spot liabilities	(147,017)	(7,754)	(3,460)	(158,231)
Forward purchases	1,349,196	1,153,889	46,070	2,549,155
Forward sales	(1,306,435)	(1,190,719)	(48,740)	(2,545,894)
Net options position	(25,345)	23,073	–	(2,272)
Net long/(short) position	<u>2,354</u>	<u>1,387</u>	<u>(108)</u>	<u>3,633</u>
<b>As at 30 June 2015</b>				
<b>Hong Kong dollar equivalents</b>				
Spot assets	115,205	42,463	6,090	163,758
Spot liabilities	(145,317)	(9,301)	(4,290)	(158,908)
Forward purchases	1,407,627	1,209,085	49,002	2,665,714
Forward sales	(1,318,843)	(1,295,591)	(51,826)	(2,666,260)
Net options position	(57,843)	55,574	(127)	(2,396)
Net long/(short) position	<u>829</u>	<u>2,230</u>	<u>(1,151)</u>	<u>1,908</u>

There is no structural position in any particular currency as at 31 December 2015 and 30 June 2015.

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 HKMA.

## 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 2015		As at 30 June 2015	
	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	11,211	2,560	14,710	2,289
– Property investment	15,818	10,789	20,293	11,893
– Stockbrokers	–	–	253	–
– Wholesale and retail trade	7,183	1,306	1,055	–
– Manufacturing	2,339	266	5,445	263
– Transport and transport equipment	1,040	177	1,708	196
– Recreational activities	740	200	397	200
– Information technology	2,608	–	281	–
– Others	7,035	1,144	8,863	818
Individuals				
– Loans for the purchase of other residential properties	73	73	54	54
– Others	–	–	5	5
Trade finance (including trade bills)	18,308	879	36,167	929
Loans for use outside Hong Kong	66,257	2,877	59,671	4,759
	<b>132,612</b>	<b>20,271</b>	<b>148,902</b>	<b>21,406</b>

## DBS BANK LTD, HONG KONG BRANCH

### UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

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

	<b>As at 31 December 2015 HK\$'M</b>	<b>As at 30 June 2015 HK\$'M</b>
Hong Kong	101,725	99,534
Mainland China	27,173	45,868
Others	3,714	3,500
	<u>132,612</u>	<u>148,902</u>

There is no non-performing and overdue loan and advance as at 31 December 2015 and 30 June 2015.

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.

# DBS BANK LTD, HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 18. International claims

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

	Banks	Official sectors	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
<b>As at 31 December 2015</b>					
Developed countries	3,655	8,488	–	83	12,226
Offshore centres, of which:	28,439	–	5,958	47,200	81,597
– Singapore	25,777	–	–	1,042	26,819
– Hong Kong	2,662	–	5,958	44,886	53,506
– Others	–	–	–	1,272	1,272
Developing Asia Pacific, of which	15,631	1,534	3,570	9,686	30,421
– China	15,624	1,534	3,570	9,569	30,297
– Others	7	–	–	117	124
International organisations	–	409	–	–	409
<b>Total</b>	<b>47,725</b>	<b>10,431</b>	<b>9,528</b>	<b>56,969</b>	<b>124,653</b>
<b>As at 30 June 2015</b>					
Developed countries	3,741	5,687	10	401	9,839
Offshore centres, of which:	40,459	22	5,028	47,604	93,113
– Singapore	38,062	–	–	–	38,062
– Hong Kong	2,390	21	4,779	45,597	52,787
– Others	7	1	249	2,007	2,264
Developing Asia Pacific, of which	31,105	1,362	3,967	9,410	45,844
– China	29,682	1,362	3,967	9,216	44,227
– Others	1,423	–	–	194	1,617
International organisations	–	314	–	–	314
<b>Total</b>	<b>75,305</b>	<b>7,385</b>	<b>9,005</b>	<b>57,415</b>	<b>149,110</b>

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**

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

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

There is no non-performing loan and advance as at 31 December 2015 and 30 June 2015.

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 to customer and no repossessed asset as at 31 December 2015 and 30 June 2015.

# 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 2015</b>			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	46,254	11,339	57,593
(b) Local governments, local government-owned entities and their subsidiaries and JVs	18,803	2,776	21,579
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,973	1,760	8,733
(d) Other entities of central government not reported in part (a) above	986	108	1,094
(e) Other entities of local governments not reported in part (b) above	1,463	94	1,557
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,204	682	6,886
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7,410	1,114	8,524
	<u>88,093</u>	<u>17,873</u>	<u>105,966</u>
<b>Total assets after provisions</b>	<u>229,118</u>		
<b>On-balance sheet exposures as percentage of total assets</b>	<u>38.45%</u>		

# DBS BANK LTD, HONG KONG BRANCH

## UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

### 21. Mainland activities (continued)

Type of Counterparties	On-balance sheet exposures <i>HK\$'M</i>	Off-balance sheet exposures <i>HK\$'M</i>	Total <i>HK\$'M</i>
As at 30 June 2015			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	49,800	13,843	63,643
(b) Local governments, local government-owned entities and their subsidiaries and JVs	16,665	1,248	17,913
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,593	1,912	8,505
(d) Other entities of central government not reported in part (a) above	1,244	11	1,255
(e) Other entities of local governments not reported in part (b) above	1,583	–	1,583
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,973	679	5,652
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	9,016	3,053	12,069
	<u>89,874</u>	<u>20,746</u>	<u>110,620</u>
Total assets after provisions	<u>228,997</u>		
On-balance sheet exposures as percentage of total assets	<u>39.25%</u>		

Hong Kong, 19 February 2016

## DBS GROUP HOLDINGS LTD.

### GROUP CONSOLIDATED FINANCIAL INFORMATION

#### 1. Capital Position and Capital Adequacy Ratios

The Group's capital adequacy ratios are as follows:

	<b>As at 31 December 2015</b>	As at 30 June 2015
Capital Adequacy Ratios		
Common Equity Tier 1	<b>13.5%</b>	13.4%
Tier 1	<b>13.5%</b>	13.4%
Total	<b>15.4%</b>	15.3%

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 31 December 2015 were S\$40,374 million (30 June 2015: S\$39,168 million).

#### 2. Other financial information

	<b>For the year ended</b>	
	<b>31 December 2015</b>	31 December 2014
	<b>S\$'million</b>	S\$'million
Pre-tax profit	<b>5,294</b>	4,898

  

	<b>As at 31 December 2015</b>	As at 30 June 2015
	<b>S\$'million</b>	S\$'million
Total assets	<b>457,834</b>	440,257
Total liabilities	<b>415,038</b>	398,664
Total loans and advances	<b>283,289</b>	280,071
Total customer deposits	<b>320,134</b>	305,913