



DBS BANK LTD, HONG KONG BRANCH

(Incorporated in Singapore with limited liability)

**INTERIM FINANCIAL DISCLOSURE STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2015**

DBS BANK LTD, HONG KONG BRANCH

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DBS BANK LTD, HONG KONG BRANCH

UNAUDITED INCOME STATEMENT

		For the six months ended	
	Note	30 June 2015	30 June 2014
		HK\$'M	HK\$'M
Interest income		2,082	1,624
Interest expense		(731)	(706)
Net interest income		1,351	918
Fee and commission income		440	356
Other income	1	201	335
Total income		1,992	1,609
Total expenses	2	(334)	(257)
Profit before allowances for credit losses		1,658	1,352
Allowances for credit losses		(126)	10
Profit before income tax		1,532	1,362
Income tax expense		(233)	(231)
Profit after income tax		<u>1,299</u>	<u>1,131</u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED BALANCE SHEET

	Note	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Assets			
Cash and balances with central banks	3	43	6,594
Due from banks	4	44,310	38,728
Government securities and treasury bills	5	10,405	10,149
Derivatives	12	19,967	19,304
Bank and corporate securities	6	4,334	3,969
Loans and advances to customers	7	147,565	135,779
Other assets	8	2,617	2,183
Total assets		<u>229,241</u>	<u>216,706</u>
Liabilities			
Due to banks	9	114,091	103,338
Derivatives	12	20,231	19,947
Deposits and balances from customers	10	69,723	73,141
Other liabilities		16,542	13,307
Issued debt securities	11	8,654	6,973
Total liabilities		<u>229,241</u>	<u>216,706</u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

1. Other income

	For the six months ended	
	30 June 2015 HK\$'M	30 June 2014 HK\$'M
Net trading income		
– Foreign exchange	102	161
– Interest rates, debt securities, equities and others	<u>96</u>	<u>172</u>
	<u>198</u>	<u>333</u>
Others	<u>3</u>	<u>2</u>
	<u><u>201</u></u>	<u><u>335</u></u>

2. Total expenses

	For the six months ended	
	30 June 2015 HK\$'M	30 June 2014 HK\$'M
Employee benefits	132	118
Rental of premises	10	9
Brokerage	24	23
Other expenses	<u>168</u>	<u>107</u>
	<u><u>334</u></u>	<u><u>257</u></u>

3. Cash and balance with central bank

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Cash in hand	1	1
Balance with central bank	<u>42</u>	<u>6,593</u>
	<u><u>43</u></u>	<u><u>6,594</u></u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

4. Due from banks

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
(a) Balances with banks	<u>2,165</u>	<u>6,297</u>
Of which, amounts due from overseas office	22	24
(b) Placements with and advances to banks		
Remaining maturity		
– Within one month	40,619	30,327
– One year or less but over one month	1,309	1,893
– Over one year	<u>217</u>	<u>211</u>
	<u>42,145</u>	<u>32,431</u>
Of which, amounts due from overseas office	37,456	28,868
Total due from banks	<u><u>44,310</u></u>	<u><u>38,728</u></u>

5. Government securities and treasury bills

	Held for Trading HK\$'M	Available- for-Sale HK\$'M	Total HK\$'M
As at 30 June 2015			
Treasury bills	–	3,400	3,400
Other debt securities	–	<u>7,005</u>	<u>7,005</u>
	<u>–</u>	<u>10,405</u>	<u>10,405</u>
	<i>Held for Trading HK\$'M</i>	<i>Available- for-Sale HK\$'M</i>	Total HK\$'M
As at 31 December 2014			
Treasury bills	–	3,404	3,404
Other debt securities	151	<u>6,594</u>	<u>6,745</u>
	<u>151</u>	<u>9,998</u>	<u>10,149</u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

6. Bank and corporate securities

	Held for Trading HK\$'M	Available- for-Sale HK\$'M	Loans and receivables HK\$'M	Total HK\$'M
As at 30 June 2015				
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>
As at 31 December 2014				
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>

7. Loans and advances to customers

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Loans and advances to customers	148,902	137,008
Less		
– General allowances	<u>(1,337)</u>	<u>(1,229)</u>
	<u>147,565</u>	<u>135,779</u>
Comprising:		
– Trade bills	28,216	30,839
– Loans	<u>119,349</u>	<u>104,940</u>
	<u>147,565</u>	<u>135,779</u>

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.

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

8. Other assets

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Accrued interest receivables	709	552
Other accounts	1,646	1,378
Deferred tax assets	260	251
Fixed assets	2	2
	<u>2,617</u>	<u>2,183</u>

9. Due to banks

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Balances from central banks	9,219	12,324
Deposits and balances from banks	76,167	64,433
Amounts due to overseas offices	28,705	26,581
	<u>114,091</u>	<u>103,338</u>

10. Deposits and balances from customers

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Demand deposits and current accounts	5,603	5,408
Savings deposits	16,581	10,376
Time, call and notice deposits	47,539	57,357
	<u>69,723</u>	<u>73,141</u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

11. Issued debt securities

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Trading liabilities	1,280	1,589
Others	7,374	5,384
	<u>8,654</u>	<u>6,973</u>

12. Derivatives

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

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Foreign exchange derivatives	2,807,311	2,850,847
Interest rate derivatives	679,042	682,970
Equity derivatives	1,421	605
Commodity derivatives	1,551	1,248
	<u>3,489,325</u>	<u>3,535,670</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.

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

12. Derivatives (Continued)

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

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Positive fair values		
Foreign exchange derivatives	15,436	14,789
Interest rate derivatives	4,128	4,047
Equity derivatives	20	1
Commodity derivatives	383	467
	<u>19,967</u>	<u>19,304</u>
Negative fair values		
Foreign exchange derivatives	15,553	15,444
Interest rate derivatives	4,180	3,918
Equity derivatives	115	118
Commodity derivatives	383	467
	<u>20,231</u>	<u>19,947</u>

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 2015 HK\$'M	As at 31 December 2014 HK\$'M
Direct credit substitutes	1,613	1,571
Transaction-related contingencies	11,796	14,063
Trade-related contingencies	2,691	3,724
Forward deposits placed	58	6
Other commitments with an original maturity of not more than one year or which are unconditionally cancellable	71,119	80,974
Other commitments with an original maturity of more than one year	16,217	17,244
	<u>103,494</u>	<u>117,582</u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

13. Contingent liabilities and commitments (Continued)

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 six months ended
30 June 2014

Average liquidity ratio	<u>35.6%</u>
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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").

For the six months ended
30 June 2015

Average liquidity maintenance ratio	<u>35.0%</u>
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Average LMR is calculated as the simple average of each month's average liquidity maintenance ratio for the first six months of the financial year.

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

14. Liquidity (Continued)

Approach to liquidity risk management

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

The Liquidity Risk Framework, approved by the Group Board Risk Management Committee ("BRMC") of DBS Bank Ltd, sets out the Branch's overall approach towards liquidity risk management. The Framework 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 ("HK Risk Exco") and the Hong Kong Market and Liquidity Risk Committee ("HK MLRC"). The HK Risk Exco comprises of 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 of representatives from Risk Management Group and relevant business and supports units. The Hong Kong Assets and Liabilities Committee regularly reviews the growth in loans and deposits, 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 HK\$'M	CNY HK\$'M	TWD HK\$'M	Others HK\$'M	Total HK\$'M
As at 30 June 2015					
Hong Kong dollar equivalents					
Spot assets	115,205	42,463	205	5,885	163,758
Spot liabilities	(145,317)	(9,301)	(191)	(4,099)	(158,908)
Forward purchases	1,407,627	1,209,085	28,782	20,220	2,665,714
Forward sales	(1,318,843)	(1,295,591)	(29,827)	(21,999)	(2,666,260)
Net options position	(57,843)	55,574	-	(127)	(2,396)
	<u>829</u>	<u>2,230</u>	<u>(1,031)</u>	<u>(120)</u>	<u>1,908</u>
As at 31 December 2014					
Hong Kong dollar equivalents					
Spot assets	100,756	43,836	142	7,993	152,727
Spot liabilities	(124,913)	(13,188)	(138)	(7,237)	(145,476)
Forward purchases	1,427,062	1,221,129	16,125	21,172	2,685,488
Forward sales	(1,338,686)	(1,312,721)	(16,889)	(21,737)	(2,690,033)
Net options position	(64,502)	63,151	-	-	(1,351)
	<u>(283)</u>	<u>2,207</u>	<u>(760)</u>	<u>191</u>	<u>1,355</u>

There is no structural position in any particular currency as at 30 June 2015 and 31 December 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 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 30 June 2015		As at 31 December 2014	
	Outstanding balance HK\$'M	Balance covered by collateral HK\$'M	Outstanding balance HK\$'M	Balance covered by collateral HK\$'M
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	14,710	2,289	13,364	2,295
– Property investment	20,293	11,893	19,250	11,361
– Financial concerns	–	–	2,001	–
– Stockbrokers	253	–	–	–
– Wholesale and retail trade	1,055	–	1,936	432
– Manufacturing	5,445	263	5,807	251
– Transport and transport equipment	1,708	196	1,933	23
– Recreational activities	397	200	413	200
– Information technology	281	–	443	–
– Others	8,863	818	5,025	463
Individuals				
– Loans for the purchase of other residential properties	54	54	53	53
– Others	5	5	5	5
Trade finance (including trade bills)	36,167	929	35,651	1,402
Loans for use outside Hong Kong	59,671	4,759	51,127	4,235
	148,902	21,406	137,008	20,720

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

17. Loans and advances to customers by geographical area

	As at 30 June 2015 HK\$'M	As at 31 December 2014 HK\$'M
Hong Kong	99,534	88,304
Mainland China	45,868	45,220
Others	3,500	3,484
	<u>148,902</u>	<u>137,008</u>

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

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

	Banks HK\$'M	Official sectors HK\$'M	Non-bank private sector		Total HK\$'M
			Non-bank financial institutions HK\$'M	Non-financial private sector HK\$'M	
As at 30 June 2015					
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
Total	<u>75,305</u>	<u>7,385</u>	<u>9,005</u>	<u>57,415</u>	<u>149,110</u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

18. International claims (Continued)

	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
As at 31 December 2014					
Developed countries	6,860	4,843	–	350	12,053
Offshore centres, of which:	30,091	23	7,702	43,135	80,951
– Singapore	28,930	–	–	–	28,930
– Hong Kong	1,161	23	7,702	40,927	49,813
– Others	–	–	–	2,208	2,208
Developing Asia Pacific, of which:	33,546	1,832	1,621	7,433	44,432
– China	33,540	1,832	1,621	7,239	44,232
– Others	6	–	–	194	200
International organisations	–	313	–	–	313
Total	<u>70,497</u>	<u>7,011</u>	<u>9,323</u>	<u>50,918</u>	<u>137,749</u>

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

19. Non-performing loans and advances

There is no non-performing loan and advance as at 30 June 2015 and 31 December 2014.

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 30 June 2015 and 31 December 2014.

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

21. Mainland activities

Type of Counterparties	On-balance sheet exposures HK\$'M	Off-balance sheet exposures HK\$'M	Total HK\$'M
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>		

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 31 December 2014			
(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>
Total assets after provisions	<u>216,491</u>		
On-balance sheet exposures as percentage of total assets	<u>34.91%</u>		

Hong Kong, 24 July 2015

DBS GROUP HOLDINGS LTD.

UNAUDITED GROUP CONSOLIDATED FINANCIAL INFORMATION

1. Capital Position and Capital Adequacy Ratios

The Group's capital adequacy ratios are as follows:

	As at 30 June 2015	As at 31 December 2014
Capital Adequacy Ratios		
Common Equity Tier 1	13.4%	13.1%
Tier 1	13.4%	13.1%
Total	15.3%	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 30 June 2015 were S\$39,168 million (31 December 2014: S\$37,708 million).

2. Other financial information

	For the six months ended	
	30 June 2015	30 June 2014
	S\$'million	S\$'million
Pre-tax profit	2,859	2,652
	As at 30 June 2015	As at 31 December 2014
	S\$'million	S\$'million
Total assets	440,257	440,666
Total liabilities	398,664	400,460
Total loans and advances	280,071	275,588
Total customer deposits	305,913	317,173