



DBS BANK LTD, HONG KONG BRANCH

(Incorporated in Singapore with limited liability)

**INTERIM FINANCIAL DISCLOSURE STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2016**

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 2016	30 June 2015
		HK\$'M	HK\$'M
Interest income		1,817	2,082
Interest expense		<u>(649)</u>	<u>(731)</u>
Net interest income		1,168	1,351
Fee and commission income		205	440
Other income	1	<u>70</u>	<u>201</u>
Total income		1,443	1,992
Total expenses	2	<u>(341)</u>	<u>(334)</u>
Profit before allowances for credit losses		1,102	1,658
Allowances for credit losses		<u>(211)</u>	<u>(126)</u>
Profit before income tax		891	1,532
Income tax expense		<u>(148)</u>	<u>(233)</u>
Profit after income tax		<u><u>743</u></u>	<u><u>1,299</u></u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED BALANCE SHEET

	Note	As at 30 June 2016 HK\$'M	As at 31 December 2015 HK\$'M
Assets			
Cash and balance with central bank	3	2,874	1,740
Due from banks	4	44,958	31,006
Government securities and treasury bills	5	8,022	13,384
Derivatives	12	24,339	40,532
Bank and corporate securities	6	10,559	6,126
Loans and advances to customers	7	139,087	131,415
Other assets	8	3,780	5,120
Total assets		<u>233,619</u>	<u>229,323</u>
Liabilities			
Due to banks	9	126,303	99,547
Derivatives	12	24,930	39,984
Deposits and balances from customers	10	54,498	59,654
Other liabilities		20,623	22,470
Issued debt securities	11	7,265	7,668
Total liabilities		<u>233,619</u>	<u>229,323</u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

1. Other income

	For the six months ended	
	30 June 2016	30 June 2015
	<i>HK\$'M</i>	<i>HK\$'M</i>
Net trading income		
– Foreign exchange	(405)	102
– Interest rates, debt securities, equities and others	425	96
	<u>20</u>	<u>198</u>
Net income from investment securities	50	3
	<u>70</u>	<u>201</u>

2. Total expenses

	For the six months ended	
	30 June 2016	30 June 2015
	<i>HK\$'M</i>	<i>HK\$'M</i>
Employee benefits	137	132
Rental of premises	10	10
Brokerage	23	24
Other expenses	171	168
	<u>341</u>	<u>334</u>

3. Cash and balance with central bank

	As at	As at
	30 June 2016	31 December 2015
	<i>HK\$'M</i>	<i>HK\$'M</i>
Cash in hand	1	1
Balance with central bank	2,873	1,739
	<u>2,874</u>	<u>1,740</u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

4. Due from banks

	As at 30 June 2016 <i>HK\$'M</i>	As at 31 December 2015 <i>HK\$'M</i>
(a) Balances with banks	<u>1,562</u>	<u>935</u>
Of which, amounts due from overseas office	8	16
(b) Placements with and advances to banks		
Remaining maturity		
– Within one month	36,394	27,786
– One year or less but over one month	1,212	2,063
– Over one year	<u>5,790</u>	<u>222</u>
	<u>43,396</u>	<u>30,071</u>
Of which, amounts due from overseas office	<u>40,418</u>	<u>25,675</u>
Total due from banks	<u><u>44,958</u></u>	<u><u>31,006</u></u>

5. Government securities and treasury bills

	As at 30 June 2016 <i>HK\$'M</i>	As at 31 December 2015 <i>HK\$'M</i>
Available-for-Sale		
Treasury bills	3,399	3,400
Other debt securities	<u>4,623</u>	<u>9,984</u>
	<u><u>8,022</u></u>	<u><u>13,384</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>
As at 30 June 2016				
Debt securities	1,265	5,785	3,367	10,417
Equity securities	139	3	–	142
	<u>1,404</u>	<u>5,788</u>	<u>3,367</u>	<u>10,559</u>
As at 31 December 2015				
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>

7. Loans and advances to customers

	As at 30 June 2016 <i>HK\$'M</i>	As at 31 December 2015 <i>HK\$'M</i>
Loans and advances to customers	140,405	132,612
Less		
– General allowances	<u>(1,318)</u>	<u>(1,197)</u>
	<u>139,087</u>	<u>131,415</u>
Comprising:		
– Trade bills	7,085	12,503
– Loans	<u>132,002</u>	<u>118,912</u>
	<u>139,087</u>	<u>131,415</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 2016 <i>HK\$'M</i>	As at 31 December 2015 <i>HK\$'M</i>
Accrued interest receivables	453	619
Other accounts	3,054	4,258
Deferred tax assets	271	240
Fixed assets	2	3
	<u>3,780</u>	<u>5,120</u>

9. Due to banks

	As at 30 June 2016 <i>HK\$'M</i>	As at 31 December 2015 <i>HK\$'M</i>
Balances from central banks	3,011	4,118
Deposits and balances from banks	93,002	65,555
Amounts due to overseas offices	30,290	29,874
	<u>126,303</u>	<u>99,547</u>

10. Deposits and balances from customers

	As at 30 June 2016 <i>HK\$'M</i>	As at 31 December 2015 <i>HK\$'M</i>
Demand deposits and current accounts	6,938	4,149
Savings deposits	19,536	17,148
Time, call and notice deposits	28,024	38,357
	<u>54,498</u>	<u>59,654</u>

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

11. Issued debt securities

	As at 30 June 2016 <i>HK\$'M</i>	As at 31 December 2015 <i>HK\$'M</i>
Trading liabilities	310	335
Liabilities measured at amortised cost	<u>6,955</u>	<u>7,333</u>
	<u><u>7,265</u></u>	<u><u>7,668</u></u>

12. Derivatives

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

	As at 30 June 2016 <i>HK\$'M</i>	As at 31 December 2015 <i>HK\$'M</i>
Foreign exchange derivatives	2,049,514	2,615,175
Interest rate derivatives	709,431	656,531
Equity derivatives	337	471
Commodity derivatives	<u>1,373</u>	<u>1,430</u>
	<u><u>2,760,655</u></u>	<u><u>3,273,607</u></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 2016 HK\$'M	As at 31 December 2015 HK\$'M
Positive fair values		
Foreign exchange derivatives	18,079	35,682
Interest rate derivatives	5,644	4,003
Equity derivatives	1	2
Commodity derivatives	615	845
	<u>24,339</u>	<u>40,532</u>
Negative fair values		
Foreign exchange derivatives	19,043	35,236
Interest rate derivatives	5,265	3,886
Equity derivatives	7	17
Commodity derivatives	615	845
	<u>24,930</u>	<u>39,984</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 2016 HK\$'M	As at 31 December 2015 HK\$'M
Direct credit substitutes	5,967	5,885
Transaction-related contingencies	5,814	6,498
Trade-related contingencies	2,528	1,640
Forward deposits placed	15	1
Other commitments with an original maturity of not more than one year or which are unconditionally cancellable	88,477	79,779
Other commitments with an original maturity of more than one year	25,638	17,077
	<u>128,439</u>	<u>110,880</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

The Branch complies with the minimum requirement of Liquidity Maintenance Ratio ("LMR") on a daily basis, in accordance with the Banking (Liquidity) Rules issued by the Hong Kong Monetary Authority ("HKMA").

	For the six months ended	
	30 June 2016	30 June 2015
Average LMR for the period	<u>32.6%</u>	<u>35.0%</u>

The 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 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 HK\$'M	CNY HK\$'M	TWD HK\$'M	Others HK\$'M	Total HK\$'M
As at 30 June 2016					
Hong Kong dollar equivalents					
Spot assets	129,853	19,838	657	9,845	160,193
Spot liabilities	(113,397)	(7,799)	(654)	(6,786)	(128,636)
Forward purchases	1,026,090	774,487	32,042	18,210	1,850,829
Forward sales	(1,024,177)	(800,027)	(32,764)	(21,113)	(1,878,081)
Net options position	(14,840)	13,963	–	–	(877)
	<u>3,529</u>	<u>462</u>	<u>(719)</u>	<u>156</u>	<u>3,428</u>
Net long/(short) position					
As at 31 December 2015					
Hong Kong dollar equivalents					
Spot assets	131,955	22,898	533	5,489	160,875
Spot liabilities	(147,017)	(7,754)	(528)	(2,932)	(158,231)
Forward purchases	1,349,196	1,153,889	30,831	15,239	2,549,155
Forward sales	(1,306,435)	(1,190,719)	(31,060)	(17,680)	(2,545,894)
Net options position	(25,345)	23,073	–	–	(2,272)
	<u>2,354</u>	<u>1,387</u>	<u>(224)</u>	<u>116</u>	<u>3,633</u>
Net long/(short) position					

There is no structural position in any particular currency as at 30 June 2016 and 31 December 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 30 June 2016		As at 31 December 2015	
	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	15,162	2,300	11,211	2,560
– Property investment	14,569	10,132	15,818	10,789
– Wholesale and retail trade	10,190	3,739	7,183	1,306
– Manufacturing	2,964	252	2,339	266
– Transport and transport equipment	977	161	1,040	177
– Recreational activities	366	–	740	200
– Information technology	4,913	–	2,608	–
– Others	4,475	1,168	7,035	1,144
Individuals				
– Loans for the purchase of other residential properties	68	68	73	73
– Others	2	2	–	–
Trade finance (including trade bills)	20,054	1,403	18,308	879
Loans for use outside Hong Kong	66,665	1,646	66,257	2,877
	140,405	20,871	132,612	20,271

DBS BANK LTD, HONG KONG BRANCH

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

17. Loans and advances to customers by geographical area

	As at 30 June 2016 <i>HK\$'M</i>	As at 31 December 2015 <i>HK\$'M</i>
Hong Kong	122,437	101,725
Mainland China	15,395	27,173
Others	2,573	3,714
	<u>140,405</u>	<u>132,612</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 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 <i>HK\$'M</i>	Official sectors <i>HK\$'M</i>	Non-bank private sector		Total <i>HK\$'M</i>
			Non-bank financial institutions <i>HK\$'M</i>	Non-financial private sector <i>HK\$'M</i>	
As at 30 June 2016					
Developed countries	4,707	3,174	187	36	8,104
Offshore centres, of which:	42,902	–	1,817	66,518	111,237
– Singapore	40,539	–	–	1,059	41,598
– Hong Kong	2,363	–	1,817	64,904	69,084
– Others	–	–	–	555	555
Developing Asia Pacific, of which	10,453	1,480	1,591	9,583	23,107
– China	10,403	1,480	1,591	9,466	22,940
– Others	50	–	–	117	167
International organisations	–	413	–	–	413
Total	<u>58,062</u>	<u>5,067</u>	<u>3,595</u>	<u>76,137</u>	<u>142,861</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 2015					
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
Total	<u>47,725</u>	<u>10,431</u>	<u>9,528</u>	<u>56,969</u>	<u>124,653</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 2016 and 31 December 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 30 June 2016 and 31 December 2015.

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 2016			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	59,230	12,277	71,507
(b) Local governments, local government-owned entities and their subsidiaries and JVs	14,033	2,030	16,063
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,989	4,206	12,195
(d) Other entities of central government not reported in part (a) above	4,201	166	4,367
(e) Other entities of local governments not reported in part (b) above	6,856	8	6,864
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,610	853	7,463
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	6,905	2,490	9,395
	<u>105,824</u>	<u>22,030</u>	<u>127,854</u>
Total assets after provisions	<u>233,352</u>		
On-balance sheet exposures as percentage of total assets	<u>45.35%</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 31 December 2015			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	42,650	11,339	53,989
(b) Local governments, local government-owned entities and their subsidiaries and JVs	19,473	2,778	22,251
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,993	1,895	8,888
(d) Other entities of central government not reported in part (a) above	4,570	65	4,635
(e) Other entities of local governments not reported in part (b) above	793	–	793
(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>
Total assets after provisions	<u>229,118</u>		
On-balance sheet exposures as percentage of total assets	<u>38.45%</u>		

Certain comparative figures have been re-presented to conform to current period presentation.

Hong Kong, 5 August 2016

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 2016	As at 31 December 2015
Capital Adequacy Ratios		
Common Equity Tier 1	14.2%	13.5%
Tier 1	14.4%	13.5%
Total	16.3%	15.4%

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 2016 were S\$42,354 million (31 December 2015: S\$40,374 million).

2. Other financial information

	For the six months ended	
	30 June 2016	30 June 2015
	S\$'million	S\$'million
Pre-tax profit	2,698	2,859
	As at 30 June 2016	As at 31 December 2015
	S\$'million	S\$'million
Total assets	450,886	457,834
Total liabilities	406,174	415,038
Total loans and advances	284,814	283,289
Total customer deposits	310,098	320,134