



DBS BANK LTD, HONG KONG BRANCH

(Incorporated in Singapore with limited liability)

**FINANCIAL DISCLOSURE STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

DBS BANK LTD, HONG KONG BRANCH

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DBS BANK LTD, HONG KONG BRANCH

INCOME STATEMENT (unaudited)

| | | For the year ended | |
|--|------|---|---|
| | Note | 31 December 2019 <i>HK\$ million</i> | 31 December 2018 <i>HK\$ million</i> |
| Interest income | | 9,607 | 7,796 |
| Interest expense | | <u>(6,886)</u> | <u>(4,965)</u> |
| Net interest income | | 2,721 | 2,831 |
| Fee and commission income | | 630 | 522 |
| Other income | 1 | <u>820</u> | <u>607</u> |
| Total income | | 4,171 | 3,960 |
| Total expenses | 2 | <u>(760)</u> | <u>(707)</u> |
| Profit before allowances for credit and other losses | | 3,411 | 3,253 |
| Allowances for credit and other losses | | <u>38</u> | <u>149</u> |
| Profit before income tax | | 3,449 | 3,402 |
| Income tax expense | | <u>(535)</u> | <u>(556)</u> |
| Profit after income tax | | <u><u>2,914</u></u> | <u><u>2,846</u></u> |

DBS BANK LTD, HONG KONG BRANCH

STATEMENT OF FINANCIAL POSITION (unaudited)

| | Note | As at 31 December 2019 <i>HK\$ million</i> | As at 30 June 2019 <i>HK\$ million</i> |
|--|------|--|--|
| Assets | | | |
| Cash and balance with central bank | 3 | 1,011 | 787 |
| Government securities and treasury bills | 4 | 11,288 | 11,090 |
| Due from banks | 5 | 43,901 | 25,070 |
| Derivatives | 12 | 14,320 | 14,208 |
| Bank and corporate securities | 6 | 47,910 | 53,307 |
| Loans and advances to customers | 7 | 237,819 | 232,184 |
| Other assets | 8 | 1,867 | 2,481 |
| Total assets | | <u>358,116</u> | <u>339,127</u> |
| Liabilities | | | |
| Due to banks | 9 | 263,345 | 241,143 |
| Deposits and balances from customers | 10 | 50,776 | 48,805 |
| Derivatives | 12 | 14,315 | 14,507 |
| Other liabilities | | 26,962 | 25,759 |
| Issued debt securities | 11 | 2,718 | 8,913 |
| Total liabilities | | <u>358,116</u> | <u>339,127</u> |

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

1. Other income

| | For the year ended | |
|---|---|---|
| | 31 December 2019 <i>HK\$ million</i> | 31 December 2018 <i>HK\$ million</i> |
| Net trading income / (loss) | | |
| – Foreign exchange | (703) | 721 |
| – Interest rates, debt securities, equities and others | 1,457 | (122) |
| | <u>754</u> | <u>599</u> |
| Net income from investment securities | 66 | 7 |
| Others | – | 1 |
| | <u>820</u> | <u>607</u> |

2. Total expenses

| | For the year ended | |
|--------------------|---|---|
| | 31 December 2019 <i>HK\$ million</i> | 31 December 2018 <i>HK\$ million</i> |
| Employee benefits | 281 | 270 |
| Rental of premises | 19 | 19 |
| Brokerage | 54 | 61 |
| Other expenses | 406 | 357 |
| | <u>760</u> | <u>707</u> |

3. Cash and balance with central bank

| | As at | As at |
|---------------------------|---|-------------------------------------|
| | 31 December 2019 <i>HK\$ million</i> | 30 June 2019 <i>HK\$ million</i> |
| Cash in hand | 1 | 1 |
| Balance with central bank | 1,010 | 786 |
| | <u>1,011</u> | <u>787</u> |

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

4. Government securities and treasury bills

| | 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> |
|-------------------------------|--|---|--|------------------------------|
| 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> |
| As at 30 June 2019 | | | | |
| Treasury bills | – | 4,492 | – | 4,492 |
| Other debt securities | 23 | 2,405 | 4,170 | 6,598 |
| | <u>23</u> | <u>6,897</u> | <u>4,170</u> | <u>11,090</u> |

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

5. Due from banks

| | As at 31 December 2019 HK\$ million | As at 30 June 2019 HK\$ million |
|---------------------------------------|--|---------------------------------------|
| (a) Balances with banks | 1,596 | 2,973 |
| (b) Placements with banks | | |
| Remaining maturity | | |
| – Within one month | 2,682 | 7,465 |
| – One year or less but over one month | 1,230 | 632 |
| | <u>3,912</u> | <u>8,097</u> |
| (c) Amount due from overseas offices | 38,394 | 14,001 |
| (d) Loans and advances to banks | <u>–</u> | <u>–</u> |
| Gross amount due from banks | 43,902 | 25,071 |
| Allowance for credit and other losses | <u>(1)</u> | <u>(1)</u> |
| Net amount due from banks | <u>43,901</u> | <u>25,070</u> |

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

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

6. Bank and corporate securities

| | 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> |
|--|--|---|--|------------------------------|
| 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> |
| As at 30 June 2019 | | | | |
| Certificates of deposit held | 11,188 | 3,970 | – | 15,158 |
| Debt securities | – | 6,454 | 31,702 | 38,156 |
| | <u>11,188</u> | <u>10,424</u> | <u>31,702</u> | <u>53,314</u> |
| Allowance for credit and other losses | – | – | (7) | (7) |
| | <u>11,188</u> | <u>10,424</u> | <u>31,695</u> | <u>53,307</u> |

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

7. Loans and advances to customers

| | As at 31 December 2019 <i>HK\$ million</i> | As at 30 June 2019 <i>HK\$ million</i> |
|--|--|--|
| Loans and advances to customers | 238,326 | 232,636 |
| Allowances for credit and other losses | <u>(507)</u> | <u>(452)</u> |
| | <u>237,819</u> | <u>232,184</u> |
| Comprising: | | |
| – Trade bills | 16,018 | 19,879 |
| – Loans | <u>221,801</u> | <u>212,305</u> |
| | <u>237,819</u> | <u>232,184</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 31 December 2019 <i>HK\$ million</i> | As at 30 June 2019 <i>HK\$ million</i> |
|------------------------------|--|--|
| Acceptances | 530 | 1,091 |
| Accrued interest receivables | 669 | 712 |
| Deferred tax assets | 112 | 105 |
| Fixed assets | 16 | 1 |
| Others | <u>540</u> | <u>572</u> |
| | <u>1,867</u> | <u>2,481</u> |

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

9. Due to banks

| | As at 31 December 2019 <i>HK\$ million</i> | As at 30 June 2019 <i>HK\$ million</i> |
|----------------------------------|--|--|
| Deposits and balances from banks | 199,186 | 204,722 |
| Amounts due to overseas offices | 64,159 | 36,421 |
| | <u>263,345</u> | <u>241,143</u> |

10. Deposits and balances from customers

| | As at 31 December 2019 <i>HK\$ million</i> | As at 30 June 2019 <i>HK\$ million</i> |
|--------------------------------------|--|--|
| Demand deposits and current accounts | 11,580 | 19,074 |
| Savings deposits | 20,816 | 15,686 |
| Time, call and notice deposits | 18,380 | 14,045 |
| | <u>50,776</u> | <u>48,805</u> |

11. Issued debt securities

| | As at 31 December 2019 <i>HK\$ million</i> | As at 30 June 2019 <i>HK\$ million</i> |
|--|--|--|
| Liabilities designated at fair value through profit or loss | 383 | 1,049 |
| Liabilities measured at amortised cost | 2,335 | 7,864 |
| | <u>2,718</u> | <u>8,913</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 31 December 2019 HK\$ million | As at 30 June 2019 HK\$ million |
|------------------------------|--|--|
| Foreign exchange derivatives | 1,711,719 | 1,748,241 |
| Interest rate derivatives | 1,244,063 | 1,380,600 |
| Equity derivatives | 422 | 1,113 |
| | <u>2,956,204</u> | <u>3,129,954</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 31 December 2019 HK\$ million | As at 30 June 2019 HK\$ million |
|------------------------------|--|--|
| Positive fair values | | |
| Foreign exchange derivatives | 8,697 | 7,678 |
| Interest rate derivatives | 5,621 | 6,529 |
| Equity derivatives | 2 | 1 |
| | <u>14,320</u> | <u>14,208</u> |
| Negative fair values | | |
| Foreign exchange derivatives | 9,595 | 8,555 |
| Interest rate derivatives | 4,715 | 5,903 |
| Equity derivatives | 5 | 49 |
| | <u>14,315</u> | <u>14,507</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 31 December 2019 HK\$ million | As at 30 June 2019 HK\$ million |
|--|--|--|
| Direct credit substitutes | 2,555 | 2,522 |
| Transaction-related contingencies | 3,345 | 2,322 |
| Trade-related contingencies | 6,821 | 4,013 |
| Forward forward deposits placed | 1,577 | 47 |
| Other commitments with an original maturity of not more than one year or which are unconditionally cancellable | 153,156 | 141,865 |
| Other commitments with an original maturity of more than one year | 29,009 | 44,576 |
| | <u>196,463</u> | <u>195,345</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 | |
|-------------|------------------------------|------------------|
| | 31 December 2019 | 31 December 2018 |
| Average LMR | <u>43.4%</u> | <u>42.1%</u> |
| | For the quarter ended | |
| | 31 December 2019 | 31 December 2018 |
| Average CFR | <u>136.3%</u> | <u>127.2%</u> |

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

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

14. Liquidity (Continued)

14.2 Liquidity Risk Management

14.2.1 Governance

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 Policy is supported by standards and corresponding Hong Kong addendums which establish the detailed requirements for liquidity risk identification, measurement, reporting and control. All the policies, standards and addendums would be subjected to annual review and approval from various risk committees.

The Hong Kong Market and Liquidity Risk Committee ("MLRC") serves as an executive forum to provide oversight on the effectiveness of liquidity risk management framework including policies, models, systems, processes, information and methodologies. The MLRC comprises representatives from risk management and other relevant business and support units. It sets standards and provides necessary guidance on the establishment and maintenance of bank-wide Liquidity Contingency Plan ("LCP").

The day-to-day liquidity risk monitoring, control, reporting and analysis are managed by the Risk Management Group, Market and Liquidity Risk unit – an independent risk management function that reports to the Senior Risk Executive.

14.2.2 Liquidity Stress Testing

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.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

14. Liquidity (Continued)

14.2 Liquidity Risk Management (Continued)

14.2.2 Liquidity Stress Testing (Continued)

Stress testing is performed under the cash flow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or bank-specific in nature. Stress tests assess the Branch's vulnerability when liability run-offs increase, asset drawdown and rollovers increase and / or liquid asset buffer reduces. In addition, ad-hoc stress tests are performed in the formulation of the internal capital adequacy assessment process.

14.2.3 Funding Strategy

The Branch's liquidity and funding positions is centrally managed at Hong Kong location level with the support from Head Office. DBS strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. In particular, it has continuously made inroads in growing, deepening and diversifying its deposit base, spanning retail, wealth management, corporate and institutional customers. Supplementing the deposit base, it continues to maintain access to wholesale channels to increase flexibility and manage funding cost in capitalising on business opportunities.

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.

14.2.4 Contingency Funding Plan

In the event of a potential or actual crisis, DBS Bank Ltd. has in place a set of LCP and respective Hong Kong Addendum, which applies to Hong Kong location level (including the Branch), to facilitate and prepare the management to respond in a coordinated, coherent and organized way to tide the Branch over a crisis situation. The LCP establishes clear lines of responsibilities and preventive measures against and respond to a crisis situation. It also outlines the key management actions and options to be taken in managing a liquidity crisis. Stockpiling High Quality Liquid Assets, maintaining diversification of wholesale funding facilities, such as Money Market lines, Overdraft facilities, Repo facilities and access to Central Bank liquidity facilities could be served as contingent facilities while their availability depends on the types and/or severity of the crisis.

14.2.5 Liquidity Risk Mitigation

Strategies and plans are discussed at relevant committees such as ALCO and MLRC to proactively manage liquidity risk of the Branch. To mitigate the risk, the Branch strives to maintain a diversified funding base and put in place a set of LCP to ensure adequate liquidity as mentioned in above paragraphs.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

14. Liquidity (Continued)

14.2 Liquidity Risk Management (Continued)

14.2.6 Cash Flow Maturity Mismatch Analysis*

| In HK\$ millions ⁽ⁱ⁾ | Less than 7 days | 1 week to 1 month | 1 to 3 months | 3 to 12 months |
|---------------------------------|---------------------|----------------------|------------------|-------------------|
| 2019 | | | | |
| Net liquidity mismatch | 10,902 | (4,545) | (32,354) | (13,906) |
| Cumulative mismatch | <u>10,902</u> | <u>6,358</u> | <u>(25,997)</u> | <u>(39,903)</u> |
| 2018⁽ⁱⁱ⁾ | | | | |
| Net liquidity mismatch | 17,226 | (12,252) | (34,223) | (11,450) |
| Cumulative mismatch | <u>17,226</u> | <u>4,974</u> | <u>(29,249)</u> | <u>(40,699)</u> |

(i) Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has to be funded.

(ii) As the behavioural assumptions used to determine the maturity mismatch between assets and liabilities are updated from time to time, the information presented above may not be directly comparable across past balance sheet dates.

* The cash flow maturity mismatch analysis has already taken into account limitations on the transferability of liquidity.

14.2.7 Sources of Funding

The Branch's source of funding is mainly from wholesale funding comprising intragroup borrowings and issuance of medium-term notes.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

14. Liquidity (Continued)

14.2 Liquidity Risk Management (Continued)

14.2.8 Liquidity Gap

The table below analyses the on- and off-balance sheet items, broken down into maturity buckets of the Branch as at 31 December 2019 based on the completion instructions of the HKMA MA(BS)23 – Liquidity Monitoring Tools:

| In HK\$ millions | Total amount | Next day | 2 to 7 days | 8 days to 1 month | > 1 | > 3 | > 6 | > 1 year up to 2 years | > 2 years up to 3 years | > 3 years up to 5 years | Over 5 years | Balancing amount |
|---------------------------------------|----------------|---------------|---------------|-------------------|----------------------|-----------------------|---------------------|------------------------|-------------------------|-------------------------|---------------|------------------|
| | | | | | month up to 3 months | months up to 6 months | months up to 1 year | | | | | |
| Cash and balances with central bank | 1,011 | 1,011 | – | – | – | – | – | – | – | – | – | – |
| Due from banks | 43,947 | 40,536 | 79 | 1,528 | 1,081 | 400 | 44 | 279 | – | – | – | – |
| Debt securities | 59,500 | 36,119 | – | 1,039 | 2,247 | 1,893 | 8,706 | 3,719 | 1,813 | 1,715 | 2,249 | – |
| Loans and advances to customers | 238,703 | 216 | 9,602 | 42,392 | 21,257 | 19,946 | 36,918 | 34,961 | 32,772 | 39,326 | 1,313 | – |
| Other assets | 356,409 | 90 | 2,090 | 3,899 | 16,032 | 14,596 | 31,006 | 73,034 | 70,351 | 85,036 | 59,722 | 553 |
| Total on-balance sheet assets | 699,570 | 77,972 | 11,771 | 48,858 | 40,617 | 36,835 | 76,674 | 111,993 | 104,936 | 126,077 | 63,284 | 553 |
| Total off-balance sheet claims | 1,577 | – | 15 | – | 1,557 | 1 | 4 | – | – | – | – | – |

| In HK\$ millions | Total amount | Next day | 2 to 7 days | 8 days to 1 month | > 1 | > 3 | > 6 | > 1 year up to 2 years | > 2 years up to 3 years | > 3 years up to 5 years | Over 5 years | Balancing amount |
|--|----------------|---------------|---------------|-------------------|----------------------|-----------------------|---------------------|------------------------|-------------------------|-------------------------|---------------|------------------|
| | | | | | month up to 3 months | months up to 6 months | months up to 1 year | | | | | |
| Deposits and balances from customers | 50,805 | 34,321 | 5,127 | 7,156 | 3,446 | 390 | 86 | 279 | – | – | – | – |
| Due to banks | 264,796 | 25,244 | 5,431 | 11,465 | 36,103 | 22,652 | 23,277 | 133,735 | 3,089 | 3,800 | – | – |
| Debt securities issued | 2,735 | 1 | 34 | 1,624 | 62 | 964 | 50 | – | – | – | – | – |
| Other liabilities | 358,087 | 553 | 2,089 | 4,305 | 16,706 | 14,525 | 31,177 | 72,975 | 70,495 | 84,607 | 59,710 | 945 |
| Total on-balance sheet liabilities | 676,423 | 60,119 | 12,681 | 24,550 | 56,317 | 38,531 | 54,590 | 206,989 | 73,584 | 88,407 | 59,710 | 945 |
| Total off-balance sheet obligations | 55,463 | 41,180 | 13,008 | 1,275 | – | – | – | – | – | – | – | – |

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 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> |
| As at 30 June 2019 | | | | | | | | | |
| Spot assets | 138,471 | 21,121 | 6,178 | 4,260 | 4,535 | 11,573 | 551 | 2,428 | 189,117 |
| Spot liabilities | (181,063) | (9,610) | (552) | (420) | (227) | (12,067) | (559) | (2,254) | (206,752) |
| Forward purchases | 963,854 | 409,393 | 7,915 | 1,553 | 680 | 5,257 | 35,312 | 4,533 | 1,428,497 |
| Forward sales | (918,943) | (422,387) | (13,633) | (5,564) | (5,028) | (4,782) | (35,932) | (4,708) | (1,410,977) |
| Net options position | (1,684) | 1,684 | - | - | - | - | - | - | - |
| Net long/(short) non-structural position | <u>635</u> | <u>201</u> | <u>(92)</u> | <u>(171)</u> | <u>(40)</u> | <u>(19)</u> | <u>(628)</u> | <u>(1)</u> | <u>(115)</u> |

There was no structural position in any currency as at 31 December 2019 and 30 June 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 31 December 2019 | | As at 30 June 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 | 40,965 | 9,081 | 25,568 | 7,142 |
| – Property investment | 33,635 | 16,862 | 32,985 | 15,701 |
| – Financial concerns | 2,294 | – | 1,006 | – |
| – Stockbrokers | 522 | – | 602 | – |
| – Wholesale and retail trade | 10,390 | 895 | 12,615 | 880 |
| – Manufacturing | 5,748 | 53 | 6,898 | 75 |
| – Transport and transport equipment | 6,096 | – | 6,852 | – |
| – Recreational activities | 669 | – | – | – |
| – Information technology | 6,639 | – | 5,581 | – |
| – Others | 13,512 | 1,269 | 11,256 | 519 |
| Individuals | | | | |
| – Loans for the purchase of other residential properties | 160 | 160 | 130 | 130 |
| – Others | – | – | – | – |
| Trade finance (including trade bills) | 20,720 | – | 29,276 | – |
| Loans for use outside Hong Kong | 96,976 | 5,623 | 99,867 | 4,371 |
| | 238,326 | 33,943 | 232,636 | 28,818 |

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

17. Loans and advances to customers by geographical area

| | As at 31 December 2019 <i>HK\$ million</i> | As at 30 June 2019 <i>HK\$ million</i> |
|----------------|--|--|
| Hong Kong | 200,460 | 191,302 |
| Mainland China | 28,386 | 33,986 |
| Others | 9,480 | 7,348 |
| | <u>238,326</u> | <u>232,636</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:

| In HK\$ million | Banks | Official sector | Non-bank private sector | | Total |
|--|---------------|-----------------|---------------------------------|------------------------------|----------------|
| | | | Non-bank financial institutions | Non-financial private sector | |
| 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 |
| As at 30 June 2019 | | | | | |
| Developed countries | 19,124 | 10,854 | – | 4,013 | 33,991 |
| Offshore centres, of which: | 20,485 | – | 2,536 | 77,550 | 100,571 |
| – Singapore | 15,879 | – | – | 1,565 | 17,444 |
| – Hong Kong | 4,594 | – | 2,293 | 75,985 | 82,872 |
| – Others | 12 | – | 243 | – | 255 |
| Developing Latin America and Caribbean | – | – | – | – | – |
| Developing Africa and Middle East | – | – | – | – | – |
| Developing Asia Pacific, of which | 37,802 | 81 | 528 | 18,577 | 56,988 |
| – China | 37,636 | 81 | 528 | 18,031 | 56,276 |
| – Others | 166 | – | – | 546 | 712 |
| International organisations | – | 6,309 | – | – | 6,309 |
| Total | 77,411 | 17,244 | 3,064 | 100,140 | 197,859 |

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 31 December 2019 (At 30 June 2019: HK\$7 million).

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 rescheduled loan and advance and no repossessed asset as at 31 December 2019 and 30 June 2019.

The overdue loans and advances of the Branch are analysed as follows:

| | As at 31 December 2019 | | As at 30 June 2019 | |
|--|-------------------------------|---|---------------------------|---|
| | HK\$ million | % of gross loans and advances to customers | HK\$ million | % of gross loans and advances to customers |
| Six months or less but over three months | – | – | – | – |
| One year or less but over six months | – | – | 7 | 0.003% |
| Over one year | – | – | – | – |
| | <u>–</u> | <u>–</u> | <u>7</u> | <u>0.003%</u> |

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

20. Overdue and rescheduled loans and advances (Continued)

| In HK\$ million | As at 31 December 2019 | | As at 30 June 2019 | |
|---|------------------------|--|--------------------|--|
| | HK\$ million | % of gross loans and advances to customers | HK\$ million | % of gross loans and advances to customers |
| Specific allowances made in respect of the above overdue loans and advances | — | — | 7 | 0.003% |
| Current market value of collateral held against the covered portion of the above overdue loans and advances | — | — | — | — |
| Covered portion of the above overdue loans and advances | — | — | — | — |
| Uncovered portion of the above overdue loans and advances | — | — | — | — |

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 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> | | |

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 30 June 2019 | | | |
| (a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs") | 55,609 | 10,495 | 66,104 |
| (b) Local governments, local government-owned entities and their subsidiaries and JVs | 28,461 | 1,379 | 29,840 |
| (c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 17,024 | 3,116 | 20,140 |
| (d) Other entities of central government not reported in part (a) above | 13,781 | 1,063 | 14,844 |
| (e) Other entities of local governments not reported in part (b) above | 8,112 | 440 | 8,552 |
| (f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 11,217 | 2,430 | 13,647 |
| (g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures | 13,458 | 1,941 | 15,399 |
| | <u>147,662</u> | <u>20,864</u> | <u>168,526</u> |
| Total assets after provisions | <u>339,246</u> | | |
| On-balance sheet exposures as percentage of total assets | <u>43.53%</u> | | |

Hong Kong, 18 March 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 31 December 2019 | As at 30 June 2019 |
|-------------------------|-----------------------------------|-----------------------|
| Capital Adequacy Ratios | | |
| Common Equity Tier 1 | 14.1% | 13.6% |
| Tier 1 | 15.0% | 14.5% |
| Total | 16.7% | 16.2% |

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 2019 were S\$50,981 million (30 June 2019: S\$49,350 million).

2. Other financial information

| | For the year ended | |
|----------------|---------------------------|------------------|
| | 31 December 2019 | 31 December 2018 |
| | S\$'million | S\$'million |
| Pre-tax profit | 7.583 | 6,659 |

| | As at 31 December 2019 | As at 30 June 2019 |
|--------------------------|-----------------------------------|-----------------------|
| | S\$'million | S\$'million |
| Total assets | 578,946 | 566,651 |
| Total liabilities | 527,147 | 516,483 |
| Total loans and advances | 357,884 | 350,474 |
| Total customer deposits | 404,289 | 391,301 |