

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

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

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

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DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED BALANCE SHEET AS AT 30 JUNE 2015

MOP

| Assets | Total assets | Provision, accumulated depreciation and impairments | Net total assets |
|---|-------------------------|--|-------------------------|
| Cash | 17,701,662.11 | | 17,701,662.11 |
| Deposits with AMCM | 167,901,729.74 | | 167,901,729.74 |
| Interbank assets with local credit institutions | 118,740,182.45 | | 118,740,182.45 |
| Interbank assets with credit institutions abroad | 153,782,554.41 | | 153,782,554.41 |
| Loans and advances | 2,452,908,772.76 | 15,093,928.53 | 2,437,814,844.23 |
| Applications in local credit institutions | 210,000,000.00 | | 210,000,000.00 |
| Placement abroad | 6,983,399.73 | | 6,983,399.73 |
| Equipment | 1,164,868.65 | 899,959.12 | 264,909.53 |
| Installation expenditure | 2,649,127.42 | 2,580,863.41 | 68,264.01 |
| Other fixed assets | 754,222.39 | 754,222.39 | - |
| Internal and adjustment accounts | 815,940,565.38 | | 815,940,565.38 |
| Total | 3,948,527,085.04 | 19,328,973.45 | 3,929,198,111.59 |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED BALANCE SHEET AS AT 30 JUNE 2015

| | | MOP |
|---|------------------|-------------------------|
| Liabilities | Sub-total | Total |
| Demand deposits and saving accounts | 1,332,376,660.64 | |
| Call deposits | 84,373.00 | |
| Time deposits | 940,503,546.70 | 2,272,964,580.34 |
| Interbank liabilities to credit institutions abroad | 653,553,209.43 | |
| Cheques and orders payable | 43,196,611.59 | |
| Other liabilities | 819,511,049.79 | 1,516,260,870.81 |
| Internal and adjustment accounts | 33,086,039.42 | |
| Exposure provisions | 35,104,014.02 | 68,190,053.44 |
| Results from previous financial period | 61,253,233.92 | |
| Profit & loss for the year | 10,529,373.08 | 71,782,607.00 |
| Total | | 3,929,198,111.59 |

| | MOP |
|-------------------------------------|-------------------|
| Memorandum accounts | Total |
| Bills for collection | 24,954,005.91 |
| Collaterals | 12,955,832,084.90 |
| Guarantees on account of customers | 327,023,339.24 |
| Letter of credit outstanding | 420,094,962.94 |
| Forward exchange contracts purchase | 472,595,979.99 |
| Forward exchange contracts sale | 472,595,979.99 |
| Other memorandum items | 4,891,589,189.89 |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

**UNAUDITED PROFIT & LOSS STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

Operating profit & loss

MOP

| Debit | Amount | Credit | Amount |
|---------------------------------|----------------------|------------------------------------|----------------------|
| Costs of credit operations | 4,490,471.77 | Income from credit operations | 31,575,131.62 |
| Personnel costs | | Income from banking services | 7,269,069.22 |
| Staff remuneration | 8,220,139.33 | Income from other banking services | 5,228,160.36 |
| Staff welfare | 670,136.21 | Other banking income | 1,824,969.37 |
| Other staff costs | 228,458.37 | | |
| Third party supply | 185,220.86 | | |
| Third party services | 13,855,838.33 | | |
| Other banking costs | 1,145,744.38 | | |
| Taxation | 81,169.98 | | |
| Costs of non-banking operations | 86,643.52 | | |
| Depreciation allowances | 84,545.41 | | |
| Provision allowances | 4,944,639.93 | | |
| Operating profit | 11,904,322.48 | | |
| Total | 45,897,330.57 | Total | 45,897,330.57 |

Profit & loss account

MOP

| Debit | Amount | Credit | Amount |
|-------------------------------|----------------------|----------------------------------|----------------------|
| Operating loss | - | Operating profit | 11,904,322.48 |
| Loss related to previous year | - | Profit related to previous years | 23,050.60 |
| Profit tax provision | 1,398,000.00 | Provisions used up | - |
| Profit for the year | 10,529,373.08 | Loss for the year | - |
| Total | 11,927,373.08 | Total | 11,927,373.08 |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED INCOME STATEMENT

| | | For the six months ended | |
|---|------|--------------------------|-------------------------|
| | Note | 30 June 2015 MOP'000 | 30 June 2014 MOP'000 |
| Interest income | | 31,575 | 41,886 |
| Interest expense | | (4,490) | (7,134) |
| Net interest income | | 27,085 | 34,752 |
| Net fee and commission income | 3 | 7,462 | 15,118 |
| Other income | 3 | 5,792 | 3,475 |
| Total income | | 40,339 | 53,345 |
| Total expenses | 4 | (23,473) | (22,562) |
| Profit before provisions | | 16,866 | 30,783 |
| (Provision)/write back for bad and doubtful debts | 10 | (4,939) | 3,408 |
| Profit before income tax | | 11,927 | 34,191 |
| Income tax expense | 5 | (1,398) | (4,045) |
| Profit for the period | | 10,529 | 30,146 |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED BALANCE SHEET

| | Notes | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|--|-------|-------------------------------------|---|
| ASSETS | | | |
| Cash and balances with banks | 6 | 194,305 | 206,075 |
| Deposits with Autoridade Monetaria de Macao ("AMCM") | 7 | 167,902 | 164,998 |
| Placement with Head Office | | 6,983 | - |
| AMCM Monetary bills | 8 | 209,986 | 289,991 |
| Loan and advances to customers | 9 | 2,402,711 | 2,222,676 |
| Other assets | 11 | 806,047 | 487,296 |
| Fixed assets | 12 | 333 | 418 |
| Total assets | | 3,788,267 | 3,371,454 |
| LIABILITIES | | | |
| Deposits from customers | 13 | 2,272,965 | 2,204,433 |
| Amount due to Head Office | 14 | 557,634 | 585,435 |
| Other liabilities | 15 | 877,042 | 512,887 |
| Current income tax liabilities | | 8,844 | 7,446 |
| Total liabilities | | 3,716,485 | 3,310,201 |
| Reserve | | 71,782 | 61,253 |
| Total liabilities and reserve | | 3,788,267 | 3,371,454 |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED STATEMENT OF CHANGES IN RESERVE

| | Note | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|--------------------------------|------|-------------------------------------|---|
| Balance at 1 January | | 61,253 | 33,050 |
| Profit for the period/year | | 10,529 | 61,253 |
| Transfer to Head Office | 16 | - | (33,050) |
| Balance at 30 June/31 December | | <u>71,782</u> | <u>61,253</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED CASH FLOW STATEMENT

| | | For the six months ended | |
|--|-------|---------------------------------|--------------|
| | Notes | 30 June 2015 | 30 June 2014 |
| | | MOP'000 | MOP'000 |
| Cash flow from operating activities | | | |
| Profit before income tax | | 11,927 | 34,191 |
| Loss on disposal of fixed assets | | - | 10 |
| Depreciation | 4 | 85 | 113 |
| Provision/(write back) for bad and doubtful debts | 10 | 4,939 | (3,408) |
| Loans and advances to customers written off | 10 | - | (12,426) |
| (Increase)/decrease in loans and advances to customers | | (184,974) | 223,844 |
| Increase in other assets | | (318,751) | (309,408) |
| Increase/(decrease) in deposits from customers | | 68,532 | (898,602) |
| Increase in other liabilities | | 364,155 | 222,525 |
| (Decrease)/increase in amount due to Head Office | | (27,801) | 683,719 |
| Cash outflow from operating activities | | (81,888) | (59,442) |
| Decrease in cash and cash equivalents | | (81,888) | (59,442) |
| Cash and cash equivalents at 1 January | | 661,064 | 713,631 |
| Cash and cash equivalents at 30 June | | 579,176 | 654,189 |

Analysis of the balances of cash and cash equivalents:

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

| | | As at | As at |
|--|-------|---------------------|--------------|
| | Notes | 30 June 2015 | 30 June 2014 |
| | | MOP'000 | MOP'000 |
| Cash and balances with banks | 6 | 194,305 | 191,670 |
| Deposits with AMCM | 7 | 167,902 | 165,877 |
| Placements with Head Office with original maturity within three months | | 6,983 | 6,667 |
| AMCM monetary bills with original maturity within one month | 8 | 209,986 | 289,975 |
| | | 579,176 | 654,189 |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

The principal activities of DBS Bank (Hong Kong) Limited - Macau Branch (the "Branch") are the provision of banking and related financial services. The address of its registered office is Rua Santa Clara 5-7E, Lojas C, D, Edif. Ribeiro Macao.

The immediate holding company is DBS Bank (Hong Kong) Limited ("Head Office") and is a bank incorporated in Hong Kong Special Administrative Region. The ultimate holding company is DBS Group Holdings Ltd ("DBSH") which is listed, incorporated and domiciled in the Republic of Singapore.

2 Accounting policies

The accounting policies applied in preparing this interim financial report are the same as those applied in preparing the financial statements for the year ended 31 December 2014 as disclosed in the Financial Statements for 2014.

3 Net fee and commission income and other income

| | For the six months ended | |
|--|---------------------------------|---------------|
| | 30 June 2015 | 30 June 2014 |
| | MOP'000 | MOP'000 |
| Fee and commission income | 8,547 | 15,881 |
| Less: Fee and commission expense | (1,085) | (763) |
| Net fee and commission income | <u>7,462</u> | <u>15,118</u> |
| Net trading income from foreign exchange | 3,950 | 1,594 |
| Others | 1,842 | 1,881 |
| Other income | <u>5,792</u> | <u>3,475</u> |

4 Total expenses

| | | For the six months ended | |
|--------------------------|------|---------------------------------|---------------|
| | Note | 30 June 2015 | 30 June 2014 |
| | | MOP'000 | MOP'000 |
| Employee benefits | | 9,029 | 8,325 |
| Computerisation expenses | | 7,059 | 7,333 |
| Rental of premises | | 1,456 | 1,515 |
| Management service fees | | 2,645 | 2,161 |
| Auditor's remuneration | | 128 | 121 |
| Depreciation | 12 | 85 | 113 |
| Other operating expenses | | 3,071 | 2,994 |
| | | <u>23,473</u> | <u>22,562</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Income tax expense

Current tax comprises of Macao complementary tax. According to Macao Complementary tax law, Macao complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 but below MOP300,000, and thereafter at a fixed rate at 12%. For 2015 and 2014, the special tax incentive is provided to effect that the tax free income threshold is increased from MOP32,000 to MOP300,000 and the profit thereafter being taxed at a fixed rate of 12%. The tax on the Branch's profit before tax differs from the theoretical amount that would arise using the Macao complementary tax rate applicable to profits of the Branch and as follows:

| | For the six months ended | |
|--|---------------------------------|---------------------|
| | 30 June 2015 | 30 June 2014 |
| | MOP'000 | MOP'000 |
| Profit before income tax | <u>11,927</u> | <u>34,191</u> |
| Tax calculated at 12% | 1,431 | 4,103 |
| Effect of progressive tax rate before 12% | (17) | (17) |
| Special complementary tax incentives | (19) | (19) |
| Expenses not deductible/(deductible) for taxation purposes | 2 | (23) |
| Under provision in prior years | <u>1</u> | <u>1</u> |
| Income tax expense | <u><u>1,398</u></u> | <u><u>4,045</u></u> |

No deferred taxation has been provided as there were no significant timing differences at the balance sheet date (as at 30 June 2014: Nil).

6 Cash and balance with banks

| | As at | As at |
|---------------------|-----------------------|-----------------------|
| | 30 June | 31 December |
| | 2015 | 2014 |
| | MOP'000 | MOP'000 |
| Cash in hand | 17,702 | 9,910 |
| Balances with banks | <u>176,603</u> | <u>196,165</u> |
| | <u><u>194,305</u></u> | <u><u>206,075</u></u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Deposits with AMCM

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|-------------------|---|---|
| Balance with AMCM | <u>167,902</u> | <u>164,998</u> |

According to the statutory requirement, the Branch is required to maintain a minimum deposit balance with AMCM for liquidity purposes. The required MOP current deposit balance should not be less than 70% of the aggregate of the following amount:

- (a) 3% of all liabilities which are repayable on demand;
- (b) 2% of all liabilities which are repayable within 3 months (3 months inclusive) except for those already counted in (a);
- (c) 1% of all liabilities which are repayable beyond 3 months.

At 30 June 2015, the minimum deposit required were MOP55,978,000 (31 December 2014: MOP 51,130,000).

8 AMCM monetary bills

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|--|---|---|
| Monetary bills issued by AMCM, at amortised cost | <u>209,986</u> | <u>289,991</u> |

9 Loans and advances to customers

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|------------------------------------|---|---|
| Loans and advances to customers | 2,251,794 | 2,267,935 |
| Trade bills | 201,115 | - |
| Less: Specific provision (note 10) | (15,094) | (15,104) |
| General provision (note 10) | (35,104) | (30,155) |
| | <u>2,402,711</u> | <u>2,222,676</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Provision for bad and doubtful debts

| | Specific provision MOP'000 | General provision MOP'000 | Total MOP'000 |
|----------------------------------|----------------------------------|---------------------------------|------------------|
| 2015 | | | |
| At 1 January 2015 | 15,104 | 30,155 | 45,259 |
| Charge to the income statement | (10) | 4,949 | 4,939 |
| Amounts written off | - | - | - |
| | <u>15,094</u> | <u>35,104</u> | <u>50,198</u> |
| At 30 June 2015 (note 9) | <u>15,094</u> | <u>35,104</u> | <u>50,198</u> |
| 2014 | | | |
| At 1 January 2014 | 32,124 | 39,576 | 71,700 |
| Write back from income statement | (4,595) | (9,421) | (14,016) |
| Amounts written off | (12,425) | - | (12,425) |
| | <u>15,104</u> | <u>30,155</u> | <u>45,259</u> |
| At 31 December 2014 (note 9) | <u>15,104</u> | <u>30,155</u> | <u>45,259</u> |

11 Other assets

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|---|-------------------------------------|---|
| Accrued interest receivables | 4,091 | 4,201 |
| Revaluation on derivative financial instruments (note 17) | 12,883 | 8,011 |
| Acceptances | 778,062 | 430,199 |
| Other accounts | 11,011 | 44,885 |
| | <u>806,047</u> | <u>487,296</u> |
| | <u>806,047</u> | <u>487,296</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Fixed assets – Furniture, fixtures and equipment

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|----------------------------|---|---|
| Cost: | | |
| At 1 January | 4,568 | 5,169 |
| Additions | - | 18 |
| Disposals | - | (619) |
| | <hr/> | <hr/> |
| At 30 June/31 December | 4,568 | 4,568 |
| | <hr/> | <hr/> |
| Accumulated depreciation: | | |
| At 1 January | 4,150 | 4,553 |
| Charge for the period/year | 85 | 206 |
| Disposals | - | (609) |
| | <hr/> | <hr/> |
| At 30 June/31 December | 4,235 | 4,150 |
| | <hr/> | <hr/> |
| Net book value: | | |
| At 30 June/31 December | <u>333</u> | <u>418</u> |

13 Deposits from customers

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|--------------------------------------|---|---|
| Demand deposits and current accounts | 339,774 | 390,036 |
| Savings deposits | 992,603 | 860,109 |
| Time and call deposits | 940,588 | 954,288 |
| | <hr/> | <hr/> |
| | <u>2,272,965</u> | <u>2,204,433</u> |

14 Amount due to Head Office

During the period, the Branch entered into transactions with Head Office in the ordinary course of its banking business.

All balances are unsecured and repayable on demand and bear interest rates as determined from time to time by Head Office.

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Other liabilities

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|---|---|---|
| Accrued interest payable | 863 | 1,038 |
| Revaluation on derivative financial instruments (note 17) | 12,830 | 7,947 |
| Acceptances | 778,062 | 430,199 |
| Other liabilities and provision | 85,287 | 73,703 |
| | 877,042 | 512,887 |

16 Repatriation of accumulated profits to Head Office

During the six months ended 30 June 2015, the Branch did not repatriate any accumulated profits (2014: MOP33,050,000) to Head Office.

17 Derivative financial instruments

The following is an analysis of the aggregate notional amount and fair value of each significant type of derivative transactions:

| | Notional amount MOP'000 | Fair value | |
|------------------------------|--|---------------------------|--------------------------------|
| | | Assets MOP'000 | Liabilities MOP'000 |
| 30 June 2015 | | | |
| Foreign exchange derivatives | | | |
| - Forwards | 467,065 | 6,307 | 6,254 |
| - Options | 889,518 | 6,576 | 6,576 |
| | | 12,883 | 12,830 |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivative financial instruments (continued)

| | Notional amount MOP'000 | Fair value | |
|------------------------------|-------------------------------|-------------------|------------------------|
| | | Assets MOP'000 | Liabilities MOP'000 |
| 31 December 2014 | | | |
| Foreign exchange derivatives | | | |
| - Forwards | 478,587 | 2,496 | 2,432 |
| - Options | 867,703 | 5,515 | 5,515 |
| | | 8,011 | 7,947 |
| | | 8,011 | 7,947 |

The Branch enters into foreign exchange forwards and options to meet customer demands and enters into offsetting derivatives with Head Office and fellow subsidiary. These derivatives are measured at fair value. Unrealised gains and losses are included in the other assets and other liabilities as detailed in note 11 and note 15, respectively to the financial statements.

18 Off-balance sheet exposures

(a) Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|---|-------------------------------------|---|
| Transaction-related contingencies | 311,947 | 324,905 |
| Trade-related contingencies | 435,171 | 491,589 |
| Other commitments which are unconditionally cancellable | 3,967,956 | 3,635,606 |
| | 4,715,074 | 4,452,100 |
| | 4,715,074 | 4,452,100 |

(b) Lease commitments

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases for land and building are as follows:

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|--|-------------------------------------|---|
| Not later than one year | 994 | 1,064 |
| Late than one year and not later than five years | - | 437 |
| | 994 | 1,501 |
| | 994 | 1,501 |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Material related party transactions

The Branch's immediate holding company is DBS Bank (Hong Kong) Limited and DBS Bank Ltd is an intermediate holding company of DBS Bank (Hong Kong) Limited.

(i) Income and expenses with holding companies and fellow subsidiary:

| | For the six months ended | |
|-------------------------------|---------------------------------|---------------------|
| | 30 June 2015 | 30 June 2014 |
| | MOP'000 | MOP'000 |
| Interest income | 556 | 713 |
| Interest expense | (624) | (1,285) |
| Net fee and commission income | - | 2,270 |
| Other income | 1,822 | 1,219 |
| Total expenses charged | (10,011) | (9,292) |

(ii) Balances with holding company:

| | As at | As at |
|----------------------------|----------------|--------------------|
| | 30 June | 31 December |
| | 2015 | 2014 |
| | MOP'000 | MOP'000 |
| Placement with Head Office | 6,983 | - |
| Other assets | 8 | - |
| | <u>6,991</u> | <u>-</u> |
| Amount due to Head Office | 557,634 | 585,435 |
| Other liabilities | 2,149 | 2,002 |
| | <u>559,783</u> | <u>587,437</u> |

(iii) Contract/notional amounts of financial derivatives with holding company and fellow subsidiary:

| | As at | As at |
|------------------------------|----------------|--------------------|
| | 30 June | 31 December |
| | 2015 | 2014 |
| | MOP'000 | MOP'000 |
| Foreign exchange derivatives | | |
| - Forwards | 233,506 | 239,261 |
| - Options | 444,759 | 433,852 |
| | <u>678,265</u> | <u>673,113</u> |

(iv) Contingent liabilities and commitments with holding companies:

As at 30 June 2015, total contingent liabilities and commitments with holding companies amounted to MOP4,814,000 (31 December 2014: MOP18,049,000).

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION

The following disclosures are prepared in accordance with the “Guideline on Disclosure of Financial Information” issued by AMCM.

1 Financial Risk Management

(a) Credit risk

Loans and advances to customers by credit quality

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|-------------------------------|-------------------------------------|---|
| Neither past due nor impaired | 2,389,794 | 2,243,878 |
| Past due but not impaired | 15,523 | 2,541 |
| Impaired | 47,592 | 21,516 |
| | <u>2,452,909</u> | <u>2,267,935</u> |

Past due loans are customer loans overdue up to 90 days; whereas impaired loans are non-performing loans subject to specific provision.

Loans and advances to customers analysed by geographic area

| As at 30 June 2015 | Neither pass due nor impaired MOP'000 | Past due but not impaired MOP'000 | Impaired MOP'000 | Specific provision MOP'000 | General provision MOP'000 |
|-----------------------|--|---|---------------------|----------------------------------|---------------------------------|
| Macau | 2,293,126 | 15,523 | 47,592 | 15,094 | 33,720 |
| Hong Kong | 45,735 | - | - | - | 655 |
| Mainland China | 50,933 | - | - | - | 729 |
| | <u>2,389,794</u> | <u>15,523</u> | <u>47,592</u> | <u>15,094</u> | <u>35,104</u> |

| As at 31 December 2014 | Neither pass due nor impaired MOP'000 | Past due but not impaired MOP'000 | Impaired MOP'000 | Specific provision MOP'000 | General provision MOP'000 |
|---------------------------|--|---|---------------------|----------------------------------|---------------------------------|
| Macau | 2,108,975 | 2,541 | 21,516 | 15,104 | 28,361 |
| Hong Kong | 82,158 | - | - | - | 1,092 |
| Others | 52,745 | - | - | - | 702 |
| | <u>2,243,878</u> | <u>2,541</u> | <u>21,516</u> | <u>15,104</u> | <u>30,155</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1 Financial Risk Management (continued)

(a) Credit risk (continued)

Financial derivatives analysed by geographic area

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|-----------------------------|---|---|
| Macau | 678,318 | 673,177 |
| Hong Kong | 678,265 | 673,113 |
| | <u>1,356,583</u> | <u>1,346,290</u> |
| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
| Credit risk-weighted amount | <u>14,804</u> | <u>18,017</u> |

Loans and advances to customers analysed by industry groups

(i) Analysis of loans and advances to customers that were neither past due nor impaired

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|---|---|---|
| Manufacturing | 441,308 | 635,350 |
| Construction and public works | 134,620 | 103,145 |
| Trade (wholesale and retail) | 1,118,618 | 912,831 |
| Restaurants, hotel and similar | - | - |
| Transport, warehouse and communications | - | 6,695 |
| Personal housing loans | 43,729 | 46,687 |
| Personal credits | - | 16,200 |
| Others | 651,519 | 522,970 |
| | <u>2,389,794</u> | <u>2,243,878</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1 Financial Risk Management (continued)

(a) Credit risk (continued)

Loans and advances to customers analysed by industry groups (continued)

(ii) Loans and advances to customers that were past due but not impaired

| As at 30 June 2015 | Past due | | |
|---|---------------------------------|-----------------------|------------------|
| | Less than 1 month MOP'000 | 1-2 months MOP'000 | Total MOP'000 |
| Manufacturing | 1,854 | - | 1,854 |
| Construction and public works | - | - | - |
| Trade (wholesale and retail) | 231 | - | 231 |
| Restaurants, hotels and similar | - | - | - |
| Transport, warehouse and communications | - | - | - |
| Personal housing loans | 15 | 784 | 799 |
| Personal credits | - | - | - |
| Others | 12,639 | - | 12,639 |
| | <u>14,739</u> | <u>784</u> | <u>15,523</u> |

| As at 31 December 2014 | Past due | | |
|---|---------------------------------|-----------------------|------------------|
| | Less than 1 month MOP'000 | 1-2 months MOP'000 | Total MOP'000 |
| Manufacturing | 527 | - | 527 |
| Construction and public works | - | - | - |
| Trade (wholesale and retail) | - | - | - |
| Restaurants, hotels and similar | - | - | - |
| Transport, warehouse and communications | - | - | - |
| Personal housing loans | 1,155 | 859 | 2,014 |
| Personal credits | - | - | - |
| Others | - | - | - |
| | <u>1,682</u> | <u>859</u> | <u>2,541</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1 Financial Risk Management (continued)

(a) Credit risk (continued)

Loans and advances to customers analysed by industry groups (continued)

(iii) Impaired loans and advances to customers

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|---|-------------------------------------|---|
| Manufacturing | - | - |
| Construction and public works | - | - |
| Trade (wholesale and retail) | 33,782 | 7,701 |
| Restaurants, hotels and similar | - | - |
| Transport, warehouse and communications | - | - |
| Personal housing loans | - | - |
| Personal credits | - | - |
| Others | 13,810 | 13,815 |
| | <u>47,592</u> | <u>21,516</u> |

As at 30 June 2015

| | Gross impaired loans and advances MOP'000 | Specific provision MOP'000 | Total MOP'000 | Balances covered by collateral MOP'000 | % of gross loans and advances to customers % |
|---|---|----------------------------------|------------------|---|--|
| Less than 6 months | 26,083 | - | 26,083 | 26,083 | 1.06 |
| More than 6 months but not more than 1 year | - | - | - | - | - |
| More than 1 year | 21,509 | (15,094) | 6,415 | 6,415 | 0.88 |
| | <u>47,592</u> | <u>(15,094)</u> | <u>32,498</u> | <u>32,498</u> | |

As at 31 December 2014

| | Gross impaired loans and advances MOP'000 | Specific provision MOP'000 | Total MOP'000 | Balances covered by collateral MOP'000 | % of gross loans and advances to customers % |
|---|---|----------------------------------|------------------|---|--|
| Less than 6 months | - | - | - | - | - |
| More than 6 months but not more than 1 year | - | - | - | - | - |
| More than 1 year | 21,516 | (15,104) | 6,412 | 6,412 | 0.95 |
| | <u>21,516</u> | <u>(15,104)</u> | <u>6,412</u> | <u>6,412</u> | |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1 Financial Risk Management (continued)

(a) Credit risk (continued)

Analysis of specific provision

| | As at 1 January 2015 MOP'000 | Amounts written off MOP'000 | Write back from income statement MOP'000 | As at 30 June 2015 MOP'000 |
|--|---------------------------------------|-----------------------------------|---|-------------------------------------|
| Manufacturing | - | - | - | - |
| Construction and public works | - | - | - | - |
| Trade (wholesale and retail) | 4,171 | - | (5) | 4,166 |
| Restaurants, hotels and similar | - | - | - | - |
| Transport, warehouse and communications | - | - | - | - |
| Personal housing loans | - | - | - | - |
| Personal credits | - | - | - | - |
| Others | 10,933 | - | (5) | 10,928 |
| | <u>15,104</u> | <u>-</u> | <u>(10)</u> | <u>15,094</u> |

| | As at 1 January 2014 MOP'000 | Amounts written off MOP'000 | Write back from income statement MOP'000 | As at 31 December 2014 MOP'000 |
|--|---------------------------------------|-----------------------------------|---|---|
| Manufacturing | - | - | - | - |
| Construction and public works | - | - | - | - |
| Trade (wholesale and retail) | 16,221 | (12,124) | 74 | 4,171 |
| Restaurants, hotels and similar | - | - | - | - |
| Transport, warehouse and communications | - | - | - | - |
| Personal housing loans | - | - | - | - |
| Personal credits | - | - | - | - |
| Others | 15,903 | (301) | (4,669) | 10,933 |
| | <u>32,124</u> | <u>(12,425)</u> | <u>(4,595)</u> | <u>15,104</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1 Financial Risk Management (continued)

(a) Credit risk (continued)

Analysis of general provision

| | As at 1 January 2015 MOP'000 | Net charge to income statement MOP'000 | As at 30 June 2015 MOP'000 |
|---|---------------------------------------|---|-------------------------------------|
| Manufacturing | 8,455 | (2,113) | 6,342 |
| Construction and public works | 1,371 | 556 | 1,927 |
| Trade (wholesale and retail) | 12,240 | 4,255 | 16,495 |
| Restaurants, hotels and similar | - | - | - |
| Transport, warehouse and communications | 89 | (89) | - |
| Personal housing loans | 648 | (11) | 637 |
| Personal credits | 215 | (215) | - |
| Others | 7,137 | 2,566 | 9,703 |
| | <u>30,155</u> | <u>4,949</u> | <u>35,104</u> |

| | As at 1 January 2014 MOP'000 | Write back from income statement MOP'000 | As at 31 December 2014 MOP'000 |
|---|---------------------------------------|---|---|
| Manufacturing | 4,069 | 4,386 | 8,455 |
| Construction and public works | 917 | 454 | 1,371 |
| Trade (wholesale and retail) | 12,238 | 2 | 12,240 |
| Restaurants, hotels and similar | - | - | - |
| Transport, warehouse and communications | 9 | 80 | 89 |
| Personal housing loans | 1,217 | (569) | 648 |
| Personal credits | 462 | (247) | 215 |
| Others | 20,664 | (13,527) | 7,137 |
| | <u>39,576</u> | <u>(9,421)</u> | <u>30,155</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1 Financial Risk Management (continued)

(a) Credit risk (continued)

The table below analyses assets and liabilities of the Branch as at 30 June 2015 and 31 December 2014 based on the remaining period as at balance sheet date to the contractual maturity dates:

| As at | Repayable on demand | Less than 1 month | 3 months or less but over 1 month | 1 year or less but over 3 months | 3 years or less but over 1 year | After 3 years | Total |
|----------------------|------------------------|----------------------|--|---|---------------------------------------|------------------|------------------|
| 30 June 2015 | MOP'000 | MOP'000 | MOP'000 | MOP'000 | MOP'000 | MOP'000 | MOP'000 |
| Assets | | | | | | | |
| - Cash and balances | | | | | | | |
| with banks | 194,305 | - | - | - | - | - | 194,305 |
| - Placement with | | | | | | | |
| Head Office | - | - | 6,983 | - | - | - | 6,983 |
| - AMCM monetary | | | | | | | |
| bills | - | 209,986 | - | - | - | - | 209,986 |
| - Loans and advances | | | | | | | |
| to customers | 178,213 | 699,592 | 611,518 | 287,220 | 169,895 | 456,273 | 2,402,711 |
| | <u>372,518</u> | <u>909,578</u> | <u>618,501</u> | <u>287,220</u> | <u>169,895</u> | <u>456,273</u> | <u>2,813,985</u> |
| Liabilities | | | | | | | |
| - Deposits from | | | | | | | |
| customers | 1,332,461 | 587,375 | 226,518 | 126,611 | - | - | 2,272,965 |
| - Amount due to Head | | | | | | | |
| Office | 557,634 | - | - | - | - | - | 557,634 |
| | <u>1,890,095</u> | <u>587,375</u> | <u>226,518</u> | <u>126,611</u> | <u>-</u> | <u>-</u> | <u>2,830,599</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1 Financial Risk Management (continued)

(a) Credit risk (continued)

| As at | Repayable on demand | Less than 1 month | 3 months or less but over 1 month | 1 year or less but over 3 months | 3 years or less but over 1 year | After 3 years | Total |
|------------------------|-------------------------|-----------------------|--|--|---------------------------------------|-----------------------|-------------------------|
| 31 December 2014 | MOP'000 | MOP'000 | MOP'000 | MOP'000 | MOP'000 | MOP'000 | MOP'000 |
| Assets | | | | | | | |
| - Cash and balances | | | | | | | |
| with banks | 206,075 | - | - | - | - | - | 206,075 |
| - AMCM monetary | | | | | | | |
| bills | - | 289,991 | - | - | - | - | 289,991 |
| - Loans and | | | | | | | |
| advances to | | | | | | | |
| customers | 164,146 | 708,829 | 534,410 | 177,774 | 176,091 | 461,426 | 2,222,676 |
| | <u>370,221</u> | <u>998,820</u> | <u>534,410</u> | <u>177,774</u> | <u>176,091</u> | <u>461,426</u> | <u>2,718,742</u> |
| | <u><u>370,221</u></u> | <u><u>998,820</u></u> | <u><u>534,410</u></u> | <u><u>177,774</u></u> | <u><u>176,091</u></u> | <u><u>461,426</u></u> | <u><u>2,718,742</u></u> |
| Liabilities | | | | | | | |
| - Deposits from public | | | | | | | |
| sector entities | 2 | - | - | - | - | - | 2 |
| - Deposits from | | | | | | | |
| customers | 1,250,228 | 611,802 | 264,241 | 78,160 | - | - | 2,204,431 |
| - Amount due to Head | | | | | | | |
| Office | 585,435 | - | - | - | - | - | 585,435 |
| | <u>1,835,665</u> | <u>611,802</u> | <u>264,241</u> | <u>78,160</u> | <u>-</u> | <u>-</u> | <u>2,789,868</u> |
| | <u><u>1,835,665</u></u> | <u><u>611,802</u></u> | <u><u>264,241</u></u> | <u><u>78,160</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>2,789,868</u></u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1 Financial Risk Management (continued)

(b) Foreign exchange risk

The table below summarised the Branch's assets and liabilities at carrying amounts, categorized by currency:

| | USD MOP'000 | HKD MOP'000 | CNY MOP'000 | Others MOP'000 | Total MOP'000 |
|---------------------------|----------------|----------------|----------------|-------------------|------------------|
| As at 30 June 2015 | | | | | |
| Macau Patacas equivalents | | | | | |
| Spot assets | 1,531,600 | 1,758,692 | - | 222,547 | 3,512,839 |
| Spot liabilities | (1,527,585) | (1,730,783) | - | (222,310) | (3,480,678) |
| Forward purchases | 222,379 | 11,180 | 228,017 | 11,020 | 472,596 |
| Forward sales | (222,379) | (11,126) | (228,017) | (11,020) | (472,542) |
| | <u>4,015</u> | <u>27,963</u> | <u>-</u> | <u>237</u> | <u>32,215</u> |

| | USD MOP'000 | HKD MOP'000 | CNY MOP'000 | Others MOP'000 | Total MOP'000 |
|-------------------------------|----------------|----------------|----------------|-------------------|------------------|
| As at 31 December 2014 | | | | | |
| Macau Patacas equivalents | | | | | |
| Spot assets | 1,093,426 | 1,812,910 | - | 181,831 | 3,088,167 |
| Spot liabilities | (1,089,456) | (1,789,819) | - | (181,334) | (3,060,609) |
| Forward purchases | 216,926 | 22,400 | 221,851 | 22,092 | 483,269 |
| Forward sales | (216,926) | (22,336) | (221,851) | (22,092) | (483,205) |
| | <u>3,970</u> | <u>23,155</u> | <u>-</u> | <u>497</u> | <u>27,622</u> |

DBS BANK (HONG KONG) LIMITED - MACAU BRANCH

UNAUDITED SUPPLEMENTARY INFORMATION (CONTINUED)

1 Financial Risk Management (continued)

(c) Liquidity risk

| | As at 30 June 2015 MOP'000 | As at 31 December 2014 MOP'000 |
|--|---|---|
| The arithmetic mean of the minimum weekly amount of cash in hand that is required to be held during the period/year | 72,507 | 73,671 |
| The arithmetic mean of the amount of cash in hand during the period/year | 180,688 | 166,571 |
| The arithmetic mean of the specified liquid assets at the end of each month during the period/year | 1,504,732 | 1,432,097 |
| | % | % |
| The average ratio of specified liquid asset to total basic liabilities at the end of each month during the period/year | 53.1 | 51.2 |
| The arithmetic mean of one-month liquidity ratio in the last week of each month during the period/year | 91.4 | 205.9 |
| The arithmetic mean of three-month liquidity ratio in the last week of each month during the period/year | 207.1 | 451.2 |

DBS BANK (HONG KONG) LIMITED

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

1 Capital adequacy

The capital adequacy ratios as at 30 June 2015 and 31 December 2014 were compiled in accordance with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority.

| | As at 30 June 2015 | As at 31 December 2014 |
|-------------------------|-------------------------------|---------------------------|
| Capital Adequacy Ratios | | |
| Common Equity Tier 1 | 15.2% | 14.6% |
| Tier 1 | 15.2% | 14.6% |
| Total | 17.4% | 16.7% |

2 Other financial information

| | For the six months ended 30 June 2015 HK\$'M | For the six months ended 30 June 2014 HK\$'M |
|--------------------------|---|---|
| Profit before income tax | 2,357 | 1,999 |

| | As at 30 June 2015 HK\$'M | As at 31 December 2014 HK\$'M |
|---------------------------------------|--|-------------------------------------|
| Total assets | 326,295 | 313,854 |
| Total liabilities | 292,882 | 281,480 |
| Gross loans and advances to customers | 176,410 | 185,968 |
| Due to banks | 7,829 | 4,277 |
| Deposits and balances from customers | 243,995 | 252,259 |
| Total equity | 33,413 | 32,374 |

DBS BANK (HONG KONG) LIMITED

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 Directors

The directors during the period and up to the date of this report are:

Seah Lim Huat, Peter – Chairman

Piyush Gupta – Vice Chairman

J. E. Sebastian Paredes Muirragui – Chief Executive Officer

Dominic Chiu Fai Ho

Ng Chee Siong, Robert

Kwok Kwok Chuen

Yip Dicky Peter

Alexander Reid Hamilton

(resigned with effect from 21 April 2015)