

星展銀行（香港）有限公司  
**DBS BANK (HONG KONG) LIMITED**

(Incorporated in Hong Kong with limited liability)

**GROUP INTERIM FINANCIAL DISCLOSURE STATEMENTS  
FOR THE SIX MONTHS ENDED  
30 JUNE 2025**

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

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## **DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

### **REVIEW OF ACTIVITIES**

The Bank achieved a strong performance, with net profit rising 10% year-on-year to HK\$4,109 million for the six months ended 30 June 2025. Return on equity was at 17%.

Total income grew 7% to HK\$8,752 million driven by non-interest income, well compensated the decline in net interest income. Non-interest income had a robust growth of 30% driven by continued momentum in wealth management. Net interest income declined 5% impacted by lower interest rates despite moderated loan growth, with net interest margin at 2.17% for the first half of 2025. Loans and advances to customers rose 3% to HK\$273 billion whereas deposits and balances from customers increased 11% to HK\$432 billion from a year ago, driven by both current and savings account balance and fixed deposits.

Expenses rose 4% to HK\$3,263 million for the period mainly due to higher staff costs. Cost-to-income ratio was healthy at 37%.

Operating profit reached HK\$5,489 million, 9% higher than the same period of last year.

Allowances for credit and other losses were HK\$604 million, 4% lower comparing with the same period of last year. Allowance coverage was maintained at an adequate level of 108%.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INCOME STATEMENT (unaudited)

In HK\$ millions	Note	For the six months ended	
		30 June 2025	30 June 2024
Interest income	3	<b>9,771</b>	10,961
Interest expense	4	<b>(4,584)</b>	(5,485)
Net interest income		<b>5,187</b>	5,476
Net fee and commission income	5	<b>2,687</b>	2,095
Net trading income	6	<b>829</b>	589
Net (loss)/income from investment securities	7	<b>(5)</b>	17
Other income	8	<b>54</b>	31
Total income		<b>8,752</b>	8,208
Total expenses	9	<b>(3,263)</b>	(3,152)
Profit before allowances for credit and other losses		<b>5,489</b>	5,056
Allowances for credit and other losses	10	<b>(604)</b>	(628)
Profit before income tax		<b>4,885</b>	4,428
Income tax expense	11	<b>(776)</b>	(703)
Profit attributable to shareholders		<b>4,109</b>	3,725

*The notes on page 8 to 32 form part of these condensed consolidated financial statements.*

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
<b>Profit attributable to shareholders</b>	<b>4,109</b>	<b>3,725</b>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to income statement:</b>		
Gains/(losses) on debt instruments classified at fair value through other comprehensive income ("FVOCI")		
– Net valuation gains taken to equity	288	33
– (Gains) transferred to income statement	(22)	(6)
– Deferred income tax debited to equity	(36)	(5)
Cash flow hedge		
– Net valuation gains/(losses) taken to equity	963	(331)
– (Gains)/losses transferred to income statement	(35)	434
– Deferred income tax debited to equity	(153)	(17)
<b>Items that will not be reclassified to income statement:</b>		
Gains/(losses) on equity instruments classified at FVOCI		
– Net valuation gains taken to equity	15	182
<b>Other comprehensive income attributable to shareholders, net of tax</b>	<b>1,020</b>	<b>290</b>
<b>Total comprehensive income attributable to shareholders</b>	<b>5,129</b>	<b>4,015</b>

*The notes on page 8 to 32 form part of these condensed consolidated financial statements.*

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

In HK\$ millions	Note	As at 30 June 2025	As at 31 December 2024
<b>Assets</b>			
Cash and balances with central banks	13	6,285	2,778
Government securities and treasury bills	14	93,415	78,469
Due from banks	15	85,695	86,094
Derivative assets	22	3,519	5,166
Bank and corporate securities	16	46,971	38,895
Loans and advances to customers	17	273,126	269,983
Other assets	18	7,992	5,505
Properties and other fixed assets	19	4,780	4,933
Total assets		521,783	491,823
<b>Liabilities</b>			
Due to banks		15,122	14,791
Deposits and balances from customers	20	431,856	405,134
Derivative liabilities	22	3,322	4,125
Other liabilities		19,868	15,473
Subordinated liability	21	2,355	2,329
Total liabilities		472,523	441,852
<b>Equity</b>			
Share capital		8,995	8,995
Other equity instruments	23	1,400	1,400
Reserves		38,865	39,576
Total equity		49,260	49,971
Total liabilities and equity		521,783	491,823

The notes on page 8 to 32 form part of these condensed consolidated financial statements.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

In HK\$ millions	Share capital	Other equity instruments	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2025	8,995	1,400	1,151	38,425	49,971
Total comprehensive income	–	–	1,020	4,109	5,129
Dividends (Note 12)	–	–	–	(5,840)	(5,840)
Balance as at 30 June 2025	<u>8,995</u>	<u>1,400</u>	<u>2,171</u>	<u>36,694</u>	<u>49,260</u>
Balance as at 1 January 2024	8,995	1,400	(15)	36,348	46,728
Total comprehensive income	–	–	290	3,725	4,015
Dividends (Note 12)	–	–	–	(40)	(40)
Balance as at 30 June 2024	8,995	1,400	275	40,033	50,703
Total comprehensive income	–	–	876	3,892	4,768
Dividends (Note 12)	–	–	–	(5,500)	(5,500)
Balance as at 31 December 2024	<u>8,995</u>	<u>1,400</u>	<u>1,151</u>	<u>38,425</u>	<u>49,971</u>

As at 30 June 2025, HK\$63 million was earmarked from the retained earnings (31 December 2024: HK\$295 million). The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. Movements in the reserve were made directly through retained earnings and in consultation with the Hong Kong Monetary Authority (“HKMA”).

*The notes on page 8 to 32 form part of these condensed consolidated financial statements.*

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)

In HK\$ millions	Note	For the six months ended	
		30 June 2025	30 June 2024
<b>Cash flows from operating activities</b>			
Profit before income tax		4,885	4,428
<b>Adjustments for non-cash items:</b>			
Allowances for credit and other losses		604	628
Depreciation expenses		248	251
Advances and other assets written off		(319)	(263)
Recoveries of advances and other assets written off		30	33
Interest expense for subordinated liability		73	86
Interest expense on lease liabilities	27(a)	11	11
Profit before changes in operating assets and liabilities		5,532	5,174
<b>Increase/(decrease) in:</b>			
Due to banks		331	3,716
Deposits and balances from customers		26,722	(362)
Other liabilities and derivatives		4,084	1,905
<b>Decrease/(increase) in:</b>			
Due from banks		(4,107)	(7,026)
Government securities and treasury bills		2,416	(1,169)
Loans and advances to customers		(3,462)	(2,062)
Bank and corporate securities		(8,002)	(13,340)
Other assets and derivatives		(981)	1,217
Net cash used in operating activities before income tax		22,533	(11,947)
Hong Kong profits tax paid		(328)	—
Overseas tax paid		(1)	—
<b>Net cash generated from/(used in) operating activities</b>		<b>22,204</b>	<b>(11,947)</b>



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)

In HK\$ millions	Note	For the six months ended	
		30 June 2025	30 June 2024
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(47)	(166)
<b>Net cash used in investing activities</b>		(47)	(166)
<b>Cash flows from financing activities</b>			
Principal element of lease payments	27(a)	(103)	(131)
Interest element of lease payments	27(a)	(10)	(11)
Dividends paid	12	(5,840)	(40)
Interest paid for subordinated liability		(74)	(86)
<b>Net cash used in financing activities</b>		(6,027)	(268)
Exchange differences		26	(1)
<b>Net change in cash and cash equivalents</b>		16,156	(12,382)
<b>Cash and cash equivalents as at 1 January</b>		82,216	87,867
<b>Cash and cash equivalents as at 30 June</b>	27(b)	98,372	75,485

*The notes on page 8 to 32 form part of these condensed consolidated financial statements.*

# **DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

### **1 Scope of consolidation**

The condensed consolidated financial statements incorporate the financial statements of DBS Bank (Hong Kong) Limited (the “Bank”) and its subsidiaries (together the “Group”).

For regulatory reporting purposes, the Bank computes key regulatory ratios on a combined basis including the Bank and its overseas branch that is different from the basis of consolidation for accounting purposes. The basis is set out in the unaudited Regulatory Disclosure Statements. The disclosures of regulatory capital, liquidity and other disclosures are available in the section of Regulatory Disclosures on our website <https://www.dbs.com/hongkong/en/financials/financial-results.page>.

### **2 Basis of preparation**

#### **2.1 Accounting policies**

The accounting policies applied in preparing this condensed consolidated financial statements are in compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants and are the same as those applied in preparing the consolidated financial statements for the year ended 31 December 2024 as disclosed in the Annual Report for 2024.

The adoption of new or amendments to HKFRS and interpretations effective from 1 January 2025 do not have material impact on the Group’s financial statements.

#### **2.2 Accounting estimates**

##### ***Critical accounting estimates***

The preparation of interim financial statements requires management to exercise judgements, use estimates and make assumptions that affect the application of policies and reported amounts in the financial statements. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from these estimates. In preparing these condensed consolidated financial statements, critical accounting estimates and assumptions used that are significant to the interim financial statements, and areas involving a higher degree of judgement and complexity are the same as those disclosed in the consolidated financial statements for the year ended 31 December 2024.

## **DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

#### **2 Basis of preparation (continued)**

##### **2.3 Condensed consolidated financial statements and statutory financial statements**

The financial information relating to the year ended 31 December 2024 that is included in this Group Interim Financial Disclosures Statements as comparative information does not constitute the Group's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Bank has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Group's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

##### **2.4 Compliance with the Banking (Disclosure) Rules**

The condensed consolidated financial statements together with Regulatory Disclosure Statements fulfill the disclosure requirements in accordance with the Banking (Disclosure) Rules.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 3 Interest income

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
Cash and balances with central banks and due from banks	1,822	2,583
Customer non-trade loans	5,578	6,278
Trade assets	271	285
Securities and others	2,100	1,815
Total interest income	9,771	10,961
Comprising:		
Interest income from financial assets at fair value through profit or loss ("FVPL")	112	172
Interest income from financial assets at FVOCI	1,378	1,240
Interest income from financial assets at amortised cost	8,281	9,549
	9,771	10,961

### 4 Interest expense

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
Deposits and balances from customers	4,399	5,154
Interest expense on subordinated liability	73	86
Other interest expense	112	245
Total interest expense	4,584	5,485
Comprising:		
Interest expense from financial liabilities at FVPL	170	329
Interest expense from financial liabilities not at FVPL <sup>(a)</sup>	4,414	5,156
	4,584	5,485

<sup>(a)</sup> Includes interest expense on lease liabilities of HK\$11 million (for the six months ended 30 June 2024: HK\$11 million).

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 5 Net fee and commission income

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
Fee and commission income	3,013	2,451
Less: Fee and commission expense	(326)	(356)
Net fee and commission income	2,687	2,095
Comprising:		
– Wealth management	1,883	1,297
– Transaction services <sup>(a)</sup>	487	469
– Loan-related	168	167
– Cards	149	162
	2,687	2,095

<sup>(a)</sup> Includes trade & remittances, guarantees and deposit-related fees.

Of which:

Fee and commission income arising from:

– Financial assets or financial liabilities not at FVPL	632	693
– Trust or other fiduciary activities	42	42

Fee and commission expense arising from:

– Financial assets or financial liabilities not at FVPL	232	279
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# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 6 Net trading income

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
Net trading income		
– Foreign exchange	849	520
– Interest rates, equities and others	32	17
	<u>881</u>	<u>537</u>
Net (loss)/gain from financial instruments designated at fair value	(52)	52
	<u>829</u>	<u>589</u>

### 7 Net (loss)/income from investment securities

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
Debt securities at:		
– FVOCI	–	9
– Amortised cost	(11)	2
Equity securities at FVOCI	6	6
	<u>(5)</u>	<u>17</u>
Total	<u>(5)</u>	<u>17</u>
Of which:		
Dividend income from:		
– Unlisted investments	6	6
	<u>6</u>	<u>6</u>
Total	<u>6</u>	<u>6</u>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 8 Other income

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
Rental income	30	11
Others	24	20
Total	54	31

### 9 Total expenses

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
Employee benefits		
– Salaries and other short-term employee benefits	2,206	2,036
– Pensions	120	116
– Share-based compensation	54	50
Premises and equipment expenses excluding depreciation		
– Expenses relating to short-term leases and low-value assets	2	3
– Others	100	107
Depreciation expenses		
– Owned properties and other fixed assets	137	121
– Leased properties and other fixed assets	111	130
Auditor's remuneration	6	5
Computerisation expenses	159	177
Other operating expenses	368	407
Total	3,263	3,152

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 10 Allowances for credit and other losses

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
<b>Specific allowances</b>		
Loans and advances to customers	313	225
Off-balance sheet credit exposures and others	2	–
<b>General allowances</b>		
Loans and advances to customers	295	386
Off-balance sheet credit exposures and others	(6)	17
Total	604	628

### 11 Income tax expense

In HK\$ millions	For the six months ended	
	30 June 2025	30 June 2024
Hong Kong profits tax	816	759
Overseas tax	8	1
Current income tax	824	760
Deferred income tax	(48)	(57)
	776	703

Hong Kong profits tax has been provided at 16.5% (first half of 2024: 16.5%) on the estimated assessable profits for the period. Taxation for an overseas branch is charged at the appropriate current rate of taxation ruling in the jurisdiction in which it operates.

### 12 Dividends

A 2024 final ordinary dividend of HK\$1,800 million, a 2025 special dividend of HK\$4,000 million and distributions on Perpetual Capital Securities (“PCS”) of HK\$40 million were paid during 2025.

2024 interim ordinary dividends of HK\$5,500 million and distributions on PCS of HK\$40 million were paid during 2024.



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 13 Cash and balances with central banks

In HK\$ millions	As at 30 June 2025	As at 31 December 2024
Cash in hand	511	799
Balances with central banks	5,774	1,979
	<u>6,285</u>	<u>2,778</u>

### 14 Government securities and treasury bills

In HK\$ millions	As at 30 June 2025	As at 31 December 2024
Mandatorily at FVPL	3,733	3,743
FVOCI	69,655	63,190
Amortised cost	20,028	11,537
	<u>93,416</u>	<u>78,470</u>
Allowances for credit and other losses	(1)	(1)
	<u>93,415</u>	<u>78,469</u>

As at 30 June 2025, there were no impaired, overdue or rescheduled FVOCI and amortised cost financial assets (31 December 2024: Nil).

As at 30 June 2025, the fair value of the above debt securities classified as amortised cost was HK\$19,879 million (31 December 2024: HK\$11,328 million).

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 15 Due from banks

In HK\$ millions	As at 30 June 2025	As at 31 December 2024
Balances with banks	10,013	7,460
Placements with and advances to banks	75,683	78,635
Gross amount due from banks	85,696	86,095
Allowances for credit and other losses	(1)	(1)
Net amount due from banks	85,695	86,094

As at 30 June 2025, there were no impaired, overdue or rescheduled placements with and advances to banks (31 December 2024: Nil).

### 16 Bank and corporate securities

In HK\$ millions	As at 30 June 2025	As at 31 December 2024
Mandatorily at FVPL	14,229	7,000
FVOCI	13,545	16,454
Amortised cost	19,201	15,444
	46,975	38,898
Allowances for credit and other losses	(4)	(3)
	46,971	38,895

As at 30 June 2025, there were no impaired, overdue or rescheduled FVOCI and amortised cost financial assets (31 December 2024: Nil).

As at 30 June 2025, the fair value of the above debt securities classified as amortised cost was HK\$19,210 million (31 December 2024: HK\$15,293 million).

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 17 Loans and advances to customers

In HK\$ millions	As at 30 June 2025	As at 31 December 2024
Gross loans and advances to customers	277,262	273,748
Allowances for credit and other losses		
– Specific allowances	(1,482)	(1,406)
– General allowances	(2,654)	(2,359)
	<u>273,126</u>	<u>269,983</u>
Comprising:		
– Trade bills	2,012	5,543
– Loans	<u>271,114</u>	<u>264,440</u>
	<u>273,126</u>	<u>269,983</u>

### Impaired advances

	As at 30 June 2025		As at 31 December 2024	
	HK\$ millions	% of gross loans and advances to customers	HK\$ millions	% of gross loans and advances to customers
Gross impaired advances	3,822	1.38	3,718	1.36
Specific allowances	<u>(1,482)</u>		<u>(1,406)</u>	
	<u>2,340</u>		<u>2,312</u>	
Impaired advances covered by collateral	<u>1,984</u>		<u>1,978</u>	

The specific allowances were made after taking into account the value of collateral in respect of the above advances.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 17 Loans and advances to customers (continued)

The table below shows the movements in specific and general allowances during the period.

In HK\$ millions	Balance at 1 January	Charge to income statement	Recoveries	Write-off	Exchange and other movements	Balance at 30 June
<b>2025</b>						
<b>Specific allowances</b>						
Loans and advances to customers	1,406	313	30	(319)	52	1,482
Others <sup>(a)</sup>	8	2	–	–	–	10
Total specific allowances	1,414	315	30	(319)	52	1,492
<b>General allowances</b>						
Loans and advances to customers	2,359	295	–	–	–	2,654
Others <sup>(a)</sup>	173	(6)	–	–	–	167
Total general allowances	2,532	289	–	–	–	2,821
Total allowances for credit and other losses	3,946	604	30	(319)	52	4,313

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 17 Loans and advances to customers (continued)

In HK\$ millions	Balance at 1 January	Charge to income statement	Recoveries	Write-off	Exchange and other movements	Balance at 31 December
<b>2024</b>						
<b>Specific allowances</b>						
Loans and advances to customers	1,240	584	62	(514)	34	1,406
Others <sup>(a)</sup>	7	1	–	–	–	8
Total specific allowances	1,247	585	62	(514)	34	1,414
<b>General allowances</b>						
Loans and advances to customers	2,049	310	–	–	–	2,359
Others <sup>(a)</sup>	138	35	–	–	–	173
Total general allowances	2,187	345	–	–	–	2,532
Total allowances for credit and other losses	3,434	930	62	(514)	34	3,946

<sup>(a)</sup> Includes allowances for off-balance sheet exposures, other assets, government securities and treasury bills, bank and corporate securities and due from banks.

### 18 Other assets

The balance as at 30 June 2025 included allowances for credit and other losses of HK\$12 million (31 December 2024: HK\$12 million).

### 19 Properties and other fixed assets

In HK\$ millions	As at 30 June 2025	As at 31 December 2024
Owned properties and other fixed assets (Note 19(a))	3,478	3,568
Leased properties and other fixed assets (Note 19(b))	1,302	1,365
	<b>4,780</b>	<b>4,933</b>

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 19 Properties and other fixed assets (continued)

#### (a) Owned properties and other fixed assets

In HK\$ millions	Freehold land and building	Land and buildings	Furniture, fixtures and equipment	Subtotal	Investment properties	Total
Cost						
As at 1 January 2025	23	2,332	3,074	5,429	1,445	6,874
Additions	–	–	47	47	–	47
Disposals/written off	–	(1)	(10)	(11)	–	(11)
As at 30 June 2025	23	2,331	3,111	5,465	1,445	6,910
Accumulated depreciation and impairment						
As at 1 January 2025	17	984	2,284	3,285	21	3,306
Charge for the period	–	6	125	131	6	137
Disposals/written off	–	(1)	(10)	(11)	–	(11)
As at 30 June 2025	17	989	2,399	3,405	27	3,432
Net book value						
As at 30 June 2025	6	1,342	712	2,060	1,418	3,478

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 19 Properties and other fixed assets (continued)

#### (a) Owned properties and other fixed assets (continued)

In HK\$ millions	Freehold land and building	Land and buildings	Furniture, fixtures and equipment	Subtotal	Investment properties	Total
Cost						
As at 1 January 2024	23	2,335	2,848	5,206	33	5,239
Additions <sup>(a)</sup>	–	4	350	354	1,412	1,766
Disposals/written off	–	(7)	(124)	(131)	–	(131)
As at 31 December 2024	23	2,332	3,074	5,429	1,445	6,874
Accumulated depreciation and impairment						
As at 1 January 2024	17	977	2,102	3,096	21	3,117
Charge for the year	–	14	255	269	–	269
Disposals/written off	–	(7)	(73)	(80)	–	(80)
As at 31 December 2024	17	984	2,284	3,285	21	3,306
Net book value						
As at 31 December 2024	6	1,348	790	2,144	1,424	3,568

(a) During the financial year ended 31 December 2024, the Group acquired two properties totalling HK\$1,412 million.

#### (b) Leased properties and other fixed assets

In HK\$ millions	Properties	Other fixed assets	Total
As at 1 January 2025	1,262	103	1,365
Additions of right-of-use assets during the period	3	–	3
Changes of lease term	45	–	45
Depreciation charge for the period	(101)	(10)	(111)
As at 30 June 2025	1,209	93	1,302

## DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

#### 19 Properties and other fixed assets (continued)

##### (b) Leased properties and other fixed assets (continued)

In HK\$ millions	Properties	Other fixed assets	Total
As at 1 January 2024	1,586	122	1,708
Additions of right-of-use assets during the year	7	–	7
Changes of lease term	(105)	–	(105)
Depreciation charge for the year	(226)	(19)	(245)
As at 31 December 2024	1,262	103	1,365

The Group's leases comprise primarily office premises, branches and data centres.

#### 20 Deposits and balances from customers

In HK\$ millions	As at 30 June 2025	As at 31 December 2024
Deposits from customers at amortised cost	421,801	400,179
Structured investment deposits classified as financial liabilities designated at FVPL	10,055	4,955
	431,856	405,134
Analysed by:		
– Demand deposits and current accounts	49,516	45,172
– Savings deposits	164,235	147,782
– Time, call and notice deposits	218,105	212,180
	431,856	405,134

#### 21 Subordinated liability

On 13 December 2022, the Bank issued a new subordinated loan (the "Loan") of US\$300 million to DBS Group Holdings Ltd ("DBSH"). Interest on the Loan is payable quarterly at USD3-month Secured Overnight Financing Rate ("SOFR") plus 1.87% per annum. The Loan has a repayment date of 13 December 2032 and may be prepaid on 13 December 2027 or any date thereafter. The terms require the Loan to be written off if and when the HKMA notifies the Bank that a write-off, or a public sector injection of capital (or equivalent support), is necessary, without which the Bank would become non-viable. In addition, the lender of the Loan is subject to the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority. The Loan qualifies as Tier 2 capital of the Bank under the Banking (Capital) Rules and a Loss-absorbing Capacity ("LAC") debt instrument under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules (the "LAC Rules") made by the HKMA.



# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 22 Derivatives financial instruments and hedging activities

The following is a summary of each significant type of derivatives:

In HK\$ millions	Contract/ notional amount	Positive fair values	Negative fair values
<b>As at 30 June 2025</b>			
Interest rate derivatives			
– Interest rate swaps	69,594	537	891
Sub-total	69,594	537	891
Foreign exchange (FX) derivatives			
– FX contracts	123,753	845	1,208
– Currency swaps	44,458	1,429	494
– Currency options	59,204	587	587
Sub-total	227,415	2,861	2,289
Equity derivative contracts	2,806	93	93
Credit derivative contracts	9,788	6	27
Commodity derivative contracts	158	22	22
Gross total derivatives	309,761	3,519	3,322
<b>Included in the above are derivatives held for:</b>			
<b>Fair value hedges</b>			
– Interest rate swaps	965	–	27
Sub-total	965	–	27
<b>Cash flow hedges</b>			
– Interest rate swaps	31,000	2	382
– FX contracts	15,825	34	149
– Currency swaps	24,958	1,081	148
Sub-total	71,783	1,117	679
Total derivatives held for hedging	72,748	1,117	706

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 22 Derivatives financial instruments and hedging activities (continued)

In HK\$ millions	Contract/ notional amount	Positive fair values	Negative fair values
<b>As at 31 December 2024</b>			
Interest rate derivatives			
– Interest rate swaps	103,531	598	1,768
Sub-total	103,531	598	1,768
Foreign exchange (FX) derivatives			
– FX contracts	120,037	1,737	1,328
– Currency swaps	28,655	2,137	306
– Currency options	44,002	538	538
Sub-total	192,694	4,412	2,172
Equity derivative contracts	4,294	144	144
Credit derivative contracts	5,477	–	29
Commodity derivative contracts	134	12	12
Gross total derivatives	306,130	5,166	4,125
<b>Included in the above are derivatives held for:</b>			
<b>Fair value hedges</b>			
– Interest rate swaps	765	4	6
Sub-total	765	4	6
<b>Cash flow hedges</b>			
– Interest rate swaps	30,300	–	1,213
– FX contracts	8,990	200	–
– Currency swaps	9,802	1,851	21
Sub-total	49,092	2,051	1,234
Total derivatives held for hedging	49,857	2,055	1,240

The amounts are shown on a gross basis and do not take into account the effect of bilateral netting arrangements. The contract or notional amounts of these instruments indicate the volume of transactions outstanding as at the end of the reporting period. They do not represent amounts at risk.

## DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

#### 23 Other equity instruments

On 13 January 2022, the Bank issued Perpetual Capital Securities (“PCS”) of HK\$1,400 million to its parent holding company, DBSH. Distributions are payable annually at the rate of 2.86% per annum at the discretion of the Bank. The PCS are redeemable on 13 January 2027 or any date thereafter. The terms require the PCS to be written off if and when the HKMA notifies the Bank that a write-off, or a public sector injection of capital (or equivalent support), is necessary, without which the Bank would become non-viable. In addition, the holder of the PCS is subject to the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority. The PCS qualify as Additional Tier 1 capital of the Bank under the Banking (Capital) Rules and a LAC debt instrument under the LAC Rules made by the HKMA.

#### 24 Contingent liabilities and commitments

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

In HK\$ millions	As at 30 June 2025	As at 31 December 2024
Direct credit substitutes	145	158
Transaction-related contingencies	4,073	5,005
Trade-related contingencies	5,208	5,027
Other commitments with an original maturity of not more than one year	6,608	11,240
Other commitments with an original maturity of more than one year	23,491	26,316
Other commitments which are unconditionally cancellable	209,845	198,681
	<b>249,370</b>	<b>246,427</b>
Credit risk-weighted amount	<b>25,135</b>	<b>29,641</b>

Credit risk-weighted amount is calculated in accordance with Banking (Capital) Rules.

## **DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

#### **25 Fair Value of financial instruments**

##### **(a) Valuation process**

The valuation processes within the Group are governed by the Valuation Policy and Supporting Standards. These policy and standards apply to financial assets and liabilities where mark-to-market or model valuation is required. The overall framework is endorsed by Group Market and Liquidity Risk Committee and Risk Executive Committee before approval by the Board Risk Management Committee.

The Valuation Policy and Supporting Standards govern the revaluation of all financial assets and liabilities that are fair value measured, covering both market prices as well as model inputs. Financial assets and liabilities are marked directly using reliable and independent market prices or by using reliable and independent market parameters (as model inputs) in conjunction with a valuation model. Products with a liquid market or those traded via an exchange will fall under the former while most over-the-counter (“OTC”) products will form the latter. Market parameters include interest rate yield curves, credit spreads, exchange prices, dividend yields, option volatilities and foreign exchange rates.

Valuation models go through an assurance process carried out by the Risk Management Group, independent of the model developers. This assurance process would review the underlying methodology including its logic and conceptual soundness together with the model inputs and outputs. Model assurances are conducted prior to implementation and subject to regular review or when there are significant changes arising from market or portfolio changes. Where necessary, the Group also imposes model reserves and other adjustments in determining fair value. Models are approved by the Group Market and Liquidity Risk Committee.

The majority of OTC derivatives are traded in active markets. Valuations are determined using generally accepted models (discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlying instruments or market parameters.

A process of independent price verification (“IPV”) is in place to establish the accuracy of the market parameters used when the marking is performed by the Front Office. The IPV process entails independent checks to compare traders’ marks to independent sources such as broker/dealer sources or market consensus providers. The results of the IPV are reviewed by independent control functions on a monthly basis.

For illiquid financial instruments where mark-to-market is not possible, the Group will value these products using an approved valuation model. Prices and parameters used as inputs to the model or to any intermediate technique involving a transformation process must be derived using approved market reliable sources. Where possible, the inputs must be checked against multiple sources for reliability and accuracy. Reliance will be placed on the model assurance process established by Risk Management Group for assurance of valuation models as fit for purpose.

## DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

#### 25 Fair Value of financial instruments (continued)

##### (a) Valuation process (continued)

The Group uses various market accepted benchmark interest rates such as SOFR and Swap Offer Rates to determine the fair value of the financial instruments.

Where unobservable inputs are used in these models resulting in Level 3 classification, valuation adjustments or reserves will be taken for the purpose of adjusting for uncertainty in valuations. Valuation adjustment or reserve methodologies are used to substantiate the unobservable inputs and attempt to quantify the level of uncertainty in valuations. Such methodologies are governed by the Valuation Policy and Supporting Standards and require approval by the Group Market and Liquidity Risk Committee.

The main valuation adjustments and reserves are described below:

##### ***Model and Parameter Uncertainty Adjustments***

Valuation uncertainties may occur during fair value measurement either due to uncertainties in the required input parameters or uncertainties in the modelling methods used in the valuation process. In such situations, adjustments may be necessary to take these factors into account.

For example, where market data such as prices or rates for an instrument are no longer observable after an extended period of time, these inputs used to value the financial instruments may no longer be relevant in the current market conditions. In such situations, adjustments may be necessary to address the pricing uncertainty arising from the use of stale market data inputs.

##### ***Credit Valuation Adjustments***

Credit valuation adjustments are taken to reflect the impact on fair value of counterparty credit risk. Credit valuation adjustments are based upon the creditworthiness of the counterparties, magnitude of the current or potential exposure on the underlying transactions, netting and collateral arrangements, and the maturity of the underlying transactions.

##### ***Day 1 Profit or Loss (P&L) Reserve***

In situations where the market for an instrument is not active and its fair value is established using a valuation model based on significant unobservable market parameters, Day 1 P&L reserve is utilised to defer the P&L arising from the difference between the transaction price and the model value. A market parameter is defined as being significant when its impact on the Day 1 P&L is greater than an internally determined threshold. The Day 1 P&L reserve is released to profit or loss as the parameters become observable or the transaction closed out or amortised over the duration of the transaction. As at 30 June 2025, there was no Day 1 P&L reserve (31 December 2024: Nil).

## DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

#### 25 Fair Value of financial instruments (continued)

##### (a) Valuation process (continued)

###### *Bid Offer Adjustments*

The Group often holds, at varying points in time, both long or short positions in financial instruments which are valued using mid market levels. Bid offer adjustments are then made to account for close-out costs.

##### (b) Fair value hierarchy

The fair value hierarchy accords the highest level to observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level to unobservable inputs. The fair value measurement of each financial instrument is categorised in accordance to the same level of the fair value hierarchy as the input with the lowest level that is significant to the entire measurement. If unobservable inputs are deemed as significant, the financial instrument will be categorised as Level 3.

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 within the fair value hierarchy. These would include government and sovereign securities, listed equities and corporate debt securities which are actively traded. Derivatives contracts which are traded in an active exchange market are also classified as Level 1 of the valuation hierarchy.

Where fair value is determined using quoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group will determine the fair value based on valuation techniques that use market parameters as inputs including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include corporate debt securities, repurchase, reverse repurchase agreements and most of the Group's over-the-counter derivatives.

The Group classifies financial instruments as Level 3 when there is reliance on unobservable market parameters whether used directly to value a financial asset or liability, or used as inputs to a valuation model, attributing to a significant contribution to the instrument value. These would include all input parameters which are derived from historical data, for example, asset correlations or certain volatilities. Level 3 instruments also include unquoted equity securities which are measured based on the net asset value of the investments. In addition, Level 3 inputs include all stale quoted security prices and other approximations (e.g. bonds valued using credit default swap spreads).

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 25 Fair Value of financial instruments (continued)

#### (b) Fair value hierarchy (continued)

The following table presents assets and liabilities measured at fair value, classified by level of the fair value hierarchies:

In HK\$ millions	Level 1	Level 2	Level 3	Total
<b>As at 30 June 2025</b>				
<b>Assets</b>				
Financial assets at FVPL				
– Government securities and treasury bills	2,965	768	–	3,733
– Due from banks	–	–	–	–
– Bank and corporate securities	629	13,600	–	14,229
– Loans and advances to customers	–	–	–	–
FVOCI financial assets				
– Government securities and treasury bills	69,655	–	–	69,655
– Bank and corporate securities	7,514	4,691	1,340	13,545
Derivative assets	–	3,519	–	3,519
<b>Liabilities</b>				
Financial liabilities at FVPL				
– Payable in respect of short sale of securities	2,310	–	–	2,310
– Deposits and balances from customers	–	10,055	–	10,055
– Due to banks	–	6,208	–	6,208
Derivative liabilities	–	3,322	–	3,322

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 25 Fair Value of financial instruments (continued)

#### (b) Fair value hierarchy (continued)

In HK\$ millions	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2024</b>				
<b>Assets</b>				
Financial assets at FVPL				
– Government securities and treasury bills	3,743	–	–	3,743
– Due from banks	–	850	–	850
– Bank and corporate securities	851	6,149	–	7,000
– Loans and advances to customers	–	274	–	274
FVOCI financial assets				
– Government securities and treasury bills	63,190	–	–	63,190
– Bank and corporate securities	8,164	6,973	1,317	16,454
Derivative assets	–	5,166	–	5,166
<b>Liabilities</b>				
Financial liabilities at FVPL				
– Payable in respect of short sale of securities	1,886	–	–	1,886
– Deposits and balances from customers	–	4,955	–	4,955
– Due to banks	–	5,199	–	5,199
Derivative liabilities	–	4,125	–	4,125

During the period, there was no transfer between fair value hierarchies (31 December 2024: HK\$776 million).

#### (c) Fair value of financial assets and liabilities not carried at fair value

For financial assets and liabilities not carried at fair value in the condensed consolidated financial statements, the Group has ascertained that their fair values were not materially different from their carrying amounts at period-end as shown below. The bases of arriving at their fair values are as follows:

##### (i) Due from banks

The estimated fair value of placements with and advances to banks is based on the discounted cash flows using the prevailing money market interest rates for placements and advances with similar remaining maturity.



## **DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

#### **25 Fair Value of financial instruments (continued)**

##### **(c) Fair value of financial assets and liabilities not carried at fair value (continued)**

###### **(ii) Loans and advances to customers**

The fair value approximates their carrying amount as majority of the loans and advances to customers are on floating rate terms.

###### **(iii) Bank and corporate securities – amortised cost**

The fair values are determined based on independent market quotes, where available. Where market prices are not available, fair values are estimated using discounted cash flow method. The fair value is set out in Note 16.

###### **(iv) Due to banks and Deposits and balances from customers**

The estimated fair value of deposits with no stated maturity, which includes non-interest – bearing deposits, is the amount repayable on demand. The estimated fair value of deposits and other borrowings with fixed interest rates is based on discounted cash flows using prevailing interest rates with similar remaining maturity.

###### **(v) Subordinated liability**

The fair value of subordinated liability approximates its carrying amount as it is on floating rate term and bears interest at prevailing market interest rate.

#### **26 Material related party transactions**

During the period ended 30 June 2025, the Group acquired a portfolio of loans and advances to customers of HK\$5.4 billion (financial year ended 31 December 2024: HK\$12.9 billion) and undrawn commitment of HK\$1.4 billion (financial year ended 31 December 2024: HK\$2.0 billion) from DBS Bank Ltd., HK Branch through direct purchase or funded risk participation. These transactions were conducted on an arm's length basis.

Apart from the foregoing, there were no changes in the related party transaction described in 2024 Annual Report that have had a material impact on the financial position or performance of the Group in the six months ended 30 June 2025.

# DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 27 Notes to the condensed consolidated cash flow statement

#### a. Analysis of changes in financing activities during the period

In HK\$ millions	Lease liabilities	
	2025	2024
Balance as at 1 January	1,442	1,790
Cash outflow from financing activities	(113)	(142)
Interest element of lease liabilities	11	11
Net changes due to addition and changes of lease terms	48	(15)
Balance as at 30 June	1,388	1,644

#### b. Analysis of the balances of cash and cash equivalents

In HK\$ millions	As at 30 June 2025	As at 30 June 2024
Cash and balances with central banks	6,285	3,146
Due from banks		
– Balances with banks	10,013	6,626
– Placements with and advances to banks repayable with original maturity within three months	55,696	48,638
Bills and notes repayable with original maturity within three months	26,378	17,075
	98,372	75,485