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 2026

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

TABLE OF CONTENTS

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

REVIEW OF ACTIVITIES

The Bank achieved a record financial performance for the six months ended 30 June 2026, with net profit increasing by 25% year-on-year to HK$5,151 million. Return on equity stood at 21.6%. The strong net profit growth was primarily driven by robust income expansion and reduced credit costs.

Income growth was broad-based across products and segments, rising by 16% from a year ago to HK$10,118 million, demonstrating resilience amidst market uncertainty and interest rate reductions. Non-interest income saw a significant 24% year-on-year increase, fueled by sustained momentum in the wealth management business. Net interest income also grew by 10%, supported by active balance sheet management that effectively mitigated the impact of interest rate reductions. The growth was supported by a quality deposit franchise and effective deployment of surplus funds. Deposits and balances from customers reached HK$464 billion, an 8% increase year-on-year. Loans and advances to customers rose by 5% to HK$287 billion, while securities portfolios increased by 26% to HK$178 billion. The net interest margin improved by 2 basis points to 2.19% for the first half of the year.

The cost-to-income ratio was managed at a healthy level of 34%. Total expenses for the period increased by 7% to HK$3,476 million, primarily attributable to higher staff expenses.

Operating profit reached HK$6,642 million, marking a 21% increase year-on-year. Allowances for credit and other losses decreased by 14% compared to the same period last year, totaling HK$521 million.

DBS BANK (HONG KONG) LIMITED AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENT (unaudited)

In HK$ millions	Note	For the six months ended 30 June 2026	30 June 2025
Interest income	3	**9,492**	9,771
Interest expense	4	**(3,808)**	(4,584)
Net interest income		**5,684**	5,187
Net fee and commission income	5	**3,618**	2,687
Net trading income	6	**738**	829
Net income/(loss) from investment securities	7	**15**	(5)
Other income	8	**63**	54
Total income		**10,118**	8,752
Total expenses	9	**(3,476)**	(3,263)
Profit before allowances for credit and other losses		**6,642**	5,489
Allowances for credit and other losses	10	**(521)**	(604)
Profit before income tax		**6,121**	4,885
Income tax expense	11	**(970)**	(776)
Profit attributable to shareholders		**5,151**	4,109

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 2026	30 June 2025
Profit attributable to shareholders	**5,151**	4,109
Other comprehensive income:		
Items that may be reclassified subsequently to income statement:		
Gains/(losses) on debt instruments classified at fair value through other comprehensive income ("FVOCI")		
– Net valuation (losses)/gains taken to equity	**(384)**	288
– Losses/(gains) transferred to income statement	**6**	(22)
– Deferred income tax credited/(debited) to equity	**60**	(36)
Cash flow hedge		
– Net valuation gains taken to equity	**185**	963
– Gains transferred to income statement	**(158)**	(35)
– Deferred income tax debited to equity	**(5)**	(153)
Items that will not be reclassified to income statement:		
Gains on equity instruments classified at FVOCI		
– Net valuation gains taken to equity	**20**	15
Other comprehensive income attributable to shareholders, net of tax	**(276)**	1,020
Total comprehensive income attributable to shareholders	**4,875**	5,129

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 2026**	As at 31 December 2025
Assets			
Cash and balances with central banks	13	**3,605**	5,486
Government securities and treasury bills	14	**110,553**	95,402
Due from banks	15	**86,825**	108,436
Derivative assets	22	**8,327**	5,314
Bank and corporate securities	16	**67,007**	51,933
Loans and advances to customers	17	**286,525**	271,461
Other assets	18	**8,887**	6,809
Properties and other fixed assets	19	**7,416**	4,632
Total assets		**579,145**	549,473
Liabilities			
Due to banks		**26,305**	26,926
Deposits and balances from customers	20	**464,429**	450,381
Derivative liabilities	22	**2,292**	2,876
Other liabilities		**32,031**	18,255
Subordinated liability	21	**2,353**	2,335
Total liabilities		**527,410**	500,773
Equity			
Share capital		**8,995**	8,995
Other equity instruments	23	**2,400**	2,400
Reserves		**40,340**	37,305
Total equity		**51,735**	48,700
Total liabilities and equity		**579,145**	549,473

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 2026	**8,995**	**2,400**	**2,472**	**34,833**	**48,700**
Total comprehensive income	**–**	–	**(276)**	**5,151**	**4,875**
Dividends (Note 12)	–	–	–	**(1,840)**	**(1,840)**
Balance as at 30 June 2026	**8,995**	**2,400**	**2,196**	**38,144**	**51,735**
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	8,995	1,400	2,171	36,694	49,260
Issue of perpetual capital securities (Note 23)	–	1,000	–	–	1,000
Total comprehensive income	–	–	301	3,639	3,940
Dividends (Note 12)	–	–	–	(5,500)	(5,500)
Balance as at 31 December 2025	8,995	2,400	2,472	34,833	48,700

As at 30 June 2026, HK$531 million was earmarked from the retained earnings (31 December 2025: HK$481 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)

		For the six months ended	
In HK$ millions	Note	**30 June 2026**	30 June 2025
Cash flows from operating activities			
Profit before income tax		**6,121**	4,885
Adjustments for non-cash items:			
Allowances for credit and other losses		**521**	604
Depreciation expenses		**245**	248
Advances and other assets written off		**(901)**	(319)
Recoveries of advances and other assets written off		**36**	30
Interest expense for subordinated liability		**65**	73
Interest expense on lease liabilities	27(a)	**11**	11
Profit before changes in operating assets and liabilities		**6,098**	5,532
Increase/(decrease) in:			
Due to banks		**(621)**	331
Deposits and balances from customers		**14,048**	26,722
Other liabilities and derivatives		**12,447**	4,084
Decrease/(increase) in:			
Due from banks		**3,066**	(4,107)
Government securities and treasury bills		**(5,091)**	2,416
Loans and advances to customers		**(14,715)**	(3,462)
Bank and corporate securities		**(15,345)**	(8,002)
Other assets and derivatives		**(5,026)**	(981)
Net cash (used in)/generated from operating activities before income tax		**(5,139)**	22,533
Hong Kong profits tax paid		**(358)**	(328)
Overseas tax paid		**–**	(1)
Net cash (used in)/generated from operating activities		**(5,497)**	22,204

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 2026	30 June 2025
Cash flows from investing activities			
Purchase of fixed assets		**(2,781)**	(47)
Net cash used in investing activities		**(2,781)**	(47)
Cash flows from financing activities			
Principal element of lease payments	27(a)	**(100)**	(103)
Interest element of lease payments	27(a)	**(9)**	(10)
Dividends paid	12	**(1,840)**	(5,840)
Interest paid for subordinated liability		**(66)**	(74)
Net cash used in financing activities		**(2,015)**	(6,027)
Exchange differences		**18**	26
Net change in cash and cash equivalents		**(10,275)**	16,156
Cash and cash equivalents as at 1 January		**97,380**	82,216
Cash and cash equivalents as at 30 June	27(b)	**87,105**	98,372

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

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 2025 as disclosed in the Annual Report for 2025.

The adoption of new or amendments to HKFRS and interpretations effective from 1 January 2026 do not have material impact on the Group's consolidated 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 2025.

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 2025 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 consolidated financial statements for the year ended 31 December 2025 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 consolidated 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.

3 Interest income

In HK$ millions	For the six months ended 30 June 2026	30 June 2025
Cash and balances with central banks and due from banks	**1,882**	1,822
Customer non-trade loans	**4,760**	5,578
Trade assets	**203**	271
Securities and others	**2,647**	2,100
Total interest income	**9,492**	9,771
Comprising:		
Interest income from financial assets at fair value through profit or loss ("FVPL")	**247**	112
Interest income from financial assets at FVOCI	**1,446**	1,378
Interest income from financial assets at amortised cost	**7,799**	8,281
	9,492	9,771

4 Interest expense

In HK$ millions	For the six months ended 30 June 2026	30 June 2025
Deposits and balances from customers	**3,714**	4,399
Interest expense on subordinated liability	**65**	73
Other interest expense	**29**	112
Total interest expense	**3,808**	4,584
Comprising:		
Interest expense from financial liabilities at FVPL	**233**	170
Interest expense from financial liabilities not at FVPL[(i)]	**3,575**	4,414
	3,808	4,584

[(i)] *Includes interest expense on lease liabilities of HK$11 million (for the six months ended 30 June 2025: HK$11 million).*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

5 Net fee and commission income

In HK$ millions	For the six months ended 30 June 2026	30 June 2025
Fee and commission income	**4,023**	3,013
Less: Fee and commission expense	**(405)**	(326)
Net fee and commission income	**3,618**	2,687
Of which:		
Fee and commission income arising from:		
– Financial assets or financial liabilities not at FVPL	**628**	632
– Trust or other fiduciary activities	**52**	42
Fee and commission expense arising from:		
– Financial assets or financial liabilities not at FVPL	**219**	232

6 Net trading income

In HK$ millions	For the six months ended 30 June 2026	30 June 2025
Net trading income	**568**	881
Net loss from financial assets designated at fair value	**(4)**	(8)
Net gain/(loss) from financial liabilities designated at fair value	**174**	(44)
Total	**738**	829

7 Net income/(loss) from investment securities

In HK$ millions	For the six months ended 30 June 2026	30 June 2025
Debt securities at:		
– FVOCI	**6**	–
– Amortised cost	**–**	(11)
Equity securities at FVOCI	**9**	6
Total	**15**	(5)
Of which:		
Dividend income from:		
– Unlisted investments	**9**	6
Total	**9**	6

8 Other income

In HK$ millions	For the six months ended 30 June 2026	30 June 2025
Rental income	**42**	30
Others	**21**	24
Total	**63**	54

9 Total expenses

In HK$ millions	For the six months ended 30 June 2026	30 June 2025
Employee benefits		
– Salaries and other short-term employee benefits	**2,355**	2,206
– Pensions	**124**	120
– Share-based compensation	**61**	54
Premises and equipment expenses excluding depreciation		
– Expenses relating to short-term leases and low-value assets	**2**	2
– Others	**105**	100
Depreciation expenses		
– Owned properties and other fixed assets	**133**	137
– Leased properties and other fixed assets	**112**	111
Auditor's remuneration	**6**	6
Computerisation expenses	**148**	159
Other operating expenses	**430**	368
Total	**3,476**	3,263

10 Allowances for credit and other losses

	For the six months ended	
In HK$ millions	**30 June 2026**	30 June 2025
Specific allowances		
Loans and advances to customers	**486**	313
Off-balance sheet credit exposures and others	**4**	2
General allowances		
Loans and advances to customers	**22**	295
Off-balance sheet credit exposures and others	**9**	(6)
Total	**521**	604

11 Income tax expense

	For the six months ended	
In HK$ millions	**30 June 2026**	30 June 2025
Hong Kong profits tax	**971**	816
Overseas tax	**5**	8
Current income tax	**976**	824
Deferred income tax	**(6)**	(48)
	970	776

Hong Kong profits tax has been provided at 16.5% (first half of 2025: 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 2025 final ordinary dividend of HK$1,800 million and distributions on Perpetual Capital Securities (“PCS”) of HK$40 million were paid during 2026.

A 2024 final ordinary dividend of HK$1,800 million, a 2025 special dividend of HK$4,000 million, 2025 interim ordinary dividends of HK$5,500 million and distributions on PCS of HK$40 million were paid during 2025.

13 Cash and balances with central banks

In HK$ millions	**As at 30 June 2026**	As at 31 December 2025
Cash in hand	**514**	700
Balances with central banks	**3,091**	4,786
	3,605	5,486

14 Government securities and treasury bills

In HK$ millions	**As at 30 June 2026**	As at 31 December 2025
Mandatorily at FVPL	**15,349**	5,764
FVOCI	**88,621**	83,644
Amortised cost	**6,583**	5,994
	110,553	95,402
Allowances for credit and other losses	**–**	–
	110,553	95,402

As at 30 June 2026, there were no impaired, overdue or rescheduled FVOCI and amortised cost financial assets (31 December 2025: Nil).

As at 30 June 2026, the fair value of the above debt securities classified as amortised cost was HK$6,399 million (31 December 2025: HK$5,841 million).

15 Due from banks

In HK$ millions	As at 30 June 2026	As at 31 December 2025
Balances with banks	**10,322**	9,732
Placements with and advances to banks	**76,504**	98,705
Gross amount due from banks	**86,826**	108,437
Allowances for credit and other losses	**(1)**	(1)
Net amount due from banks	**86,825**	108,436

As at 30 June 2026, there were no impaired, overdue or rescheduled placements with and advances to banks (31 December 2025: Nil).

16 Bank and corporate securities

In HK$ millions	As at 30 June 2026	As at 31 December 2025
Mandatorily at FVPL	**12,195**	17,322
FVOCI	**17,447**	6,719
Amortised cost	**37,373**	27,897
	67,015	51,938
Allowances for credit and other losses	**(8)**	(5)
	67,007	51,933

As at 30 June 2026, there were no impaired, overdue or rescheduled FVOCI and amortised cost financial assets (31 December 2025: Nil).

As at 30 June 2026, the fair value of the above debt securities classified as amortised cost was HK$37,365 million (31 December 2025: HK$27,957 million).

17 Loans and advances to customers

In HK$ millions	As at 30 June 2026	As at 31 December 2025
Gross loans and advances to customers	**291,001**	276,271
Allowances for credit and other losses		
– Specific allowances	**(2,269)**	(2,625)
– General allowances	**(2,207)**	(2,185)
	286,525	271,461
Comprising:		
– Trade bills	**4,560**	2,507
– Loans	**281,965**	268,954
	286,525	271,461

Gross loans and advances to customers include reverse repurchase agreements of HK$11,141 million (2025: HK$4,709 million).

Impaired advances

	As at 30 June 2026		As at 31 December 2025	
	HK$ millions	% of gross loans and advances to customers	HK$ millions	% of gross loans and advances to customers
Gross impaired advances	**5,744**	**1.97**	6,338	2.29
Specific allowances	**(2,269)**		(2,625)	
	3,475		3,713	
Impaired advances covered by collateral	**1,511**		1,783	

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
2026						
Specific allowances						
Loans and advances to customers	2,625	486	36	(893)	15	2,269
Others[(i)]	11	4	–	(8)	(4)	3
Total specific allowances	2,636	490	36	(901)	11	2,272
General allowances						
Loans and advances to customers	2,185	22	–	–	–	2,207
Others[(i)]	136	9	–	–	–	145
Total general allowances	2,321	31	–	–	–	2,352
Total allowances for credit and other losses	4,957	521	36	(901)	11	4,624

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
2025						
Specific allowances						
Loans and advances to customers	1,406	1,833	67	(721)	40	2,625
Others[(i)]	8	18	–	–	(15)	11
Total specific allowances	1,414	1,851	67	(721)	25	2,636
General allowances						
Loans and advances to customers	2,359	(174)	–	–	–	2,185
Others[(i)]	173	(37)	–	–	–	136
Total general allowances	2,532	(211)	–	–	–	2,321
Total allowances for credit and other losses	3,946	1,640	67	(721)	25	4,957

(i) *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 2026 is net of allowances for credit and other losses of HK$5 million (31 December 2025: HK$13 million).

19 Properties and other fixed assets

In HK$ millions	**As at 30 June 2026**	As at 31 December 2025
Owned properties and other fixed assets (Note 19(a))	**6,074**	3,426
Leased properties and other fixed assets (Note 19(b))	**1,342**	1,206
	7,416	4,632

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 2026	23	2,332	3,141	5,496	1,445	6,941
Additions[(i)]	–	914	47	961	1,820	2,781
Disposals/written off	–	(2)	(110)	(112)	–	(112)
As at 30 June 2026	23	3,244	3,078	6,345	3,265	9,610
Accumulated depreciation and impairment						
As at 1 January 2026	17	994	2,469	3,480	35	3,515
Charge for the period	–	4	124	128	5	133
Disposals/written off	–	(2)	(110)	(112)	–	(112)
As at 30 June 2026	17	996	2,483	3,496	40	3,536
Net book value						
As at 30 June 2026	6	2,248	595	2,849	3,225	6,074

(i) *During the period ended 30 June 2026, the Group acquired additional floors at The Center, with a total consideration of HK$2,619 million.*

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 2025	23	2,332	3,074	5,429	1,445	6,874
Additions	–	1	134	135	–	135
Disposals/written off	–	(1)	(67)	(68)	–	(68)
As at 31 December 2025	23	2,332	3,141	5,496	1,445	6,941
Accumulated depreciation and impairment						
As at 1 January 2025	17	984	2,284	3,285	21	3,306
Charge for the year	–	11	252	263	14	277
Disposals/written off	–	(1)	(67)	(68)	–	(68)
As at 31 December 2025	17	994	2,469	3,480	35	3,515
Net book value						
As at 31 December 2025	6	1,338	672	2,016	1,410	3,426

(b) Leased properties and other fixed assets

In HK$ millions	Properties	Other fixed assets	Total
As at 1 January 2026	**1,122**	**84**	**1,206**
Additions of right-of-use assets during the period	**265**	**64**	**329**
Changes of lease term	**(15)**	**(66)**	**(81)**
Depreciation charge for the period	**(102)**	**(10)**	**(112)**
As at 30 June 2026	**1,270**	**72**	**1,342**

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 2025	1,262	103	1,365
Additions of right-of-use assets during the year	2	–	2
Changes of lease term	57	–	57
Depreciation charge for the year	(199)	(19)	(218)
As at 31 December 2025	1,122	84	1,206

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 2026**	As at 31 December 2025
Deposits from customers at amortised cost	**452,690**	441,074
Structured investment deposits classified as financial liabilities designated at FVPL	**11,739**	9,307
	464,429	450,381
Analysed by:		
– Demand deposits and current accounts	**48,072**	48,980
– Savings deposits	**183,054**	176,087
– Time, call and notice deposits	**233,303**	225,314
	464,429	450,381

21 Subordinated liability

On 13 December 2022, the Bank issued a subordinated loan (the "Loan") of US$300 million to DBS Group Holdings Ltd ("DBSH"). Interest on the Loan is payable quarterly at USD 3-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").

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
As at 30 June 2026			
Interest rate derivatives			
– Interest rate swaps	76,753	310	317
Sub-total	76,753	310	317
Foreign exchange (FX) derivatives			
– FX contracts	65,405	393	492
– Currency swaps	46,160	1,522	854
– Currency options	53,059	417	417
Sub-total	164,624	2,332	1,763
Equity derivative contracts	3,152	140	140
Credit derivative contracts	18,934	5,515	42
Commodity derivative contracts	812	30	30
Gross total derivatives	264,275	8,327	2,292
Included in the above are derivatives held for:			
Fair value hedges			
– Interest rate swaps	1,050	1	13
Sub-total	1,050	1	13
Cash flow hedges			
– Interest rate swaps	31,600	6	44
– FX contracts	3,384	–	30
– Currency swaps	27,564	1,093	426
Sub-total	62,548	1,099	500
Total derivatives held for hedging	63,598	1,100	513

22 Derivatives financial instruments and hedging activities (continued)

In HK$ millions	Contract/ notional amount	Positive fair values	Negative fair values
As at 31 December 2025			
Interest rate derivatives			
– Interest rate swaps	73,269	347	547
Sub-total	73,269	347	547
Foreign exchange (FX) derivatives			
– FX contracts	101,394	944	1,213
– Currency swaps	47,237	1,641	519
– Currency options	58,258	449	449
Sub-total	206,889	3,034	2,181
Equity derivative contracts	2,382	64	64
Credit derivative contracts	19,822	1,840	55
Commodity derivative contracts	201	29	29
Gross total derivatives	302,563	5,314	2,876
Included in the above are derivatives held for:			
Fair value hedges			
– Interest rate swaps	1,115	–	23
Sub-total	1,115	–	23
Cash flow hedges			
– Interest rate swaps	32,800	4	238
– FX contracts	6,642	8	144
– Currency swaps	27,173	1,288	167
Sub-total	66,615	1,300	549
Total derivatives held for hedging	67,730	1,300	572

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.

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. This PCS are redeemable on 13 January 2027 or any date thereafter.

On 27 November 2025, the Bank issued PCS of HK$1,000 million to its parent holding company, DBSH. Distributions are payable annually at the rate of 4.13% per annum at the discretion of the Bank. This PCS are redeemable on 27 November 2030 or any date thereafter.

The terms require all the above 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. All PCS qualify as Additional Tier 1 capital of the Bank under the Banking (Capital) Rules and LAC debt instrument under the LAC Rules.

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 2026**	As at 31 December 2025
Direct credit substitutes	**210**	230
Transaction-related contingencies	**5,191**	3,900
Trade-related contingencies	**6,328**	5,121
Forward forward deposits placed	**784**	–
Other commitments with an original maturity of not more than one year	**940**	3,183
Other commitments with an original maturity of more than one year	**35,465**	31,507
Other commitments which are unconditionally cancellable	**221,042**	214,693
	269,960	258,634
Credit risk-weighted amount	**22,527**	21,299

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

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.

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 2026, there was no Day 1 P&L reserve (31 December 2025: Nil).

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).

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
As at 30 June 2026				
Assets				
Financial assets at FVPL				
– Government securities and treasury bills	**15,349**	**–**	**–**	**15,349**
– Due from banks	**–**	**–**	**–**	**–**
– Bank and corporate securities	**3,386**	**8,809**	**–**	**12,195**
– Loans and advances to customers	**–**	**–**	**–**	**–**
FVOCI financial assets				
– Government securities and treasury bills	**88,621**	**–**	**–**	**88,621**
– Bank and corporate securities	**10,917**	**5,162**	**1,368**	**17,447**
Derivative assets	**–**	**8,327**	**–**	**8,327**
Liabilities				
Financial liabilities at FVPL				
– Payable in respect of short sale of securities	**10,346**	**–**	**–**	**10,346**
– Deposits and balances from customers	**–**	**11,739**	**–**	**11,739**
– Due to banks	**–**	**9,613**	**–**	**9,613**
Derivative liabilities	**–**	**2,292**	**–**	**2,292**

25 Fair Value of financial instruments (continued)

(b) Fair value hierarchy (continued)

In HK$ millions	Level 1	Level 2	Level 3	Total
As at 31 December 2025				
Assets				
Financial assets at FVPL				
– Government securities and treasury bills	5,764	–	–	5,764
– Due from banks	–	–	–	–
– Bank and corporate securities	2,095	15,227	–	17,322
– Loans and advances to customers	–	–	–	–
FVOCI financial assets				
– Government securities and treasury bills	83,644	–	–	83,644
– Bank and corporate securities	3,009	2,368	1,342	6,719
Derivative assets	–	5,314	–	5,314
Liabilities				
Financial liabilities at FVPL				
– Payable in respect of short sale of securities	3,126	–	–	3,126
– Deposits and balances from customers	–	9,307	–	9,307
– Due to banks	–	7,940	–	7,940
Derivative liabilities	–	2,876	–	2,876

During the period, there was no transfer between fair value hierarchies (31 December 2025: Nil).

(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.

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

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.

(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 2026, the Group acquired a portfolio of loans and advances to customers of HK$6.2 billion (financial year ended 31 December 2025: HK$9.3 billion) and undrawn commitment of HK$2.9 billion (financial year ended 31 December 2025: HK$4.3 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 2025 Annual Report that have had a material impact on the financial position or performance of the Group in the six months ended 30 June 2026.

27 Notes to the condensed consolidated cash flow statement

a. Analysis of changes in financing activities during the period

In HK$ millions	Lease liabilities 2026	2025
Balance as at 1 January	**1,295**	1,442
Cash outflow from financing activities	**(109)**	(113)
Interest element of lease liabilities	**11**	11
Net changes due to addition and changes of lease terms	**248**	48
Balance as at 30 June	**1,445**	1,388

b. Analysis of the balances of cash and cash equivalents

In HK$ millions	**As at 30 June 2026**	As at 30 June 2025
Cash and balances with central banks	**3,605**	6,285
Due from banks		
– Balances with banks	**10,322**	10,013
– Placements with and advances to banks repayable with original maturity within three months	**51,424**	55,696
Bills and notes repayable with original maturity within three months	**21,673**	26,378
Securities repayable with original maturity within three months	**81**	–
	87,105	98,372

28 Comparative figures

Certain comparative figures in Note 6 have been re-presented to conform with changes in current period's presentation. These re-presentations have no effect on the financial position.