



DBS BANK LTD, HONG KONG BRANCH

(Incorporated in Singapore with limited liability)

**FINANCIAL DISCLOSURE STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017**

DBS BANK LTD, HONG KONG BRANCH

TABLE OF CONTENTS

	Page
Income statement (unaudited)	1
Statement of financial position (unaudited)	2
Supplementary financial information (unaudited)	3
Group consolidated financial information	18

DBS BANK LTD, HONG KONG BRANCH

INCOME STATEMENT (unaudited)

		For the year ended	
	Note	31 December 2017 <i>HK\$ million</i>	31 December 2016 <i>HK\$ million</i>
Interest income		4,725	3,706
Interest expense		(2,443)	(1,438)
Net interest income		2,282	2,268
Fee and commission income		639	559
Other income	1	280	193
Total income		3,201	3,020
Total expenses	2	(630)	(668)
Profit before allowances for credit losses		2,571	2,352
Allowances for credit losses		(444)	(225)
Profit before income tax		2,127	2,127
Income tax expense		(347)	(353)
Profit after income tax		1,780	1,774

DBS BANK LTD, HONG KONG BRANCH

STATEMENT OF FINANCIAL POSITION (unaudited)

	Note	As at 31 December 2017 <i>HK\$ million</i>	As at 30 June 2017 <i>HK\$ million</i>
Assets			
Cash and balance with central bank	3	474	1,982
Government securities and treasury bills	4	11,382	8,130
Due from banks	5	34,874	42,568
Derivatives	12	16,601	15,252
Bank and corporate securities	6	51,405	20,946
Loans and advances to customers	7	186,044	159,839
Other assets	8	2,020	3,137
		<hr/>	<hr/>
Total assets		302,800	251,854
		<hr/> <hr/>	<hr/> <hr/>
Liabilities			
Due to banks	9	205,153	163,465
Deposits and balances from customers	10	53,366	46,205
Derivatives	12	16,170	15,153
Other liabilities		19,926	20,215
Issued debt securities	11	8,185	6,816
		<hr/>	<hr/>
Total liabilities		302,800	251,854
		<hr/> <hr/>	<hr/> <hr/>

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

1. Other income

	For the year ended	
	31 December 2017	31 December 2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net trading income / (loss)		
– Foreign exchange	103	264
– Interest rates, debt securities, equities and others	176	(121)
	<u>279</u>	<u>143</u>
Net income from investment securities	–	50
Others	1	–
	<u>280</u>	<u>193</u>

2. Total expenses

	For the year ended	
	31 December 2017	31 December 2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
Employee benefits	247	265
Rental of premises	21	21
Brokerage	37	43
Other expenses	325	339
	<u>630</u>	<u>668</u>

3. Cash and balance with central bank

	As at	As at
	31 December 2017	30 June 2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
Cash in hand	1	2
Balance with central bank	473	1,980
	<u>474</u>	<u>1,982</u>

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

4. Government securities and treasury bills

	Held for trading <i>HK\$ million</i>	Available- for-sale <i>HK\$ million</i>	Total <i>HK\$ million</i>
As at 31 December 2017			
Treasury bills	–	3,394	3,394
Other debt securities	23	7,965	7,988
	<u>23</u>	<u>11,359</u>	<u>11,382</u>
As at 30 June 2017			
Treasury bills	–	3,397	3,397
Other debt securities	22	4,711	4,733
	<u>22</u>	<u>8,108</u>	<u>8,130</u>

5. Due from banks

	As at 31 December 2017 <i>HK\$ million</i>	As at 30 June 2017 <i>HK\$ million</i>
(a) Balances with banks	2,212	906
(b) Placements with banks		
Remaining maturity		
– Within one month	745	1,621
– One year or less but over one month	–	1,327
	<u>745</u>	<u>2,948</u>
(c) Amount due from overseas offices	31,292	38,480
(d) Loans and advances to banks	625	234
	<u>34,874</u>	<u>42,568</u>

As at 31 December 2017, there were no impaired, overdue or rescheduled placements with and advances to banks (30 June 2017: Nil). There were no specific and general provision for balance due from banks.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

6. Bank and corporate securities

	Held for trading <i>HK\$ million</i>	Available-for-sale <i>HK\$ million</i>	Loans and receivables <i>HK\$ million</i>	Total <i>HK\$ million</i>
As at 31 December 2017				
Certificates of deposit held	4,938	3,516	–	8,454
Debt securities	24	17,323	25,405	42,752
Equity securities	199	–	–	199
	<u>5,161</u>	<u>20,839</u>	<u>25,405</u>	<u>51,405</u>
As at 30 June 2017				
Certificates of deposit held	182	–	–	182
Debt securities	–	7,850	12,838	20,688
Equity securities	76	–	–	76
	<u>258</u>	<u>7,850</u>	<u>12,838</u>	<u>20,946</u>

7. Loans and advances to customers

	As at 31 December 2017 <i>HK\$ million</i>	As at 30 June 2017 <i>HK\$ million</i>
Loans and advances to customers	187,694	161,239
Less		
– General allowances	<u>(1,650)</u>	<u>(1,400)</u>
	<u>186,044</u>	<u>159,839</u>
Comprising:		
– Trade bills	25,195	22,326
– Loans	<u>160,849</u>	<u>137,513</u>
	<u>186,044</u>	<u>159,839</u>

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

7. Loans and advances to customers (continued)

In determining general allowances, the Branch follows the Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the home country regulator.

A specific allowance for credit losses is established if there is evidence that the Bank will be unable to collect all amounts due under a claim according to the original contractual terms or the equivalent value.

A specific allowance for credit losses is recorded as a reduction in the carrying value of a claim on the balance sheet.

8. Other assets

	As at 31 December 2017 <i>HK\$ million</i>	As at 30 June 2017 <i>HK\$ million</i>
Acceptances	1,005	2,220
Accrued interest receivables	358	265
Deferred tax assets	339	298
Fixed assets	1	1
Others	317	353
	<u>2,020</u>	<u>3,137</u>

9. Due to banks

	As at 31 December 2017 <i>HK\$ million</i>	As at 30 June 2017 <i>HK\$ million</i>
Deposits and balances from banks	164,742	121,383
Amounts due to overseas offices	40,411	42,082
	<u>205,153</u>	<u>163,465</u>

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

10. Deposits and balances from customers

	As at 31 December 2017 <i>HK\$ million</i>	As at 30 June 2017 <i>HK\$ million</i>
Demand deposits and current accounts	14,555	9,213
Savings deposits	22,830	19,216
Time, call and notice deposits	15,981	17,776
	<u>53,366</u>	<u>46,205</u>

11. Issued debt securities

	As at 31 December 2017 <i>HK\$ million</i>	As at 30 June 2017 <i>HK\$ million</i>
Liabilities designated at fair value through profit or loss	560	345
Liabilities measured at amortised cost	7,625	6,471
	<u>8,185</u>	<u>6,816</u>

12. Derivatives

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

	As at 31 December 2017 <i>HK\$ million</i>	As at 30 June 2017 <i>HK\$ million</i>
Foreign exchange derivatives	1,201,040	1,367,828
Interest rate derivatives	785,198	739,589
Equity derivatives	578	345
Commodity derivatives	2,707	2,704
	<u>1,989,523</u>	<u>2,110,466</u>

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

12. Derivatives (continued)

The amounts are shown on a gross basis and do not take into account the effect of bilateral netting arrangements.

The contract/notional amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet date. They do not represent amounts at risk.

The following table summarises the positive and negative fair values of each class of derivatives:

	As at 31 December 2017 HK\$ million	As at 30 June 2017 HK\$ million
Positive fair values		
Foreign exchange derivatives	13,349	11,612
Interest rate derivatives	3,013	3,159
Equity derivatives	1	-
Commodity derivatives	238	481
	<u>16,601</u>	<u>15,252</u>
Negative fair values		
Foreign exchange derivatives	12,776	11,349
Interest rate derivatives	3,147	3,317
Equity derivatives	9	6
Commodity derivatives	238	481
	<u>16,170</u>	<u>15,153</u>

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

13. Contingent liabilities and commitments

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

	As at 31 December 2017 HK\$ million	As at 30 June 2017 HK\$ million
Direct credit substitutes	1,692	6,723
Transaction-related contingencies	5,202	6,002
Trade-related contingencies	3,208	3,423
Forward forward deposits placed	2	25
Other commitments with an original maturity of not more than one year or which are unconditionally cancellable	114,976	105,567
Other commitments with an original maturity of more than one year	32,922	29,686
	158,002	151,426

The above table shows the contractual amounts of the Branch's off balance sheet exposures that commit it to extend credit to customers. The above amounts represent a worse case scenario of credit risk exposure arising from these instruments, without taking into account any collateral held or other credit enhancements attached. The amounts do not represent amounts at risk at the balance sheet date.

14. Liquidity

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

	For the year ended	
	31 December 2017	31 December 2016
Average LMR for the period	38.0%	32.7%

The average LMR is calculated as the simple average of each month's average liquidity maintenance ratio for the financial year.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

14. Liquidity (continued)

Approach to liquidity risk management

The Branch's approach to liquidity risk management comprises the building blocks of governance by policies, oversight by risk committees, and well-defined risk methodologies.

The Group Liquidity Risk Management Policy sets out the Branch's overall approach towards liquidity risk management and describes the range of strategies employed by the Branch to manage its liquidity. These include maintaining an adequate counterbalancing capacity to address potential cashflow shortfalls and maintaining diversified sources of liquidity. Counterbalancing capacity includes liquid assets and the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity. In the event of a potential or actual crisis, the Branch has in place a set of liquidity contingency and recovery plans to ensure that decisive actions are taken to ensure the Branch maintains adequate liquidity.

The primary measure used to manage liquidity within the tolerance is the cashflow maturity mismatch analysis. The analysis is performed on a regular basis under normal and adverse scenarios. It assesses the adequacy of the counterbalancing capacity to fund or mitigate any cashflow shortfalls that may occur as forecasted in the cashflow movements across successive time bands. Processes and systems are in place to measure, limit and control exposures based on the risk methodologies defined.

The Branch seeks to manage its liquidity in a manner that ensures that its liquidity obligations would continue to be honoured under normal as well as adverse circumstances. Oversight relating to the management of liquidity risk is provided by the Hong Kong Risk Executive Committee ("Risk Exco") and the Hong Kong Market and Liquidity Risk Committee ("MLRC"). The HK Risk Exco comprises the HK Chief Executive Officer, the Senior Risk Executive and representatives from relevant business and support units. The HK MLRC reports to the HK Risk Exco and comprises representatives from Risk Management Group and relevant business and supports units. The Hong Kong Assets and Liabilities Committee ("ALCO") regularly reviews the balance sheet composition, trends in loans and deposits, utilization of wholesale funding, momentum in business activities, market competition, economic outlooks, market conditions and other factors that may affect liquidity in the continual refinement of the Branch's funding strategy.

The Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manual LM-2, Sound Systems and Controls for Liquidity Risk Management.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

15. Currency concentrations

	USD	CNY	EUR	JPY	AUD	TWD	Others	Total
In HK\$ million								
As at 31 December 2017								
Hong Kong dollar equivalents								
Spot assets	145,768	14,055	7,501	4,099	5,823	427	1,490	179,163
Spot liabilities	(171,305)	(11,678)	(844)	(297)	(4,526)	(434)	(2,996)	(192,080)
Forward purchases	636,182	309,525	7,283	839	5,209	22,118	7,178	988,334
Forward sales	(606,662)	(311,977)	(14,151)	(4,958)	(6,293)	(23,849)	(5,674)	(973,564)
Net options position	(1,680)	1,680	-	-	-	-	-	-
Net long/(short) position	<u>2,303</u>	<u>1,605</u>	<u>(211)</u>	<u>(317)</u>	<u>213</u>	<u>(1,738)</u>	<u>(2)</u>	<u>1,853</u>
As at 30 June 2017								
Hong Kong dollar equivalents								
Spot assets	132,713	6,593	6,927	102	2,672	491	3,922	153,420
Spot liabilities	(136,025)	(8,765)	(365)	(92)	(4,718)	(492)	(1,214)	(151,671)
Forward purchases	709,501	441,335	5,909	283	5,222	33,778	9,716	1,205,744
Forward sales	(701,660)	(442,144)	(12,546)	(388)	(2,785)	(34,397)	(12,595)	(1,206,515)
Net options position	(2,900)	2,897	-	-	-	-	-	(3)
Net long/(short) position	<u>1,629</u>	<u>(84)</u>	<u>(75)</u>	<u>(95)</u>	<u>391</u>	<u>(620)</u>	<u>(171)</u>	<u>975</u>

There is no structural position in any currency as at 31 December 2017 and 30 June 2017.

The net options position is calculated based on the delta-weighted position as set out in the prudential return "Foreign Currency Position" issued by the HKMA.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

16. Loans and advances to customers by loan usage

The Branch employs a range of policies and practices to mitigate credit risk, one of which is the taking of collateral. The collateral includes cash, marketable securities, properties, trade receivables, inventory, equipment and other physical and financial collateral. Balances of advances analysed by loan usage and the corresponding balances covered by collateral are as follows:

	As at 31 December 2017		As at 30 June 2017	
	Outstanding balance	Balance covered by collateral	Outstanding balance	Balance covered by collateral
In HK\$ million				
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	27,083	6,982	22,610	5,900
– Property investment	26,917	16,148	15,406	10,176
– Financial concerns	1	–	–	–
– Stockbrokers	799	–	–	–
– Wholesale and retail trade	16,205	1,202	15,810	898
– Manufacturing	5,400	–	4,378	–
– Transport and transport equipment	6,900	131	4,410	137
– Recreational activities	500	–	1,000	–
– Information technology	3,121	–	1,546	–
– Others	9,299	1,034	10,340	1,179
Individuals				
– Loans for the purchase of other residential properties	86	86	99	99
– Others	–	–	–	–
Trade finance (including trade bills)	28,376	–	25,250	124
Loans for use outside Hong Kong	63,007	3,180	60,390	1,726
	187,694	28,763	161,239	20,239

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

17. Loans and advances to customers by geographical area

	As at 31 December 2017 <i>HK\$ million</i>	As at 30 June 2017 <i>HK\$ million</i>
Hong Kong	152,407	127,949
Mainland China	33,233	29,632
Others	2,054	3,658
	<u>187,694</u>	<u>161,239</u>

The above analysis by geographical area is based on the location of the counterparty after taking into account the transfer of risk. In general, transfer of risk applies when an advance is guaranteed by a party in a location which is different from that of the counterparty.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

18. International claims

Analysis of international claims by location and by type of counterparty is as follows:

	Banks	Official sector	Non-bank private sector		Total
			Non-bank financial institutions	Non-financial private sector	
In HK\$ million					
As at 31 December 2017					
Developed countries	25,400	11,644	–	1	37,045
Offshore centres, of which:	34,108	–	561	57,336	92,005
– Singapore	31,643	–	–	939	32,582
– Hong Kong	2,465	–	561	56,143	59,169
– Others	–	–	–	254	254
Developing Latin America and Caribbean	3	–	–	–	3
Developing Asia Pacific, of which	34,001	654	70	13,036	47,761
– China	33,853	654	70	12,371	46,948
– Others	148	–	–	665	813
International organisations	–	4,019	–	–	4,019
Total	93,512	16,317	631	70,373	180,833
As at 30 June 2017					
Developed countries	4,335	7,724	21	–	12,080
Offshore centres, of which:	39,343	–	184	59,365	98,892
– Singapore	38,586	–	–	976	39,562
– Hong Kong	757	–	184	58,110	59,051
– Others	–	–	–	279	279
Developing Latin America and Caribbean	–	–	–	1,563	1,563
Developing Asia Pacific, of which	25,058	1,038	39	12,641	38,776
– China	24,903	1,038	39	11,976	37,956
– Others	155	–	–	665	820
International organisations	–	3,804	–	–	3,804
Total	68,736	12,566	244	73,569	155,115

The above analysis is disclosed on a net basis after taking into account the effect of any recognised risk transfer.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

19. Non-performing loans and advances

There is no non-performing loan and advance as at 31 December 2017 and 30 June 2017.

Non-performing loans and advances are advances with objective evidence of impairment and are assessed using discounted cash flow method. Specific allowances of such advances are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

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

20. Overdue and rescheduled loans and advances

There is no overdue, rescheduled loan and advance and no repossessed asset as at 31 December 2017 and 30 June 2017.

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

21. Mainland activities

Type of Counterparties	On-balance sheet exposures <i>HK\$ million</i>	Off-balance sheet exposures <i>HK\$ million</i>	Total <i>HK\$ million</i>
As at 31 December 2017			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (“JVs”)	47,160	7,370	54,530
(b) Local governments, local government-owned entities and their subsidiaries and JVs	18,923	1,583	20,506
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	12,319	3,343	15,662
(d) Other entities of central government not reported in part (a) above	8,778	1,254	10,032
(e) Other entities of local governments not reported in part (b) above	7,269	283	7,552
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,345	2,974	9,319
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	12,253	1,719	13,972
	<u>113,047</u>	<u>18,526</u>	<u>131,573</u>
Total assets after provisions	<u>304,580</u>		
On-balance sheet exposures as percentage of total assets	<u>37.12%</u>		

DBS BANK LTD, HONG KONG BRANCH

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

21. Mainland activities (continued)

Type of Counterparties	On-balance sheet exposures <i>HK\$ million</i>	Off-balance sheet exposures <i>HK\$ million</i>	Total <i>HK\$ million</i>
As at 30 June 2017			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	45,590	12,608	58,198
(b) Local governments, local government-owned entities and their subsidiaries and JVs	20,414	907	21,321
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	11,439	3,167	14,606
(d) Other entities of central government not reported in part (a) above	4,740	1,919	6,659
(e) Other entities of local governments not reported in part (b) above	4,915	730	5,645
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,048	2,495	8,543
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	8,401	2,768	11,169
	<u>101,547</u>	<u>24,594</u>	<u>126,141</u>
Total assets after provisions	<u>251,532</u>		
On-balance sheet exposures as percentage of total assets	<u>40.37%</u>		

Hong Kong, 13 February 2018

DBS GROUP HOLDINGS LTD

GROUP CONSOLIDATED FINANCIAL INFORMATION

1. Capital Position and Capital Adequacy Ratios

The Group's capital adequacy ratios are as follows:

	As at 31 December 2017	As at 30 June 2017
Capital Adequacy Ratios		
Common Equity Tier 1	14.3%	14.4%
Tier 1	15.1%	15.2%
Total	15.9%	16.5%

The capital adequacy ratios are computed in accordance with the requirements set out in the Monetary Authority of Singapore's Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore".

The Group shareholders' funds, including capital and reserves, as at 31 December 2017 were S\$47,458 million (30 June 2017: S\$46,514 million).

2. Other financial information

	For the year ended	
	31 December 2017	31 December 2016
	S\$'million	S\$'million
Pre-tax profit	5,175	5,083

	As at 31 December 2017	As at 30 June 2017
	S\$'million	S\$'million
Total assets	517,711	486,699
Total liabilities	467,909	437,830
Total loans and advances	323,099	302,973
Total customer deposits	373,634	342,886