Dah Sing Banking Group Limited

The holding company of Dah Sing Bank, Limited

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock code: 2356)

ANNOUNCEMENT OF 2015 INTERIM RESULTS

The Directors of Dah Sing Banking Group Limited (the "Company") are pleased to present the interim results and condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2015. The unaudited profit attributable to shareholders after non-controlling interests for the six months ended 30 June 2015 was HK$1,245.7 million.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

The unaudited 2015 interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

HK$'000	Note	**2015**	2014	Variance %
Interest income		**2,516,277**	2,416,043	
Interest expense		**(922,564)**	(944,960)	
Net interest income	3	**1,593,713**	1,471,083	8.3
Fee and commission income		**629,824**	518,448	
Fee and commission expense		**(108,259)**	(114,083)	
Net fee and commission income	4	**521,565**	404,365	29.0
Net trading income	5	**179,615**	103,325	
Other operating income	6	**29,938**	32,402	
Operating income		**2,324,831**	2,011,175	15.6
Operating expenses	7	**(1,087,634)**	(1,002,816)	8.5
Operating profit before impairment losses		**1,237,197**	1,008,359	22.7
Loan impairment losses	8	**(193,164)**	(224,567)	(14.0)
Operating profit after impairment losses		**1,044,033**	783,792	33.2
Net (loss)/ gain on disposal of other fixed assets		**(348)**	42	
Net gain on disposal of investments in securities	9	**5,779**	14,115	
Provision for loss on dilution of interest in an associate	10	**(32,000)**	-	
Share of results of an associate		**388,861**	356,361	
Share of results of jointly controlled entities		**10,117**	8,356	
Profit before taxation		**1,416,442**	1,162,666	21.8
Taxation	11	**(170,786)**	(113,581)	
Profit for the period		**1,245,656**	1,049,085	18.7
Loss attributable to non-controlling interests		**16**	16	
Profit attributable to Shareholders of the Company		**1,245,672**	1,049,101	18.7
Interim dividend		**154,217**	140,154	
Earnings per share				
Basic	12	**HK$0.89**	HK$0.79	
Diluted	12	**HK$0.89**	HK$0.79	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

HK$'000	**2015**	2014
Profit for the period	**1,245,656**	1,049,085
Other comprehensive income		
Items that may be reclassified subsequently to the consolidated income statement:		
Investments in securities		
Fair value gains on available-for-sale securities recognised in equity	**134,895**	254,215
Fair value (gain)/ loss realised and transferred to income statement upon:		
- Disposal of available-for-sale securities	**(5,779)**	(18,771)
- Disposal of held-to-maturity securities and investments in securities included in the loans and receivables category which were previously reclassified from the available-for-sale category	**-**	3,756
Deferred income tax on movements in investment revaluation reserve	**(17,964)**	(13,665)
	111,152	225,535
Exchange differences arising on translation of the financial statements of foreign entities	**4,574**	(30,171)
Other comprehensive income for the period, net of tax	**115,726**	195,364
Total comprehensive income for the period, net of tax	**1,361,382**	1,244,449
Attributable to:		
Non-controlling interests	**(16)**	(16)
Shareholders of the Company	**1,361,398**	1,244,465
Total comprehensive income for the period, net of tax	**1,361,382**	1,244,449

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK$'000	Note	**As at 30 Jun 2015**	As at 31 Dec 2014
ASSETS			
Cash and balances with banks		**11,222,601**	14,838,986
Placements with banks maturing between one and twelve months		**9,287,477**	5,324,811
Trading securities	13	**6,646,712**	6,850,362
Financial assets designated at fair value through profit or loss	13	**188,755**	129,633
Derivative financial instruments	14	**650,557**	756,829
Advances and other accounts	15	**118,191,315**	115,864,095
Available-for-sale securities	16	**24,405,918**	23,361,861
Held-to-maturity securities	17	**10,522,130**	10,832,940
Investment in an associate		**4,104,523**	3,746,918
Investments in jointly controlled entities		**75,811**	65,694
Goodwill		**811,690**	811,690
Intangible assets		**60,824**	61,844
Premises and other fixed assets		**1,756,683**	1,786,594
Investment properties		**814,229**	814,229
Current income tax assets		**1,167**	999
Deferred income tax assets		**84,156**	80,591
Total assets		**188,824,548**	185,328,076
LIABILITIES			
Deposits from banks		**3,135,332**	1,572,467
Derivative financial instruments	14	**1,005,674**	1,146,825
Trading liabilities		**5,758,820**	5,597,614
Deposits from customers		**141,679,823**	142,580,239
Certificates of deposit issued		**7,458,739**	6,109,777
Subordinated notes		**5,404,455**	5,432,378
Other accounts and accruals		**3,011,071**	2,658,437
Current income tax liabilities		**330,530**	208,693
Deferred income tax liabilities		**83,259**	65,077
Total liabilities		**167,867,703**	165,371,507
EQUITY			
Non-controlling interests		**15,400**	15,416
Equity attributable to the Company's shareholders			
Share capital		**6,853,504**	6,850,354
Other reserves (including retained earnings)		**13,933,724**	12,726,357
Proposed dividend		**154,217**	364,442
Shareholders' funds	19	**20,941,445**	19,941,153
Total equity		**20,956,845**	19,956,569
Total equity and liabilities		**188,824,548**	185,328,076

Note:

1. General information

Dah Sing Banking Group Limited (the "Company") is a bank holding company. Its principal subsidiary is Dah Sing Bank, Limited ("DSB"), which is a licensed bank in Hong Kong. The Company together with its subsidiaries (collectively the "Group") provide banking, financial and other related services.

2. Unaudited financial statements and accounting policies

The information set out in this interim results announcement does not constitute statutory financial statements.

Certain financial information in this interim results announcement is extracted from the statutory financial statements for the year ended 31 December 2014 (the "2014 financial statements") which have been delivered to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the New Hong Kong Companies Ordinance (Cap. 622) ("NCO") and the Hong Kong Monetary Authority ("HKMA").

The auditor's report on the 2014 financial statements 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 section 406(2), 407(2) or (3) of the predecessor Hong Kong Companies Ordinance (Cap. 32).

Basis of preparation and accounting policies

Except as described below, the accounting policies and methods of computation used in the preparation of the 2015 interim condensed consolidated financial statements are consistent with those used and described in the Group's annual audited financial statements for the year ended 31 December 2014.

The New Hong Kong Companies Ordinance (Cap. 622)

Section 436 of the NCO requires that when the statutory financial statements of a company for a financial year are made available to others, they must be accompanied by the auditor's report on those financial statements. When a company makes "non-statutory financial statements" available to others, they must not be accompanied by the auditor's report on any related statutory financial statements. Instead, they must be accompanied by a special statement under section 436(3). On this basis, the required statement has been specified in the first sentence of this note.

In addition, a new "business review report" has to be included in the "Report of the Directors" in annual reports which is an analytical and forward looking review of the Company or Group. The change will be effective for annual periods beginning on or after 3 March 2014. The Group will include a "Management Discussion and Analysis" in its annual report for the Group's performance during the financial year of 2015 and the material factors driving its results and financial position, which will form part of or supplement the "Review of Operations" to meet the new requirement for its 2015 annual report.

Further, the requirements of Part 9 "Accounts and Audit" of the NCO have come into effect for financial year commencing on or after 3 March 2014 in accordance with section 358 of the NCO. Disclosures previously required under Schedule 10 of the predecessor Hong Kong Companies Ordinance (Cap. 32) that overlap with the accounting standard have been removed. The Company's balance sheet is no longer required to be presented as a primary statement. On the other hand, more extensive disclosures are required on the benefits and interests of directors. The Group will provide the relevant additional disclosures when it prepares the 2015 annual report.

The interim condensed consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated, and were approved by the Board of Directors for issue on 26 August 2015.

These interim condensed consolidated financial statements have not been audited.

3. Net interest income

For the six months ended 30 June

HK$'000	**2015**	2014
Interest income		
Cash and balances with banks	**166,921**	173,881
Investments in securities	**334,491**	369,117
Advances and other accounts	**2,014,865**	1,873,045
	2,516,277	2,416,043
Interest expense		
Deposits from banks/ Deposits from customers	**782,611**	810,947
Certificates of deposit issued	**41,659**	35,402
Issued debt securities	**-**	3,494
Subordinated notes	**97,621**	91,517
Others	**673**	3,600
	922,564	944,960
Included within interest income		
Interest income on financial assets not at fair value through profit or loss	**2,512,741**	2,393,884
Included within interest expense		
Interest expenses on financial liabilities not at fair value through profit or loss	**920,642**	941,922

For the six months ended 30 June 2015 and 30 June 2014, there was no interest income recognised on impaired assets.

4. Net fee and commission income

For the six months ended 30 June

HK$'000	**2015**	2014
Fee and commission income		
Fee and commission income from financial assets and liabilities not at fair value through profit or loss		
- Credit related fees and commissions	**69,833**	65,421
- Trade finance	**59,710**	41,741
- Credit card	**150,479**	151,832
Other fee and commission income		
- Securities brokerage	**81,511**	38,754
- Insurance distribution and others	**42,714**	30,965
- Retail investment and wealth management services	**110,991**	81,096
- Bank services and handling fees	**31,884**	29,225
- Other fees	**82,702**	79,414
	629,824	518,448
Fee and commission expense		
Fee and commission expense from financial assets and liabilities not at fair value through profit or loss		
- Handling fees and commission	**101,721**	107,343
- Other fees paid	**6,538**	6,740
	108,259	114,083
	521,565	404,365

The Group provides custody, trustee, corporate administration, and investment management services to third parties. Those assets that are held in a fiduciary capacity are not included in these financial statements.

5. Net trading income

For the six months ended 30 June

HK$'000	**2015**	2014
Net gain arising from dealing in foreign currencies	**95,851**	76,116
Net gain/ (loss) on trading securities	**2,931**	(4,863)
Net gain from derivatives entered into for trading purpose	**30,640**	19,675
Net loss arising from financial instruments subject to fair value hedge	**(8,935)**	(11,650)
Net gain arising from financial instruments designated at fair value through profit or loss	**59,128**	24,047
	179,615	103,325

6. Other operating income

For the six months ended 30 June

HK$'000	**2015**	2014
Dividend income from investments in available-for-sale securities		
- Listed investments	**3,525**	4,742
- Unlisted investments	**4,525**	4,047
Gross rental income from investment properties	**11,833**	11,984
Other rental income	**6,361**	5,391
Others	**3,694**	6,238
	29,938	32,402

7. Operating expenses

For the six months ended 30 June

HK$'000	**2015**	2014
Employee compensation and benefit expenses (including directors' remuneration)	**717,785**	638,605
Premises and other fixed assets expenses, excluding depreciation	**141,916**	136,098
Depreciation	**75,228**	66,923
Advertising and promotion costs	**41,464**	45,712
Printing, stationery and postage	**16,354**	18,940
Amortisation expenses of intangible assets	**1,020**	1,699
Others	**93,867**	94,839
	1,087,634	1,002,816

8. Loan impairment losses

For the six months ended 30 June

HK$'000	**2015**	2014
Net charge of impairment losses on advances and other accounts		
- Individually assessed	**70,605**	129,124
- Collectively assessed	**122,559**	95,443
	193,164	224,567
Of which		
- new and additional allowances (including amounts directly written off in the period)	**262,383**	255,222
- releases	**(47,349)**	(12,044)
- recoveries	**(21,870)**	(18,611)
	193,164	224,567

9. Net gain on disposal of investments in securities

For the six months ended 30 June

HK$'000	2015	2014
Net gain on disposal of available-for-sale securities	**5,779**	18,771
Net loss on disposal of investments in securities included in the loans and receivables category	**-**	(4,656)
	5,779	14,115

10. Provision for loss on dilution of interest in an associate

On 24 June 2015, the Group's associate, Bank of Chongqing ("BOCQ"), announced that it had entered into a subscription agreement (the "Share Placement") pursuant to which it has conditionally agreed to allot and issue a total of 810 million new H shares of BOCQ to certain parties unrelated to the Group at a subscription price of HK$7.65 per share.

The completion of the Share Placement is subject to, amongst other things, approval by BOCQ's shareholders and the relevant regulatory authorities. Based on the terms of the Share Placement announced by BOCQ, the Group's interest in BOCQ will be diluted from the existing 16.95% shareholding to 13.05% after the completion of the Share Placement, and a loss will need to be recognised on the deemed disposal of a portion of the Group's interest in BOCQ.

At the extraordinary general meeting of BOCQ's shareholders held on 11 August 2015, BOCQ received approval from its shareholders for the Share Placement and fulfilled one of the conditions precedent for the completion of the Share Placement. Based on this and other information publicly available about BOCQ, the Group assesses that it is probable that the Share Placement will be completed before the end of the year and considers it appropriate for a provision for the estimated loss on deemed disposal of HK$32 million to be recognised in the Group's financial statements for the six months ended 30 June 2015.

11. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Deferred taxation is calculated in full on temporary differences under the liability method at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised.

For the six months ended 30 June

HK$'000	2015	2014
Current income tax		
- Hong Kong profits tax	**150,503**	112,845
- Overseas taxation	**18,717**	16,526
- Under/ (over)-provision in prior periods	**4,875**	(3,154)
Deferred income tax		
- Origination and reversal of temporary differences	**(3,309)**	(13,446)
- Utilisation of tax losses	**-**	810
Taxation	**170,786**	113,581

12. Basic and diluted earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on earnings of HK$1,245,672,000 and the weighted average number of 1,401,764,003 ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on earnings of HK$1,245,672,000 and the weighted average number of 1,406,523,878 ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

The calculation of basic earnings per share for the six months ended 30 June 2014 is based on earnings of HK$1,049,101,000 and the weighted average number of 1,329,452,639 ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2014 is based on earnings of HK$1,049,101,000 and the weighted average number of 1,333,103,758 ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

13. Trading securities and financial assets designated at fair value through profit or loss

HK$'000	**As at 30 Jun 2015**	As at 31 Dec 2014
Trading securities:		
Debt securities:		
- Listed in Hong Kong	**154,439**	243,944
- Unlisted	**6,492,273**	6,606,418
Total trading securities	**6,646,712**	6,850,362
Financial assets designated at fair value through profit or loss:		
Debt securities:		
- Listed outside Hong Kong	**188,755**	129,633
Total trading securities and financial assets designated at fair value through profit or loss	**6,835,467**	6,979,995

As at 30 June 2015, there were government bonds held included in the above balance of trading securities of HK$6,646,464,000 (31 December 2014: HK$6,850,117,000).

As at 30 June 2015 and 31 December 2014, there were no certificates of deposit held included in the above balances of trading or fair value debt securities.

Trading securities and financial assets designated at fair value through profit or loss are analysed by categories of issuers as follows:

	As at 30 Jun 2015	As at 31 Dec 2014
- Central governments and central banks	**6,646,464**	6,850,117
- Public sector entities	**248**	245
- Corporate entities	**188,755**	129,633
	6,835,467	6,979,995

14. Derivative financial instruments

The notional principal amounts of outstanding derivatives contracts and their fair values as at 30 June 2015 were as follows:

HK$'000	Contract/ notional amount	Fair values Assets	Fair values Liabilities
1) Derivatives held for trading			
a) *Foreign exchange derivatives*			
Forward and futures contracts	**60,522,324**	**89,291**	**(138,301)**
Currency options purchased and written	**88,843,785**	**273,975**	**(274,772)**
b) *Interest rate derivatives*			
Interest rate futures	**1,550,420**	**-**	**(194)**
Interest rate swaps	**6,575,261**	**44,192**	**(126,778)**
c) *Equity derivatives*			
Equity options purchased and written	**350,670**	**7,767**	**(7,182)**
Total derivative assets / (liabilities) held for trading	**157,842,460**	**415,225**	**(547,227)**
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	**19,756,173**	**235,332**	**(339,351)**
Currency swaps	**1,296,820**	**-**	**(119,096)**
Total derivative assets / (liabilities) held for hedging	**21,052,993**	**235,332**	**(458,447)**
Total recognised derivative financial assets / (liabilities)	**178,895,453**	**650,557**	**(1,005,674)**

14. Derivative financial instruments (Continued)

The notional principal amounts of outstanding derivatives contracts and their fair values as at 31 December 2014 were as follows:

	Contract/ notional amount	Fair values Assets	Fair values Liabilities
1) Derivatives held for trading			
a) *Foreign exchange derivatives*			
Forward and futures contracts	58,078,027	104,394	(120,380)
Currency options purchased and written	76,459,074	375,891	(375,654)
b) *Interest rate derivatives*			
Interest rate futures	31,020	118	-
Interest rate swaps	12,489,451	50,168	(155,762)
c) *Equity derivatives*			
Equity options purchased and written	332,987	9,870	(9,446)
Total derivative assets / (liabilities) held for trading	147,390,559	540,441	(661,242)
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	19,416,887	216,388	(385,094)
Currency swaps	1,319,385	-	(100,489)
Total derivative assets / (liabilities) held for hedging	20,736,272	216,388	(485,583)
Total recognised derivative financial assets / (liabilities)	168,126,831	756,829	(1,146,825)

The effect of bilateral netting agreements, where applicable, has been taken into account in disclosing the fair value of derivatives.

The credit risk weighted amounts of the above off-balance sheet exposures without taking into account the effect of bilateral netting arrangements that the Group entered into, are as follows:

	As at 30 Jun 2015	As at 31 Dec 2014
Exchange rate contracts	**1,639,815**	1,658,015
Interest rate contracts	**152,541**	156,200
Other contracts	**16,259**	17,957
	1,808,615	1,832,172

The contract amounts of these instruments indicate the volume of transactions outstanding as at the end of the reporting period, they do not represent the amounts at risk.

The credit risk weighted amounts are the amounts that have been calculated with reference to the Banking (Capital) Rules issued by the HKMA. The amounts calculated are dependent upon the status of the counterparty and the maturity characteristics of each type of contract.

15. Advances and other accounts

HK$'000	**As at 30 Jun 2015**	As at 31 Dec 2014
Gross advances to customers	**108,230,826**	105,230,046
Trade bills	**6,885,566**	7,384,057
Other assets		
- Other accounts receivable and prepayments	**3,667,987**	3,784,908
	118,784,379	116,399,011
Less: impairment allowances		
- Individually assessed	**(284,917)**	(238,250)
- Collectively assessed	**(308,147)**	(296,666)
	(593,064)	(534,916)
Advances and other accounts	**118,191,315**	115,864,095

15. Advances and other accounts (Continued)

(a) Gross advances to customers by industry sector classified according to the usage of loans and analysed by percentage covered by collateral

	As at 30 Jun 2015		As at 31 Dec 2014	
	Outstanding balance	**% of gross advances covered by collateral**	Outstanding balance	% of gross advances covered by collateral
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	**1,808,902**	**68.2**	1,741,185	67.7
- Property investment	**16,554,376**	**97.1**	15,752,867	98.9
- Financial concerns	**1,085,554**	**32.6**	821,938	62.1
- Stockbrokers	**1,615,256**	**65.2**	133,234	55.0
- Wholesale and retail trade	**4,251,362**	**89.9**	4,497,466	90.1
- Manufacturing	**2,860,878**	**91.1**	2,971,483	91.3
- Transport and transport equipment	**3,921,172**	**92.7**	4,612,041	94.2
- Recreational activities	**259,275**	**53.6**	277,832	55.9
- Information technology	**78,453**	**89.9**	22,938	67.1
- Others	**5,606,534**	**78.0**	5,036,198	84.4
	38,041,762	**87.7**	35,867,182	91.6
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**916,049**	**100.0**	962,720	100.0
- Loans for the purchase of other residential properties	**20,395,240**	**100.0**	19,451,578	100.0
- Credit card advances	**3,999,955**	**-**	3,838,208	-
- Others	**8,846,048**	**37.4**	8,355,472	35.3
	34,157,292	**72.1**	32,607,978	71.7
Loans for use in Hong Kong	**72,199,054**	**80.3**	68,475,160	82.1
Trade finance (Note (1))	**7,139,589**	**67.8**	6,517,342	62.8
Loans for use outside Hong Kong (Note (2))	**28,892,183**	**69.8**	30,237,544	64.8
	108,230,826	**76.7**	105,230,046	76.0

Note:

(1) Trade finance shown above represents loans covering finance of imports to Hong Kong, exports and re-exports from Hong Kong and merchandising trade classified with reference to the relevant guidelines issued by the HKMA.

Trade finance loans not involving Hong Kong (including trade finance extended by the overseas subsidiary banks of DSB) totalling HK$640,386,000 (31 December 2014: HK$618,230,000) are classified under Loans for use outside Hong Kong.

(2) Loans for use outside Hong Kong include loans extended to customers located in Hong Kong with the finance used outside Hong Kong.

15. Advances and other accounts (Continued)

(a) Gross advances to customers by industry sector classified according to the usage of loans and analysed by percentage covered by collateral (Continued)

For each industry sector reported above with loan balance constituting 10% or more of the total balance of advances to customers, the attributable amount of impaired loans, overdue loans, and individually and collectively assessed loan impairment allowances are as follows:

	As at 30 Jun 2015				
	Outstanding balance	**Impaired loans**	**Gross advances overdue for over 3 months**	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**
Loans for use in Hong Kong					
Industrial, commercial and financial					
- Property investment	**16,554,376**	**36,094**	**18,850**	**-**	**13,604**
Individuals					
- Loans for the purchase of other residential properties	**20,395,240**	**4,434**	**15,621**	**-**	**1,176**
Loans for use outside Hong Kong	**28,892,183**	**278,228**	**337,370**	**186,034**	**161,334**

	As at 31 Dec 2014				
	Outstanding balance	Impaired loans	Gross advances overdue for over 3 months	Individually assessed impairment allowances	Collectively assessed impairment allowances
Loans for use in Hong Kong					
Industrial, commercial and financial					
- Property investment	15,752,867	-	-	-	12,357
Individuals					
- Loans for the purchase of other residential properties	19,451,578	-	-	-	1,074
Loans for use outside Hong Kong	30,237,544	217,649	172,414	135,109	169,999

15. Advances and other accounts (Continued)

(b) Mainland activities exposures

The analysis of Mainland activities exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA Return of Mainland activities, which includes the Mainland activities exposures extended by DSB and its Mainland subsidiary bank only.

As at 30 June 2015	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Total exposures**
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JV"s)	**6,433,053**	**189,831**	**6,622,884**
2. Local governments, local government-owned entities and their subsidiaries and JVs	**2,497,919**	**228,863**	**2,726,782**
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	**8,147,625**	**1,508,590**	**9,656,215**
4. Other entities of central government not reported in item 1 above	**807,943**	**-**	**807,943**
5. Other entities of local governments not reported in item 2 above	**117,170**	**15,279**	**132,449**
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credits are granted for use in Mainland China	**10,254,867**	**248,183**	**10,503,050**
7. Other counterparties where the exposures are considered to be non-bank Mainland China exposures	**6,423**	**-**	**6,423**
	28,265,000	**2,190,746**	**30,455,746**
Total assets of DSB and its Mainland subsidiary bank after provision	**175,175,797**		
On-balance sheet exposures as percentage of total assets	**16.14%**		

15. Advances and other accounts (Continued)

(b) Mainland activities exposures (Continued)

As at 31 December 2014	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	8,356,840	57,758	8,414,598
2. Local governments, local government-owned entities and their subsidiaries and JVs	2,686,695	50,814	2,737,509
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	8,665,363	1,791,678	10,457,041
4. Other entities of central government not reported in item 1 above	123,365	-	123,365
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credits are granted for use in Mainland China	7,457,039	222,237	7,679,276
7. Other counterparties where the exposures are considered to be non-bank Mainland China exposures	-	-	-
	27,289,302	2,122,487	29,411,789
Total assets of DSB and its Mainland subsidiary bank after provision	172,905,559		
On-balance sheet exposures as percentage of total assets	15.78%		

Note:

The balances of exposures reported above include gross advances and other balances of claims on the customers.

15. Advances and other accounts (Continued)

(c) Analysis of gross advances to customers and overdue loans by geographical area

Advances to customers by geographical area are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when an advance is guaranteed by a party located in an area which is different from that of the counterparty.

The following table analyses gross advances to customers, individually impaired advances to customers, overdue advances to customers, and individually and collectively assessed impairment allowances by geographical area.

As at 30 June 2015

	Gross advances to customers	**Individually impaired advances to customers**	**Overdue advances to customers**	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**
Hong Kong	**87,048,569**	**369,853**	**278,148**	**154,310**	**167,808**
China	**7,892,671**	**138,872**	**186,901**	**97,925**	**90,930**
Macau	**11,749,124**	**21,048**	**25,647**	**12,139**	**38,823**
Others	**1,540,462**	**71**	**71**	**28**	**4,166**
	108,230,826	**529,844**	**490,767**	**264,402**	**301,727**

As at 31 December 2014

	Gross advances to customers	Individually impaired advances to customers	Overdue advances to customers	Individually assessed impairment allowances	Collectively assessed impairment allowances
Hong Kong	83,856,418	217,196	251,710	123,521	144,074
China	8,278,746	110,874	44,674	81,114	98,321
Macau	11,435,277	20,153	25,442	13,045	44,671
Others	1,659,605	64	64	64	4,003
	105,230,046	348,287	321,890	217,744	291,069

15. Advances and other accounts (Continued)

(d) Impaired, overdue and rescheduled assets

(i) Impaired loans

	As at 30 Jun 2015	As at 31 Dec 2014
Impaired loans and advances		
- Individually impaired (Note (1))	**529,844**	348,287
- Collectively impaired (Note (2))	**19,503**	20,179
	549,347	368,466
Impairment allowances made		
- Individually assessed (Note (3))	**(264,402)**	(217,744)
- Collectively assessed (Note (2))	**(17,809)**	(18,578)
	(282,211)	(236,322)
	267,136	132,144
Fair value of collaterals held*	**309,002**	169,394
Impaired loans and advances as a % of total loans and advances to customers	**0.51%**	0.35%

* Fair value of collateral is determined at the lower of the market value of collateral and outstanding loan balance.

Note:

(1) Individually impaired loans are defined as those loans having objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated cash flows of the loans that can be reliably estimated.

(2) Collectively impaired loans and advances refer to those unsecured loans and advances assessed for impairment on a collective basis and which have become overdue for more than 90 days as at the reporting date. The collective impairment allowance for these impaired loans, which is a part of the overall collective impairment allowances, is shown above.

(3) The above individual impairment allowances were made after taking into account the value of collaterals in respect of such advances as at 30 June/ 31 December.

15. Advances and other accounts (Continued)

(d) Impaired, overdue and rescheduled assets (Continued)

(ii) Gross amount of overdue loans

	As at 30 Jun 2015		As at 31 Dec 2014	
	Gross amount of overdue loans	**% of total**	Gross amount of overdue loans	% of total
Gross advances to customers which have been overdue for:				
- six months or less but over three months	**172,365**	**0.16**	97,112	0.09
- one year or less but over six months	**146,910**	**0.13**	39,052	0.04
- over one year	**171,492**	**0.16**	185,726	0.18
	490,767	**0.45**	321,890	0.31
Market value of securities held against the secured overdue advances	**489,887**		233,734	
Secured overdue advances	**271,832**		160,454	
Unsecured overdue advances	**218,935**		161,436	
Individual impairment allowances	**223,919**		146,562	

Collateral and securities held against impaired or overdue loans are principally represented by charges over cash and deposits, mortgages over properties and charges over other fixed assets such as equipment.

(iii) Rescheduled advances net of amounts included in overdue advances shown above

	As at 30 Jun 2015	**% of total**	As at 31 Dec 2014	% of total
Advances to customers	**210,038**	**0.19**	171,817	0.16
Impairment allowances	**-**		-	

(e) Trade bills

As at 30 June 2015, there were no trade bills that were overdue for more than three months or impaired (31 December 2014: Nil).

(f) Repossessed collateral

Repossessed collateral held is as follows:

	As at 30 Jun 2015	As at 31 Dec 2014
Nature of assets		
Repossessed properties	**75,757**	69,680
Others	**2,984**	315
	78,741	69,995

15. Advances and other accounts (Continued)

(g) Credit commitments and contingent liabilities analysed by percentage covered by collateral

	As at 30 Jun 2015		As at 31 Dec 2014	
	Contract amount	**% covered by collateral**	Contract amount	% covered by collateral
Financial guarantees and other credit related contingent liabilities	**1,572,206**	**22.1**	1,487,700	17.1
Loan commitments and other credit related commitments	**71,139,139**	**9.8**	69,193,856	9.5
	72,711,345	**10.1**	70,681,556	9.6

16. Available-for-sale securities

HK$'000	**As at 30 Jun 2015**	As at 31 Dec 2014
Debt securities:		
- Listed in Hong Kong	**14,076,593**	11,888,205
- Listed outside Hong Kong	**8,876,368**	9,151,353
- Unlisted	**1,030,373**	1,920,824
	23,983,334	22,960,382
Equity securities:		
- Listed in Hong Kong	**189,465**	171,946
- Unlisted	**233,119**	229,533
	422,584	401,479
Total available-for-sale securities	**24,405,918**	23,361,861

Note:

As at 30 June 2015 and 31 December 2014, the Group had impairment of HK$15 million recognised against those available-for-sale debt securities that were reclassified in 2014 from the loans and receivables category. Please refer to Note 18(a) for details relating to the reclassification.

As at 30 June 2015 and 31 December 2014, there were no certificates of deposit held included in the above balances of investments in debt securities.

16. Available-for-sale securities (Continued)

	As at 30 Jun 2015	As at 31 Dec 2014
Available-for-sale securities are analysed by categories of issuers as follows:		
- Central governments and central banks	**2,503,950**	2,535,358
- Public sector entities	**515,432**	198,916
- Banks and other financial institutions	**4,885,660**	5,161,559
- Corporate entities	**16,498,348**	15,463,500
- Others	**2,528**	2,528
	24,405,918	23,361,861

17. Held-to-maturity securities

HK$'000	**As at 30 Jun 2015**	As at 31 Dec 2014
Debt securities:		
- Listed in Hong Kong	**2,245,675**	2,255,635
- Listed outside Hong Kong	**4,993,722**	5,234,147
- Unlisted	**3,282,733**	3,343,158
	10,522,130	10,832,940
Market value of listed securities	**7,297,928**	7,519,030
Included within debt securities are:		
- Certificates of deposit held	**2,023,900**	1,947,377
- Other debt securities	**8,498,230**	8,885,563
	10,522,130	10,832,940
Held-to-maturity securities are analysed by categories of issuers as follows:		
- Central governments and central banks	**1,083,948**	1,219,264
- Banks and other financial institutions	**4,857,946**	4,927,850
- Corporate entities	**4,580,236**	4,685,826
	10,522,130	10,832,940

18. Reclassification of financial assets

The Group did not reclassify any financial assets in the six months ended 30 June 2015.

In the six months ended 30 June 2014, the Group made the following reclassification of financial assets.

(a) Reclassification of investments in securities included in the loans and receivables category to the available-for-sale category

On 5 June 2014, the Group reclassified all investments in securities included in the loans and receivable category that qualified for recognition as available-for-sale out of the loans and receivables category.

The fair value and carrying value of these financial assets at the date of reclassification were HK$828,504,000 and HK$873,550,000 respectively. The fair value loss of HK$45,046,000 generated upon the reclassification had been taken to other comprehensive income.

(b) Reclassification of certain available-for-sale securities as held-to-maturity securities

On 26 June 2014, the Group reclassified certain available-for-sale debt securities with a total market value at the time of reclassification of HK$4,378,815,000 as held-to-maturity securities, reflecting a change in the Group's intention on holding these securities to maturity.

19. Shareholders' funds

HK$'000	**As at 30 Jun 2015**	As at 31 Dec 2014
Share capital	**6,853,504**	6,850,354
Consolidation reserve	**(220,986)**	(220,986)
Premises revaluation reserve	**238,800**	238,800
Investment revaluation reserve	**279,114**	167,962
Exchange reserve	**287,664**	283,090
General reserve	**700,254**	700,254
Reserve for share-based compensation	**7,930**	7,690
Retained earnings	**12,795,165**	11,913,989
	20,941,445	19,941,153
Proposed dividend included in retained earnings	**154,217**	364,442

DSB as a locally incorporated bank in Hong Kong is required to maintain minimum impairment provisions in excess of those required under HKFRS in the form of regulatory reserve. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance and local regulatory requirements for prudential supervision purposes. The regulatory reserve restricts the amount of reserves which can be distributed to shareholders. Movements in the regulatory reserve are made directly through equity reserve and in consultation with the HKMA.

As at 30 June 2015, DSB has earmarked a regulatory reserve of HK$1,522,112,000 (31 December 2014: HK$1,481,245,000) first against its consolidated general reserve; and for any excess amount, the balance is earmarked against its consolidated retained earnings.

20. Contingent liabilities and commitments

(a) Capital commitments

Capital expenditure in respect of projects and acquisition of fixed assets at the end of the reporting period but not yet incurred is as follows:

HK$'000	**As at 30 Jun 2015**	As at 31 Dec 2014
Expenditure authorised but not contracted for	**30,897**	16,078
Expenditure contracted but not provided for	**147,903**	140,972
	178,800	157,050

(b) Credit commitments

The contract and credit risk weighted amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers are as follows:

	Contract amount	
	As at 30 Jun 2015	As at 31 Dec 2014
Direct credit substitutes	**719,507**	683,652
Transaction-related contingencies	**217,774**	302,523
Trade-related contingencies	**634,925**	501,525
Commitments that are unconditionally cancellable without prior notice	**66,937,103**	64,212,547
Other commitments with an original maturity of:		
- under 1 year	**3,479,530**	3,982,693
- 1 year and over	**722,506**	998,616
	72,711,345	70,681,556

	Credit risk weighted amount	
	As at 30 Jun 2015	As at 31 Dec 2014
Contingent liabilities and commitments	**1,366,394**	1,725,203

(c) Assets pledged

Exchange Fund debts pledged with the HKMA to facilitate the Group's trading and market-making activities in Exchange Fund debts are as follows:

	As at 30 Jun 2015	As at 31 Dec 2014
Assets pledged with HKMA:		
Trading securities	**5,708,162**	5,157,236
Available-for-sale securities	**48,716**	395,430
	5,756,878	5,552,666
Associated liabilities:		
Trading liabilities	**5,758,820**	5,597,614

20. Contingent liabilities and commitments (Continued)

(c) Assets pledged (Continued)

The carrying amounts of the non-government bonds pledged with unrelated financial institutions under repurchase agreements and the associated liabilities are as follows:

	As at 30 Jun 2015	As at 31 Dec 2014
Assets pledged under repurchase agreements:		
Available-for-sale securities	**363,445**	94,500
Held-to-maturity securities	**37,072**	-
	400,517	94,500
Associated liabilities:		
Deposits from banks	**312,259**	89,421
Other accounts and accruals	**68,318**	-
	380,577	89,421

(d) Operating lease commitments

Where a Group company is the lessee, the future minimum lease payments under non-cancellable building operating leases are as follows:

	As at 30 Jun 2015	As at 31 Dec 2014
Not later than 1 year	**123,221**	158,901
Later than 1 year and not later than 5 years	**129,040**	112,500
Later than 5 years	**39,861**	47,428
	292,122	318,829

Where a Group company is the lessor, the future minimum lease payments under non-cancellable building operating leases are as follows:

	As at 30 Jun 2015	As at 31 Dec 2014
Not later than 1 year	**26,107**	30,535
Later than 1 year and not later than 5 years	**10,706**	19,128
	36,813	49,663

21. International claims

The information of international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, transfer of risk from one country to another is recognised if the claims against a counterparty are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

Equivalent in HK$ millions

	As at 30 Jun 2015				
			Non-bank private sector		
	Banks	**Official sector**	**Non-bank financial institutions**	**Non-financial private sector**	**Total claims**
Counterparty country/jurisdiction					
Developed countries	**5,333**	**705**	**2,302**	**598**	**8,938**
Offshore centres	**4,277**	**9,622**	**1,409**	**113,635**	**128,943**
- of which: Hong Kong	**3,560**	**8,741**	**813**	**99,466**	**112,580**
Developing Europe	**-**	**-**	**32**	**40**	**72**
Developing Latin America and Caribbean	**-**	**-**	**-**	**-**	**-**
Developing Africa and Middle East	**1,031**	**130**	**396**	**284**	**1,841**
Developing Asia and Pacific	**27,020**	**1,667**	**2,275**	**10,911**	**41,873**
- of which: China	**20,159**	**1,667**	**2,115**	**9,407**	**33,348**
International organisations	**-**	**333**	**200**	**-**	**533**
	37,661	**12,457**	**6,614**	**125,468**	**182,200**

	As at 31 Dec 2014			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Hong Kong	25,948	2,041	22,022	50,011
North and South America	911	548	2,122	3,581
Europe	5,672	-	359	6,031
	32,531	2,589	24,503	59,623

There are changes of reporting basis and the categorisation on the types of counterparties as required by the HKMA in 2015, hence the disclosures reported during the year of 2014 are not directly comparable.

22. Operating segment reporting

Segment reporting by the Group is prepared in accordance with HKFRS 8 "Operating Segments". Information reported to the chief operating decision maker, including the Chief Executive and other Executive Committee members, for the purposes of resource allocation and performance assessment, is determined on the basis of personal banking, commercial banking, treasury and overseas banking business. Operating performances are analysed by business activities for local banking business, and on business entity basis for overseas banking business.

Considering the customer groups, products and services of local businesses, the economic environment and regulations, the Group splits the operating segments of the Group into the following reportable segments:

- Personal banking business includes the acceptance of deposits from individual customers and the extension of residential mortgage lending, personal loans, overdraft and credit card services, the provision of insurance sales and investment services.

- Commercial banking business includes the acceptance of deposits from and the advance of loans and working capital finance to commercial, industrial and institutional customers, and the provision of trade financing.

- Treasury activities are mainly the provision of foreign exchange services and centralised cash management for deposit taking and lending, interest rate risk management, management of investment in securities and the overall funding of the Group.

- Overseas banking businesses include personal banking, commercial banking business activities provided by overseas subsidiaries in Macau and China, and the Group's interest in a commercial bank in China.

- Others include results of operations not directly identified under other reportable segments, corporate investments and debt funding (including subordinated notes).

For the purpose of segment reporting, revenue derived from customers, products and services directly identifiable with individual segments are reported directly under respective segments, while revenue and funding cost arising from inter-segment funding operation and funding resources are allocated to segments by way of transfer pricing mechanism with reference to market interest rates. Transactions within segments are priced based on similar terms offered to or transacted with external parties. Inter-segment income or expenses are eliminated on consolidation. Certain comparative amounts have been revised to conform to the change in funds transfer pricing mechanism and certain income reallocation adopted in 2015.

All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs are allocated to various segments and products based on effort and time spent as well as segments' operating income depending on the nature of costs incurred. Costs related to corporate activities that cannot be reasonably allocated to segments, products and support functions are grouped under Others as unallocated corporate expenses.

22. Operating segment reporting (Continued)

For the six months ended 30 June 2015

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/ (expenses)	661,831	550,376	147,864	261,691	(28,049)	-	1,593,713
Non-interest income/ (expenses)	338,239	136,596	125,327	67,296	64,110	(450)	731,118
Total operating income	1,000,070	686,972	273,191	328,987	36,061	(450)	2,324,831
Operating expenses	(599,114)	(187,869)	(71,525)	(235,166)	5,590	450	(1,087,634)
Operating profit before impairment losses	400,956	499,103	201,666	93,821	41,651	-	1,237,197
Loan impairment losses	(114,497)	(51,425)	-	(27,242)	-	-	(193,164)
Operating profit after impairment losses	286,459	447,678	201,666	66,579	41,651	-	1,044,033
Net (loss)/ gain on disposal of other fixed assets	(319)	(7)	(4)	11	(29)	-	(348)
Net gain on disposal of investments in securities	-	-	5,779	-	-	-	5,779
Provision for loss on dilution of interest in an associate	-	-	-	(32,000)	-	-	(32,000)
Share of results of an associate	-	-	-	388,861	-	-	388,861
Share of results of jointly controlled entities	-	-	-	-	10,117	-	10,117
Profit before taxation	286,140	447,671	207,441	423,451	51,739	-	1,416,442
Taxation expenses	(47,213)	(73,865)	(34,228)	(11,233)	(4,247)	-	(170,786)
Profit after taxation	238,927	373,806	173,213	412,218	47,492	-	1,245,656
For the six months ended 30 June 2015							
Depreciation and amortisation	29,210	6,010	3,370	21,251	16,407	-	76,248
As at 30 June 2015							
Segment assets	43,122,259	55,967,720	57,162,369	32,077,029	4,387,533	(3,892,362)	188,824,548
Segment liabilities	80,493,238	35,539,359	15,770,566	23,679,545	16,277,357	(3,892,362)	167,867,703

22. Operating segment reporting (Continued)

For the six months ended 30 June 2014 (Restated)

	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/ (expenses)	600,961	466,268	159,539	276,184	(31,869)	-	1,471,083
Non-interest income/ (expenses)	245,878	107,384	89,703	59,316	39,505	(1,694)	540,092
Total operating income	846,839	573,652	249,242	335,500	7,636	(1,694)	2,011,175
Operating expenses	(541,649)	(167,395)	(67,704)	(232,188)	4,426	1,694	(1,002,816)
Operating profit before impairment losses	305,190	406,257	181,538	103,312	12,062	-	1,008,359
Loan impairment losses	(92,985)	(27,717)	-	(103,865)	-	-	(224,567)
Operating profit/ (loss) after impairment losses	212,205	378,540	181,538	(553)	12,062	-	783,792
Net (loss)/ gain on disposal of other fixed assets	(92)	-	-	-	134	-	42
Net gain on disposal of investments in securities	-	-	14,115	-	-	-	14,115
Share of results of an associate	-	-	-	356,361	-	-	356,361
Share of results of jointly controlled entities	-	-	-	-	8,356	-	8,356
Profit before taxation	212,113	378,540	195,653	355,808	20,552	-	1,162,666
Taxation (expenses)/ credit	(33,539)	(62,459)	(32,283)	10,870	3,830	-	(113,581)
Profit after taxation	178,574	316,081	163,370	366,678	24,382	-	1,049,085
For the six months ended 30 June 2014							
Depreciation and amortisation	23,099	4,677	2,944	21,280	16,622	-	68,622
As at 31 December 2014							
Segment assets	41,988,779	54,596,171	55,550,630	33,581,542	4,229,677	(4,618,723)	185,328,076
Segment liabilities	78,375,819	36,248,907	15,126,832	25,631,700	14,606,972	(4,618,723)	165,371,507

22. Operating segment reporting (Continued)

Revenues from external customers were contributed from banking subsidiaries in Hong Kong, Macau and People's Republic of China, with major products and services including deposit taking, extension of credit, asset-based finance, securities investment services offered to customers.

The following tables provide information by geographical area, which was determined with reference to the domicile of the legal entities within the Group with business dealing and relationship with, and services to external customers.

HK$'000	**Hong Kong and Others**	**Macau**	**Inter-segment elimination**	**Total**
For the six months ended 30 June 2015				
Operating income	**2,125,391**	**199,890**	**(450)**	**2,324,831**
Profit before taxation	**1,302,344**	**114,098**	**-**	**1,416,442**
At 30 June 2015				
Total assets	**172,469,095**	**17,584,140**	**(1,228,687)**	**188,824,548**
Total liabilities	**153,758,658**	**15,337,732**	**(1,228,687)**	**167,867,703**
Intangible assets and goodwill	**318,667**	**553,847**	**-**	**872,514**
Contingent liabilities and commitments	**77,392,268**	**1,947,394**	**-**	**79,339,662**

	Hong Kong and Others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2014				
Operating income	1,833,302	178,323	(450)	2,011,175
Profit before taxation	1,069,119	93,547	-	1,162,666
At 31 December 2014				
Total assets	169,238,805	17,355,567	(1,266,296)	185,328,076
Total liabilities	151,425,155	15,212,648	(1,266,296)	165,371,507
Intangible assets and goodwill	318,667	554,867	-	873,534
Contingent liabilities and commitments	74,867,402	1,937,199	-	76,804,601

23. Capital adequacy ratio

	As at 30 Jun 2015	As at 31 Dec 2014
Capital adequacy ratio		
- Common Equity Tier 1	**11.7%**	11.4%
- Tier 1	**11.7%**	11.4%
- Total	**16.2%**	16.3%

The capital adequacy ratio as at 30 June 2015 and 31 December 2014 represents the consolidated position of DSB (covering Banco Comercial de Macau, S.A. ("BCM") and Dah Sing Bank (China) Limited ("DSB China") computed on Basel III basis in accordance with the Banking (Capital) Rules. This capital adequacy ratio takes into account market risk and operational risk.

DSB as a locally incorporated bank in Hong Kong is subject to the minimum capital adequacy ratio requirement under the Hong Kong Banking Ordinance. BCM is subject to Macau banking regulations and DSB China is subject to China banking regulations.

24. Liquidity maintenance ratio/ liquidity ratio

	Six months ended 30 Jun 2015	Six months ended 30 Jun 2014	Year ended 31 Dec 2014
Liquidity maintenance ratio	**39.0%**	n/a	n/a
Liquidity ratio	**n/a**	46.6%	45.3%

The liquidity maintenance ratio and liquidity ratio are calculated as the simple average of each calendar month's average consolidated liquidity ratio of DSB (covering BCM and DSB China) for the six/twelve months of the financial year. The liquidity maintenance ratios are computed in accordance with the Banking (Liquidity) Rules effective from 1 January 2015. The liquidity ratios are computed with reference to the methods set out in the Fourth Schedule of the Hong Kong Banking Ordinance and the ratios of the Group are calculated for reference only.

DSB as a locally incorporated bank in Hong Kong is subject to the liquidity requirement under the Hong Kong Banking Ordinance. BCM is subject to Macau banking regulations and DSB China is subject to China banking regulations.

25. Leverage ratio

	As at 30 Jun 2015	As at 31 Dec 2014
Leverage ratio	**7.9%**	n/a

The disclosure on leverage ratio is effective since 31 March 2015 and is computed on the same consolidated basis as specified in a notice from the HKMA in accordance with section 3C of the Banking (Capital) Rules.

FINANCIAL RATIOS

	Six months ended 30 Jun 2015	Six months ended 30 Jun 2014
Net interest income/operating income	**68.6%**	73.1%
Cost to income ratio	**46.8%**	49.9%
Return on average total assets (annualised)	**1.4%**	1.2%
Return on average shareholders' funds (annualised)	**12.4%**	11.5%
Net interest margin	**1.76%**	1.79%
	As at 30 Jun 2015	As at 31 Dec 2014
Loan to deposit ratio	**72.6%**	70.8%

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$0.11 per share for 2015 payable on or about Thursday, 24 September 2015 to shareholders whose names are on the Register of Shareholders at the close of business on Friday, 18 September 2015.

CLOSURE OF REGISTER OF SHAREHOLDERS

The Register of Shareholders will be closed from Monday, 14 September 2015 to Friday, 18 September 2015, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 11 September 2015.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

Global economic growth remained relatively lackluster in the first half of the year. Local market conditions in Hong Kong were also relatively subdued, with weakness in trade and the local retail sector experienced. Mainland China also experienced relatively slower economic growth, whilst the downturn in Macau was more severe, particularly in the gaming sector. Equity market volatility in the Hong Kong and China markets was pronounced, and the market awaits potential changes in US interest rates in the second half of the year. Local market liquidity conditions remained benign, against a market backdrop of modest loan growth.

Against this relatively challenging background, we are pleased to announce that our profit attributable to shareholders for the first half of 2015 increased by 18.7% to HK$1,246 million, a record level for the Group. The increase in profit was driven mainly by our wholly owned operations in Hong Kong, Mainland China and Macau, which in aggregate reported an increase in operating profit after impairment losses of 33% to HK$1,044 million. Our associated company, Bank of Chongqing ("BOCQ"), performed well over the period, bringing to us a 9% growth in its contribution to our profit.

BUSINESS AND FINANCIAL REVIEW

The key business trends during the first half of the year were strong fee and commission income growth, modest loan growth and a steady net interest margin. Our net fee and commission income grew by 29%, with strong performances from our wealth management business, including our local Hong Kong broking business, as well as from FX and other treasury products for both our retail and commercial customers. Loan growth was modest at 2.9%, but with a stable net interest margin, and a relatively higher loan balance at the start of 2015 compared with 2014, due to stronger loan growth in the prior year, net interest income recorded a respectable rate of growth of 8.3%.

Operating expenses were well controlled with growth over the first half of 2014 of 8.5%, well below the growth in income over the same period. Despite the relatively challenging economic conditions described above, overall credit quality remained benign, with a slight drop in total impairment charges compared with the same period in the prior year.

Bank of Chongqing announced in late June 2015 its conditional agreement with a number of prospective investors on a share placement transaction seeking to raise new equity via issuing new H shares by way of a placing (the "Placing"). The proposed new share issue and the share placement transaction were approved by BOCQ shareholders in a recent shareholders' meeting. BOCQ is proceeding to procure the other required regulatory approvals to allow the Placing to complete. The Group is not party to the Placing and the Group's interest in BOCQ will be diluted from the existing 16.95% to 13.05% when the Placing is completed, which will cause a recognition of a deemed disposal of part of the Group's shareholding in BOCQ. With the issue price of the Placing being lower than the net asset value per share of BOCQ, the dilution in the Group's interest in BOCQ will result in a loss in the carrying value of the Group's investment in BOCQ. As it is currently anticipated that the Placing will be completed, a provision of HK$32 million for the estimated loss on the reduction in the shareholding interest held by the Group in BOCQ has been recognised in our results in the period.

There were no other material exceptional items during the first half of the year.

The improved results in the first half of the year resulted in improvement in a number of key financial performance indicators:

- Return on assets was up from 1.2% to 1.4% during the period
- ROE was up from 11.5% to 12.4%
- Cost to income ratio was down from 49.9% to 46.8%

As at 30 June 2015, Dah Sing Bank's Common Equity Tier 1 ratio was 11.7%, up by 0.3% compared with the end of last year, driven by slower asset growth coupled with higher retained earnings, as no additional capital raising was undertaken during the period. Its total capital adequacy ratio was 16.2%, broadly similar to 16.3% as at the end of last year despite positive impact as mentioned above, mainly due to the phase out of a portion of the non-Basel III compliant subordinated debts as eligible Tier 2 capital base under the regulatory capital transitional arrangement.

PROSPECTS

Although performance in the first half of the year was robust, despite volatile market conditions, we remain cautious about the outlook for the remaining part of the year. Equity market conditions have been highly volatile, with substantial decreases in both the Mainland China and Hong Kong stock markets in recent weeks. The depreciation of RMB announced by the People's Bank of China on 11 August has caused increased market volatility on RMB currency trading which may have wider implications on the broader economy. Global economic growth remains sluggish, and growth in our key markets of Hong Kong, Macau and Mainland China is also relatively slow, with no signs of material improvement in the near term.

That being said, the outlook for credit quality is relatively stable, and despite earlier concerns over a potentially more rapid credit deterioration in the broader economy, particularly relating to Mainland credit exposure, current credit performance is acceptable. In Hong Kong and Macau, credit quality remains benign.

Loan and deposit growth in the first half of the year was relatively modest, and we do not expect this to change substantially in the second half of the year. From a risk perspective, the slower market loan growth has resulted in improvements in liquidity conditions, and somewhat lower funding costs, although we remain vigilant about the potential risks of interest rate rises by the US Federal Reserve before the end of the year.

Overall, therefore we are of the view that the outlook remains broadly stable, but with some risks to the downside. We continue to maintain capital and liquidity at appropriate levels given both current regulations and current market conditions, and expect to maintain a relatively conservative position on both measures in the second half of the year.

Over a more medium term timeframe we continue to see opportunities to expand our range of products and services to our customers, and expand our business operations. Whilst we have identified certain risks, as set out above, we do not currently expect these risks to be so severe that we need to change our medium term outlook significantly.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2015, the Company has complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Listing Rules, with the exception of code provision A.4.1.

Pursuant to code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The Non-Executive Directors of the Company are not appointed for a specific term, but are subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the Company's Articles of Association.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct for directors' securities dealing ("Directors' Dealing Code") on terms no less exacting than the prevailing required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") under Appendix 10 of the Listing Rules. Following specific enquiry, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code and the Directors' Dealing Code throughout the six months ended 30 June 2015.

UNAUDITED FINANCIAL STATEMENTS

The financial information in this interim results announcement is unaudited and does not constitute statutory financial statements.

AUDIT COMMITTEE

The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2015.

REMUNERATION AND STAFF DEVELOPMENT

There have been no material changes to the information disclosed in the Company's 2014 Annual Report in respect of the remuneration of employees, remuneration policies and training schemes.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of listed securities of the Company during the six months ended 30 June 2015.

INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

Copies of this announcement may be obtained from the Company Secretarial Division of the Group at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong, or downloaded from Dah Sing Bank's website at <http://www.dahsing.com>.

The 2015 Interim Report of the Group containing all the information required by the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and Dah Sing Bank in due course. Printed copies of the 2015 Interim Report will be sent to shareholders before the end of September 2015.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Vice Chairman), Harold Tsu-Hing Wong (Managing Director and Chief Executive) and Gary Pak-Ling Wang as Executive Directors; Mr. Shoji Hirai as Non-Executive Director; Messrs. Robert Tsai-To Sze, Andrew Kwan-Yuen Leung, Seng-Lee Chan and Yuen-Tin Ng as Independent Non-Executive Directors.

By Order of the Board
Doris W. N. Wong
Company Secretary

Hong Kong, Wednesday, 26 August 2015