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 FINAL RESULTS

The Directors of Dah Sing Banking Group Limited ("DSBG" or the "Company") are pleased to present the consolidated audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

HK$'000	Note	**2015**	2014	Variance %
Interest income		**5,053,393**	4,932,409	
Interest expense		**(1,716,705)**	(1,941,937)	
Net interest income	4	**3,336,688**	2,990,472	11.6
Fee and commission income		**1,129,685**	1,061,287	
Fee and commission expense		**(220,048)**	(229,567)	
Net fee and commission income	5	**909,637**	831,720	9.4
Net trading income	6	**278,058**	282,400	
Other operating income	7	**62,559**	60,429	
Operating income		**4,586,942**	4,165,021	10.1
Operating expenses	8	**(2,239,658)**	(2,127,363)	5.3
Operating profit before impairment losses		**2,347,284**	2,037,658	15.2
Loan impairment losses and other credit provisions	9	**(496,352)**	(472,962)	4.9
Operating profit before gains and losses on certain investments and fixed assets		**1,850,932**	1,564,696	18.3
Net loss on disposal of other fixed assets		**(1,434)**	(2,579)	
Net gain on fair value adjustment of investment properties		**2,323**	56,809	
Net gain on disposal of investments in securities	10	**16,568**	17,036	
Loss on deemed disposal of investment in an associate	12	**(47,617)**	-	
Share of results of an associate		**665,942**	602,299	
Share of results of jointly controlled entities		**21,945**	20,657	
Profit before taxation		**2,508,659**	2,258,918	11.1
Taxation	11	**(308,087)**	(225,309)	
Profit for the year		**2,200,572**	2,033,609	8.2
Loss attributable to non-controlling interests		**32**	32	
Profit attributable to Shareholders of the Company		**2,200,604**	2,033,641	8.2
Dividends				
Interim dividend paid		**154,217**	140,154	
Proposed final dividend/ final dividend paid		**378,532**	364,496	
		532,749	504,650	
Earnings per share				
Basic	13	**HK$1.57**	HK$1.49	
Diluted	13	**HK$1.56**	HK$1.48	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

HK$'000	**2015**	2014
Profit for the year	**2,200,572**	2,033,609
Other comprehensive income for the year		
Items that will not be reclassified subsequently to the consolidated income statement:		
Premises		
Reserves arising from reclassification of premises to investment properties	**1,393**	36,533
Items that may be reclassified to the consolidated income statement:		
Investments in securities		
Fair value gains on available-for-sale securities recognised in equity	**59,093**	260,490
Fair value (gain)/ loss realised and transferred to income statement upon:		
- Disposal of available-for-sale securities	**(16,568)**	(21,692)
- Disposal of 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	**6,063**	(34,183)
	48,588	208,371
Exchange differences arising on translation of the financial statements of foreign entities	**(209,767)**	(108,600)
Other comprehensive (loss)/ income for the year, net of tax	**(159,786)**	136,304
Total comprehensive income for the year, net of tax	**2,040,786**	2,169,913
Attributable to:		
Non-controlling interests	**(32)**	(32)
Shareholders of the Company	**2,040,818**	2,169,945
Total comprehensive income for the year, net of tax	**2,040,786**	2,169,913

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

HK$'000	Note	**2015**	2014
ASSETS			
Cash and balances with banks		**17,505,906**	14,838,986
Placements with banks maturing between one and twelve months		**7,497,860**	5,324,811
Trading securities	14	**8,572,394**	6,850,362
Financial assets designated at fair value through profit or loss	14	**217,796**	129,633
Derivative financial instruments	15	**1,079,328**	756,829
Advances and other accounts	16	**118,421,345**	115,864,095
Available-for-sale securities	17	**24,199,788**	23,361,861
Held-to-maturity securities	18	**10,476,296**	10,832,940
Investment in an associate		**4,099,217**	3,746,918
Investments in jointly controlled entities		**71,119**	65,694
Goodwill		**811,690**	811,690
Intangible assets		**59,805**	61,844
Premises and other fixed assets		**1,941,866**	1,786,594
Investment properties		**991,376**	814,229
Current income tax assets		**2,680**	999
Deferred income tax assets		**83,473**	80,591
Total assets		**196,031,939**	185,328,076
LIABILITIES			
Deposits from banks		**1,550,911**	1,572,467
Derivative financial instruments	15	**1,458,432**	1,146,825
Trading liabilities		**6,270,630**	5,597,614
Deposits from customers		**150,847,903**	142,580,239
Certificates of deposit issued		**6,231,837**	6,109,777
Subordinated notes		**5,319,894**	5,432,378
Other accounts and accruals		**2,620,814**	2,658,437
Current income tax liabilities		**201,978**	208,693
Deferred income tax liabilities		**46,556**	65,077
Total liabilities		**174,548,955**	165,371,507
EQUITY			
Non-controlling interests		**15,384**	15,416
Equity attributable to the Company's shareholders			
Share capital		**6,853,504**	6,850,354
Other reserves (including retained earnings)		**14,614,096**	13,090,799
Shareholders' funds	20	**21,467,600**	19,941,153
Total equity		**21,482,984**	19,956,569
Total equity and liabilities		**196,031,939**	185,328,076

Note:

1. Statutory Financial Statements

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

Certain financial information in this results announcement is extracted from the Group's statutory consolidated financial statements for the year ended 31 December 2015 (the "2015 financial statements") which will be delivered to the Registrar of Companies and available from the website of The Stock Exchange of Hong Kong Limited in due course. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 March 2016.

2. Basis of Preparation and Accounting Policies

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs" is a collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities held for trading, and financial assets and financial liabilities (including derivative instruments) designated at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies.

Except as described below, the accounting policies and methods of computation used in the preparation of the 2015 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 financial information in this results announcement is presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated.

(a) New Hong Kong Companies Ordinance (Cap.622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) ("NCO") come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(b) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Amendments from annual improvements to HKFRSs – 2010 – 2012 Cycle, on HKFRS 8, "Operating segments", HKAS 16, "Property, plant and equipment" and HKAS 38, "Intangible assets" and HKAS 24, "Related party disclosures".

Amendments from annual improvements to HKFRSs – 2011 – 2013 Cycle, on HKFRS 3, "Business combinations", HKFRS 13, "Fair value measurement" and HKAS 40, "Investment property".

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

2. Basis of Preparation and Accounting Policies (Continued)

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been early adopted in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following standards:

(i) HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The Group has already commenced the assessment of the full impact and so far has not decided to early adopt the standard, which shall be effective for the financial year beginning on 1 January 2018.

(ii) HKFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction contracts" and related interpretations. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

3. 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 changes 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.

3. Operating segment reporting (Continued)

For the year ended 31 December 2015

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/ (expenses)	1,367,555	1,149,755	377,085	508,611	(66,318)	-	3,336,688
Non-interest income/ (expenses)	632,469	213,035	190,476	126,657	88,517	(900)	1,250,254
Total operating income	2,000,024	1,362,790	567,561	635,268	22,199	(900)	4,586,942
Operating expenses	(1,260,121)	(378,778)	(140,878)	(469,366)	8,585	900	(2,239,658)
Operating profit before impairment losses and other credit provisions	739,903	984,012	426,683	165,902	30,784	-	2,347,284
Loan impairment losses and other credit provisions (charged)/ written back	(230,256)	(237,955)	15,000	(43,141)	-	-	(496,352)
Operating profit after impairment losses and other credit provisions	509,647	746,057	441,683	122,761	30,784	-	1,850,932
Net (loss)/ gain on disposal and fair value adjustment of investment properties and other fixed assets	(1,283)	(12)	(13)	7	2,190	-	889
Net gain on disposal of investments in securities	-	-	16,568	-	-	-	16,568
Loss on deemed disposal of investment in an associate	-	-	-	(47,617)	-	-	(47,617)
Share of results of an associate	-	-	-	665,942	-	-	665,942
Share of results of jointly controlled entities	-	-	-	-	21,945	-	21,945
Profit before taxation	508,364	746,045	458,238	741,093	54,919	-	2,508,659
Taxation expenses	(83,868)	(123,097)	(75,609)	(25,064)	(449)	-	(308,087)
Profit after taxation	424,496	622,948	382,629	716,029	54,470	-	2,200,572
For the year ended 31 December 2015							
Depreciation and amortisation	58,882	12,246	6,759	40,746	38,299	-	156,932
At 31 December 2015							
Segment assets	44,238,858	55,906,000	63,141,488	31,842,489	4,788,614	(3,885,510)	196,031,939
Segment liabilities	85,575,624	37,962,644	16,816,776	23,429,044	14,650,377	(3,885,510)	174,548,955

3. Operating segment reporting (Continued)

For the year ended 31 December 2014 (Restated)

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/ (expenses)	1,253,240	986,439	277,843	537,362	(64,412)	-	2,990,472
Non-interest income/ (expenses)	544,320	202,995	223,943	121,551	100,513	(18,773)	1,174,549
Total operating income	1,797,560	1,189,434	501,786	658,913	36,101	(18,773)	4,165,021
Operating expenses	(1,157,834)	(350,022)	(137,219)	(486,161)	(14,900)	18,773	(2,127,363)
Operating profit before impairment losses and other credit provisions	639,726	839,412	364,567	172,752	21,201	-	2,037,658
Loan impairment losses and other credit provisions (charged)/ written back	(201,779)	(63,223)	60,000	(267,960)	-	-	(472,962)
Operating profit/ (loss) after impairment losses and other credit provisions	437,947	776,189	424,567	(95,208)	21,201	-	1,564,696
Net (loss)/ gain on disposal and fair value adjustment of investment properties and other fixed assets	(844)	(60)	(9)	(46)	55,189	-	54,230
Net gain on disposal of investments in securities	-	-	17,036	-	-	-	17,036
Share of results of an associate	-	-	-	602,299	-	-	602,299
Share of results of jointly controlled entities	-	-	-	-	20,657	-	20,657
Profit before taxation	437,103	776,129	441,594	507,045	97,047	-	2,258,918
Taxation (expenses)/ credit	(70,565)	(128,061)	(72,863)	32,324	13,856	-	(225,309)
Profit after taxation	366,538	648,068	368,731	539,369	110,903	-	2,033,609
For the year ended 31 December 2014							
Depreciation and amortisation	51,198	10,561	6,218	42,831	32,556	-	143,364
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

3. 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 year ended 31 December 2015				
Operating income	**4,177,947**	**409,895**	**(900)**	**4,586,942**
Profit before taxation	**2,290,917**	**217,742**	**-**	**2,508,659**
At 31 December 2015				
Total assets	**179,101,461**	**18,576,197**	**(1,645,719)**	**196,031,939**
Total liabilities	**159,959,284**	**16,235,390**	**(1,645,719)**	**174,548,955**
Intangible assets and goodwill	**318,667**	**552,828**	**-**	**871,495**
Contingent liabilities and commitments	**76,231,176**	**1,862,244**	**(32,000)**	**78,061,420**

	Hong Kong and Others	Macau	Inter-segment elimination	Total
For the year ended 31 December 2014				
Operating income	3,794,850	371,071	(900)	4,165,021
Profit before taxation	2,074,524	184,394	-	2,258,918
At 31 December 2014 (Restated)				
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	74,888,084	1,938,999	(38,560)	76,788,523

4. Net interest income

HK$'000	**2015**	2014
Interest income		
Cash and balances with banks	**312,858**	351,080
Investments in securities	**695,375**	688,879
Advances and other accounts	**4,045,160**	3,892,450
	5,053,393	4,932,409
Interest expense		
Deposits from banks/ Deposits from customers	**1,438,647**	1,672,691
Certificates of deposit issued	**78,234**	72,106
Issued debt securities	**-**	3,494
Subordinated notes	**198,517**	189,996
Others	**1,307**	3,650
	1,716,705	1,941,937
Included within interest income		
Interest income on financial assets not at fair value through profit or loss	**5,046,867**	4,902,452
Included within interest expense		
Interest expense on financial liabilities not at fair value through profit or loss	**1,714,073**	1,937,001

For the year ended 31 December 2015 and 2014, there was no interest income recognised on impaired assets.

5. Net fee and commission income

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	**136,538**	135,992
- Trade finance	**91,987**	73,158
- Credit card	**301,225**	311,848
Other fee and commission income		
- Securities brokerage	**132,011**	87,853
- Insurance distribution and others	**111,249**	94,747
- Retail investment and wealth management services	**185,001**	170,801
- Bank services and handling fees	**61,850**	58,599
- Other fees	**109,824**	128,289
	1,129,685	1,061,287
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	**205,536**	215,957
- Other fees paid	**14,512**	13,610
	220,048	229,567

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.

6. Net trading income

HK$'000	**2015**	2014
Net gain arising from dealing in foreign currencies	**137,480**	193,762
Net gain/ (loss) on trading securities	**3,784**	(11,123)
Net gain from derivatives entered into for trading purpose	**57,452**	51,351
Net loss arising from financial instruments subject to fair value hedge	**(8,774)**	(25,173)
Net gain arising from financial instruments designated at fair value through profit or loss	**88,116**	73,583
	278,058	282,400

7. Other operating income

HK$'000	**2015**	2014
Dividend income from investments in available-for-sale securities	**17,221**	16,654
Gross rental income from investment properties	**23,867**	23,650
Other rental income	**11,423**	11,012
Others	**10,048**	9,113
	62,559	60,429

8. Operating expenses

HK$'000	**2015**	2014
Employee compensation and benefit expenses (including directors' remuneration)	**1,454,678**	1,316,240
Premises and other fixed assets expenses, excluding depreciation		
- Rental of premises	**168,309**	160,279
- Others	**125,794**	126,235
Depreciation	**154,893**	139,966
Advertising and promotion costs	**71,991**	90,932
Printing, stationery and postage	**51,816**	49,329
Amortisation expenses of intangible assets	**2,039**	3,398
Auditors' remuneration	**7,685**	7,437
Others	**202,453**	233,547
	2,239,658	2,127,363

9. Loan impairment losses and other credit provisions

HK$'000	**2015**	2014
Loan impairment losses		
Net charge/ (reversal) of impairment losses on advances and other accounts		
- Trade bills	**3,670**	2,070
- Advances to customers	**508,713**	510,339
- Accrued interest and other accounts	**(1,031)**	20,553
	511,352	532,962
Net charge of impairment losses on advances and other accounts		
- Individually assessed	**218,941**	249,015
- Collectively assessed	**292,411**	283,947
	511,352	532,962
Of which		
- new and additional allowances (including amounts directly written off in the year)	**641,447**	596,620
- releases	**(76,697)**	(22,866)
- recoveries	**(53,398)**	(40,792)
	511,352	532,962
Other credit provisions		
Net (reversal)/ charge of impairment losses on available-for-sale securities		
- Collectively assessed	**(15,000)**	15,000
Net reversal of impairment losses on investments in securities included in the loans and receivables category		
- Collectively assessed	**-**	(75,000)
Net charge to income statement	**496,352**	472,962

10. Net gain on disposal of investments in securities

HK$'000	**2015**	2014
Net gain on disposal of available-for-sale securities	**16,568**	21,692
Net loss on disposal of investments in securities included in the loans and receivables category	**-**	(4,656)
	16,568	17,036

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 year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year 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.

HK$'000	**2015**	2014
Current income tax:		
- Hong Kong profits tax	**287,525**	252,275
- Overseas taxation	**38,970**	31,957
- Under-provision in prior years	**782**	2,760
Deferred income tax:		
- Origination and reversal of temporary differences	**(19,970)**	(64,671)
- Utilisation of tax losses	**780**	2,988
Taxation	**308,087**	225,309

12. Loss on deemed disposal of investment in an associate

The Group's shareholding interest in Bank of Chongqing ("BOCQ"), which is the Group's associate, decreased from 16.95% to 14.66% after BOCQ completed its issuance of new H-shares by way of a placement (the "Share Placement") in December 2015.

In accordance with Hong Kong Accounting Standard No. 28, "Investments in Associates", an associate is an entity over which the investor has significant influence, including the power to participate in the financial and operating policy decisions, without controlling the management of the investee. Usually a holding of less than 20% is presumed not to have significant influence, unless such influence can be clearly demonstrated.

The Group's interest in BOCQ has been accounted for as an associate using the equity method as the Group has representation in the Board of BOCQ, and the ability to participate in the decision making process.

The reduction in the Group's shareholding in BOCQ in 2015 is treated as a deemed partial disposal of investment in BOCQ. The loss arising from the deemed partial disposal is caused mainly by the lowering in the net asset value per share of BOCQ immediately after the completion of the Share Placement, as the net proceeds per share on the new issue is lower than the net asset value per share immediately before the Share Placement. With the partial disposal of the Group's interest in BOCQ having been recognised, the reduction in the Group's share of BOCQ net assets is accounted as a deemed disposal loss.

13. Basic and diluted earnings per share

The calculation of basic earnings per share is based on earnings of HK$2,200,604,000 (2014: HK$2,033,641,000) and the weighted average number of 1,401,868,770 (2014: 1,365,925,080) ordinary shares in issue during the year.

The calculation of fully diluted earnings per share is based on earnings of HK$2,200,604,000 (2014: HK$2,033,641,000) and the weighted average number of 1,406,762,356 (2014: 1,369,915,482) ordinary shares in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

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

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Trading securities:		
Debt securities:		
- Listed in Hong Kong	**58,398**	243,944
- Unlisted	**8,513,996**	6,606,418
Total trading securities	**8,572,394**	6,850,362
Financial assets designated at fair value through profit or loss:		
Debt securities:		
- Listed outside Hong Kong	**217,796**	129,633
Total trading securities and financial assets designated at fair value through profit or loss	**8,790,190**	6,979,995
Included within debt securities are:		
- Government bonds included in trading securities which are cash equivalents	**228,497**	2,040,796
- Government bonds included in trading securities	**8,343,648**	4,809,321
- Other debt securities issued by:		
- Public sector entities	**249**	245
- Corporate entities	**217,796**	129,633
	8,790,190	6,979,995

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

15. Derivative financial instruments

The notional principal amounts of outstanding derivatives contracts and their fair values as of 31 December 2015 were as follows:

HK$'000	Contract/ notional amount	Fair values	
		Assets	**Liabilities**
1) Derivatives held for trading			
a) *Foreign exchange derivatives*			
Forward and futures contracts	**81,116,914**	**269,836**	**(258,369)**
Currency options purchased and written	**55,739,652**	**572,595**	**(574,619)**
b) *Interest rate derivatives*			
Interest rate futures	**-**	**-**	**-**
Interest rate swaps	**4,867,283**	**34,377**	**(98,232)**
c) *Equity derivatives*			
Equity options purchased and written	**222,582**	**7,961**	**(7,924)**
Total derivative assets/ (liabilities) held for trading	**141,946,431**	**884,769**	**(939,144)**
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	**19,850,922**	**194,559**	**(340,795)**
Currency swaps	**1,234,871**	**-**	**(178,493)**
Total derivative assets/ (liabilities) held for hedging	**21,085,793**	**194,559**	**(519,288)**
Total recognised derivative financial assets/ (liabilities)	**163,032,224**	**1,079,328**	**(1,458,432)**

15. Derivative financial instruments (Continued)

The notional principal amounts of outstanding derivatives contracts and their fair values as of 31 December 2014 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	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 as at 31 December without taking into account the effect of bilateral netting arrangements that the Group entered into, are as follows:

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Exchange rate contracts	**1,627,460**	1,658,015
Interest rate contracts	**139,476**	156,200
Other contracts	**13,714**	17,957
	1,780,650	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 Hong Kong Monetary Authority ("HKMA"). The amounts calculated are dependent upon the status of the counterparty and the maturity characteristics of each type of contract.

16. Advances and other accounts

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Gross advances to customers	**109,625,324**	105,230,046
Trade bills	**6,469,899**	7,384,057
Other assets		
- Other accounts receivable and prepayments	**3,040,889**	3,784,908
	119,136,112	116,399,011
Less: impairment allowances		
- Individually assessed	**(347,538)**	(238,250)
- Collectively assessed	**(367,229)**	(296,666)
	(714,767)	(534,916)
Advances and other accounts	**118,421,345**	115,864,095

16. Advances and other accounts (Continued)

(a) Gross advances to customers by industry sector classified according to the usage of loans

HK$'000	**As at 31 Dec 2015**		As at 31 Dec 2014	
	Outstanding balance	**% of gross advances**	Outstanding balance	% of gross advances
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	**1,909,605**	**1.7**	1,741,185	1.6
- Property investment	**16,136,906**	**14.7**	15,752,867	15.0
- Financial concerns	**1,118,110**	**1.0**	821,938	0.8
- Stockbrokers	**965,931**	**0.9**	133,234	0.1
- Wholesale and retail trade	**4,144,996**	**3.8**	4,497,466	4.3
- Manufacturing	**3,026,032**	**2.8**	2,971,483	2.8
- Transport and transport equipment	**3,713,584**	**3.4**	4,612,041	4.4
- Recreational activities	**262,522**	**0.2**	277,832	0.3
- Information technology	**72,019**	**0.1**	22,938	-
- Others	**5,454,602**	**5.0**	5,036,198	4.8
	36,804,307	**33.6**	35,867,182	34.1
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**869,023**	**0.8**	962,720	0.9
- Loans for the purchase of other residential properties	**21,260,300**	**19.4**	19,451,578	18.5
- Credit card advances	**4,465,225**	**4.1**	3,838,208	3.7
- Others	**9,217,401**	**8.4**	8,355,472	7.9
	35,811,949	**32.7**	32,607,978	31.0
Loans for use in Hong Kong	**72,616,256**	**66.3**	68,475,160	65.1
Trade finance (Note (1))	**7,394,880**	**6.7**	6,517,342	6.2
Loans for use outside Hong Kong (Note (2))	**29,614,188**	**27.0**	30,237,544	28.7
	109,625,324	**100.0**	105,230,046	100.0

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 Dah Sing Bank, Limited ("DSB")) totalling HK$592,075,000 (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.

16. Advances and other accounts (Continued)

(b) Impaired, overdue and rescheduled assets

(i) Impaired loans

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Impaired loans and advances		
- Individually impaired (Note (a))	**796,319**	348,287
- Collectively impaired (Note (b))	**21,815**	20,179
	818,134	368,466
Impairment allowances made		
- Individually assessed (Note (c))	**(327,953)**	(217,744)
- Collectively assessed (Note (b))	**(20,026)**	(18,578)
	(347,979)	(236,322)
	470,155	132,144
Fair value of collaterals held*	**582,726**	169,394
Impaired loans and advances as a % of total loans and advances to customers	**0.75%**	0.35%

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

Note:

(a) 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.

(b) 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.

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

16. Advances and other accounts (Continued)

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

(ii) Gross amount of overdue loans

HK$'000	**As at 31 Dec 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	**229,892**	**0.21**	97,112	0.09
- one year or less but over six months	**260,593**	**0.24**	39,052	0.04
- over one year	**209,635**	**0.19**	185,726	0.18
	700,120	**0.64**	321,890	0.31
Market value of securities held against the secured overdue advances	**1,196,607**		233,734	
Secured overdue advances	**525,584**		160,454	
Unsecured overdue advances	**174,536**		161,436	
Individual impairment allowances	**213,854**		146,562	

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

	As at 31 Dec 2015	**% of total**	As at 31 Dec 2014	% of total
Advances to customers	**243,284**	**0.22**	171,817	0.16
Impairment allowances	**15,825**		-	

(c) Trade bills

As at 31 December 2015, there were trade bills overdue for six months or less but over three months and for one year or less but over six months of HK$1,975,000 and HK$3,070,000 respectively and no trade bills were impaired (2014: Nil).

16. Advances and other accounts (Continued)

(d) Repossessed collateral

Repossessed collateral held at the year-end is as follows:

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Nature of assets		
Repossessed properties	**140,163**	69,680
Others	**7,464**	315
	147,627	69,995

Repossessed collaterals are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness of the borrowers concerned.

Certain other properties in the Mainland China with a total estimated realisable value of HK$63,255,000 (2014: HK$66,228,000), which had been foreclosed and repossessed by the Group pursuant to orders issued by courts in the Mainland China, represent assets held by the Group for resale and have been reported under "Other assets". The relevant loans had been derecognised.

17. Available-for-sale securities

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Debt securities:		
- Listed in Hong Kong	**12,683,540**	11,888,205
- Listed outside Hong Kong	**9,060,290**	9,151,353
- Unlisted	**1,989,770**	1,920,824
	23,733,600	22,960,382
Equity securities:		
- Listed in Hong Kong	**208,587**	171,946
- Unlisted	**257,601**	229,533
	466,188	401,479
Total available-for-sale securities	**24,199,788**	23,361,861

Note:

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

Available-for-sale securities are analysed by categories of issuers as follows:		
- Central governments and central banks	**3,848,200**	2,535,358
- Public sector entities	**500,463**	198,916
- Banks and other financial institutions	**4,132,163**	5,161,559
- Corporate entities	**15,716,434**	15,463,500
- Others	**2,528**	2,528
	24,199,788	23,361,861

18. Held-to-maturity securities

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Debt securities		
- Listed in Hong Kong	**2,384,910**	2,255,635
- Listed outside Hong Kong	**4,441,722**	5,234,147
- Unlisted	**3,649,664**	3,343,158
	10,476,296	10,832,940
Included within debt securities are:		
- Certificates of deposit held	**1,177,533**	1,947,377
- Other debt securities	**9,298,763**	8,885,563
	10,476,296	10,832,940
Held-to-maturity securities are analysed by categories of issuers as follows:		
- Central governments and central banks	**2,436,484**	1,219,264
- Banks and other financial institutions	**3,598,931**	4,927,850
- Corporate entities	**4,440,881**	4,685,826
	10,476,296	10,832,940

19. Reclassification of financial assets

The Group did not reclassify any financial assets in the year ended 31 December 2015.

In the year ended 31 December 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.

20. Shareholders' funds

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Share capital	**6,853,504**	6,850,354
Consolidation reserve	**(220,986)**	(220,986)
Premises revaluation reserve	**240,193**	238,800
Investment revaluation reserve	**216,550**	167,962
Exchange reserve	**73,323**	283,090
General reserve	**700,254**	700,254
Reserve for share-based compensation	**8,882**	7,690
Retained earnings	**13,595,880**	11,913,989
	21,467,600	19,941,153
Proposed final dividends included in retained earnings	**378,532**	364,442

Note:

(a) 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.

(b) As at 31 December 2015, DSB has earmarked a regulatory reserve of HK$1,528,440,000 (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.

21. Contingent liabilities and commitments

(a) Capital commitments

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

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Expenditure contracted but not provided for	**165,688**	140,972

(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 amounts	
	As at 31 Dec 2015	As at 31 Dec 2014
Direct credit substitutes	**320,644**	683,652
Transaction-related contingencies	**455,868**	302,523
Trade-related contingencies	**438,649**	501,525
Commitments that are unconditionally cancellable without prior notice	**64,573,823**	64,212,547
Other commitments with an original maturity of:		
- under 1 year	**4,175,180**	3,982,693
- 1 year and over	**494,999**	998,616
	70,459,163	70,681,556

	Credit risk weighted amounts	
	As at 31 Dec 2015	As at 31 Dec 2014
Contingent liabilities and commitments	**1,521,336**	1,725,203

21. Contingent liabilities and commitments (Continued)

(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:

HK$'000	**As at 31 Dec 2015**	As at 31 Dec 2014
Assets pledged with HKMA:		
Trading securities	**5,771,254**	5,157,236
Available-for-sale securities	**490,324**	395,430
	6,261,578	5,552,666
Associated liabilities:		
Trading liabilities	**6,270,630**	5,597,614

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 31 Dec 2015	As at 31 Dec 2014
Assets pledged under repurchase agreements:		
Available-for-sale securities	**169,803**	94,500
Held-to-maturity securities	**3,943**	-
	173,746	94,500
Associated liabilities:		
Deposits from banks	**43,914**	89,421
Other accounts and accruals	**123,271**	-
	167,185	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 31 Dec 2015	As at 31 Dec 2014
Not later than 1 year	**183,332**	158,901
Later than 1 year and not later than 5 years	**468,581**	112,500
Later than 5 years	**349,332**	47,428
	1,001,245	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 31 Dec 2015	As at 31 Dec 2014
Not later than 1 year	**31,213**	30,535
Later than 1 year and not later than 5 years	**21,154**	19,128
	52,367	49,663

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

1. Additional analysis on claims and exposures

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

HK$'000	**As at 31 Dec 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	**1,909,605**	**66.5**	1,741,185	67.7
- Property investment	**16,136,906**	**98.5**	15,752,867	98.9
- Financial concerns	**1,118,110**	**30.7**	821,938	62.1
- Stockbrokers	**965,931**	**45.1**	133,234	55.0
- Wholesale and retail trade	**4,144,996**	**90.1**	4,497,466	90.1
- Manufacturing	**3,026,032**	**93.5**	2,971,483	91.3
- Transport and transport equipment	**3,713,584**	**89.1**	4,612,041	94.2
- Recreational activities	**262,522**	**56.5**	277,832	55.9
- Information technology	**72,019**	**89.1**	22,938	67.1
- Others	**5,454,602**	**83.3**	5,036,198	84.4
	36,804,307	**88.5**	35,867,182	91.6
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**869,023**	**100.0**	962,720	100.0
- Loans for the purchase of other residential properties	**21,260,300**	**99.9**	19,451,578	100.0
- Credit card advances	**4,465,225**	**-**	3,838,208	-
- Others	**9,217,401**	**37.5**	8,355,472	35.3
	35,811,949	**71.4**	32,607,978	71.7
Loans for use in Hong Kong	**72,616,256**	**80.1**	68,475,160	82.1
Trade finance (Note (1))	**7,394,880**	**66.5**	6,517,342	62.8
Loans for use outside Hong Kong (Note (2))	**29,614,188**	**68.7**	30,237,544	64.8
	109,625,324	**76.1**	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$592,075,000 (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.

1. Additional analysis on claims and exposures (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:

HK$'000	**As at 31 Dec 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	**16,136,906**	**-**	**45,009**	**-**	**26,886**
Individuals					
- Loans for the purchase of other residential properties	**21,260,300**	**-**	**23,645**	**-**	**2,222**
Loans for use outside Hong Kong	**29,614,188**	**304,159**	**356,762**	**191,321**	**184,871**

	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

1. Additional analysis on claims and exposures (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.

HK$'000

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)	**5,600,248**	**342,416**	**5,942,664**
2. Local governments, local government-owned entities and their subsidiaries and JVs	**1,812,458**	**556,047**	**2,368,505**
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	**6,880,961**	**2,069,484**	**8,950,445**
4. Other entities of central government not reported in item 1 above	**671,859**	**174,376**	**846,235**
5. Other entities of local governments not reported in item 2 above	**374,271**	**231,530**	**605,801**
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credits are granted for use in Mainland China	**10,677,468**	**336,276**	**11,013,744**
7. Other counterparties where the exposures are considered to be non-bank Mainland China exposures	**8,270**	**-**	**8,270**
	26,025,535	**3,710,129**	**29,735,664**

Total assets of DSB and its Mainland subsidiary bank after provision	**181,672,638**
On-balance sheet exposures as percentage of total assets	**14.33%**

1. Additional analysis on claims and exposures (Continued)

(b) Mainland activities exposures (Continued)

HK$'000

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.

1. Additional analysis on claims and exposures (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 31 Dec 2015

HK$'000	**Gross advances to customers**	**Individually impaired advances to customers**	**Overdue advances to customers**	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**
Hong Kong	**88,670,794**	**694,726**	**482,606**	**283,589**	**205,814**
China	**7,374,771**	**76,030**	**186,222**	**31,712**	**101,454**
Macau	**12,007,126**	**25,507**	**31,236**	**12,608**	**44,534**
Others	**1,572,633**	**56**	**56**	**44**	**6,270**
	109,625,324	**796,319**	**700,120**	**327,953**	**358,072**

As at 31 Dec 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

1. Additional analysis on claims and exposures (Continued)

(d) 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.

At 31 Dec 2015 In millions of HK$	**Banks**	**Official sector**	**Non-bank private sector** **Non-bank financial institutions**	**Non-bank private sector** **Non-financial private sector**	**Total claims**
Offshore centres	**3,758**	**13,771**	**3,231**	**113,347**	**134,107**
- of which: Hong Kong	**2,483**	**11,676**	**3,089**	**98,523**	**115,771**
Developing Asia and Pacific	**28,424**	**1,574**	**863**	**9,223**	**40,084**
- of which: Mainland China	**22,107**	**1,574**	**847**	**7,821**	**32,349**

At 31 Dec 2014 In millions of HK$	Banks	Official sector	Non-bank private sector Non-bank financial institutions	Non-bank private sector Non-financial private sector	Total claims
Offshore centres	4,736	9,718	1,801	108,004	124,259
- of which: Hong Kong	4,232	8,596	1,207	94,214	108,249
Developing Asia and Pacific	26,356	2,124	1,145	11,560	41,185
- of which: Mainland China	20,974	2,124	756	9,567	33,421

The comparative amounts have been prepared to conform with the new reporting basis and the categorisation on the types of counterparties as required by HKMA in 2015.

2. Currency concentrations

The following sets out the Group's net foreign exchange position in USD and other individual currency that constitutes more than 10% of the total net position in all foreign currencies as at 31 December 2015 and the corresponding comparative balances.

	As at 31 December 2015				
Equivalent in HK$ millions	**US dollars**	**Renminbi**	**Macau Pataca**	**Other foreign currencies**	**Total foreign currencies**
Spot assets	**58,812**	**16,721**	**8,472**	**5,443**	**89,448**
Spot liabilities	**(24,177)**	**(16,238)**	**(9,566)**	**(8,872)**	**(58,853)**
Forward purchases	**27,958**	**12,735**	**-**	**5,853**	**46,546**
Forward sales	**(60,960)**	**(13,018)**	**-**	**(2,364)**	**(76,342)**
Net long/ (short) position	**1,633**	**200**	**(1,094)**	**60**	**799**

	As at 31 December 2014					
Equivalent in HK$ millions	US dollars	Renminbi	Australian dollars	Macau Pataca	Other foreign currencies	Total foreign currencies
Spot assets	57,240	25,030	1,275	6,894	1,874	92,313
Spot liabilities	(24,667)	(24,960)	(3,324)	(8,176)	(4,718)	(65,845)
Forward purchases	15,767	5,900	2,150	-	5,371	29,188
Forward sales	(47,028)	(5,559)	(146)	-	(2,523)	(55,256)
Net long/ (short) position	1,312	411	(45)	(1,282)	4	400

The Group did not have any structural foreign exchange position as at 31 December 2015 and 2014.

3. Capital adequacy ratio

	As at 31 Dec 2015	As at 31 Dec 2014
Capital adequacy ratio		
- Common Equity Tier 1 ("CET1")	**12.2%**	11.4%
- Tier 1	**12.2%**	11.4%
- Total	**16.7%**	16.3%

The capital adequacy ratio as at 31 December 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 with reference to 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. The above ratios of the Group are calculated for reference only.

4. Liquidity maintenance ratio/liquidity ratio

	2015	2014
Liquidity maintenance ratio	**39.5%**	n/a
Liquidity ratio	**n/a**	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.

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.

5. Leverage ratio

	2015	2014
Leverage ratio	**7.9%**	n/a

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

FINANCIAL RATIOS

	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Net interest income/ operating income	**72.7%**	71.8%
Cost to income ratio	**48.8%**	51.1%
Return on average total assets	**1.2%**	1.2%
Return on average shareholders' funds	**10.6%**	11.0%
Net interest margin	**1.83%**	1.76%
	As at 31 Dec 2015	As at 31 Dec 2014
Loan to deposit ratio	**69.8%**	70.8%

FINAL DIVIDEND

At the forthcoming annual general meeting ("AGM") of the Company to be held on Tuesday, 31 May 2016, the Directors will propose a final dividend of HK$0.27 per share for 2015 to shareholders whose names are on the Register of Shareholders as at the close of business on Friday, 10 June 2016. The final dividend is payable on or about Monday, 20 June 2016.

CLOSURE OF REGISTER OF SHAREHOLDERS

For determining shareholders' right to attend and vote at the AGM:

Closure dates of Register of Shareholders (both days inclusive)	27 May 2016 (Friday) to 31 May 2016 (Tuesday)
Latest time to lodge transfers	4:30 p.m. on 26 May 2016 (Thursday)
Record date	31 May 2016 (Tuesday)
AGM	31 May 2016 (Tuesday)

For determining shareholders' entitlement to receive the proposed final dividend*:

Closure dates of Register of Shareholders (both days inclusive)	7 June 2016 (Tuesday) to 10 June 2016 (Friday)
Latest time to lodge transfers	4:30 p.m. on 6 June 2016 (Monday)
Record date	10 June 2016 (Friday)
Proposed final dividend payment date	20 June 2016 (Monday)

*(*subject to shareholders' approval at the AGM)*

During the periods of the closure of Register of Shareholders, no share transfers will be registered. For registration, all transfer documents 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 before the relevant latest time to lodge transfers.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

2015 was a relatively difficult year for the global economy, with growth remaining subdued. Growth in Mainland China continued to slow, although remained well above the global average, whilst the Hong Kong economy also began to show signs of weakness, with the local retail sector and the trade business both being impacted. Market conditions remained volatile, with significant swings in local and Mainland equity markets, and in currencies, in particular the RMB in the second half of the year. The US Federal Reserve implemented its long expected first increase in short term interest rates in December. Local liquidity conditions in Hong Kong, however, remained benign during the year.

Against this relatively challenging background, we are pleased to announce that our profit attributable to shareholders for 2015 increased by 8.2% to HK$2,201 million, and operating profit after impairment losses increased by 18.3% to HK$1,851 million. Our associated company, Bank of Chongqing ("BOCQ"), delivered a stable performance, with a contribution of HK$666 million, up by 10.6%.

BUSINESS AND FINANCIAL REVIEW

Our Group had a solid year, with improvement in both net interest income and fee and commission income. Whilst loan growth was moderate at 4.2% for the year, the improvement in net interest income of 12% in 2015 was supported by a somewhat improved net interest margin during the year, as well as the higher average balance of interest-earning assets. Fee and commission income benefited from strong performance from our wealth management business, including our local Hong Kong broking business, as well as from foreign exchange and other treasury products for both our retail and commercial customers, particularly in the first half of the year.

Operating expenses were well controlled growing modestly over 2014 by 5.3%, well below the growth in income over the same period, resulting in an improvement in the cost to income ratio for the year. Despite the relatively difficult economic conditions described above, overall credit quality remained benign. Whilst overall loan impairment losses and credit provisions increased slightly over the prior year, the increase was due to a lower level of write-back of bond impairment charges, coupled with a slightly lower level of loan impairment charges compared with the prior year.

Further to the announcement by Bank of Chongqing ("BOCQ") in June that it was making a placement of shares to investors (the "Placement"), it announced on 23 December that the Placement had been completed, albeit with a somewhat lower number of shares than originally anticipated. The Placement raised gross proceeds of approximately HK$3.2 billion, and due to the lower number of shares being issued than originally anticipated, our shareholding was diluted to approximately 14.7%. Upon completion of the Placement and a dilution in our shareholding interest which in accounting terms is a deemed partial divestment, and given that the price set for the Placement was lower than net asset value, an associated accounting loss of HK$47.6 million arising from the dilution was recognized.

There were no other material exceptional items during the year.

Return on assets was similar to 2014 at 1.2% whilst ROE declined slightly from 11.0% to 10.6%. Our cost to income ratio was down slightly from 51.1% to 48.8%.

As at 31 December 2015, Dah Sing Bank's Common Equity Tier 1 ratio strengthened to 12.2%, compared with 11.4% at the end of 2014, driven by slower asset growth coupled with higher retained earnings, as no additional capital raising was undertaken during the period. Total capital adequacy ratio was 16.7%, slightly higher than 16.3% as at the end of last year despite the growth in Common Equity Tier 1 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 transitional arrangement.

PROSPECTS

After a relatively strong start to 2015, the volatility in the second half of the year has continued into 2016. Global economic growth is subdued, and Mainland China continues to experience lower rates of growth as it steers its economy from an investment and export led model to one where domestic consumption plays a greater part. It is likely that economic growth in Hong Kong will slow this year, and in some areas of the economy, for example tourism and retail, that slower growth is already being felt. It is too early to say whether the economy will slow further, or whether things will gradually turn around.

More positively, Hong Kong unemployment remains low and stable, and credit conditions remain relatively benign, as they do in Macau. Whilst credit quality in Mainland China is volatile we have taken action to strengthen our credit underwriting and controls over the past two years, and there are signs that this is helping us to stabilize credit quality in our Mainland and Mainland related business. However, the underlying credit trends in the Mainland remain of some concern.

Loan and deposit growth has been relatively slow, and we do not anticipate that this will change materially in the near future. We were concerned in the second half of last year that there was a possibility that US interest rates could rise relatively rapidly during the course of 2016. Whilst it is too early to say with any certainty, it seems that the likelihood of rapid US interest rate hikes this year, and correspondingly higher interest rates in Hong Kong, is becoming lower. In volatile market conditions liquidity is always important, and so far the local market liquidity conditions have held up extremely well.

Overall, we are of the view that the outlook remains slightly somewhat negative, but some of the larger possible risks that were identified last year do not seem to have materialized, and therefore business conditions are still reasonable. However, many uncertainties remain for 2016, and we will maintain a sharp focus on how we manage risk. We continue to maintain capital and liquidity at appropriate levels given current regulations and market conditions, and expect to maintain a relatively conservative position on both during the coming year.

We continue to strive to deliver good quality products and services to our customers, and will focus this year on investing in our infrastructure as part of our efforts to upgrade our product and service offerings. In these uncertain times, we will also be focusing on risk management, and the maintenance of solid levels of capital and liquidity.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 throughout the year ended 31 December 2015, 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 year ended 31 December 2015.

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 this financial report and the consolidated financial statements of the Group for the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the year ended 31 December 2015.

ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

Copies of this announcement may be obtained from 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 Annual 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 Annual Report will be sent to shareholders before the end of April 2016.

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, 23 March 2016