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 2014 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 2014.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

HK$'000	Note	**2014**	2013	Variance %
Interest income		**4,932,409**	4,363,209	
Interest expense		**(1,941,937)**	(1,565,713)	
Net interest income	4	**2,990,472**	2,797,496	6.9
Fee and commission income		**1,061,287**	935,902	
Fee and commission expense		**(229,567)**	(233,989)	
Net fee and commission income	5	**831,720**	701,913	18.5
Net trading income	6	**282,400**	260,077	
Other operating income	7	**60,429**	57,688	
Operating income		**4,165,021**	3,817,174	9.1
Operating expenses	8	**(2,127,363)**	(1,975,568)	7.7
Operating profit before impairment losses		**2,037,658**	1,841,606	10.6
Loan impairment losses and other credit provisions	9	**(472,962)**	(309,806)	52.7
Operating profit after impairment losses		**1,564,696**	1,531,800	2.1
Net loss on disposal of other fixed assets	10	**(2,579)**	(2,715)	
Net gain on fair value adjustment of investment properties	11	**56,809**	34,785	
Net gain/ (loss) on disposal of investments in securities	12	**17,036**	(100,341)	
Loss on deemed disposal of investment in an associate		**-**	(56,971)	
Share of results of an associate		**602,299**	578,556	
Share of results of jointly controlled entities		**20,657**	17,311	
Profit before taxation		**2,258,918**	2,002,425	12.8
Taxation	13	**(225,309)**	(245,987)	
Profit for the year		**2,033,609**	1,756,438	15.8
Loss attributable to non-controlling interests		**32**	32	
Profit attributable to Shareholders of the Company		**2,033,641**	1,756,470	15.8
Dividends				
Interim dividend paid		**140,154**	112,623	
Proposed final dividend/ final dividend paid		**364,442**	336,369	
		504,596	448,992	
Earnings per share				
			Restated	
Basic	14	**HK$1.49**	HK$1.35	
Diluted	14	**HK$1.48**	HK$1.35	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

HK$'000	**2014**	2013
Profit for the year	**2,033,609**	1,756,438
Other comprehensive income for the year		
Items that will not be reclassified to the consolidated income statement:		
Premises		
Reserves arising from reclassification of premises to investment properties	**36,533**	122,248
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	**260,490**	50,413
Fair value (gain)/ loss realised and transferred to income statement upon:		
- Disposal of available-for-sale securities	**(21,692)**	(107,287)
- 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**	135,647
Deferred income tax on movements in investment revaluation reserve	**(34,183)**	(20,539)
	208,371	58,234
Exchange differences arising on translation of the financial statements of foreign entities	**(108,600)**	105,918
Other comprehensive income for the year, net of tax	**136,304**	286,400
Total comprehensive income for the year, net of tax	**2,169,913**	2,042,838
Attributable to:		
Non-controlling interests	**(32)**	(32)
Shareholders of the Company	**2,169,945**	2,042,870
Total comprehensive income for the year, net of tax	**2,169,913**	2,042,838

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December

HK$'000	Note	**2014**	2013
ASSETS			
Cash and balances with banks		**14,838,986**	8,270,886
Placements with banks maturing between one and twelve months		**5,324,811**	4,101,293
Trading securities	15	**6,850,362**	6,335,788
Financial assets designated at fair value through profit or loss	15	**129,633**	56,081
Derivative financial instruments	16	**756,829**	687,069
Advances and other accounts	17	**115,864,095**	108,198,395
Available-for-sale securities	19	**23,361,861**	27,128,417
Held-to-maturity securities	20	**10,832,940**	5,669,289
Investment in an associate		**3,746,918**	3,304,993
Investments in jointly controlled entities		**65,694**	59,657
Goodwill		**811,690**	811,690
Intangible assets		**61,844**	65,242
Premises and other fixed assets		**1,786,594**	1,861,452
Investment properties		**814,229**	653,921
Current income tax assets		**999**	-
Deferred income tax assets		**80,591**	22,975
Total assets		**185,328,076**	167,227,148
LIABILITIES			
Deposits from banks		**1,572,467**	1,995,297
Derivative financial instruments	16	**1,146,825**	1,117,256
Trading liabilities		**5,597,614**	3,362,473
Deposits from customers		**142,580,239**	129,843,151
Certificates of deposit issued		**6,109,777**	6,132,561
Issued debt securities		**-**	775,385
Subordinated notes		**5,432,378**	3,762,471
Other accounts and accruals		**2,658,437**	2,928,230
Current income tax liabilities		**208,693**	210,451
Deferred income tax liabilities		**65,077**	34,304
Total liabilities		**165,371,507**	150,161,579
EQUITY			
Non-controlling interests		**15,416**	15,448
Equity attributable to the Company's shareholders			
Share capital		**6,850,354**	1,251,371
Share premium		**-**	4,404,692
Other reserves (including retained earnings)		**12,726,357**	11,093,729
Proposed final dividend		**364,442**	300,329
Shareholders' funds	22	**19,941,153**	17,050,121
Total equity		**19,956,569**	17,065,569
Total equity and liabilities		**185,328,076**	167,227,148

Note:

1. Statutory Financial Statements

The financial information set out in this results announcement does not constitute the Group's statutory consolidated financial statements for the year ended 31 December 2014 but is derived from those statutory financial statements. The consolidated financial statements of the Group for the year ended 31 December 2014 will be 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 25 March 2015.

2. Basis of Preparation and Accounting Policies

The consolidated financial statements of the Group have been prepared in accordance with 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.

In accordance with the transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622) ("NCO"), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the NCO, the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, fair value-hedged loans and receivables, 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 the process of applying the Group's accounting policies.

Except as described below, the accounting policies and methods of computation used in the preparation of the 2014 consolidated financial statements are consistent with those used and described in the Group's annual audited financial statements for the year ended 31 December 2013.

The financial information in this results announcement is presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2014:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), "Investment entities", provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have impact to the financial statements of the Group.

- Amendments to HKAS 32, "Offsetting financial assets and financial liabilities", clarifies the requirements for offsetting financial instruments and addressed inconsistencies in current practice when applying the offsetting criteria in HKAS 32, "Financial Instruments: Presentation". There is no material impact to the financial statements of the Group as a result of this amendment.

- Amendments to HKAS 36, "Impairment of assets – Recoverable amount disclosures for non-financial assets", removes certain disclosures of the recoverable amount of cash generating units which had been included in HKAS 36 by the issue of HKFRS 13. There is no material impact to the financial statements of the Group as a result of this amendment.

2. Basis of Preparation and Accounting Policies (Continued)

(a) New and amended standards adopted by the Group (Continued)

- Amendments to HKAS 39, "Novation of derivatives and continuation of hedge accounting", provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments do not have impact to the financial statements of the Group.

- HK(IFRIC) 21, "Levies", sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when should a liability be recognised. The Group is not currently subject to significant levies so the impact on the Group is not material.

(b) 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 2014, 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 the following set out below:

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities and hedge accounting. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in the income statement, unless this creates an accounting mismatch. In December 2013, HKFRS 9 was further amended when the requirements related to hedge accounting (other than specific accounting for open portfolios on macro hedging) were added.

In July 2014, the International Accounting Standards Board published the full and final version of IFRS 9 (which is closely followed by HKFRS 9) and set the effective date of IFRS 9 as 1 January 2018 although earlier adoption of the new standard is permitted. The final IFRS 9 sets out, amongst other things, the classification and measurement requirements for financial instruments as described above, the requirement for a new, expected-loss impairment model that will require more timely recognition of expected credit losses, and a substantially-reformed model for hedge accounting that aligns the accounting treatment with risk management activities.

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.

2. Basis of Preparation and Accounting Policies (Continued)

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

The NCO came into effect on 3 March 2014. On this effective date, the concepts of nominal (par) value, share premium and authorised share capital for all shares of Hong Kong incorporated companies are abolished. Any amount received for issuing equity shares of a company on or after 3 March 2014 should be recorded as part of share capital. The effect of this transition on the Company is to subsume balance in the share premium account into share capital as set out in section 37 of Schedule 11 of the NCO. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders.

In addition, the requirements of Part 9 "Accounts and Audit" of the NCO came into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of the NCO. The Group is in the process of making an assessment of expected impact of the changes in the NCO on the consolidated financial statements in the period of initial application of Part 9 of the NCO. So far the Group has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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.

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 2014

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/ (expenses)	1,312,668	978,782	399,286	537,362	(237,626)	-	2,990,472
Non-interest income/ (expenses)	559,054	269,405	305,088	121,551	(61,776)	(18,773)	1,174,549
Total operating income	1,871,722	1,248,187	704,374	658,913	(299,402)	(18,773)	4,165,021
Operating expenses	(1,153,698)	(347,412)	(143,964)	(486,161)	(14,901)	18,773	(2,127,363)
Operating profit/ (loss) before impairment losses and other credit provisions	718,024	900,775	560,410	172,752	(314,303)	-	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	516,245	837,552	620,410	(95,208)	(314,303)	-	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/ (loss) before taxation	515,401	837,492	637,437	507,045	(238,457)	-	2,258,918
Taxation (expenses)/ credit	(83,485)	(138,186)	(105,177)	32,324	69,215	-	(225,309)
Profit/ (loss) after taxation	431,916	699,306	532,260	539,369	(169,242)	-	2,033,609
For the year ended 31 December 2014							
Depreciation and amortisation	51,293	10,427	6,256	42,831	32,557	-	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)

For the year ended 31 December 2013

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/ (expenses)	1,233,273	914,331	372,738	524,456	(247,302)	-	2,797,496
Non-interest income/ (expenses)	444,435	239,291	286,112	120,380	(35,478)	(35,062)	1,019,678
Total operating income	1,677,708	1,153,622	658,850	644,836	(282,780)	(35,062)	3,817,174
Operating expenses	(1,091,660)	(296,834)	(138,141)	(443,201)	(40,794)	35,062	(1,975,568)
Operating profit/ (loss) before impairment losses and other credit provisions	586,048	856,788	520,709	201,635	(323,574)	-	1,841,606
Loan impairment losses and other credit provisions (charged)/ written back	(140,949)	(92,699)	25,000	(101,158)	-	-	(309,806)
Operating profit/ (loss) after impairment losses and other credit provisions	445,099	764,089	545,709	100,477	(323,574)	-	1,531,800
Net (loss)/ gain on disposal and fair value adjustment of investment properties and other fixed assets	(2,167)	-	-	30	34,207	-	32,070
Net (loss)/ gain on disposal of investments in securities	-	-	(127,876)	-	27,535	-	(100,341)
Loss on deemed disposal of investment in an associate	-	-	-	(56,971)	-	-	(56,971)
Share of results of an associate	-	-	-	578,556	-	-	578,556
Share of results of jointly controlled entities	-	-	-	-	17,311	-	17,311
Profit/ (loss) before taxation	442,932	764,089	417,833	622,092	(244,521)	-	2,002,425
Taxation (expenses)/ credit	(73,989)	(126,075)	(68,942)	(27,460)	50,479	-	(245,987)
Profit/ (loss) after taxation	368,943	638,014	348,891	594,632	(194,042)	-	1,756,438
For the year ended 31 December 2013							
Depreciation and amortisation	41,266	6,467	5,047	38,062	28,280	-	119,122
At 31 December 2013							
Segment assets	39,558,463	49,216,979	47,675,728	32,018,112	3,405,174	(4,647,308)	167,227,148
Segment liabilities	69,442,368	32,237,167	14,025,526	24,726,047	14,377,779	(4,647,308)	150,161,579

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 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				
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**

	Hong Kong and Others	Macau	Inter-segment elimination	Total
For the year ended 31 December 2013				
Operating income	3,483,086	334,688	(600)	3,817,174
Profit before taxation	1,847,307	155,118	-	2,002,425
At 31 December 2013				
Total assets	153,726,608	15,868,862	(2,368,322)	167,227,148
Total liabilities	138,645,357	13,884,544	(2,368,322)	150,161,579
Intangible assets and goodwill	318,667	558,265	-	876,932
Contingent liabilities and commitments	73,083,535	1,886,809	-	74,970,344

4. Net interest income

HK$'000	**2014**	2013
Interest income		
Cash and balances with banks	**351,080**	337,526
Investments in securities	**688,879**	668,661
Advances and other accounts	**3,892,450**	3,357,022
	4,932,409	4,363,209
Interest expense		
Deposits from banks/ Deposits from customers	**1,672,691**	1,297,433
Certificates of deposit issued	**72,106**	90,181
Issued debt securities	**3,494**	35,793
Subordinated notes	**189,996**	133,513
Others	**3,650**	8,793
	1,941,937	1,565,713
Included within interest income		
Interest income on listed investments	**610,735**	589,638
Interest income on unlisted investments	**78,144**	79,023
	688,879	668,661
Interest income on financial assets not at fair value through profit or loss	**4,902,452**	4,342,315
Interest income on impaired assets	**-**	1,204
Included within interest expense		
Interest expenses on financial liabilities not at fair value through profit or loss	**1,937,001**	1,557,019

5. Net fee and commission income

HK$'000	**2014**	2013
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	**135,992**	135,670
- Trade finance	**73,158**	68,237
- Credit card	**311,848**	302,699
Other fee and commission income		
- Securities brokerage	**87,853**	64,841
- Insurance distribution and others	**94,747**	72,678
- Retail investment and wealth management services	**170,801**	131,776
- Bank services and handling fees	**58,599**	51,175
- Other fees	**128,289**	108,826
	1,061,287	935,902

5. Net fee and commission income (Continued)

HK$'000	**2014**	2013
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	**215,957**	218,330
- Other fees paid	**13,610**	15,659
	229,567	233,989

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	**2014**	2013
Net gain arising from dealing in foreign currencies	**193,762**	211,663
Net loss on trading securities	**(11,123)**	(772)
Net gain from derivatives entered into for trading purpose	**51,351**	56,317
Net loss arising from financial instruments subject to fair value hedge	**(25,173)**	(39,677)
Net gain arising from financial instruments designated at fair value through profit or loss	**73,583**	32,546
	282,400	260,077

7. Other operating income

HK$'000	**2014**	2013
Dividend income from investments in available-for-sale securities		
- Listed investments	**9,272**	6,516
- Unlisted investments	**7,382**	6,805
Gross rental income from investment properties	**23,650**	19,111
Other rental income	**11,012**	8,658
Others	**9,113**	16,598
	60,429	57,688

8. Operating expenses

HK$'000	**2014**	2013
Employee compensation and benefit expenses (including directors' remuneration)	**1,316,240**	1,213,760
Premises and other fixed assets expenses, excluding depreciation		
- Rental of premises	**160,279**	153,769
- Others	**126,235**	117,895
Depreciation	**139,966**	115,044
Advertising and promotion costs	**90,932**	86,101
Printing, stationery and postage	**49,329**	48,637
Amortisation expenses of intangible assets	**3,398**	4,078
Auditors' remuneration	**7,216**	7,213
Others	**233,768**	229,071
	2,127,363	1,975,568

9. Loan impairment losses and other credit provisions

HK$'000	**2014**	2013
Loan impairment losses		
Net charge/ (reversal) of impairment losses on advances and other accounts		
- Trade bills	**2,070**	937
- Advances to customers	**510,339**	334,188
- Accrued interest and other accounts	**20,553**	(319)
	532,962	334,806
Net charge of impairment losses on advances and other accounts		
- Individually assessed	**249,015**	161,796
- Collectively assessed	**283,947**	173,010
	532,962	334,806
Of which		
- new and additional allowances (including amounts directly written off in the year)	**596,620**	413,155
- releases	**(22,866)**	(30,259)
- recoveries	**(40,792)**	(48,090)
	532,962	334,806
Other credit provisions		
Net charge of impairment losses on available-for-sale securities		
- Collectively assessed	**15,000**	-
Net reversal of impairment losses on investments in securities included in the loans and receivables category		
- Collectively assessed	**(75,000)**	(25,000)
Net charge to income statement	**472,962**	309,806

10. Net loss on disposal of other fixed assets

HK$'000	**2014**	2013
Net loss on disposal of other fixed assets	**2,579**	2,715

11. Net gain on fair value adjustment of investment properties

HK$'000	**2014**	2013
Net gain on fair value adjustment of investment properties	**56,809**	34,785

12. Net gain/ (loss) on disposal of investments in securities

HK$'000	**2014**	2013
Net gain on disposal of available-for-sale securities	**21,692**	107,287
Net loss on disposal of investments in securities included in the loans and receivables category	**(4,656)**	(172,413)
Net loss on disposal of held-to-maturity securities (Note)	**-**	(35,215)
	17,036	(100,341)

Note:
The disposals in 2013 were made after considering risk and external factors.

13. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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	**2014**	2013
Current income tax:		
- Hong Kong profits tax	**252,275**	198,757
- Overseas taxation	**31,957**	48,528
- Under/ (over)-provision in prior years	**2,760**	(394)
Deferred income tax:		
- Origination and reversal of temporary differences	**(64,671)**	(1,445)
- Utilisation of tax losses	**2,988**	541
Taxation	**225,309**	245,987

14. Basic and diluted earnings per share

The calculation of basic earnings per share is based on earnings of HK$2,033,641,000 (2013: HK$1,756,470,000) and the weighted average number of 1,365,925,080 (2013: 1,299,605,773) ordinary shares in issue during the year.

The calculation of fully diluted earnings per share is based on earnings of HK$2,033,641,000 (2013: HK$1,756,470,000) and the weighted average number of 1,369,915,482 (2013: 1,302,128,774) ordinary shares in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

Basic earnings per share and diluted earnings per share for 2013 have been restated to take into account the effects of the rights issue of the Company completed in the year of 2014.

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

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Trading securities:		
Debt securities:		
- Listed in Hong Kong	**243,944**	1,211,300
- Unlisted	**6,606,418**	5,124,488
Total trading securities	**6,850,362**	6,335,788
Financial assets designated at fair value through profit or loss:		
Debt securities:		
- Listed outside Hong Kong	**129,633**	56,081
Total trading securities and financial assets designated at fair value through profit or loss	**6,979,995**	6,391,869
Included within debt securities are:		
- Government bonds included in trading securities	**6,850,117**	6,335,548
- Other debt securities	**129,878**	56,321
	6,979,995	6,391,869

As at 31 December 2014 and 2013, 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 31 Dec 2014	As at 31 Dec 2013
- Central governments and central banks	**6,850,117**	6,335,548
- Public sector entities	**245**	240
- Corporate entities	**129,633**	56,081
	6,979,995	6,391,869

16. Derivative financial instruments

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)**

16. Derivative financial instruments (Continued)

The notional principal amounts of outstanding derivatives contracts and their fair values as of 31 December 2013 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	49,420,058	80,348	(136,686)
Currency options purchased and written	74,747,110	205,612	(203,254)
b) *Interest rate derivatives*			
Interest rate futures	821,908	600	(19)
Interest rate swaps	10,700,774	10,486	(116,874)
c) *Equity derivatives*			
Equity options purchased and written	228,285	2,528	(2,528)
Total derivative assets/ (liabilities) held for trading	135,918,135	299,574	(459,361)
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	19,947,380	387,495	(623,816)
Currency swaps	1,379,471	-	(34,079)
Total derivative assets/ (liabilities) held for hedging	21,326,851	387,495	(657,895)
Total recognised derivative financial assets/ (liabilities)	157,244,986	687,069	(1,117,256)

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

16. Derivative financial instruments (Continued)

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 2014**	As at 31 Dec 2013
Exchange rate contracts	**1,658,015**	1,170,774
Interest rate contracts	**156,200**	209,991
Other contracts	**17,957**	7,809
	1,832,172	1,388,574

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.

17. Advances and other accounts

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Gross advances to customers	**105,230,046**	97,977,520
Trade bills	**7,384,057**	5,925,648
Other assets		
- Other accounts receivable and prepayments	**3,784,908**	3,678,102
	116,399,011	107,581,270
Less: impairment allowances		
- Individually assessed	**(238,250)**	(244,294)
- Collectively assessed	**(296,666)**	(201,212)
	(534,916)	(445,506)
Investments in securities included in the loans and receivables category (Note 18)	**-**	1,062,631
Advances and other accounts	**115,864,095**	108,198,395

17. 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 2014**		As at 31 Dec 2013	
	Outstanding balance	**% of gross advances**	Outstanding balance	% of gross advances
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	**1,741,185**	**1.6**	2,015,552	2.1
- Property investment	**15,752,867**	**15.0**	15,122,078	15.4
- Financial concerns	**821,938**	**0.8**	740,178	0.8
- Stockbrokers	**133,234**	**0.1**	109,264	0.1
- Wholesale and retail trade	**4,497,466**	**4.3**	4,006,724	4.1
- Manufacturing	**2,971,483**	**2.8**	1,975,672	2.0
- Transport and transport equipment	**4,612,041**	**4.4**	5,050,680	5.2
- Recreational activities	**277,832**	**0.3**	300,505	0.3
- Information technology	**22,938**	**-**	24,916	-
- Others	**5,036,198**	**4.8**	3,571,083	3.6
	35,867,182	**34.1**	32,916,652	33.6
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**962,720**	**0.9**	1,080,873	1.1
- Loans for the purchase of other residential properties	**19,451,578**	**18.5**	18,041,141	18.4
- Credit card advances	**3,838,208**	**3.7**	3,949,544	4.0
- Others	**8,355,472**	**7.9**	6,880,302	7.1
	32,607,978	**31.0**	29,951,860	30.6
Loans for use in Hong Kong	**68,475,160**	**65.1**	62,868,512	64.2
Trade finance (Note (1))	**6,517,342**	**6.2**	5,918,454	6.0
Loans for use outside Hong Kong (Note (2))	**30,237,544**	**28.7**	29,190,554	29.8
	105,230,046	**100.0**	97,977,520	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$618,230,000 (31 December 2013: HK$992,627,000) 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.

17. Advances and other accounts (Continued)

(b) Impaired, overdue and rescheduled assets

(i) Impaired loans

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Impaired loans and advances		
- Individually impaired (Note (a))	**348,287**	380,940
- Collectively impaired (Note (b))	**20,179**	15,355
	368,466	396,295
Impairment allowances made		
- Individually assessed (Note (c))	**(217,744)**	(244,294)
- Collectively assessed (Note (b))	**(18,578)**	(13,838)
	(236,322)	(258,132)
	132,144	138,163
Fair value of collaterals held*	**169,394**	92,205
Impaired loans and advances as a % of total loans and advances to customers	**0.35%**	0.40%

* 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.

17. Advances and other accounts (Continued)

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

(ii) Gross amount of overdue loans

HK$'000	**As at 31 Dec 2014**		As at 31 Dec 2013	
	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	**97,112**	**0.09**	100,260	0.10
- one year or less but over six months	**39,052**	**0.04**	69,831	0.07
- over one year	**185,726**	**0.18**	127,380	0.13
	321,890	**0.31**	297,471	0.30
Market value of securities held against the secured overdue advances	**233,734**		177,543	
Secured overdue advances	**160,454**		121,065	
Unsecured overdue advances	**161,436**		176,406	
Individual impairment allowances	**146,562**		160,454	

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

	As at 31 Dec 2014	**% of total**	As at 31 Dec 2013	% of total
Advances to customers	**171,817**	**0.16**	148,512	0.15
Impairment allowances	**-**		-	

(c) Trade bills

As at 31 December 2014, there were no trade bills that were overdue for more than 3 months (2013: trade bills of HK$475,000 were overdue for more than 3 months and up to 6 months) or impaired (2013: Nil).

17. Advances and other accounts (Continued)

(d) Repossessed collateral

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

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Nature of assets		
- Repossessed properties	**69,680**	87,660
- Others	**315**	85
	69,995	87,745

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$66,228,000 (2013: HK$67,860,000), 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.

18. Investments in securities included in the loans and receivables category

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Investments in securities reclassified from the available-for-sale category		
- At fair value under fair value hedge (for hedging interest rate risk)	-	548,651
- At amortised cost	-	588,939
	-	1,137,590
Less: impairment allowances		
- Collectively assessed	-	(75,000)
	-	1,062,590
Investments in securities classified as loans and receivables upon initial recognition	-	41
	-	1,062,631

Investments in securities classified as loans and receivables upon initial recognition and outstanding as at 31 December 2013 were overdue at the time of recognition. As at 31 December 2013, these investments were overdue for more than one year.

For investments in securities reclassified from the available-for-sale category in the previous years and remaining outstanding as at 5 June 2014, they were reclassified to the available-for-sale category on the same date. For details, please refer to Note 21(a).

Investments in securities included in the loans and receivables category are analysed as follows:

	As at 31 Dec 2014	As at 31 Dec 2013
Debt securities:		
- Listed outside Hong Kong	-	1,137,590
- Unlisted	-	41
	-	1,137,631
Less: impairment allowances		
- Collectively assessed	-	(75,000)
	-	1,062,631
Market value of listed securities	-	1,020,565

As at 31 December 2013, there were no certificates of deposit held included in the above balances of investments in debt securities.

Investments in securities included in the loans and receivables category are analysed by categories of issuers as follows:		
- Banks and other financial institutions	-	668,806
- Corporate entities	-	468,825
	-	1,137,631

19. Available-for-sale securities

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Debt securities:		
- Listed in Hong Kong	**11,888,205**	12,073,723
- Listed outside Hong Kong	**9,151,353**	13,067,076
- Unlisted	**1,920,824**	1,711,066
	22,960,382	26,851,865
Equity securities:		
- Listed in Hong Kong	**171,946**	70,288
- Unlisted	**229,533**	206,264
	401,479	276,552
Total available-for-sale securities	**23,361,861**	27,128,417

Note:

As at 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 21(a) for details relating to the reclassification.

As at 31 December 2014 and 2013, 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	**2,535,358**	3,181,651
- Public sector entities	**198,916**	205,067
- Banks and other financial institutions	**5,161,559**	6,559,368
- Corporate entities	**15,463,500**	17,179,803
- Others	**2,528**	2,528
	23,361,861	27,128,417

20. Held-to-maturity securities

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Debt securities		
- Listed in Hong Kong	**2,255,635**	731,541
- Listed outside Hong Kong	**5,234,147**	2,799,824
- Unlisted	**3,343,158**	2,137,924
	10,832,940	5,669,289
Market value of listed securities	**7,519,030**	3,602,160

20. Held-to-maturity securities (Continued)

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Included within debt securities are:		
- Certificates of deposit held	**1,947,377**	1,106,272
- Other debt securities	**8,885,563**	4,563,017
	10,832,940	5,669,289

Held-to-maturity securities are analysed by issuers as follows:		
- Central governments and central banks	**1,219,264**	935,473
- Public sector entities	**-**	193,788
- Banks and other financial institutions	**4,927,850**	3,154,149
- Corporate entities	**4,685,826**	1,385,879
	10,832,940	5,669,289

The outstanding balance as at 31 December 2014 reported above included the securities reclassified from the available-for-sale category during the period (2013: Nil). Please refer to Note 21(b) for details.

21. Reclassification of financial assets

The Group made the following reclassification of financial assets in the year ended 31 December 2014.

(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.

The Group did not reclassify any financial assets in the year ended 31 December 2013.

22. Shareholders' funds

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Share capital	**6,850,354**	1,251,371
Share premium (Note (c))	**-**	4,404,692
Share capital and other statutory capital reserves	**6,850,354**	5,656,063
Consolidation reserve	**(220,986)**	(220,986)
Premises revaluation reserve	**238,800**	202,267
Investment revaluation reserve	**167,962**	(40,409)
Exchange reserve	**283,090**	391,690
General reserve	**700,254**	700,254
Reserve for share-based compensation	**7,690**	4,371
Retained earnings	**11,913,989**	10,356,871
	19,941,153	17,050,121
Proposed final dividends included in retained earnings (Note (d))	**364,442**	300,329

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 2014, DSB has earmarked a regulatory reserve of HK$1,481,245,000 (2013: HK$1,433,269,000) first against its general reserve; and for any excess amount, the balance is earmarked against its retained earnings.

(c) The amount which was previously credited to the share premium account has been transferred to form part of the Company's share capital as explained in detail in Note 2(c).

(d) The actual amount of 2013 final dividend paid after taking into account the additional shares issued upon completion of the Company's rights issue in the second quarter of 2014 was HK$336,369,000.

23. 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 2014**	As at 31 Dec 2013
Expenditure		
- Authorised but not contracted for	**16,078**	22,109
- Contracted but not provided for	**140,972**	153,260
	157,050	175,369

(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 2014	As at 31 Dec 2013
Direct credit substitutes	**683,652**	1,858,669
Transaction-related contingencies	**302,523**	285,002
Trade-related contingencies	**501,525**	651,824
Commitments that are unconditionally cancellable without prior notice	**64,212,547**	60,823,138
Other commitments with an original maturity of:		
- under 1 year	**3,982,693**	5,401,515
- 1 year and over	**998,616**	1,497,268
Forward forward deposits placed	**-**	12,457
	70,681,556	70,529,873

	Credit risk weighted amounts	
	As at 31 Dec 2014	As at 31 Dec 2013
Contingent liabilities and commitments	**1,725,203**	2,474,576

23. Contingent liabilities and commitments (Continued)

(c) Assets pledged

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

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Assets pledged with HKMA:		
Trading securities	**5,157,236**	3,132,132
Available-for-sale securities	**395,430**	169,051
	5,552,666	3,301,183
Associated liabilities:		
Trading liabilities	**5,597,614**	3,362,473

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 2014	As at 31 Dec 2013
Assets pledged under repurchase agreements:		
Available-for-sale securities	**94,500**	512,318
Held-to-maturity securities	**-**	16,882
	94,500	529,200
Associated liabilities:		
Deposits from banks	**89,421**	408,051
Other accounts and accruals	**-**	97,862
	89,421	505,913

(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 2014	As at 31 Dec 2013
Not later than 1 year	**158,901**	159,051
Later than 1 year and not later than 5 years	**112,500**	214,007
Later than 5 years	**47,428**	61,661
	318,829	434,719

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 2014	As at 31 Dec 2013
Not later than 1 year	**30,535**	31,230
Later than 1 year and not later than 5 years	**19,128**	49,936
	49,663	81,166

24. Cross-border claims

Equivalent in HK$ millions

	As at 31 Dec 2014			
	Banks and other financial institutions	**Public sector entities**	**Others**	**Total**
Asia Pacific excluding Hong Kong	**25,697**	**2,041**	**22,022**	**49,760**
North and South America	**1,162**	**548**	**2,122**	**3,832**
Europe	**5,672**	**-**	**359**	**6,031**
	32,531	**2,589**	**24,503**	**59,623**

	As at 31 Dec 2013			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Hong Kong	20,456	254	17,165	37,875
North and South America	213	775	2,332	3,320
Europe	2,544	-	867	3,411
	23,213	1,029	20,364	44,606

The information of cross-border 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.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

1. Loans and advances to customers

(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 2014**		As at 31 Dec 2013	
	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	**1,741,185**	**67.7**	2,015,552	72.8
- Property investment	**15,752,867**	**98.9**	15,122,078	98.3
- Financial concerns	**821,938**	**62.1**	740,178	46.5
- Stockbrokers	**133,234**	**55.0**	109,264	90.7
- Wholesale and retail trade	**4,497,466**	**90.1**	4,006,724	95.7
- Manufacturing	**2,971,483**	**91.3**	1,975,672	91.5
- Transport and transport equipment	**4,612,041**	**94.2**	5,050,680	95.9
- Recreational activities	**277,832**	**55.9**	300,505	12.2
- Information technology	**22,938**	**67.1**	24,916	82.1
- Others	**5,036,198**	**84.4**	3,571,083	82.5
	35,867,182	**91.6**	32,916,652	92.0
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**962,720**	**100.0**	1,080,873	100.0
- Loans for the purchase of other residential properties	**19,451,578**	**100.0**	18,041,141	99.9
- Credit card advances	**3,838,208**	**-**	3,949,544	-
- Others	**8,355,472**	**35.3**	6,880,302	31.0
	32,607,978	**71.7**	29,951,860	70.9
Loans for use in Hong Kong	**68,475,160**	**82.1**	62,868,512	81.9
Trade finance (Note (1))	**6,517,342**	**62.8**	5,918,454	61.3
Loans for use outside Hong Kong (Note (2))	**30,237,544**	**64.8**	29,190,554	63.8
	105,230,046	**76.0**	97,977,520	75.3

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$618,230,000 (31 December 2013: HK$992,627,000) 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. Loans and advances to customers (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 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**

	As at 31 Dec 2013				
	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	15,122,078	-	-	-	8,614
Individuals					
- Loans for the purchase of other residential properties	18,041,141	-	-	-	674
Loans for use outside Hong Kong	29,190,554	273,679	216,275	177,723	109,982

1. Loans and advances to customers (Continued)

(b) Non-bank Mainland exposures

The analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) (Amendment) Rules 2014 with reference to the HKMA return of non-bank Mainland exposures, which includes the Mainland exposures extended by DSB and its Mainland subsidiary bank only.

No restatement for 2013 comparative figures is made as the analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties under the prevailing Banking (Disclosure) Rules, which includes the Mainland exposures extended by DSB and its overseas subsidiaries.

HK$'000

2014	**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)	**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%**

1. Loans and advances to customers (Continued)

(b) Non-bank Mainland exposures (Continued)

2013	On-balance sheet exposure	Off-balance sheet exposure	Total exposures	Individually assessed impairment allowances
Mainland entities	15,977,192	2,878,378	18,855,570	114,235
Companies and individuals outside Mainland where the credits are granted for use in the Mainland	8,432,247	249,666	8,681,913	79,011
Other counterparties the exposures to whom are considered to be non-bank Mainland exposures	239,374	-	239,374	-
	24,648,813	3,128,044	27,776,857	193,246

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

1. Loans and advances to customers (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 2014

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	**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**

As at 31 Dec 2013

	Gross advances to customers	Individually impaired advances to customers	Overdue advances to customers	Individually assessed impairment allowances	Collectively assessed impairment allowances
Hong Kong	77,492,360	212,953	180,209	120,956	100,032
China	8,890,132	140,535	83,166	111,850	50,788
Macau	10,187,485	27,369	34,013	11,431	44,572
Others	1,407,543	83	83	57	2,340
	97,977,520	380,940	297,471	244,294	197,732

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 2014 and the corresponding comparative balances.

	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**

	As at 31 December 2013				
Equivalent in HK$ millions	US dollars	Renminbi	Macau Pataca	Other foreign currencies	Total foreign currencies
Spot assets	45,668	26,788	5,712	3,678	81,846
Spot liabilities	(23,461)	(26,038)	(7,218)	(9,068)	(65,785)
Forward purchases	16,805	2,097	250	9,140	28,292
Forward sales	(37,282)	(2,261)	-	(3,756)	(43,299)
Net long/ (short) position	1,730	586	(1,256)	(6)	1,054

The Group did not have any structural foreign exchange position as at 31 December 2014 and 2013.

3. Capital adequacy ratio

	As at 31 Dec 2014	As at 31 Dec 2013
Capital adequacy ratio		
- Common Equity Tier 1 (“CET1”)	**11.4%**	10.4%
- Tier 1	**11.4%**	10.4%
- Total	**16.3%**	14.5%

The capital adequacy ratio as at 31 December 2014 and 31 December 2013 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 ratio

	2014	2013
Liquidity ratio	**45.3%**	46.2%

The liquidity ratio is calculated as the simple average of each calendar month’s average liquidity ratio of the Group’s banking subsidiaries for the twelve months of the financial year. The liquidity ratio is 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 minimum liquidity 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.

FINANCIAL RATIOS

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Net interest income/ operating income	**71.8%**	73.3%
Cost to income ratio	**51.1%**	51.8%
Return on average total assets	**1.2%**	1.1%
Return on average shareholders' funds	**11.0%**	10.8%
Net interest margin	**1.76%**	1.79%
	As at 31 Dec 2014	As at 31 Dec 2013
Loan to deposit ratio	**70.8%**	72.1%

FINAL DIVIDEND

At the forthcoming annual general meeting ("AGM") of the Company to be held on Wednesday, 27 May 2015, the Directors will propose a final dividend of HK$0.26 per share for 2014 to shareholders whose names are on the Register of Shareholders as at the close of business on Thursday, 11 June 2015. The final dividend is payable on or about Friday, 19 June 2015.

CLOSURE OF REGISTER OF SHAREHOLDERS

The Register of Shareholders of the Company will be closed for the following periods:

(1) For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the Register of Shareholders will be closed from Thursday, 21 May 2015 to Wednesday, 27 May 2015, both days inclusive. In order to qualify for attending and voting at the AGM, 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 Wednesday, 20 May 2015.

(2) For the purpose of determining shareholders who are entitled to receive the final dividend in respect of the year ended 31 December 2014, the Register of Shareholders will be closed from Friday, 5 June 2015 to Thursday, 11 June 2015, both days inclusive. In order to qualify for the said final 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 Thursday, 4 June 2015.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

2014 was a satisfactory year for the Group, with the highest ever core profit attributable to shareholders of HK$2,034 million, representing a growth of 16%. The key growth drivers were strong growth in net fee and commission income and trading income, with overall operating income growth running ahead of the increase in expenses over the year. Even after a steady contribution from Bank of Chongqing ("BOCQ") and higher loan impairment charges, the improved performance resulted in a higher return on equity, reaching 11% for the first time since the financial crisis.

Business conditions remained fairly stable in Hong Kong and Macau, whilst our Mainland China business reported higher credit costs in part due to the continued slowdown in the Mainland China economy. Loan growth slowed in the second half of the year, with full year loan growth at 7.4%, somewhat slower than in the prior year. The growth in earnings, coupled with the relatively modest loan growth during the year, contributed to an improvement in our capital ratios, further to the completion of the Group's rights issue during the second quarter of 2014. As at 31 December 2014, our Group's consolidated Common Equity Tier 1 ("CET1") Capital ratio was 11.4% and overall Capital Adequacy Ratio was 16.3%.

The growth in earnings was due to a stronger performance, particularly from our Hong Kong and Macau businesses. Our attributable share of the earnings of BOCQ grew by 4%, which is a slower pace of growth than we have experienced in the recent past, mainly due to the dilution of our shareholding in the bank since late 2013, when BOCQ raised new equity via its IPO and listing in Hong Kong.

In 2014, we continued to build on the good platform that we had established in 2013, with encouraging results, although it is notable that growth in the second half of the year was slower than that in the first half. Whilst the slowing Mainland economy has impacted our business, with higher credit costs experienced, to date credit quality of our Group remains strong and credit costs manageable in relation to the scale of our overall business.

BUSINESS AND FINANCIAL REVIEW

We experienced growth in all of our core revenue lines during the year. Net interest income grew by 7% from HK$2,797 million to HK$2,990 million due mainly to growth in volumes offset slightly by a small decrease in net interest margin. Net fee and commission income increased by 18.5% from HK$702 million to HK$832 million, driven largely by improvements in wealth management and bancassurance revenues, increases in our sales of treasury products to customers, securities services and general banking related fees. Net trading income increased by 8.6%.

The improved operating income items led to an overall increase in operating income by 9.1% from HK$3,817 million to HK$4,165 million, ahead of the increase in operating expenses of 7.7%.

Loan impairment losses and other credit provisions increased from HK$310 million to HK$473 million. Whilst credit conditions in our core Hong Kong market declined modestly and Macau remained benign, we experienced a further increase in credit cost overall due to a small number of Mainland and Mainland related loans over the period.

BOCQ continued to deliver improved performance with a contribution of HK$602 million for the year, an increase of 4% over the prior year. Whilst it is encouraging that the contribution continues to grow, it is noted that this is the slowest increase in the contribution for some years, and that therefore the increase in group profit in 2014 is driven more by our wholly owned businesses than by our associate, BOCQ.

We experienced improvement in a number of key financial performance indicators during the year:

- ROE was up from 10.8% to 11.0%
- Improvement in CET1 ratio from 10.4% to 11.4%
- Cost income ratio improved from 51.8% to 51.1%

PROSPECTS

We are somewhat cautious on the outlook for 2015. It seems likely that the Mainland economy will continue to slow down modestly during the year, which will have an impact on the Hong Kong and Macau economies. Whilst the US economy continues to improve, there remain challenges in Europe, with a number of risks still present, and growth outlook fragile. Whilst overall, further improvement in the US economy is positive, it also brings with it the greater probability that US interest rates will rise during the second half of 2015, which will have a knock-on effect for Hong Kong interest rates. How higher interest rates will be received by the market or impact the US and Asia remains uncertain.

After the rights issues last year, our capital position has strengthened. We continue to monitor developments both in regulation and in the banking market generally, and we intend to maintain a strong capital position both to allow us to continue to grow our business, and to provide reasonable capital cushion to guard against any market surprises and volatility. We have benefitted from strong liquidity conditions in local markets, and with a conservative loan to deposit ratio of around 70%, as well as a liquidity ratio averaging 45% during 2014, some 20% points above the regulatory minimum, we feel confident that we are well positioned to deal with a less benign market should there be a slowdown in the near term.

Over the longer term, we believe that there are still ample opportunities for growth in our core markets and businesses. However, at present we continue to be cautious, with the objective of continuing to grow our businesses and profitability at a moderate pace, whilst paying close attention to the possibility that the environment in our markets will change, and ensuring that we are able to manage any emerging and continuing risks in a conservative fashion.

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 2014, with the exception of code provisions A.4.1 and A.4.2.

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.

In respect of compliance with code provision A.4.2 of the CG Code, the Company noted that in the past, the managing director shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire under the Company's Articles of Association. The Company put forward a special resolution at the 2014 Annual General Meeting, and the shareholders, among other things, approved the special resolution to amend the Articles by removing the provision of excluding the managing director from the requirement of retirement by rotation. As such, the Company has complied with A.4.2 of the CG Code.

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 have complied with the required standard set out in the Model Code and the Directors' Dealing Code throughout the year ended 31 December 2014.

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 2014.

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 2014.

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 download from Dah Sing Bank's website at <http://www.dahsing.com> free of charge.

The 2014 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 2014 Annual Report will be sent to shareholders before the end of April 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, 25 March 2015