DBS Group Holdings Ltd
Incorporated in the Republic of Singapore
Company Registration Number: 199901152M

To: Shareholders

The DBS Group Holdings Ltd ("DBSH" or "the Company") Board of Directors reports unaudited financial results for the first half of 2013, details of which are in the accompanying performance summary.

For the first half of 2013, the Directors have declared an interim one-tier tax-exempt dividend of 28 cents (first half 2012: 28 cents) for each DBSH non-voting redeemable convertible preference share ("CPS") and an interim one-tier tax-exempt dividend of 28 cents (first half 2012: 28 cents) for each DBSH ordinary share. The DBSH Scrip Dividend Scheme will be applied to these dividends.

Details of these interim dividends are as follows:

In $ millions	**2013**	**2012**
DBSH Non-voting redeemable CPS		
Interim one-tier tax exempt dividend of 28.0 cents (2012 : 28.0 cents)	8	8
DBSH ordinary shares		
Interim one-tier tax exempt dividend of 28.0 cents (2012 : 28.0 cents)	684	681
	692	689

The DBSH ordinary shares will be quoted ex-dividend on 15 August 2013. Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 20 August 2013. Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services of 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 19 August 2013 will be registered to determine shareholders' entitlement to the first half 2013 one-tier tax-exempt dividends. The issue price for new shares to be allotted to shareholders who have elected to receive the interim dividends in scrip shall be the average of the last dealt prices of each DBSH ordinary share on the SGX-ST for each of 15, 16 and 19 August 2013.

The first half 2013 one-tier tax-exempt dividends will be payable on or about 7 October 2013. In respect of ordinary shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the first half 2013 one-tier tax-exempt dividends will be paid by DBSH to CDP, which will in turn distribute the dividend entitlements to shareholders.

A separate announcement which will outline further administrative details on the application of the DBSH Scrip Dividend Scheme to the first half 2013 dividends will be made in due course.

By order of the Board

Goh Peng Fong
Group Secretary

31 July 2013
Singapore

More information on the above announcement is available at www.dbs.com/investor

Performance Summary

Unaudited Financial Results
For the First Half / Second Quarter ended
30 June 2013

DBS Group Holdings Ltd
Incorporated in the Republic of Singapore
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Contents **Page**

OVERVIEW

DBS Group Holdings Ltd ("DBSH") prepares its consolidated DBSH Group ("Group") financial statements in accordance with Singapore Financial Reporting Standard ("FRS"), as modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore. The accounting policies and methods of computation applied for the current financial periods are consistent with those applied for the financial year ended 31 December 2012, with the exception of the adoption of new or revised FRS.

On 1 January 2013, the Group adopted the following new or revised FRS that are issued by the Accounting Standards Council and relevant for the Group:

- FRS 113 Fair Value Measurement
- Amendments to FRS 107 Disclosures- Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income
- Improvements to FRSs (issued in August 2012)

FRS 113 defines fair value, establishes a framework for measuring fair value and sets out the disclosure requirements for fair value measurements. It explains how to measure the fair value when it is required by other FRS. It does not introduce new fair value measurements; neither does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

Amendments to FRS 107 Disclosures introduce more extensive disclosures that focus on quantitative information about recognised financial instruments that are offset on the balance sheet as well as those that are subject to master netting or similar arrangements irrespective of whether they are offset on the balance sheet.

There is no significant impact on the Group's financial statements from the adoption of the above FRS or revised FRS.

	2nd Qtr 2013	2nd Qtr 2012	% chg	1st Qtr 2013	% chg	1st Half 2013	1st Half 2012	% chg
Selected income statement items ($m)								
Net interest income	1,382	1,324	4	1,327	4	2,709	2,660	2
Net fee and commission income	477	379	26	507	(6)	984	785	25
Other non-interest income	450	242	86	483	(7)	933	656	42
Total income	2,309	1,945	19	2,317	-	4,626	4,101	13
Expenses	987	872	13	952	4	1,939	1,770	10
Profit before allowances	1,322	1,073	23	1,365	(3)	2,687	2,331	15
Allowances for credit and other losses	245	104	>100	223	10	468	248	89
Profit before tax	1,099	1,005	9	1,169	(6)	2,268	2,158	5
Net profit	887	810	10	950	(7)	1,837	1,743	5
Selected balance sheet items ($m)								
Customer loans [1/]	234,787	205,180	14	223,670	5	234,787	205,180	14
Interbank assets [2/]	33,659	34,686	(3)	32,590	3	33,659	34,686	(3)
Total assets	386,600	353,020	10	373,259	4	386,600	353,020	10
Customer deposits [3/]	261,397	230,566	13	250,815	4	261,397	230,566	13
Interbank liabilities [4/]	26,596	31,284	(15)	29,855	(11)	26,596	31,284	(15)
Total liabilities	349,892	318,580	10	336,210	4	349,892	318,580	10
Shareholders' funds	32,442	30,177	8	32,734	(1)	32,442	30,177	8
Key financial ratios (%) [5/]								
Net interest margin	1.62	1.72		1.64		1.63	1.75	
Non-interest/total income	40.1	31.9		42.7		41.4	35.1	
Cost/income ratio	42.7	44.8		41.1		41.9	43.2	
Return on assets	0.94	0.93		1.06		1.00	1.01	
Return on equity	10.9	10.9		12.0		11.6	11.9	
Loan/deposit ratio	89.8	89.0		89.2		89.8	89.0	
NPL ratio	1.2	1.3		1.2		1.2	1.3	

	2nd Qtr 2013	2nd Qtr 2012	1st Qtr 2013	1st Half 2013	1st Half 2012
Key financial ratios (%) [5/]					
Specific allowances (loans)/average loans (bp)	22	8	21	22	8
Common Equity Tier 1 capital adequacy ratio [6/]	12.9	NA	12.9	12.9	NA
Tier 1 capital adequacy ratio [6/]	12.9	12.8	12.9	12.9	12.8
Total capital adequacy ratio [6/]	15.5	15.4	15.5	15.5	15.4
Per share data ($)					
Per basic share					
– earnings	1.46	1.34	1.58	1.52	1.46
– net book value [7/]	13.21	12.36	13.35	13.21	12.36
Per diluted share					
– earnings	1.44	1.33	1.56	1.50	1.45
– net book value [7/]	13.12	12.27	13.25	13.12	12.27

Notes:
1/ Includes customer loans classified as financial assets at fair value through profit or loss on the balance sheet
2/ Includes interbank assets classified as financial assets at fair value through profit or loss on the balance sheet
3/ Includes customer deposits classified as financial liabilities at fair value through profit or loss on the balance sheet
4/ Includes interbank liabilities classified as financial liabilities at fair value through profit or loss on the balance sheet
5/ Return on assets, return on equity, specific allowances (loan)/average loan and per share data are computed on an annualised basis
6/ With effect from 1 January 2013, Basel III capital adequacy requirements came into effect in Singapore. Changes due to Basel III affected both eligible capital and risk-weighted assets. Capital adequacy disclosures relating to dates prior to 1 January 2013 are calculated in accordance with the then prevailing capital adequacy regulations and are thus not directly comparable to those pertaining to dates from 1 January 2013.
7/ Non-controlling interests are not included as equity in the computation of return on equity and net book value per share
NA Not Applicable

Second-quarter net profit rose 10% from a year ago to $887 million. Total income grew 19% to $2.31 billion from higher loan volumes and broad-based non-interest income growth. While total income was maintained at the previous quarter's record level, higher expenses and allowances resulted in a 7% decline in net profit compared to the previous quarter.

Net interest income rose 4% from both a year ago and the previous quarter to $1.38 billion. Loans grew 14% from a year ago but the impact was offset by a 10 basis point decline in net interest margin to 1.62%. Compared to the previous quarter, loans rose 5% while net interest margin was stable.

Non-interest income rose 49% from a year ago to $927 million. Fee income rose 26% to $477 million, with all fee segments growing by double-digit percentage terms. Other non-interest income grew 86% to $450 million, led by higher trading income. Compared to the previous quarter, non-interest income fell 6% as less favourable market conditions resulted in a decline in market-related fee income and market volatility in June resulted in lower trading gains.

Expenses rose 13% from a year ago, less quickly than total income, to $987 million. The cost-income ratio fell from 45% to 43%. Profit before allowances rose 23% to $1.32 billion. Compared to the previous quarter, expenses were 4% higher and profit before allowances 3% lower.

The non-performing loan rate of 1.2% and specific allowance charge of 22 basis points of loans were stable from the previous quarter. Allowance coverage of 141% was also stable.

Return on equity was 10.9%, similar to a year ago and and below the 12.0% in the previous quarter. The total capital adequacy ratio stood at 15.5% with both Tier 1 and Common Equity Tier 1 (with phased-in deductions) at 12.9%.

For the first half, net profit rose 5% to a record $1.84 billion. Total income increased 13% to a new high of $4.63 billion from higher loan volumes and broad-based non-interest income growth. Profit before allowances rose 15% to a record $2.69 billion.

NET INTEREST INCOME

Average balance sheet	2nd Qtr 2013 Average balance ($m)	2nd Qtr 2013 Interest ($m)	2nd Qtr 2013 Average rate (%)	2nd Qtr 2012 Average balance ($m)	2nd Qtr 2012 Interest ($m)	2nd Qtr 2012 Average rate (%)	1st Qtr 2013 Average balance ($m)	1st Qtr 2013 Interest ($m)	1st Qtr 2013 Average rate (%)
Interest-bearing assets									
Customer loans	228,998	1,509	2.64	201,099	1,411	2.82	218,702	1,467	2.72
Interbank assets	46,538	111	0.96	47,971	120	1.01	44,935	110	0.99
Securities	66,183	355	2.15	59,555	381	2.57	64,929	343	2.14
Total	341,719	1,975	2.32	308,625	1,912	2.49	328,566	1,920	2.37
Interest-bearing liabilities									
Customer deposits	255,323	442	0.69	229,600	416	0.73	250,702	437	0.71
Other borrowings	61,953	151	0.98	55,628	172	1.24	53,804	156	1.17
Total	317,276	593	0.75	285,228	588	0.83	304,506	593	0.79
Net interest income/margin [1/]		1,382	1.62		1,324	1.72		1,327	1.64

Average balance sheet	1st Half 2013 Average balance ($m)	1st Half 2013 Interest ($m)	1st Half 2013 Average rate (%)	1st Half 2012 Average balance ($m)	1st Half 2012 Interest ($m)	1st Half 2012 Average rate (%)
Interest-bearing assets						
Customer loans	223,876	2,976	2.68	197,867	2,785	2.83
Interbank assets	45,902	221	0.97	49,223	239	0.98
Securities	65,399	698	2.15	58,686	758	2.60
Total	335,177	3,895	2.34	305,776	3,782	2.49
Interest-bearing liabilities						
Customer deposits	253,327	879	0.70	228,671	797	0.70
Other borrowings	57,627	307	1.07	54,257	325	1.21
Total	310,954	1,186	0.77	282,928	1,122	0.80
Net interest income/margin [1/]		2,709	1.63		2,660	1.75

Note:
1/ Net interest margin is net interest income expressed as a percentage of average interest-bearing assets

Net interest income of $1.38 billion was 4% higher than the previous quarter as average asset volumes grew. Net interest margin was stable at 1.62%. Trade loan yields declined, but the impact on net interest margin was offset by lower funding costs as diversified sources of liquidity were tapped to optimise the funding mix.

Net interest income was also 4% higher compared to a year ago. While asset volumes rose 11%, net interest margin was 10 basis points lower from lower margin in China and asset repricing in second-half 2012.

For the first half, net interest income rose 2% to $2.71 billion as the impact of higher asset volumes was offset by lower net interest margin.

Volume and rate analysis ($m) Increase/(decrease) due to change in	**2nd Qtr 2013 versus 2nd Qtr 2012**			**2nd Qtr 2013 versus 1st Qtr 2013**		
	Volume	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Interest income						
Customer loans	195	(97)	98	68	(44)	24
Interbank assets	(4)	(5)	(9)	4	(3)	1
Securities	42	(68)	(26)	7	2	9
Total	233	(170)	63	79	(45)	34
Interest expense						
Customer deposits	45	(20)	25	8	(9)	(1)
Other borrowings	20	(40)	(20)	24	(29)	(5)
Total	65	(60)	5	32	(38)	(6)
Net impact on interest income	168	(110)	58	47	(7)	40
Due to change in number of days			-			15
Net Interest Income			58			55

Volume and rate analysis ($m) Increase/(decrease) due to change in	**1st Half 2013 versus 1st Half 2012**		
	Volume	**Rate**	**Net change**
Interest income			
Customer loans	366	(158)	208
Interbank assets	(16)	(1)	(17)
Securities	87	(143)	(56)
Total	437	(302)	135
Interest expense			
Customer deposits	86	1	87
Other borrowings	20	(36)	(16)
Total	106	(35)	71
Net impact on interest income	331	(267)	64
Due to change in number of days			(15)
Net Interest Income			49

NET FEE AND COMMISSION INCOME

($m)	2nd Qtr 2013	2nd Qtr 2012	% chg	1st Qtr 2013	% chg	1st Half 2013	1st Half 2012	% chg
Stockbroking	57	40	43	62	(8)	119	92	29
Investment banking	47	29	62	64	(27)	111	61	82
Trade and transaction services [1/]	137	120	14	134	2	271	242	12
Loan-related	94	82	15	103	(9)	197	165	19
Cards [2/]	82	71	15	78	5	160	145	10
Wealth management	101	70	44	113	(11)	214	149	44
Others	17	12	42	14	21	31	26	19
Fee and commission income	535	424	26	568	(6)	1,103	880	25
Less: Fee and commission expense	58	45	29	61	(5)	119	95	25
Total	477	379	26	507	(6)	984	785	25

Notes:
1/ Includes trade & remittances, guarantees and deposit-related fees
2/ Net of interchange fees paid

Net fee and commission income decreased 6% from the previous quarter to $477 million as contributions from stockbroking, investment banking and wealth management declined due to less favourable market conditions. Contributions from trade and transaction services and cards were maintained.

Compared to a year ago, net fee and commission income was 26% higher as all fee segments grew by double-digit percentage terms, with trade and transaction services and wealth management leading the increase.

Net fee and commission income for the first half was 25% higher at $984 million. The growth was broad-based as both annuity businesses and market-related activities grew.

OTHER NON-INTEREST INCOME

($m)	2nd Qtr 2013	2nd Qtr 2012	% chg	1st Qtr 2013	% chg	1st Half 2013	1st Half 2012	% chg
Net trading income	330	139	>100	410	(20)	740	464	59
Net gain/(loss) from financial instruments designated at fair value	6	(6)	NM	(2)	NM	4	(39)	NM
Net income from financial investments	45	97	(54)	66	(32)	111	206	(46)
Net gain on fixed assets	44	6	>100	-	NM	44	8	>100
Others (includes rental income)	25	6	>100	9	>100	34	17	100
Total	450	242	86	483	(7)	933	656	42

Note:
NM Not Meaningful

Net trading income (including net income from financial instruments designated at fair value) fell to $336 million from $408 million in the previous quarter. The decline was due to lower trading gains, partly a result of market volatility in June. Income from treasury customer flows was comparable to the previous quarter and 16% higher than a year ago. Compared to a year ago, net trading income was more than double as a result of higher trading gains.

A net gain of $44 million was recorded for the disposal of properties in Hong Kong during the quarter.

For the first half, net trading income rose 75% to $744 million as income from treasury customer flows and trading gains were higher. Net income from financial investments halved to $111 million. Total other non-interest income was 42% higher at $933 million.

EXPENSES

($m)	2nd Qtr 2013	2nd Qtr 2012	% chg	1st Qtr 2013	% chg	1st Half 2013	1st Half 2012	% chg
Staff	521	466	12	506	3	1,027	951	8
Occupancy	95	80	19	88	8	183	159	15
Computerisation	167	146	14	167	-	334	294	14
Revenue-related	58	59	(2)	50	16	108	116	(7)
Others	146	121	21	141	4	287	250	15
Total	987	872	13	952	4	1,939	1,770	10
Staff headcount at period-end	18,631	17,910	4	18,523	1	18,631	17,910	4
Included in the above table were:								
Depreciation of properties and other fixed assets	53	43	23	55	(4)	108	83	30
Directors' fees	1	-	NM	1	-	2	1	100
Audit fees payable	1	1	-	2	(50)	3	3	-

Note:
NM Not Meaningful

Expenses rose 13% from a year ago and 4% from the previous quarter to $987 million as staff and other operating costs rose from both periods.

For the first half, costs rose 10% to $1.94 billion, less quickly than the 13% rise in total income. The cost-income ratio improved from 43% a year ago to 42%.

ALLOWANCES FOR CREDIT AND OTHER LOSSES

($m)	2nd Qtr 2013	2nd Qtr 2012	% chg	1st Qtr 2013	% chg	1st Half 2013	1st Half 2012	% chg
General allowances (GP)	113	64	77	110	3	223	149	50
Specific allowances (SP) for loans [1/]	128	40	>100	114	12	242	83	>100
Singapore	41	16	>100	7	>100	48	31	55
Hong Kong	12	6	100	8	50	20	7	>100
Rest of Greater China	9	(2)	NM	2	>100	11	(3)	NM
South and South-east Asia	35	12	>100	33	6	68	18	>100
Rest of the World	31	8	>100	64	(52)	95	30	>100
Specific allowances (SP) for securities, properties and other assets	4	-	NM	(1)	NM	3	16	(81)
Total	245	104	>100	223	10	468	248	89

Notes:
1/ Specific allowances for loans are classified according to where the borrower is incorporated
NM Not Meaningful

Specific allowances for loans amounted to $128 million, in line with the previous quarter but triple the amount a year ago. General allowances of $113 million were taken in line with loan growth.

For the first half, total allowances rose 89% to $468 million as specific allowances rose from the exceptionally low levels of the previous two years and general allowances increased in line with the faster loan growth.

PERFORMANCE BY BUSINESS SEGMENTS

($m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
Selected income items					
2nd Qtr 2013					
Net interest income	364	742	180	96	1,382
Non-interest income	259	440	106	122	927
Total income	623	1,182	286	218	2,309
Expenses	427	346	119	95	987
Allowances for credit and other losses	20	193	(1)	33	245
Share of profits of associates	-	-	-	22	22
Profit before tax	176	643	168	112	1,099
1st Qtr 2013					
Net interest income	359	718	163	87	1,327
Non-interest income	263	484	160	83	990
Total income	622	1,202	323	170	2,317
Expenses	400	319	110	123	952
Allowances for credit and other losses	18	173	-	32	223
Share of profits of associates	-	-	-	27	27
Profit before tax	204	710	213	42	1,169
2nd Qtr 2012					
Net interest income	356	708	178	82	1,324
Non-interest income	210	367	20	24	621
Total income	566	1,075	198	106	1,945
Expenses	387	306	114	65	872
Allowances for credit and other losses	26	72	(1)	7	104
Share of profits of associates	-	-	-	36	36
Profit before tax	153	697	85	70	1,005
1st Half 2013					
Net interest income	723	1,460	343	183	2,709
Non-interest income	522	924	266	205	1,917
Total income	1,245	2,384	609	388	4,626
Expenses	827	665	229	218	1,939
Allowances for credit and other losses	38	366	(1)	65	468
Share of profits of associates	-	-	-	49	49
Profit before tax	380	1,353	381	154	2,268

($m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
1st Half 2012					
Net interest income	723	1,382	381	174	2,660
Non-interest income	446	751	223	21	1,441
Total income	1,169	2,133	604	195	4,101
Expenses	750	589	220	211	1,770
Allowances for credit and other losses	47	145	(2)	58	248
Share of profits of associates	-	-	-	75	75
Profit before tax	372	1,399	386	1	2,158
Selected balance sheet and other items [1/]					
30 Jun 2013					
Total assets before goodwill	68,186	198,432	78,313	36,867	381,798
Goodwill on consolidation					4,802
Total assets					386,600
Total liabilities	139,914	121,567	76,288	12,123	349,892
Capital expenditure for 2nd Qtr 2013	11	9	6	29	55
Depreciation for 2nd Qtr 2013	8	2	2	41	53
31 Mar 2013					
Total assets before goodwill	65,336	189,044	78,063	36,014	368,457
Goodwill on consolidation					4,802
Total assets					373,259
Total liabilities	137,398	110,875	79,439	8,498	336,210
Capital expenditure for 1st Qtr 2013	8	2	3	18	31
Depreciation for 1st Qtr 2013	9	2	2	42	55
30 Jun 2012					
Total assets before goodwill	60,844	172,352	78,978	36,044	348,218
Goodwill on consolidation					4,802
Total assets					353,020
Total liabilities	130,326	101,234	77,738	9,282	318,580
Capital expenditure for 2nd Qtr 2012	5	3	-	51	59
Depreciation for 2nd Qtr 2012	8	4	1	30	43

Note:
1/ Refer to sections on Customer Loans and Non-Performing Assets and Loss Allowance Coverage for more information on business segments

The business segment results are prepared based on the Group's internal management reporting which reflects the organisation management structure. As the activities of the Group are highly integrated, internal allocation has been made in preparing the segment information. Amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

The various business segments are described below:

Consumer Banking/ Wealth Management

Consumer Banking/ Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Compared to the previous quarter, profit before tax fell 14% to $176 million. Total income was little changed at $623 million. Higher net interest income from loan and deposit volume growth was offset by a decline in non-interest income as wealth management fees were affected by less favourable market conditions. Expenses rose 7% to $427 million from higher advertising and promotions and computerisation expenses. Allowances rose 11% to $20 million.

Compared to a year ago, profit before tax rose 15%. Net interest income rose marginally by 2% to $364 million, while non-interest income rose 23% to $259 million from continued customer growth and stronger cross-selling. Expenses rose 10% to $427 million. Allowances declined 23% to $20 million mainly from lower general allowances.

For the first half, profit before tax was $380 million, 2% higher from a year ago. Income grew 7% to $1.25 billion. Net-interest income was unchanged as an increase in loan and deposit volumes was offset by a lower deposit margin. Non-interest income increased 17% to $522 million as contributions from wealth management and cards fees rose. Expenses rose 10% to $827 million as headcount, investments in new system capabilities and marketing and advertising activities were higher. Total allowances declined 19% to $38 million from both lower general and specific allowances as the credit environment continued to remain benign.

Institutional Banking

Institutional Banking provides financial services and products to institutional clients including bank and non-bank financial institutions, government- linked companies, large corporates and small and medium-sized businesses. The business focuses on broadening and deepening customer relationships. Products and services comprise the full range of credit facilities from short term working capital financing to specialized lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; corporate finance and advisory banking as well as capital markets solutions. In addition, Institutional Banking also includes Islamic Bank of Asia.

Compared to the previous quarter, profit before tax was 9% lower at $643 million. Business momentum remained resilient as net interest income rose 3% to $742 million from a 5% growth in assets, which was partially offset by lower net interest margin. Non-interest income fell 9% to $440 million as the previous quarter had strong income from treasury customer flows and investment banking fees. Total income fell marginally by 2% to $1.18 billion. Expense growth was contained at 8% as higher staff cost from increased headcount and technology investments were offset by strategic cost management initiatives. Allowances rose 12% to $193 million as general allowances were taken in line with loan growth and specific allowances were moderately higher.

Compared to a year ago, profit before tax declined 8%. Total income rose 10% to $1.18 billion, while expenses were 13% higher at $346 million. Allowances more than doubled to $193 million due to higher specific and general allowances.

For the first half of the year, profit before tax fell 3% from a year ago to $1.35 billion. Total income grew 12% to $2.38 billion due mainly to higher non-interest income from increased cross-sell. Expenses rose 13% to $665 million from headcount growth and investments in business capabilities. Allowances more than doubled from higher general and specific allowances.

Treasury

Income reflected in the Treasury segment refers to trading and market-making income. Total income fell 11% from the previous quarter to $286 million as a result of lower trading gains in interest rate and credit products due to a widening of spreads and interest rate movements. These were partially offset by gains in foreign exchange products which benefited from market volatility during the quarter. Expenses rose 8% to $119 million from higher technology costs and brokerage charges. Profit before tax fell 21% to $168 million.

Income from treasury customer flows is reflected in the Institutional Banking and Consumer Banking/Wealth Management segments and not in Treasury. Income from customer flows fell 5% to $282 million from the previous quarter due to a decline in sales to corporate customers in China, Korea, Taiwan, India and Indonesia and retail customers in Singapore and Hong Kong. These were partially offset by higher sales to wealth management customers in Singapore and India.

Compared to a year ago, total income rose 44% to $286 million mainly due to gains in foreign exchange products. Expenses were up 4% to $119 million, while allowances were little changed. Profit before tax doubled to $168 million. Income from treasury customer flows rose 16% from a year ago to $282 million.

For the first half of the year, income was little changed from a year ago at $609 million as a higher income in Singapore and Hong Kong offset declines in China, Korea, India and Indonesia. Expenses increased 4% to $229 million from higher staff, occupancy and other business expenses. Income from treasury customer flows for the first half rose 16% from a year ago to $578 million from higher sales to corporate, retail and wealth management customers in Hong Kong, Taiwan, China and Korea.

Others

Others encompasses a range of activities from corporate decisions and includes income and expenses not attributed to other business segments, including capital and balance sheet management, funding and liquidity. DBS Vickers Securities is also included in this segment.

PERFORMANCE BY GEOGRAPHY [1/]

($m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
Selected income items						
2nd Qtr 2013						
Net interest income	864	250	104	111	53	1,382
Non-interest income	505	274	80	37	31	927
Total income	1,369	524	184	148	84	2,309
Expenses	575	186	133	71	22	987
Allowances for credit and other losses	143	41	19	31	11	245
Share of profits of associates	3	-	3	16	-	22
Profit before tax	654	297	35	62	51	1,099
Income tax expense	94	43	14	9	2	162
Net profit	510	254	21	53	49	887
1st Qtr 2013						
Net interest income	835	231	101	109	51	1,327
Non-interest income	614	243	69	44	20	990
Total income	1,449	474	170	153	71	2,317
Expenses	579	168	118	69	18	952
Allowances for credit and other losses	98	41	6	11	67	223
Share of profits of associates	4	-	1	22	-	27
Profit before tax	776	265	47	95	(14)	1,169
Income tax expense	83	43	10	26	5	167
Net profit	641	222	37	69	(19)	950
2nd Qtr 2012						
Net interest income	782	228	142	114	58	1,324
Non-interest income	374	151	61	23	12	621
Total income	1,156	379	203	137	70	1,945
Expenses	505	168	117	63	19	872
Allowances for credit and other losses	80	4	2	28	(10)	104
Share of profits of associates	8	-	1	27	-	36
Profit before tax	579	207	85	73	61	1,005
Income tax expense	65	30	18	14	16	143
Net profit	462	177	67	59	45	810
1st Half 2013						
Net interest income	1,699	481	205	220	104	2,709
Non-interest income	1,119	517	149	81	51	1,917
Total income	2,818	998	354	301	155	4,626
Expenses	1,154	354	251	140	40	1,939
Allowances for credit and other losses	241	82	25	42	78	468
Share of profits of associates	7	-	4	38	-	49
Profit before tax	1,430	562	82	157	37	2,268
Income tax expense	177	86	24	35	7	329
Net profit	1,151	476	58	122	30	1,837

($m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
1st Half 2012						
Net interest income	1,591	437	301	219	112	2,660
Non-interest income	901	327	83	85	45	1,441
Total income	2,492	764	384	304	157	4,101
Expenses	1,059	323	225	126	37	1,770
Allowances for credit and other losses	199	6	7	36	-	248
Share of profits of associates	13	-	3	59	-	75
Profit before tax	1,247	435	155	201	120	2,158
Income tax expense	136	68	33	46	30	313
Net profit	1,009	367	122	155	90	1,743
Selected balance sheet items						
30 Jun 2013						
Total assets before goodwill	246,092	63,587	41,490	17,579	13,050	381,798
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	250,894	63,587	41,490	17,579	13,050	386,600
Non-current assets [2/]	2,223	351	106	19	2	2,701
Gross customer loans	153,224	48,283	19,949	9,408	7,529	238,393
31 Mar 2013						
Total assets before goodwill	239,379	59,863	38,660	17,523	13,032	368,457
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	244,181	59,863	38,660	17,523	13,032	373,259
Non-current assets [2/]	2,208	354	108	20	2	2,692
Gross customer loans	147,084	44,322	19,050	9,158	7,415	227,029
30 Jun 2012						
Total assets before goodwill	224,531	60,174	33,591	17,430	12,492	348,218
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	229,333	60,174	33,591	17,430	12,492	353,020
Non-current assets [2/]	1,779	356	114	21	1	2,271
Gross customer loans	129,185	44,529	16,905	10,512	7,324	208,455

Notes:
1/ The geographical segment analysis is based on the location where transactions and assets are booked
2/ Includes investment in associates, properties and other fixed assets, and investment properties

The performance by geography is classified based on the location in which income and assets are recorded.

Singapore

Net profit fell 20% from the previous quarter to $510 million. Total income fell 6% to $1.37 billion. Net interest income rose 3% to $864 million from higher loan volumes. Non-interest income was 18% lower at $505 million as fee income from wealth management, stockbroking and investment banking fell. Trading gains were also lower.

Expenses were little changed at $575 million and profit before allowances was 9% lower at $794 million. Allowances rose 46% to $143 million from higher specific allowances while general allowances were little changed.

Compared to a year ago, net profit rose 10% as income growth was partially offset by an increase in expenses. Allowances rose as both specific allowances and general allowances were higher.

For the first half, net profit rose 14% to $1.15 billion. Total income increased 13% to $2.82 billion from higher loan volumes and broad-based non-interest income growth. Expenses were 9% higher at $1.15 billion. Allowances rose 21% from higher specific and general allowances.

Hong Kong

The currency effects were minimal compared to the previous quarter and a year ago.

Net profit rose 14% from the previous quarter to $254 million as total income grew 11% to $524 million. Net interest income increased 8% to $250 million from higher loan volumes. Loans rose 7% from growth in trade finance while deposits fell 5%. Net interest margin rose 5 basis points to 1.60%.

Non-interest income increased 13% to $274 million, helped by property disposal gains. Fee income was little changed as higher contributions from loan-related activities, investment banking, cards, and trade and transaction services were offset by lower stockbroking income. Trading gains were also lower but the impact was more than offset by property disposal gains.

Expenses rose 11% to $186 million from higher staff costs. Allowances of $41 million were unchanged.

Compared to a year ago, net profit was 44% higher as total income rose 38%. Net interest income increased 10% from a higher net interest margin as customer loan yields rose and funding costs declined. Non-interest income was 81% higher from broad-based fee income growth, increased treasury customer flows and higher trading gains. Expenses rose 11%. Allowances increased to $41 million from $4 million a year ago as general allowances were higher.

For the first half, net profit rose 30% to $476 million as total income increased 31% to $998 million. Net interest income was higher from loan growth and lower funding costs, while non-interest income rose due to higher treasury customer flows and trading gains as well as asset disposal gains. Expenses were 10% higher at $354 million while allowances increased as higher general allowances were taken in line with loan growth.

Other countries

Net profit for Rest of Greater China fell 43% from the previous quarter to $21 million. Net interest income rose 3% to $104 million from higher loan and deposit volumes. Non-interest income rose 16% to $80 million from higher trading income. Expenses increased 13% to $133 million while total allowances rose to $19 million from $6 million in the previous quarter due to higher specific and general allowances.

Compared to a year ago, net profit fell 69%. Lower net interest income was partially offset by higher non-interest income. Expenses and total allowances were also higher.

For the first half, net profit fell 52% to $58 million. Total income declined 8% to $354 million. A decline in net interest income from lower net interest margin was partially offset by increased fee income and treasury income from customer flows. Expenses were 12% higher at $251 million. Allowances rose to $25 million from $7 million due to higher general allowances.

Net profit for South and South-east Asia declined 23% from the previous quarter to $53 million. Net interest income rose 2% to $111 million from higher loan volumes. Non-interest income fell 16% to $37 million from lower loan-related fee income and trading income. Expenses rose 3% to $71 million. Total allowances rose to $31 million as specific allowances were higher.

Compared to a year ago, net profit was 10% lower as an increase in non-interest income was more than offset by higher expenses and total allowances.

For the first half, net profit fell 21% to $122 million. Total income was marginally lower at $301 million, while expenses were 11% higher at $140 million. Allowances rose 17% to $42 million mainly due to higher specific allowances.

Net profit for Rest of the World rose to $49 million, from a net loss of $19 million in the previous quarter. Total income rose 18% to $84 million as net interest income increased 4% from higher loan volumes while non-interest income rose 55% to $31 million. Allowances declined 84% to $11 million as specific allowances were lower. Compared to a year ago, total income rose 20% while expenses rose 16%. Total allowances were higher as there had been a net write-back of allowances a year ago.

For the first half, net profit fell 67% to $30 million. Total income was marginally lower at $155 million, while expenses were 8% higher at $40 million. Allowances rose to $78 million from higher specific allowances.

CUSTOMER LOANS [1/]

($m)	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
Gross	238,393	227,029	213,828	208,455
Less:				
Specific allowances	1,286	1,170	1,217	1,228
General allowances	2,320	2,189	2,092	2,047
Net total	234,787	223,670	210,519	205,180
By business unit				
Consumer Banking/ Wealth Management	66,195	63,496	61,720	58,692
Institutional Banking	169,293	161,438	149,331	148,306
Others	2,905	2,095	2,777	1,457
Total (Gross)	238,393	227,029	213,828	208,455
By geography [2/]				
Singapore	114,626	110,427	101,485	96,075
Hong Kong	37,760	36,733	38,119	39,565
Rest of Greater China	41,641	36,997	30,678	30,848
South and South-east Asia	23,161	22,357	23,045	22,226
Rest of the World	21,205	20,515	20,501	19,741
Total (Gross)	238,393	227,029	213,828	208,455
By industry [3/]				
Manufacturing	32,556	31,385	27,037	27,526
Building and construction	40,177	37,113	36,179	34,698
Housing loans	47,202	46,500	45,570	43,086
General commerce	48,230	46,147	38,230	37,260
Transportation, storage & communications	19,816	17,535	17,745	18,669
Financial institutions, investment & holding companies	9,976	10,431	11,155	10,613
Professionals & private individuals (excluding housing loans)	16,989	15,488	14,969	14,295
Others	23,447	22,430	22,943	22,308
Total (Gross)	238,393	227,029	213,828	208,455
By currency				
Singapore dollar	97,779	95,110	90,503	84,216
Hong Kong dollar	28,811	29,205	29,443	30,349
US dollar	80,146	73,993	67,156	65,652
Others	31,657	28,721	26,726	28,238
Total (Gross)	238,393	227,029	213,828	208,455

Notes:
1/ Includes customer loans classified as financial assets at fair value through profit or loss on the balance sheet
2/ Loans by geography are classified according to where the borrower is incorporated
3/ Certain loans to investment holding companies have been reclassified to better reflect the underlying principal activity of the companies owned by the holding company. The amounts for prior periods have also been reclassified to conform to the current presentation.

Gross customer loans rose 5% from the previous quarter to $238 billion. Excluding currency effects, half of the increase was for Singapore corporate loans and regional trade loans, while another one-quarter was for secured consumer loans. Gross loans were 14% higher than a year ago, with the expansion led by Singapore-dollar and US-dollar loans in Singapore and Rest of Greater China.

NON-PERFORMING ASSETS AND LOSS ALLOWANCE COVERAGE

By business unit	NPA ($m)	SP ($m)	GP ($m)	NPL (% of loans)	(GP+SP)/NPA (%)	(GP+SP)/ unsecured NPA (%)
30 Jun 2013						
Consumer Banking/ Wealth Management	297	71	661	0.4	246	452
Institutional Banking	2,578	1,306	1,659	1.5	115	150
Total non-performing loans (NPL)	2,875	1,377	2,320	1.2	129	173
Debt securities	9	3	127	-	1,444	2,600
Contingent liabilities & others	82	48	303	-	428	763
Total non-performing assets (NPA)	2,966	1,428	2,750	-	141	191
31 Mar 2013						
Consumer Banking/ Wealth Management	300	71	634	0.5	235	433
Institutional Banking	2,370	1,178	1,555	1.5	115	145
Total non-performing loans (NPL)	2,670	1,249	2,189	1.2	129	168
Debt securities	13	4	125	-	992	2,580
Contingent liabilities & others	84	49	311	-	429	766
Total non-performing assets (NPA)	2,767	1,302	2,625	-	142	187
31 Dec 2012						
Consumer Banking/ Wealth Management	288	70	617	0.5	239	421
Institutional Banking	2,339	1,232	1,475	1.6	116	142
Total non-performing loans (NPL)	2,627	1,302	2,092	1.2	129	165
Debt securities	13	4	117	-	931	2,420
Contingent liabilities & others	86	49	302	-	408	747
Total non-performing assets (NPA)	2,726	1,355	2,511	-	142	183
30 Jun 2012						
Consumer Banking/ Wealth Management	301	85	586	0.5	223	375
Institutional Banking	2,460	1,197	1,461	1.7	108	134
Total non-performing loans (NPL)	2,761	1,282	2,047	1.3	121	154
Debt securities	13	4	118	-	938	2,440
Contingent liabilities & others	182	65	304	-	203	527
Total non-performing assets (NPA)	2,956	1,351	2,469	-	129	171

By geography	NPA ($m)	SP ($m)	GP ($m)	NPL (% of loans)	(GP+SP)/NPA (%)	(GP+SP)/ unsecured NPA (%)
30 Jun 2013						
Singapore	468	165	978	0.4	244	468
Hong Kong	262	126	380	0.7	193	307
Rest of Greater China	266	133	437	0.6	214	401
South and South-east Asia	374	193	302	1.6	132	226
Rest of the World	1,505	760	223	7.1	65	72
Total non-performing loans	2,875	1,377	2,320	1.2	129	173
Debt securities	9	3	127	-	1,444	2,600
Contingent liabilities & others	82	48	303	-	428	763
Total non-performing assets	2,966	1,428	2,750	-	141	191
31 Mar 2013						
Singapore	405	127	912	0.4	257	559
Hong Kong	259	129	378	0.7	196	305
Rest of Greater China	236	120	388	0.6	215	397
South and South-east Asia	293	169	294	1.3	158	201
Rest of the World	1,477	704	217	7.2	62	69
Total non-performing loans	2,670	1,249	2,189	1.2	129	168
Debt securities	13	4	125	-	992	2,580
Contingent liabilities & others	84	49	311	-	429	766
Total non-performing assets	2,767	1,302	2,625	-	142	187
31 Dec 2012						
Singapore	410	130	864	0.4	242	520
Hong Kong	244	126	392	0.6	212	314
Rest of Greater China	232	129	320	0.8	194	335
South and South-east Asia	207	130	302	0.9	209	234
Rest of the World	1,534	787	214	7.5	65	72
Total non-performing loans	2,627	1,302	2,092	1.2	129	165
Debt securities	13	4	117	-	931	2,420
Contingent liabilities & others	86	49	302	-	408	747
Total non-performing assets	2,726	1,355	2,511	-	142	183
30 Jun 2012						
Singapore	594	196	828	0.6	172	378
Hong Kong	303	159	398	0.8	184	277
Rest of Greater China	237	131	333	0.8	196	331
South and South-east Asia	177	115	290	0.8	229	263
Rest of the World	1,450	681	198	7.3	61	63
Total non-performing loans	2,761	1,282	2,047	1.3	121	154
Debt securities	13	4	118	-	938	2,440
Contingent liabilities & others	182	65	304	-	203	527
Total non-performing assets	2,956	1,351	2,469	-	129	171

By industry [1/] ($m)	30 Jun 2013		31 Mar 2013		31 Dec 2012		30 Jun 2012	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
Manufacturing	481	289	395	247	352	240	392	241
Building and construction	114	50	84	39	83	38	101	38
Housing loans	118	12	120	12	106	12	104	12
General commerce	406	229	386	201	277	155	291	142
Transportation, storage & communications	1,231	545	1,201	524	1,201	520	1,174	462
Financial institutions, investment & holding companies	297	172	291	157	404	265	423	278
Professionals & private individuals (excluding housing loans)	158	46	159	46	162	46	176	60
Others	70	34	34	23	42	26	100	49
Total non-performing loans	2,875	1,377	2,670	1,249	2,627	1,302	2,761	1,282
Debt securities	9	3	13	4	13	4	13	4
Contingent liabilities & others	82	48	84	49	86	49	182	65
Total non-performing assets	2,966	1,428	2,767	1,302	2,726	1,355	2,956	1,351

Note:
1/ Certain loans to investment holding companies have been reclassified to better reflect the underlying principal activity of the companies owned by the holding company. The amounts for prior periods have also been reclassified to conform to the current presentation.

By loan classification ($m)	30 Jun 2013		31 Mar 2013		31 Dec 2012		30 Jun 2012	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
Non-performing assets								
Substandard	1,620	260	1,474	267	1,405	268	1,584	258
Doubtful	983	805	724	466	752	518	990	711
Loss	363	363	569	569	569	569	382	382
Total	2,966	1,428	2,767	1,302	2,726	1,355	2,956	1,351
Restructured assets								
Substandard	942	182	881	200	888	200	847	205
Doubtful	363	338	224	117	223	114	125	109
Loss	72	72	271	271	276	276	22	22
Total	1,377	592	1,376	588	1,387	590	994	336

By collateral type ($m)	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
	NPA	NPA	NPA	NPA
Unsecured non-performing assets	2,190	2,095	2,115	2,234
Secured non-performing assets by collateral type				
Properties	343	297	269	353
Shares and debentures	145	84	58	74
Fixed deposits	27	29	32	34
Others	261	262	252	261
Total	2,966	2,767	2,726	2,956

By period overdue

($m)	30 Jun 2013 NPA	31 Mar 2013 NPA	31 Dec 2012 NPA	30 Jun 2012 NPA
Not overdue	1,244	1,203	1,245	970
<90 days overdue	249	363	297	473
91-180 days overdue	319	271	193	187
>180 days overdue	1,154	930	991	1,326
Total	2,966	2,767	2,726	2,956

Non-performing assets rose 7% from the previous quarter to $3.0 billion while the non-performing loan rate was unchanged at 1.2%.

Allowance coverage was at 141% of non-performing assets and 191% if collateral was considered.

CUSTOMER DEPOSITS [1/]

($m)	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
By currency and product				
Singapore dollar	138,947	134,295	131,000	124,091
Fixed deposits	21,190	17,636	19,501	17,805
Savings accounts	94,347	94,485	90,561	87,169
Current accounts	22,227	20,759	20,024	18,371
Others	1,183	1,415	914	746
Hong Kong dollar	25,584	27,187	25,730	21,422
Fixed deposits	15,897	16,569	15,690	11,319
Savings accounts	5,902	6,483	6,283	6,227
Current accounts	3,692	3,953	3,516	3,700
Others	93	182	241	176
US dollar	49,895	44,740	45,981	43,603
Fixed deposits	23,891	21,609	24,124	22,021
Savings accounts	4,666	5,053	4,256	3,345
Current accounts	16,319	14,685	15,332	13,629
Others	5,019	3,393	2,269	4,608
Others	46,971	44,593	40,196	41,450
Fixed deposits	37,379	36,135	32,644	34,513
Savings accounts	2,900	3,006	2,412	2,209
Current accounts	5,330	4,436	3,969	3,463
Others	1,362	1,016	1,171	1,265
Total	261,397	250,815	242,907	230,566
Fixed deposits	98,357	91,949	91,959	85,658
Savings accounts	107,815	109,027	103,512	98,950
Current accounts	47,568	43,833	42,841	39,163
Others	7,657	6,006	4,595	6,795

Note:
1/ Includes customer deposits classified as financial liabilities at fair value through profit or loss on the balance sheet

Customer deposits increased 4% from the previous quarter to $261 billion, with US-dollar and Singapore-dollar deposits leading the increase. Compared to a year ago, customer deposits were 13% higher.

Deposit growth over the quarter and past 12 months was in line with loan growth, and the loan-deposit ratio was stable compared to both periods at 90%.

DEBTS ISSUED

($m)	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
Subordinated term debts	5,532	5,542	5,505	4,616
Medium term notes	4,511	3,556	3,168	2,982
Commercial papers	14,186	9,611	5,820	9,721
Certificates of deposit [1/]	967	996	1,149	2,549
Other debt securities in issue [2/]	4,370	4,275	3,617	3,262
Total	29,566	23,980	19,259	23,130
Due within 1 year	16,458	13,040	8,498	12,966
Due after 1 year	13,108	10,940	10,761	10,164
Total	29,566	23,980	19,259	23,130

Notes:
1/ Includes certificates of deposit classified as financial liabilities at fair value through profit or loss on the balance sheet
2/ Includes other debt securities in issue classified as financial liabilities at fair value through profit or loss on the balance sheet

VALUE AT RISK AND TRADING INCOME

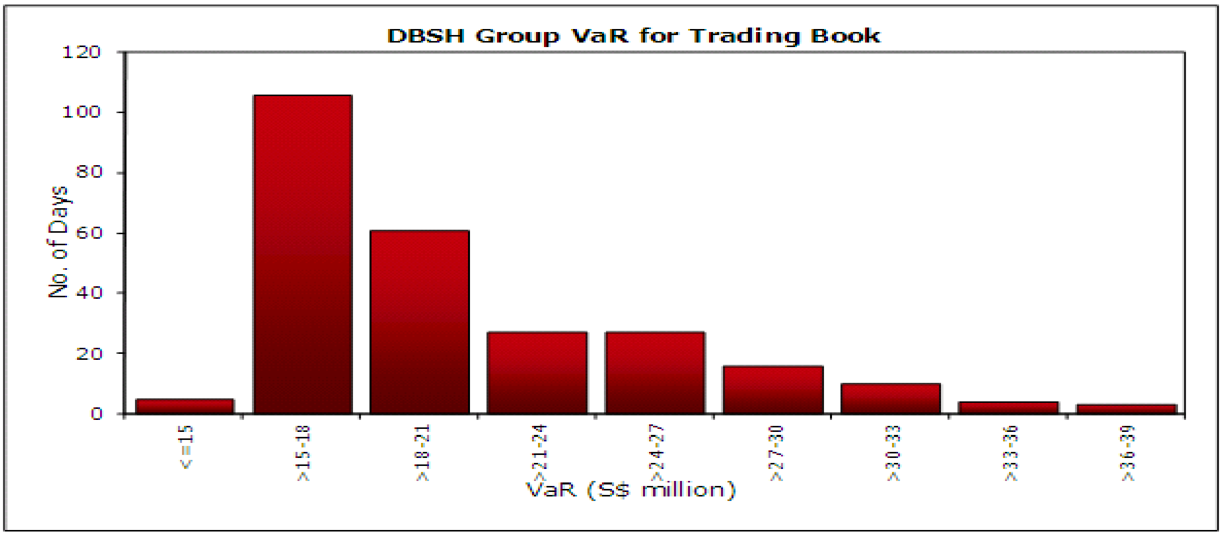
The Group uses a Value at Risk (VaR) measure as one mechanism for monitoring and controlling trading risk. The VaR is calculated using a one-day time horizon and a 99% confidence interval.

Back-testing is a procedure used to verify the predictive power of the VaR model involving comparison of daily profits and losses adjusted with the estimates from the VaR model. In the back-testing for the period from 1 July 2012 to 30 June 2013, there was one exception on 7 June 2013 compared to none in the corresponding prior period. This was due to market volatility in the foreign exchange markets, in particular, depreciation of USD/JPY by 2.7%, alongside widened credit spreads on Asian ex-Singapore corporate bonds by approximately 4 basis points.

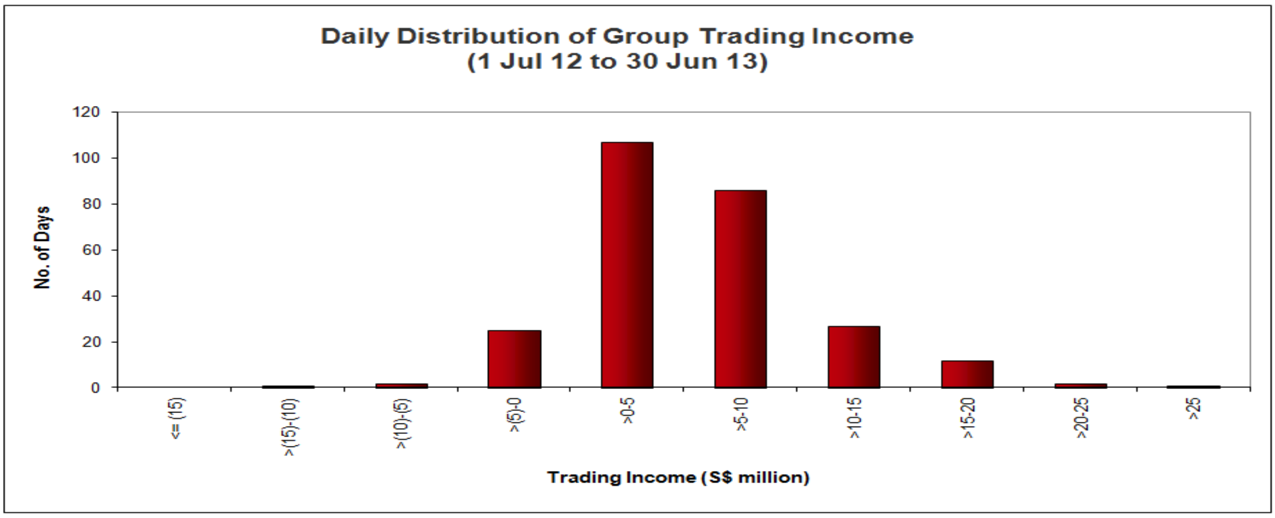
The following table shows the period-end, average, high and low VaR for the trading risk exposure of the Group for the period from 1 July 2012 to 30 June 2013. The Group's trading book VaR methodology is based on Historical Simulation VaR.

		1 Jul 2012 to 30 Jun 2013		
($m)	**As at 30 Jun 2013**	**Average**	**High**	**Low**
Total	22	21	38	13

The chart below shows the histogram of VaR for the Group's trading book for the period from 1 July 2012 to 30 June 2013.



The chart below shows the frequency distribution of daily trading income of Treasury & Markets Group for the period from 1 July 2012 to 30 June 2013.



CAPITAL ADEQUACY

($m)	30 Jun 2013 [1/]	31 Mar 2013 [1/]	31 Dec 2012 [1/]	30 Jun 2012 [1/]
Share capital	9,566	9,496		
Disclosed reserves and others	22,979	22,707		
Regulatory adjustments due to insufficient AT1 capital	(1,280)	(1,240)		
CET1	31,265	30,963		
AT1 capital instruments	3,746	3,746		
Total regulatory adjustments to AT1 capital	(3,746)	(3,746)		
Tier 1 capital	31,265	30,963	30,196	28,816
Provisions	1,287	1,259		
Tier 2 capital instruments	4,955	4,955		
Total regulatory adjustments to Tier 2 capital	(1)	(1)		
Total capital	37,506	37,176	36,831	34,627
Credit risk	194,774	191,415	173,969	184,034
Market risk	33,480	34,715	27,827	27,903
Operational risk	14,503	14,229	13,795	13,445
Total risk-weighted assets	242,757	240,359	215,591	225,382
Capital Adequacy Ratio (“CAR”) (%)				
CET1	12.9	12.9	NA	NA
Tier 1	12.9	12.9	14.0	12.8
Total	15.5	15.5	17.1	15.4
Pro forma CET1 under final rules effective 1 Jan 2018	11.3	11.3	NA	NA
Minimum CAR (%)				
CET1	4.5	4.5	NA	NA
Tier 1	6.0	6.0	6.0	6.0
Total	10.0	10.0	10.0	10.0

Key: CET1: Common Equity Tier 1; AT1: Additional Tier 1; NA: Not Applicable

Note:
1/ With effect from 1 January 2013, Basel III capital adequacy requirements came into effect in Singapore. Changes due to Basel III affected both eligible capital and risk-weighted assets. Capital adequacy disclosures relating to dates prior to 1 January 2013 are calculated in accordance with the then prevailing capital adequacy regulations and are thus not directly comparable to those pertaining to dates from 1 January 2013.

Total capital increased for the quarter due to higher retained earnings, partially offset by decline in available-for-sale revaluation reserves. As eligible capital increased in line with risk-weighted assets, the capital adequacy ratios remained unchanged between 31 March 2013 and 30 June 2013.

Compared to a year ago, total capital increased due to higher retained earnings, offset by the reduced eligibility of the Group’s preference shares and subordinated term debts. These are *prima facie* ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down on point of non-viability, but are accorded partial recognition under the Basel III transitional arrangements.

Risk-weighted assets increased from the previous quarter mainly due to the impact of exchange rates and asset growth. Compared to a year ago, risk-weighted assets increased due to new Basel III charges effective since 1 January 2013 and asset growth. Basel III imposes higher risk-weights for exposures to financial institutions and new capital charges for over-the-counter derivatives.

ADDITIONAL PILLAR 3 DISCLOSURES

The following disclosures are made pursuant to the Monetary Authority of Singapore's Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore" ("Notice 637").

Composition of Capital

The Composition of Capital disclosure forms part of the Notice 637 Pillar 3 disclosures. It shows a full reconciliation between the published balance sheet and the elements of regulatory capital, as well as main features of the Group's regulatory capital instruments.

Quantitative Disclosures

The Quantitative Disclosures, hitherto disclosed annually, form part of the Notice 637 Pillar 3 disclosures. They provide details on the scope of application, risk profile and capital adequacy of the Group. With effect from first half 2013, these disclosures will be disclosed semi-annually. The disclosures with respect to 30 June 2013 will be available from 15 August 2013.

The Composition of Capital and Quantitative Disclosures will be published in the Financial Results, Supplements, and Regulatory Disclosures section of the Group website: (http://www.dbs.com/investor/quarterlyresults/default.aspx)

Capital Adequacy of Significant Banking Subsidiary

DBS Bank (Hong Kong) Limited is deemed to be a significant banking subsidiary for the purposes of Pillar 3 disclosures under Notice 637 paragraph 11.3.7.

	30 June 2013			
		CAR (%)		
In HK$ billions	**Total risk-weighted assets**	**Common Equity Tier 1**	**Tier 1**	**Total**
DBS Bank (Hong Kong) Limited [1/]	213.9	12.9	12.9	14.9

Note:
1/ The capital adequacy ratios are calculated in accordance with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority (HKMA). DBSHK uses the Internal Ratings-Based ("IRB") approach for the calculation of the risk-weighted assets for the majority of its credit risk exposures and the Standardised approach for those exempted from the IRB approach. DBSHK uses the Standardised approaches for the calculation of risk-weighted assets for market risk and operational risk.

UNREALISED VALUATION SURPLUS

($m)	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
Properties [1/]	606	611	604	582
Financial investments classified as loans and receivables [2/]	125	279	281	214
Total	731	890	885	796

Notes:
1/ Stated at cost less accumulated depreciation and impairment losses in the balance sheet
2/ Stated at cost less impairment losses in the balance sheet

The amount of unrealised valuation surplus decreased from $890 million in the previous quarter to $731 million mainly due to lower valuations of financial investments.

Unaudited Consolidated Income Statement

In $ millions	2nd Qtr 2013	2nd Qtr 2012	+/(-) %	1st Qtr 2013	+/(-) %	1st Half 2013	1st Half 2012	+/(-) %
Income								
Interest income	**1,975**	1,912	3	1,920	3	**3,895**	3,782	3
Interest expense	**593**	588	1	593	-	**1,186**	1,122	6
Net interest income	**1,382**	1,324	4	1,327	4	**2,709**	2,660	2
Net fee and commission income	**477**	379	26	507	(6)	**984**	785	25
Net trading income	**330**	139	>100	410	(20)	**740**	464	59
Net gain/(loss) from financial instruments designated at fair value	**6**	(6)	NM	(2)	NM	**4**	(39)	NM
Net income from financial investments	**45**	97	(54)	66	(32)	**111**	206	(46)
Other income	**69**	12	>100	9	>100	**78**	25	>100
Total income	**2,309**	1,945	19	2,317	-	**4,626**	4,101	13
Expenses								
Employee benefits	**521**	466	12	506	3	**1,027**	951	8
Other expenses	**466**	406	15	446	4	**912**	819	11
Allowances for credit and other losses	**245**	104	>100	223	10	**468**	248	89
Total expenses	**1,232**	976	26	1,175	5	**2,407**	2,018	19
Operating profit after allowances	**1,077**	969	11	1,142	(6)	**2,219**	2,083	7
Share of profits of associates	**22**	36	(39)	27	(19)	**49**	75	(35)
Profit before tax	**1,099**	1,005	9	1,169	(6)	**2,268**	2,158	5
Income tax expense	**162**	143	13	167	(3)	**329**	313	5
Net profit	**937**	862	9	1,002	(6)	**1,939**	1,845	5
Attributable to:								
Shareholders	**887**	810	10	950	(7)	**1,837**	1,743	5
Non-controlling interests	**50**	52	(4)	52	(4)	**102**	102	-
	937	862	9	1,002	(6)	**1,939**	1,845	5

Note:
NM Not Meaningful

Unaudited Consolidated Statement of Comprehensive Income

In $ millions	2nd Qtr 2013	2nd Qtr 2012	+/(-) %	1st Qtr 2013	+/(-) %	1st Half 2013	1st Half 2012	+/(-) %
Net profit	**937**	862	9	1,002	(6)	**1,939**	1,845	5
Other comprehensive income [1/]:								
Foreign currency translation differences for foreign operations	**(29)**	(22)	(32)	37	NM	**8**	(45)	NM
Share of other comprehensive income of associates	**5**	(10)	NM	2	>100	**7**	(7)	NM
Available-for-sale financial assets and others								
Net valuation taken to equity	**(557)**	157	NM	39	NM	**(518)**	318	NM
Transferred to income statement	**(20)**	(67)	70	(52)	62	**(72)**	(162)	56
Tax on items taken directly to or transferred from equity	**43**	(3)	NM	(8)	NM	**35**	(20)	NM
Other comprehensive income, net of tax	**(558)**	55	NM	18	NM	**(540)**	84	NM
Total comprehensive income	**379**	917	(59)	1,020	(63)	**1,399**	1,929	(27)
Attributable to:								
Shareholders	**325**	869	(63)	966	(66)	**1,291**	1,839	(30)
Non-controlling interests	**54**	48	13	54	-	**108**	90	20
	379	917	(59)	1,020	(63)	**1,399**	1,929	(27)

Notes:
1/ Items recorded in "Other Comprehensive Income" above will be reclassified subsequently to the income statement when specific conditions are met e.g. when foreign operations or available-for-sale financial assets are disposed.
NM Not Meaningful

Unaudited Balance Sheets

	GROUP				COMPANY			
In $ millions	30 Jun 2013	31 Mar 2013	31 Dec 2012 [1/]	30 Jun 2012	30 Jun 2013	31 Mar 2013	31 Dec 2012 [1/]	30 Jun 2012
ASSETS								
Cash and balances with central banks	**18,235**	17,422	17,772	17,297				
Singapore Government securities and treasury bills	**10,940**	12,050	12,092	11,861				
Due from banks	**33,079**	31,732	28,808	34,193				
Financial assets at fair value through profit or loss [2/]	**12,462**	12,824	11,540	10,411				
Positive fair values for financial derivatives	**15,962**	14,943	17,280	19,752				
Loans and advances to customers	**233,420**	222,347	209,395	204,070				
Financial investments	**38,378**	36,159	35,567	34,380				
Securities pledged and transferred	**4,620**	7,408	4,397	3,212				
Subsidiaries					**12,376**	11,188	11,159	10,491
Investments in associates	**1,284**	1,271	1,236	945				
Goodwill on consolidation	**4,802**	4,802	4,802	4,802				
Properties and other fixed assets	**913**	917	945	954				
Investment properties	**504**	504	497	372				
Deferred tax assets	**189**	148	91	151				
Other assets	**11,812**	10,732	8,611	10,620	**-**	-	-	22
TOTAL ASSETS	**386,600**	373,259	353,033	353,020	**12,376**	11,188	11,159	10,513
LIABILITIES								
Due to banks	**26,434**	29,198	25,162	30,855				
Due to non-bank customers	**259,804**	249,104	241,165	227,229				
Financial liabilities at fair value through profit or loss [3/]	**8,910**	10,601	7,849	8,845				
Negative fair values for financial derivatives	**16,802**	15,277	17,532	20,161				
Bills payable	**261**	301	316	363				
Current tax liabilities	**983**	924	824	919				
Deferred tax liabilities	**45**	86	30	29				
Other liabilities	**11,073**	10,646	8,416	10,233	**18**	8	8	7
Other debt securities in issue	**20,048**	14,531	10,236	15,330				
Subordinated term debts	**5,532**	5,542	5,505	4,616				
TOTAL LIABILITIES	**349,892**	336,210	317,035	318,580	**18**	8	8	7
NET ASSETS	**36,708**	37,049	35,998	34,440	**12,358**	11,180	11,151	10,506
EQUITY								
Share capital	**9,729**	9,659	9,645	9,537	**9,729**	9,659	9,645	9,537
Treasury shares	**(87)**	(69)	(103)	(106)	**(58)**	(38)	(71)	(71)
Other reserves	**6,681**	7,228	7,229	7,157	**99**	84	101	72
Revenue reserves	**16,119**	15,916	14,966	13,589	**2,588**	1,475	1,476	968
SHAREHOLDERS' FUNDS	**32,442**	32,734	31,737	30,177	**12,358**	11,180	11,151	10,506
Non-controlling interests	**4,266**	4,315	4,261	4,263				
TOTAL EQUITY	**36,708**	37,049	35,998	34,440	**12,358**	11,180	11,151	10,506
OTHER INFORMATION								
Net book value per share ($)								
(i) Basic	**13.21**	13.35	12.96	12.36	**4.99**	4.51	4.51	4.26
(ii) Diluted	**13.12**	13.25	12.86	12.27	**5.00**	4.53	4.53	4.28

Notes:
1/ Audited
2/ Includes customer loans, interbank assets, other government securities and treasury bills, corporate debt securities and equity securities
3/ Includes customer deposits, interbank liabilities, other debt securities in issue and other financial liabilities

Unaudited Consolidated Statement of Changes in Equity

GROUP

In $ millions	Ordinary shares	Convertible preference shares	Treasury shares	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	**9,482**	**163**	**(103)**	**7,229**	**14,966**	**31,737**	**4,261**	**35,998**
Issue of shares upon exercise of share options	**16**					**16**		**16**
Reclassification of reserves upon exercise of share options	**4**			**(4)**		**-**		**-**
Issuance of new shares pursuant to Scrip Dividend Scheme	**64**					**64**		**64**
Cost of share-based payments				**38**		**38**		**38**
Purchase of Treasury shares			**(20)**			**(20)**		**(20)**
Draw-down of reserves upon vesting of performance shares			**36**	**(36)**		**-**		**-**
Final dividends paid for previous year					**(684)**	**(684)**		**(684)**
Dividends paid to non-controlling interests						**-**	**(103)**	**(103)**
Total comprehensive income				**(546)**	**1,837**	**1,291**	**108**	**1,399**
Balance at 30 June 2013	**9,566**	**163**	**(87)**	**6,681**	**16,119**	**32,442**	**4,266**	**36,708**
Balance at 1 January 2012	9,101	249	(154)	7,075	12,523	28,794	4,275	33,069
Conversion of DBSH Non-voting CPS and Non-voting redeemable CPS to ordinary shares	86	(86)				-		-
Issue of shares upon exercise of share options	20					20		20
Reclassification of reserves upon exercise of share options	1			(1)		-		-
Issuance of new shares pursuant to Scrip Dividend Scheme	166					166		166
Cost of share-based payments				35		35		35
Draw-down of reserves upon vesting of performance shares			48	(48)		-		-
Final dividends paid for previous year					(677)	(677)		(677)
Dividends paid to non-controlling interests						-	(102)	(102)
Total comprehensive income				96	1,743	1,839	90	1,929
Balance at 30 June 2012	9,374	163	(106)	7,157	13,589	30,177	4,263	34,440

Unaudited Statement of Changes in Equity

COMPANY

In $ millions	Ordinary shares	Convertible preference shares	Treasury shares	Other reserves	Revenue reserves	Total equity
Balance at 1 January 2013	**9,482**	**163**	**(71)**	**101**	**1,476**	**11,151**
Purchase of Treasury shares			**(20)**			**(20)**
Transfer of Treasury shares			**33**			**33**
Draw-down of reserves upon vesting of performance shares				**(36)**		**(36)**
Issue of shares upon exercise of share options	**16**					**16**
Reclassification of reserves upon exercise of share options	**4**			**(4)**		**-**
Cost of share-based payments				**38**		**38**
Issuance of new shares pursuant to Scrip Dividend Scheme	**64**					**64**
Final dividends paid for previous year					**(684)**	**(684)**
Total comprehensive income					**1,796**	**1,796**
Balance at 30 June 2013	**9,566**	**163**	**(58)**	**99**	**2,588**	**12,358**
Balance at 1 January 2012	9,101	249	(115)	86	1,648	10,969
Conversion of DBSH Non-voting CPS and Non-voting redeemable CPS to ordinary shares	86	(86)				-
Transfer of Treasury shares			44			44
Draw-down of reserves upon vesting of performance shares				(48)		(48)
Issue of shares upon exercise of share options	20					20
Reclassification of reserves upon exercise of share options	1			(1)		-
Cost of share-based payments				35		35
Issuance of new shares pursuant to Scrip Dividend Scheme	166					166
Final dividends paid for previous year					(677)	(677)
Total comprehensive income					(3)	(3)
Balance at 30 June 2012	9,374	163	(71)	72	968	10,506

Unaudited Consolidated Cash Flow Statement

In $ millions	1st Half 2013	1st Half 2012
Cash flows from operating activities		
Net profit for the period	**1,939**	1,845
Adjustments for non-cash items:		
Allowances for credit and other losses	**468**	248
Depreciation of properties and other fixed assets	**108**	83
Share of profits of associates	**(49)**	(75)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(44)**	(8)
Net income from financial investments	**(111)**	(206)
Income tax expense	**329**	313
Profit before changes in operating assets & liabilities	**2,640**	2,200
Increase/(Decrease) in:		
Due to banks	**1,272**	3,254
Due to non-bank customers	**18,639**	8,237
Financial liabilities at fair value through profit or loss	**1,061**	(3,063)
Other liabilities including bills payable	**1,921**	(1,894)
Debt securities and borrowings	**9,790**	4,846
Decrease/(Increase) in:		
Restricted balances with central banks	**(707)**	(143)
Singapore Government securities and treasury bills	**1,152**	642
Due from banks	**(4,271)**	(8,615)
Financial assets at fair value through profit or loss	**(922)**	1,516
Loans and advances to customers	**(24,481)**	(10,059)
Financial investments	**(2,714)**	(3,693)
Other assets	**(2,669)**	125
Tax paid	**(218)**	(254)
Net cash generated from/(used in) operating activities (1)	**493**	(6,901)
Cash flows from investing activities		
Proceeds from disposal of associates	**(2)**	2
Dividends from associates	**11**	67
Purchase of properties and other fixed assets	**(86)**	(91)
Proceeds from disposal of properties and other fixed assets	**61**	30
Net cash (used in)/generated from investing activities (2)	**(16)**	8
Cash flows from financing activities		
Increase in share capital	**84**	187
Payment upon maturity of subordinated term debts	**-**	(2,575)
Issuance of subordinated term debts	**-**	1,943
Dividends paid to non-controlling interests	**(103)**	(102)
Dividends paid to shareholders of the Company	**(684)**	(677)
Purchase of treasury shares	**(20)**	-
Net cash used in financing activities (3)	**(723)**	(1,224)
Exchange translation adjustments (4)	**2**	(33)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**(244)**	(8,150)
Cash and cash equivalents at 1 January	**10,993**	18,891
Cash and cash equivalents at 30 June	**10,749**	10,741

Additional Information

ISSUANCE OF ORDINARY SHARES

(a) The movement in the number of issued and fully paid-up ordinary shares is as follows:

	Number of shares	
Ordinary shares	**2013**	**2012**
Balance at 1 January	2,442,028,426	2,350,317,632
Shares issued on conversion of Preference shares	-	70,026,649
Shares issued on exercise of share options pursuant to the DBSH Share Option Plan	1,227,924	1,459,498
As at 31 March	2,443,256,350	2,421,803,779
Shares issued pursuant to Scrip Dividend Scheme	3,654,789	12,668,158
Shares issued on exercise of share options pursuant to the DBSH Share Option Plan	349,903	161,803
Balance at 30 June [a]	2,447,261,042	2,434,633,740
Treasury shares held by DBSH		
Balance at 1 January	5,344,000	8,644,000
Shares transferred to trust holding shares pursuant to DBSH Share Plan / DBSH Employee Share Plan	(2,500,000)	(3,300,000)
As at 31 March	2,844,000	5,344,000
Purchase of Treasury Shares	1,300,000	-
Balance at 30 June [b]	4,144,000	5,344,000
Ordinary shares net of treasury shares [a] – [b]	2,443,117,042	2,429,289,740

(b) New ordinary shares that would have been issued on conversion of preference shares and exercise of share options are as follows:

(Number)	**30 Jun 2013**	**30 Jun 2012**
Conversion of non-voting redeemable CPS	30,011,421	30,011,421
Exercise of share options	1,570,387	3,735,681
Weighted average number of shares for first half		
- ordinary shares	2,439,039,569	2,393,874,479
- fully diluted	2,469,362,554	2,424,538,790

The fully diluted shares took into account the effect of a full conversion of non-voting redeemable convertible preference shares and the exercise of all outstanding share options granted to employees when such shares would be issued at a price lower than the average share price during the period.

INTERESTED PERSON TRANSACTIONS

Pursuant to Rule 920(1) of the SGX Listing Manual, DBSH has not obtained a general mandate from shareholders for Interested Person Transactions.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

The interim financial information should be read in conjunction with the audited financial statements included in the Group's Annual Report 2012.

The disclosures on Fair Value of Financial Instruments and Offsetting Financial Assets and Financial Liabilities are made pursuant to the new or revised FRSs (refer to page 2 for more information)

1. Fair Value of Financial Instruments

The valuation process and fair value hierarchy policies applied for the current financial period are consistent with those disclosed for the financial year ended 31 December 2012.

Portfolio Measurement

Portfolios of financial assets and liabilities are revalued on the basis of market mid prices, with adjustment to reflect the cost of closing out the net positions, per location, by accounting classification.

Fair Value Hierarchy

The fair value hierarchy accords the highest level to observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level to unobservable inputs. The fair value measurement of each financial instrument is categorised in accordance to the same level of the fair value hierarchy as the input with the lowest level that is significant to the entire measurement. If unobservable inputs are deemed as significant, the financial instrument will be categorised as Level 3.

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 of the valuation hierarchy. These would include government and sovereign securities, listed equities and corporate debt securities which are actively traded. Derivatives contracts which are traded in an active exchange market are also classified as Level 1 of the valuation hierarchy.

Where fair value is determined using quoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group will determine the fair value based on valuation techniques that use market parameters as inputs including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include corporate debt securities, repurchase, reverse repurchase agreements and most of the Group's over-the-counter derivatives.

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. These would include all input parameters which are derived from historical data such as correlation or volatilities as well as unquoted equity securities. The fair value of unquoted equity securities is measured in comparison with recent transactions in the equity of the company in question or comparable companies in similar industries. Level 3 inputs also include all quoted security prices that have not been updated for more than 3 months, quoted proxies in active markets for non-similar asset classes (e.g. bonds marked over credit default swap spreads), as well as prices/valuations that are obtained from counterparties. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The following table presents assets and liabilities measured at fair value according to the fair value hierarchy:

30 Jun 2013

	The Group			
In $ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Singapore Government securities and treasury bills[(a)]	10,940	-	-	10,940
Financial assets at fair value through profit or loss[(b)]	8,499	3,871	92	12,462
Available-for-sale financial investments[(c)]	24,839	7,250	177	32,266
Securities pledged and transferred [(a)]	4,518	102	-	4,620
Positive fair values for financial derivatives	67	15,880	15	15,962
Total	48,863	27,103	284	76,250

In $ millions	The Group Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value through profit or loss[d]	3,169	5,720	21	8,910
Negative fair values for financial derivatives	104	16,698	-	16,802
Total	3,273	22,418	21	25,712

(a) Includes securities classified as available-for-sale and at fair value through profit or loss
(b) Includes other government securities, corporate debt securities, equity securities and other financial assets at fair value through profit or loss
(c) Includes available-for-sale financial investments and other financial assets classified as available-for-sale. Excludes unquoted equities stated at cost of $230 million
(d) Includes debt securities in issue, due to non-bank customers (structured investments) and other financial liabilities at fair value through profit or loss

During the period, the Group transferred financial assets and liabilities consisting primarily corporate bonds of $446 million from Level 1 to Level 2 due to reduced market activity for these financial instruments. During the same period, the Group transferred financial assets which relate mainly to corporate bonds of $27 million from Level 2 to Level 1 arising from increased market activity for these financial instruments.

The Group's policy is to recognise transfers between the levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

The following table presents the changes in Level 3 instruments for the financial period ended:

In $ millions	At 1 January	Fair value gains or losses Profit or loss	Other comprehensive income	Purc-hases	Issues	Settle-ments	Transfers in	Transfers out	At 30 June
1st Half 2013									
Assets									
Financial assets at fair value through profit or loss	97	(3)	-	2	-	(5)	1	-	92
Available-for-sale financial investments	162	5	15	2	-	(7)	-	-	177
Positive fair values for financial derivatives	22	2	-	1	-	-	-	(10)	15
Total	281	4	15	5	-	(12)	1	(10)	284
Liabilities									
Financial liabilities at fair value through profit or loss	26	-	-	-	-	(4)	-	(1)	21
Negative fair values for financial derivatives	11	3	-	-	-	-	-	(14)	-
Total	37	3	-	-	-	(4)	-	(15)	21

Gain and losses on financial assets and liabilities measured at fair value

In $ millions 1st Half 2013	Category reported in the Income Statement Net trading Income	Net income from financial investments	Total
Total gains or losses for the period included in profit or loss	(4)	5	1
Of Which:			
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(4)	-	(4)

Fair value gains or losses taken to Other Comprehensive Income are reported in the Statement of Comprehensive Income as "Net valuation taken to equity".

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

As at 30 June 2013, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) include unquoted equity investments, corporate debt securities, equity, interest rate and credit derivatives and financial liabilities from structured product issuances.

There are limited inter-relationships between unobservable inputs as the financial instruments are usually categorised into Level 3 because of a single unobservable input.

In estimating significance, the Group performed sensitivity analysis based on methodologies applied for fair value adjustments. These adjustments reflect the values which the Group estimates to be appropriate to reflect uncertainties in the inputs used (e.g. based on stress testing methodologies on the unobservable input). The methodologies used can be statistical or based on other relevant approved techniques.

The movement in fair value arising from reasonably possible changes to the valuation assumptions is assessed as not significant.

In $ millions	Fair Value at 30 Jun 2013	Classification	Valuation technique	Unobservable Input
Assets				
Corporate debt securities	92	FVPL[(a)]	Discounted Cash Flows	Credit spreads
Corporate debt securities	37	AFS[(b)]	Discounted Cash Flows	Credit spreads
Equity securities (Unquoted)	140	AFS[(b)]	Net Asset Value	Net asset value of securities
Positive fair values for financial derivatives	15	FVPL[(a)]	CDS models / Option & interest rate pricing model	Credit spreads / Correlations/ Basis Volatility
Total	284			
Liabilities				
Other debt securities in issue	21	FVPL[(a)]	Discounted Cash Flows	Credit spreads
Total	21			

(a) FVPL denotes financial instruments classified as fair value through profit or loss
(b) AFS denotes financial instruments classified as available-for-sale

Financial assets and liabilities not carried at fair value

Unquoted equities of $230 million as at 30 June 2013 were stated at cost less accumulated impairment losses because the fair value cannot be reliably estimated using valuation techniques supported by observable market data. The Group intends to dispose of such instruments through public listing or trade sale.

For all other financial assets and liabilities not carried at fair value on the financial statements, the Group has ascertained that their fair values were not materially different from their carrying amounts at the end of the financial period.

2. Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities are presented net when there is a legally enforceable right to set off the recognised amounts, and there is intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities offset on the balance sheet

As at 30 June 2013, "Loans and advances to customers" of $2,431 million (31 December 2012: $3,710 million) were set off against "Due to non-bank customers" of $2,546 million (31 December 2012: $3,734 million) because contractually the Group has a legally enforceable right to set off these amounts, and intends to settle the loans and the deposits simultaneously at maturity or termination dates. This resulted in a net amount of $115 million being reported under "Due to non-bank customers" as at 30 June 2013 (31 December 2012: $24 million).

Financial assets and liabilities subject to netting agreement but not offset on the balance sheet

The Group enters into master netting arrangements with counterparties where it is appropriate and feasible to do so to mitigate counterparty risk. The credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. Master netting arrangements do not result in an offset of financial assets and liabilities on the balance sheet, as the legal right to set off the transactions is conditional upon default.

These agreements include derivative master agreements (including the International Swaps and Derivatives Association (ISDA) Master Agreement), global master repurchase agreements and global securities lending agreements. The collaterals received and posted under these agreements are generally conducted under terms that are in accordance with normal market practice. In these agreements, the counterparty is typically allowed to sell or repledge those non-cash collaterals (i.e. securities) lent or transferred, but has an obligation to return the securities at maturity. If the securities decrease in value, the Group may, in certain circumstances, be required to pay additional cash collateral, and typically the counterparty has recourse only to the securities. Please refer to the Risk Management section of the Group's 2012 Annual Report for further details around the impact of a downgrade of the Group on its requirement to post more collateral.

In addition, the Group receives cash and other collaterals such as marketable securities to reduce its credit exposure. The Group also engages in a variety of counterparty credit mitigation strategies in addition to netting and collateral arrangements. The Risk Management section of the Group's 2012 Annual Report explains the use of such credit risk mitigants.

The disclosures set out in the tables below pertain to financial assets and liabilities that are not offset in the Group's balance sheet but are subject to enforceable master netting arrangement or similar agreement that covers similar financial instruments. The disclosures enable the understanding of both the gross and net amounts (for IFRS and US GAAP readers respectively), as well as provide additional information on how such credit risk is mitigated.

30 Jun 2013

In $ millions				Related amounts not set off on balance sheet		
Types of financial assets/liabilities	**Carrying amounts on balance sheet (A)**	**Financial instruments not in scope of offsetting disclosures (B)**	**Gross recognised financial instruments in scope (A - B= C + D +E)**	**Financial instruments (C)**	**Cash collateral received/ pledged (D)**	**Net amounts in scope (E)**
Financial Assets						
Positive fair values for financial derivatives	15,962[(a)]	6,625[(b)]	9,337	8,782[(b)]	331	224
Reverse repurchase agreements	3,709[(c)]	-	3,709	3,709	-	-
Securities borrowings	42[(d)]	-	42	39	-	3
Total	19,713	6,625	13,088	12,530	331	227
Financial Liabilities						
Negative fair values for financial derivatives	16,802[(a)]	5,663 [(b)]	11,139	8,693[(b)]	1,902	544
Repurchase agreements	4,037[(e)]	213	3,824	3,823	-	1
Securities lendings	2[(f)]	-	2	2	-	-
Total	20,841	5,876	14,965	12,518	1,902	545

31 Dec 2012

In $ millions				Related amounts not set off on balance sheet		
Types of financial assets/liabilities	**Carrying amounts on balance sheet (A)**	**Financial instruments not in scope of offsetting disclosures (B)**	**Gross recognised financial instruments in scope (A - B= C + D +E)**	**Financial instruments (C)**	**Cash collateral received/ pledged (D)**	**Net amounts in scope (E)**
Financial Assets						
Positive fair values for financial derivatives	17,280[(a)]	7,139[(b)]	10,141	9,624[(b)]	447	70
Reverse repurchase agreements	2,429[(c)]	-	2,429	2,429	-	-
Securities borrowings	76[(d)]	-	76	71	-	5
Total	19,785	7,139	12,646	12,124	447	75
Financial Liabilities						
Negative fair values for financial derivatives	17,532 [(a)]	5,521 [(b)]	12,011	9,662[(b)]	1,936	413
Repurchase agreements	3,335 [(e)]	420	2,915	2,914	-	1
Securities lendings	1 [(f)]	-	1	-	-	1
Total	20,868	5,941	14,927	12,576	1,936	415

Notes:
(a) Derivatives are measured at fair value through profit or loss.
(b) Related amounts under "Financial Instruments" are prepared on the same basis as netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) as set out under MAS Notice 637, which incorporates a conservative stance on enforceable netting. Accordingly, the amounts shown under "Financial assets/liabilities not in scope of offsetting disclosures" are those where either no netting agreement exists or where the netting agreement has not been recognised for computation of CAR.
(c) Reverse repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely "Cash and balances with central banks" , "Financial assets at fair value through profit or loss", "Due from banks", and "Loans and advances to customers". These transactions are measured at either fair value through profit or loss or amortised cost.
(d) Cash collateral placed under securities borrowings are presented under "Other assets" on the balance sheet, and are measured at amortised cost.
(e) Repurchase agreements shown above is the aggregate of transactions recorded in separate line items on the balance sheet, namely "Financial liabilities at fair value through profit or loss", "Due to banks", and "Due to non-bank customers". These transactions are measured at either fair value through profit or loss or amortised cost.
(f) Cash collateral placed under securities lendings are presented under "Other liabilities" on the balance sheet, and are measured at amortised cost.

3. Off-Balance Sheet Items

In $ millions	30 Jun 2013	31 Mar 2013	31 Dec 2012	30 Jun 2012
Contingent liabilities	20,858	24,203	21,059	23,482
Commitments[(a)]	147,426	142,012	136,698	134,965
Financial Derivatives	1,534,756	1,465,082	1,426,209	1,703,660

Note:
(a) Includes commitments that are unconditionally cancellable at any time of $112,897 million (Mar'13: $108,961 million)

CONFIRMATION BY THE BOARD

We, Peter Seah Lim Huat and Piyush Gupta, being two directors of DBS Group Holdings Ltd (the Company), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the First Half ended 30 June 2013 Unaudited Financial Results of the Company and of the Group to be false or misleading in any material aspect.

On behalf of the board of directors

Peter Seah Lim Huat
Chairman

Piyush Gupta
Chief Executive Officer

31 July 2013
Singapore