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

To: Shareholders

The Board of Directors of DBS Group Holdings Ltd ("DBSH") reports the following:

Unaudited Financial Results for the Third Quarter Ended 30 September 2013

Details of the unaudited financial results are in the accompanying Performance Summary.

Dividends

For the third quarter of 2013, no dividend has been declared for DBSH non-voting redeemable convertible preference shares and DBSH ordinary shares.

By order of the Board

Goh Peng Fong
Group Secretary

31 October 2013
Singapore

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

Performance Summary

Unaudited Financial Results
For the Third Quarter ended
30 September 2013

DBS Group Holdings Ltd
Incorporated in the Republic of Singapore
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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.

	3rd Qtr 2013	3rd Qtr 2012	% chg	2nd Qtr 2013	% chg	9 Mths 2013	9 Mths 2012	% chg
Selected income statement items ($m)								
Net interest income	1,406	1,332	6	1,382	2	4,115	3,992	3
Net fee and commission	462	422	9	477	(3)	1,446	1,207	20
Other non-interest income	282	250	13	450	(37)	1,215	906	34
Total income	2,150	2,004	7	2,309	(7)	6,776	6,105	11
Expenses	949	901	5	987	(4)	2,888	2,671	8
Profit before allowances	1,201	1,103	9	1,322	(9)	3,888	3,434	13
Allowances for credit and other losses	151	55	>100	245	(38)	619	303	>100
Profit before tax	1,067	1,076	(1)	1,099	(3)	3,335	3,234	3
Net profit	862	856	1	887	(3)	2,699	2,599	4
Selected balance sheet items ($m)								
Customer loans [1/]	241,723	202,493	19	234,787	3	241,723	202,493	19
Interbank assets [2/]	40,616	42,912	(5)	33,659	21	40,616	42,912	(5)
Total assets	401,373	360,602	11	386,600	4	401,373	360,602	11
Customer deposits [3/]	270,211	240,178	13	261,397	3	270,211	240,178	13
Interbank liabilities [4/]	28,688	28,907	(1)	26,596	8	28,688	28,907	(1)
Total liabilities	364,484	325,762	12	349,892	4	364,484	325,762	12
Shareholders' funds	32,573	30,529	7	32,442	-	32,573	30,529	7
Key financial ratios (%) [5/]								
Net interest margin	1.60	1.67		1.62		1.62	1.72	
Non-interest/total income	34.6	33.5		40.1		39.3	34.6	
Cost/income ratio	44.1	45.0		42.7		42.6	43.8	
Return on assets	0.87	0.95		0.94		0.96	0.99	
Return on equity [7/]	10.5	11.2		10.9		11.3	11.7	
Loan/deposit ratio	89.5	84.3		89.8		89.5	84.3	
NPL ratio	1.2	1.3		1.2		1.2	1.3	
Specific allowances (loans)/average loans (bp)	15	7		22		20	8	

	3rd Qtr 2013	3rd Qtr 2012	2nd Qtr 2013	9 Mths 2013	9 Mths 2012
Common Equity Tier 1 capital adequacy ratio 6/	13.3	NA	12.9	13.3	NA
Tier 1 capital adequacy ratio 6/	13.3	13.4	12.9	13.3	13.4
Total capital adequacy ratio 6/	15.9	16.5	15.5	15.9	16.5
Per share data ($)					
Per basic share					
– earnings	1.40	1.40	1.46	1.48	1.44
– net book value 7/	13.26	12.50	13.21	13.26	12.50
Per diluted share					
– earnings	1.38	1.38	1.44	1.46	1.42
– net book value 7/	13.16	12.41	13.12	13.16	12.41

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

Net profit for the third quarter was $862 million. Net interest income reached a record and fee income from annuity businesses was maintained at recent highs. The results were slightly higher than a year ago as the increase in total income was offset by higher general and specific allowances. Compared to the previous quarter, net profit was 3% lower as trading activity was pared given the uncertain market outlook.

Net interest income rose 6% from a year ago and 2% from the previous quarter to $1.41 billion. Loans grew 19% from a year ago but the impact was partially offset by lower loan spreads and yields on investment securities. Compared to the previous quarter, loans were 3% higher while net interest margin eased slightly.

Non-interest income of $744 million was 11% higher than a year ago. Trade and transaction services, wealth management and treasury cross-selling contributed to the increase. Compared to the previous quarter, non-interest income fell 20% due to lower contributions from market-related activities.

Expenses were managed at $949 million, rising less quickly by 5% from a year ago than the 7% increase in total income. Expenses were 4% lower than the previous quarter.

Asset quality remained healthy as the non-performing loan rate was unchanged from the previous quarter at 1.2%. Specific allowances for loans of 15 basis points were double the exceptionally low levels a year ago but lower than the previous quarter's 22 basis points. Allowance coverage of 136% was in line with recent quarters' levels.

Funding from deposits and wholesale sources grew faster than loans during the quarter as liquidity buffers were enhanced. Capital ratios continued to exceed regulatory standards.

For the nine months, net profit rose 4% to a record $2.70 billion. Total income and profit before allowances rose to new highs, growing by double-digit percentage terms. The impact was partially offset by higher general and specific allowances. Return on equity was 11.3% compared to 11.7% a year ago.

NET INTEREST INCOME

Average balance sheet	3rd Qtr 2013 Average balance ($m)	3rd Qtr 2013 Interest ($m)	3rd Qtr 2013 Average rate (%)	3rd Qtr 2012 Average balance ($m)	3rd Qtr 2012 Interest ($m)	3rd Qtr 2012 Average rate (%)	2nd Qtr 2013 Average balance ($m)	2nd Qtr 2013 Interest ($m)	2nd Qtr 2013 Average rate (%)
Interest-bearing assets									
Customer loans	237,705	1,560	2.60	204,122	1,434	2.80	228,998	1,509	2.64
Interbank assets	47,921	120	0.99	53,988	139	1.02	46,538	111	0.96
Securities	63,396	326	2.04	59,517	366	2.45	66,183	355	2.15
Total	349,022	2,006	2.28	317,627	1,939	2.43	341,719	1,975	2.32
Interest-bearing liabilities									
Customer deposits	262,957	453	0.68	236,021	444	0.75	255,323	442	0.69
Other borrowings	63,441	147	0.92	57,924	163	1.12	61,953	151	0.98
Total	326,398	600	0.73	293,945	607	0.82	317,276	593	0.75
Net interest income/margin [1/]		1,406	1.60		1,332	1.67		1,382	1.62

Average balance sheet	9 Mths 2013 Average balance ($m)	9 Mths 2013 Interest ($m)	9 Mths 2013 Average rate (%)	9 Mths 2012 Average balance ($m)	9 Mths 2012 Interest ($m)	9 Mths 2012 Average rate (%)
Interest-bearing assets						
Customer loans	228,631	4,536	2.65	199,638	4,219	2.82
Interbank assets	47,156	341	0.97	51,375	378	0.98
Securities	64,622	1,024	2.12	58,909	1,124	2.55
Total	340,409	5,901	2.32	309,922	5,721	2.47
Interest-bearing liabilities						
Customer deposits	257,108	1,332	0.69	231,421	1,241	0.72
Other borrowings	59,647	454	1.02	55,342	488	1.18
Total	316,755	1,786	0.75	286,763	1,729	0.81
Net interest income/margin [1/]		4,115	1.62		3,992	1.72

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

Net interest income rose 6% from a year ago and 2% from the previous quarter to $1.41 billion from higher customer loan volumes.

Net interest margin fell seven basis points from a year ago and two basis points from the previous quarter to 1.60%. The decline from both periods was due to lower corporate and trade loan spreads, and lower yields on investment securities.

For the nine months, net interest income rose 3% to $4.12 billion. Higher customer loans volumes more than offset the impact of a ten basis point decline in net interest margins to 1.62%.

Volume and rate analysis ($m) Increase/(decrease) due to change in	**3rd Qtr 2013 versus 3rd Qtr 2012**			**3rd Qtr 2013 versus 2nd Qtr 2013**		
	Volume	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Interest income						
Customer loans	237	(111)	126	58	(24)	34
Interbank assets	(16)	(3)	(19)	4	4	8
Securities	23	(63)	(40)	(15)	(18)	(33)
Total	244	(177)	67	47	(38)	9
Interest expense						
Customer deposits	51	(42)	9	13	(7)	6
Other borrowings	15	(31)	(16)	4	(10)	(6)
Total	66	(73)	(7)	17	(17)	-
Net impact on interest income	178	(104)	74	30	(21)	9
Due to change in number of days			-			15
Net Interest Income			74			24

Volume and rate analysis ($m) Increase/(decrease) due to change in	**9 Mths 2013 versus 9 Mths 2012**		
	Volume	**Rate**	**Net change**
Interest income			
Customer loans	613	(280)	333
Interbank assets	(31)	(5)	(36)
Securities	109	(205)	(96)
Total	691	(490)	201
Interest expense			
Customer deposits	138	(42)	96
Other borrowings	48	(81)	(33)
Total	186	(123)	63
Net impact on interest income	505	(367)	138
Due to change in number of days			(15)
Net Interest Income			123

NET FEE AND COMMISSION INCOME

($m)	3rd Qtr 2013	3rd Qtr 2012	% chg	2nd Qtr 2013	% chg	9 Mths 2013	9 Mths 2012	% chg
Stockbroking	49	43	14	57	(14)	168	135	24
Investment banking	37	60	(38)	47	(21)	148	121	22
Trade and transaction services [1/]	135	116	16	137	(1)	406	358	13
Loan-related	98	98	-	94	4	295	263	12
Cards [2/]	83	72	15	82	1	243	217	12
Wealth management	102	74	38	101	1	316	223	42
Others	17	10	70	17	-	48	36	33
Fee and commission income	521	473	10	535	(3)	1,624	1,353	20
Less: fee and commission expense	59	51	16	58	2	178	146	22
Total	462	422	9	477	(3)	1,446	1,207	20

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

Net fee and commission income increased 9% from a year ago to $462 million, led by wealth management, trade and transaction services and cards, in line with efforts to grow these businesses. Compared to the previous quarter, declines in contributions from investment banking and stockbroking resulted in a 3% decrease in net fee and commission income.

For the nine months, net fee and commission income rose 20% to a record $1.45 billion. All fee segments were higher, with wealth management leading the increase. Higher contributions from stockbroking and investment banking were due to strong capital market activities in the first half of the year.

OTHER NON-INTEREST INCOME

($m)	3rd Qtr 2013	3rd Qtr 2012	% chg	2nd Qtr 2013	% chg	9 Mths 2013	9 Mths 2012	% chg
Net trading income	206	137	50	330	(38)	946	601	57
Net (loss)/income from financial instruments designated at fair value	(18)	(7)	(>100)	6	NM	(14)	(46)	70
Net income from financial investments	83	110	(25)	45	84	194	316	(39)
Net gain on fixed assets	-	-	-	44	NM	44	8	>100
Others (include rental income)	11	10	10	25	(56)	45	27	67
Total	282	250	13	450	(37)	1,215	906	34

Note:
NM Not Meaningful

Total other non-interest income rose 13% from a year ago to $282 million. Trading income (including net income from financial instruments designated at fair value) rose 45% to $188 million as trading gains and income from treasury customer flows were higher. Compared to the previous quarter, total other non-interest income was 37% lower as trading income fell 44%.

For the nine months, total other non-interest income increased 34% to $1.22 billion, due mainly to a 68% increase in trading income. The increase in total non-interest income was also due to higher gains from the sale of fixed assets of $44 million compared to $8 million a year ago.

EXPENSES

($m)	3rd Qtr 2013	3rd Qtr 2012	% chg	2nd Qtr 2013	% chg	9 Mths 2013	9 Mths 2012	% chg
Staff	511	482	6	521	(2)	1,538	1,433	7
Occupancy	91	82	11	95	(4)	274	241	14
Computerisation	160	148	8	167	(4)	494	442	12
Revenue-related	56	46	22	58	(3)	164	162	1
Others	131	143	(8)	146	(10)	418	393	6
Total	949	901	5	987	(4)	2,888	2,671	8
Staff headcount at period-end	18,930	18,216	4	18,631	2	18,930	18,216	4

Included in the above table were:								
Depreciation of properties and other fixed assets	52	43	21	53	(2)	160	126	27
Directors' fees	2	1	100	1	100	4	2	100
Audit fees payable	2	2	-	1	100	5	5	-

Expenses rose 5% from a year ago to $949 million as staff and other operating costs were higher. Expenses fell 4% from the previous quarter.

For the nine months, costs rose 8% to $2.89 billion from higher headcount and investments to support business growth. The cost-income ratio improved from 44% a year ago to 43%.

ALLOWANCES FOR CREDIT AND OTHER LOSSES

($m)	3rd Qtr 2013	3rd Qtr 2012	% chg	2nd Qtr 2013	% chg	9 Mths 2013	9 Mths 2012	% chg
General allowances (GP)	57	15	>100	113	(50)	280	164	71
Specific allowances (SP) for loans[1/]	93	36	>100	128	(27)	335	119	>100
Singapore	18	1	>100	41	(56)	66	32	>100
Hong Kong	9	6	50	12	(25)	29	13	>100
Rest of Greater China	19	1	>100	9	>100	30	(2)	NM
South and South-east Asia	34	9	>100	35	(3)	102	27	>100
Rest of the World	13	19	(32)	31	(58)	108	49	>100
Specific allowances (SP) for securities, properties and other assets	1	4	(75)	4	(75)	4	20	(80)
Total	151	55	>100	245	(38)	619	303	>100

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

Specific allowances for loans rose to $93 million from $36 million a year ago, or to 15 basis points of loans from seven basis points a year ago. General allowances also rose, from $15 million to $57 million, in line with faster loan growth. Both general allowances and specific allowances were lower than the previous quarter.

For the nine months, total allowances doubled to $619 million. General allowances were 71% higher due to faster loan growth, while specific allowances rose to $335 million, or to 20 basis points of loans from an exceptionally low eight basis points a year ago.

PERFORMANCE BY BUSINESS SEGMENTS

($m)	Consumer Banking/ Wealth Mangement	Institutional Banking	Treasury	Others	Total
Selected income items					
3rd Qtr 2013					
Net interest income	381	759	169	97	1,406
Non-interest income	255	387	56	46	744
Total income	636	1,146	225	143	2,150
Expenses	432	345	121	51	949
Allowances for credit and other losses	25	73	(3)	56	151
Share of profits of associates	-	-	-	17	17
Profit before tax	179	728	107	53	1,067
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
3rd Qtr 2012					
Net interest income	356	697	160	119	1,332
Non-interest income	213	378	64	17	672
Total income	569	1,075	224	136	2,004
Expenses	407	318	112	64	901
Allowances for credit and other losses	28	(18)	(1)	46	55
Share of profits of associates	-	-	-	28	28
Profit before tax	134	775	113	54	1,076
9 Mths 2013					
Net interest income	1,104	2,219	512	280	4,115
Non-interest income	777	1,311	322	251	2,661
Total income	1,881	3,530	834	531	6,776
Expenses	1,259	1,010	350	269	2,888
Allowances for credit and other losses	63	439	(4)	121	619
Share of profits of associates	-	-	-	66	66
Profit before tax	559	2,081	488	207	3,335

($m)	Consumer Banking/ Wealth Mangement	Institutional Banking	Treasury	Others	Total
9 Mths 2012					
Net interest income	1,079	2,079	541	293	3,992
Non-interest income	659	1,129	287	38	2,113
Total income	1,738	3,208	828	331	6,105
Expenses	1,157	907	332	275	2,671
Allowances for credit and other losses	75	127	(3)	104	303
Share of profits of associates	-	-	-	103	103
Profit before tax	506	2,174	499	55	3,234
Selected balance sheet and other items [1/]					
30 Sept 2013					
Total assets before goodwill	70,906	202,892	84,769	38,004	396,571
Goodwill on consolidation					4,802
Total assets					401,373
Total liabilities	139,313	127,222	82,662	15,287	364,484
Capital expenditure for 3rd Qtr 2013	19	8	1	41	69
Depreciation for 3rd Qtr 2013	7	2	2	41	52
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
30 Sept 2012					
Total assets before goodwill	61,705	169,570	82,656	41,869	355,800
Goodwill on consolidation					4,802
Total assets					360,602
Total liabilities	134,727	98,968	82,449	9,618	325,762
Capital expenditure for 3rd Qtr 2012	20	8	-	65	93
Depreciation for 3rd Qtr 2012	7	3	2	31	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 rose marginally to $179 million. Total income increased 2% to $636 million driven by higher net interest income from loan and deposit volume growth while non-interest income was little changed. Expenses were stable at $432 million.

Allowances rose 25% to $25 million mainly due to increased general allowances in line with loan growth.

Compared to a year ago, profit before tax rose 34%.Total Income increased 12%. Net interest income rose 7% to $381 million, while non-interest income rose 20% to $255 million from continued customer growth and stronger cross-selling. Expenses rose 6% while allowances declined 11%.

For the nine months of the year, profit before tax was $559 million, 10% higher than a year ago. Income grew 8% to $1.88 billion. Net-interest income rose 2%. Non-interest income increased 18% to $777 million driven by higher contributions from wealth management and cards fees. Expenses rose 9% to $1.26 billion due to headcount growth, investment in business capabilities and higher marketing and advertising activities. Allowances declined 16% to $63 million from both lower general and specific allowances.

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 rose 13% to $728 million as allowances were 62% lower. Net interest income rose 2% on the back of similar growth in assets. Non-interest income was 12% lower due to slower sales of treasury products. Total income was marginally lower by 3% at $1.15 billion. Expenses were little changed at $345 million as the business remained disciplined in the management of cost. Allowances declined as general allowances were lower due to slower loan growth.

Compared to a year ago, profit before tax declined 6%. Allowances were normalised in the current quarter compared to a write-back a year ago. The higher allowances were partially offset by a 7% increase in total income.

For the nine months of the year, profit before tax was 4% lower at $2.08 billion. Total income increased 10%, largely due to higher non-interest income from increased customer focus and cross-selling. Expenses increased 11% from headcount growth and investment in business capabilities. Allowances tripled as general allowances increased in line with the faster loan growth and specific allowances rose from an exceptionally low level a year ago.

Treasury

Income reflected in the Treasury segment refers to trading and market-making income. Total income fell 21% from the previous quarter to $225 million as trading gains in foreign exchange products were lower, partially offset by higher trading gains on interest rate and credit products. Geographically, the decline in income came mainly from Singapore, Hong Kong and Taiwan, while income from Indonesia and India were higher. Expenses rose marginally by 2% to $121 million as business related costs increased. Profit before tax fell 36% to $107 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 19% to $228 million from the previous quarter due to declines in customer related transactions in Hong Kong, Singapore, China and Taiwan as market outlook was uncertain. This was partially offset by increase in customer flows from Indonesia.

Compared to a year ago, profit before tax was 5% lower due to higher expenses. Total expenses rose 8% as headcount grew to support business growth, and occupancy and business related costs were higher. Total income was little changed as higher contributions from China, Indonesia, India, Hong Kong and Korea, were offset by lower income from Singapore. Income from customer flows rose 4% from a year ago.

For the nine months of the year, profit before tax fell marginally by 2% to $488 million as income was little changed. Expenses increased 5% to $350 million from higher staff, occupancy and other business expenses. Income from treasury customer flows for the first nine months rose 12% from a year ago to $805 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						
3rd Qtr 2013						
Net interest income	880	263	119	94	50	1,406
Non-interest income	395	166	76	76	31	744
Total income	1,275	429	195	170	81	2,150
Expenses	530	179	145	74	21	949
Allowances for credit and other losses	18	61	27	30	15	151
Share of profits of associates	4	-	3	10	-	17
Profit before tax	731	189	26	76	45	1,067
Income tax expense	76	30	10	21	15	152
Net profit	603	159	16	54	30	862
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
3rd Qtr 2012						
Net interest income	813	228	110	118	63	1,332
Non-interest income	463	145	32	22	10	672
Total income	1,276	373	142	140	73	2,004
Expenses	527	168	124	66	16	901
Allowances for credit and other losses	69	(20)	8	8	(10)	55
Share of profits of associates	5	-	1	22	-	28
Profit before tax	685	225	11	88	67	1,076
Income tax expense	95	38	-	18	14	165
Net profit	535	187	11	70	53	856
9 Mths 2013						
Net interest income	2,579	744	324	314	154	4,115
Non-interest income	1,514	683	225	157	82	2,661
Total income	4,093	1,427	549	471	236	6,776
Expenses	1,684	533	396	214	61	2,888
Allowances for credit and other losses	259	143	52	72	93	619
Share of profits of associates	11	-	7	48	-	66
Profit before tax	2,161	751	108	233	82	3,335
Income tax expense	253	116	34	56	22	481
Net profit	1,754	635	74	176	60	2,699

($m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
9 Mths 2012						
Net interest income	2,404	665	411	337	175	3,992
Non-interest income	1,364	472	115	107	55	2,113
Total income	3,768	1,137	526	444	230	6,105
Expenses	1,586	491	349	192	53	2,671
Allowances for credit and other losses	268	(14)	15	44	(10)	303
Share of profits of associates	18	-	4	81	-	103
Profit before tax	1,932	660	166	289	187	3,234
Income tax expense	231	106	33	64	44	478
Net profit	1,544	554	133	225	143	2,599
Selected balance sheet items						
30 Sept 2013						
Total assets before goodwill	254,682	69,992	41,821	17,046	13,030	396,571
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	259,484	69,992	41,821	17,046	13,030	401,373
Non-current assets 2/	2,278	349	104	29	3	2,763
Gross customer loans	156,263	52,974	20,079	8,639	7,325	245,280
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
30 Sept 2012						
Total assets before goodwill	236,463	56,899	32,567	17,327	12,544	355,800
Goodwill on consolidation	4,802	-	-	-	-	4,802
Total assets	241,265	56,899	32,567	17,327	12,544	360,602
Non-current assets 2/	1,843	357	110	20	1	2,331
Gross customer loans	131,646	39,611	17,398	10,171	6,909	205,735

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 rose 18% from the previous quarter to $603 million. Total income fell 7% to $1.28 billion. Net interest income rose 2% to $880 million from higher loan volumes. Non-interest income was 22% lower at $395 million as stockbroking and investment banking fees fell. Trading gains were also lower.

Expenses were 8% lower at $530 million and profit before allowances was 6% lower at $745 million. Allowances fell 87% to $18 million from lower specific and general allowances.

Compared to a year ago, net profit rose 13% as income and expenses were little changed while allowances fell from lower general allowances.

For the nine months, net profit rose 14% to $1.75 billion. Total income increased 9% to $4.09 billion from higher loan volumes and broad-based non-interest income growth. Expenses were 6% higher at $1.68 billion.

Hong Kong

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

Net profit fell 37% from the previous quarter to $159 million as total income fell 18% to $429 million. Net interest income increased 5% to $263 million from higher loan volumes. Loans rose 10% from growth in trade finance while deposits increased 8%. Net interest margin fell five basis points to 1.55%.

Non-interest income decreased 39% to $166 million, as the previous quarter had property disposal gains. Excluding the gains, non-interest income would be 28% lower. Fee income decreased as investment banking, stockbroking and loan related fees fell. Trading income fell from lower treasury customer flows given the uncertain market outlook

Expenses were 4% lower at $179 million as staff costs fell. Allowances rose 49% to $61 million as general allowances increased in line with loan growth.

Compared to a year ago, net profit was 15% lower as an increase in total income was more than offset by higher total allowances. Net interest income increased 15% from higher loan volumes. Non-interest income was 14% higher from increased treasury customer flows and higher trading gains. Expenses rose 7%. Allowances increased to $61 million compared to a write back of $20 million a year ago as general and specific allowances were higher.

For the nine months, net profit rose 15% to $635 million as total income increased 26% to $1.43 billion. Net interest income was higher from loan growth and lower funding costs. Net interest margin rose nine basis points to 1.56%. Non-interest income rose 45% due to higher treasury customer flows and trading gains as well as asset disposal gains. Expenses were 9% higher at $533 million while allowances increased as higher general allowances were taken in line with loan growth.

Other regions

Net profit for Rest of Greater China fell 24% from the previous quarter to $16 million as higher income was more than offset by an increase in expenses and allowances. Net interest income was 14% higher at $119 million from better margins, while non-interest income fell 5% to $76 million from lower trading gains. Expenses rose 9% to $145 million due to higher staff costs. Allowances rose 42% to $27 million as specific allowances were higher.

Compared to a year ago, net profit rose 45%. Higher net interest and non-interest income were partially offset by higher expenses and total allowances.

For the nine months, net profit fell 44% to $74 million. Total income rose 4% to $549 million as 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 rose 13% to $396 million while allowances tripled to $52 million due to higher specific allowances.

Net profit for South and South-east Asia was little changed from the previous quarter. Net interest income fell 15% to $94 million partly due to currency effects. Non-interest income doubled to $76 million from higher treasury gains and income from customer flows. Expenses rose 4% to $74 million, while total allowances were stable at $30 million.

Compared to a year ago, net profit was 23% lower as an increase in income was offset by higher expenses and allowances, and a decline in share of profits of associates.

For the nine months, net profit fell 22% to $176 million. Total income rose 6% to $471 million, while expenses were 11% higher at $214 million. Allowances rose 64% to $72 million mainly due to higher specific allowances.

Net profit for Rest of the World fell 39% to $30 million from the previous quarter. Total income declined 4% to $81 million as net interest income fell 6% from lower loan and higher deposit volumes. Non-interest income was unchanged at $31 million. Expenses were stable at $21 million, while allowances rose 36% to $15 million. Compared to a year ago, total income rose 11% while expenses rose 31%. Total allowances were higher as there had been a net write-back of allowances a year ago.

For the nine months, net profit fell 58% to $60 million. Total income rose 3% to $236 million, while expenses were 15% higher at $61 million. Allowances rose to $93 million from higher specific allowances.

CUSTOMER LOANS [1/]

($m)	30 Sept 2013	30 Jun 2013	31 Dec 2012	30 Sept 2012
Gross	245,280	238,393	213,828	205,735
Less:				
Specific allowances	1,197	1,286	1,217	1,189
General allowances	2,360	2,320	2,092	2,053
Net total	241,723	234,787	210,519	202,493
By business unit				
Consumer Banking/ Wealth Management	68,838	66,195	61,720	60,122
Institutional Banking	173,489	169,293	149,077	143,436
Others	2,953	2,905	3,031	2,177
Total (Gross)	245,280	238,393	213,828	205,735
By geography [2/]				
Singapore	116,333	114,626	101,485	98,624
Hong Kong	40,093	37,760	38,119	37,538
Rest of Greater China	46,463	41,641	30,678	27,538
South and South-east Asia	21,628	23,161	23,045	22,751
Rest of the World	20,763	21,205	20,501	19,284
Total (Gross)	245,280	238,393	213,828	205,735
By industry [3/]				
Manufacturing	30,023	32,556	27,037	26,456
Building and construction	42,089	40,177	36,179	34,939
Housing loans	48,263	47,202	45,570	44,147
General commerce	52,196	48,230	38,230	35,691
Transportation, storage & communications	19,743	19,816	17,745	17,114
Financial institutions, investment & holding companies	10,527	9,976	11,155	10,158
Professionals & private individuals (excluding housing loans)	18,230	16,989	14,969	14,950
Others	24,209	23,447	22,943	22,280
Total (Gross)	245,280	238,393	213,828	205,735
By currency				
Singapore dollar	98,663	97,779	90,503	87,617
Hong Kong dollar	29,660	28,811	29,443	29,162
US dollar	82,354	80,146	67,156	62,254
Others	34,603	31,657	26,726	26,702
Total (Gross)	245,280	238,393	213,828	205,735

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 3% from the previous quarter to $245 billion. The increase was due to trade loans and secured consumer borrowing.

Gross loans grew 19% from a year ago, with the expansion spread across most regions and across corporate and consumer borrowers. Trade loans accounted for one-third of loan growth over the past 12 months.

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 Sept 2013						
Consumer Banking/ Wealth Management	300	70	688	0.4	253	468
Institutional Banking	2,638	1,244	1,672	1.5	111	149
Total non-performing loans (NPL)	2,938	1,314	2,360	1.2	125	174
Debt securities	9	3	125	-	1,422	3,200
Contingent liabilities & others	107	48	315	-	339	789
Total non-performing assets (NPA)	3,054	1,365	2,800	-	136	192
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 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 Sept 2012						
Consumer Banking/ Wealth Management	302	81	600	0.5	225	394
Institutional Banking	2,347	1,183	1,453	1.6	112	138
Total non-performing loans (NPL)	2,649	1,264	2,053	1.3	125	159
Debt securities	13	4	115	-	915	2,380
Contingent liabilities & others	173	65	294	-	208	506
Total non-performing assets (NPA)	2,835	1,333	2,462	-	134	176

By geography	NPA ($m)	SP ($m)	GP ($m)	NPL (% of loans)	(GP+SP)/NPA (%)	(GP+SP)/ unsecured NPA (%)
30 Sept 2013						
Singapore	492	152	967	0.4	227	461
Hong Kong	266	123	404	0.7	198	316
Rest of Greater China	286	154	486	0.6	224	398
South and South-east Asia	425	202	282	2.0	114	224
Rest of the World	1,469	683	221	7.1	62	68
Total non-performing loans	2,938	1,314	2,360	1.2	125	174
Debt securities	9	3	125	-	1,422	3,200
Contingent liabilities & others	107	48	315	-	339	789
Total non-performing assets	3,054	1,365	2,800	-	136	192
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 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 Sept 2012						
Singapore	561	185	886	0.6	191	425
Hong Kong	270	145	387	0.7	197	289
Rest of Greater China	216	115	288	0.8	187	333
South and South-east Asia	194	129	291	0.9	216	238
Rest of the World	1,408	690	201	7.3	63	66
Total non-performing loans	2,649	1,264	2,053	1.3	125	159
Debt securities	13	4	115	-	915	2,380
Contingent liabilities & others	173	65	294	-	208	506
Total non-performing assets	2,835	1,333	2,462	-	134	176

By industry [1/] ($m)	30 Sept 2013		30 Jun 2013		31 Dec 2012		30 Sept 2012	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
Manufacturing	526	319	481	289	352	240	363	234
Building and construction	122	50	114	50	83	38	84	37
Housing loans	119	11	118	12	106	12	103	12
General commerce	424	153	406	229	277	155	268	140
Transportation, storage & communications	1,211	527	1,231	545	1,201	520	1,167	474
Financial institutions, investment & holding companies	301	175	297	172	404	265	412	267
Professionals & private individuals (excluding housing loans)	156	46	158	46	162	46	174	56
Others	79	33	70	34	42	26	78	44
Total non-performing loans	2,938	1,314	2,875	1,377	2,627	1,302	2,649	1,264
Debt securities	9	3	9	3	13	4	13	4
Contingent liabilities & others	107	48	82	48	86	49	173	65
Total non-performing assets	3,054	1,365	2,966	1,428	2,726	1,355	2,835	1,333

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 Sept 2013		30 Jun 2013		31 Dec 2012		30 Sept 2012	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
Non-performing assets								
Substandard	1,846	305	1,620	260	1,405	268	1,519	284
Doubtful	863	715	983	805	752	518	947	680
Loss	345	345	363	363	569	569	369	369
Total	3,054	1,365	2,966	1,428	2,726	1,355	2,835	1,333
Restructured assets								
Substandard	907	186	942	182	888	200	805	203
Doubtful	360	337	363	338	223	114	111	96
Loss	74	74	72	72	276	276	38	38
Total	1,341	597	1,377	592	1,387	590	954	337

By collateral type ($m)	30 Sept 2013	30 Jun 2013	31 Dec 2012	30 Sept 2012
	NPA	NPA	NPA	NPA
Unsecured non-performing assets	2,167	2,190	2,115	2,162
Secured non-performing assets by collateral type				
Properties	377	343	269	330
Shares and debentures	228	145	58	62
Fixed deposits	35	27	32	34
Others	247	261	252	247
Total	3,054	2,966	2,726	2,835

By period overdue

($m)	30 Sept 2013 NPA	30 Jun 2013 NPA	31 Dec 2012 NPA	30 Sept 2012 NPA
Not overdue	1,292	1,244	1,245	877
<90 days overdue	232	249	297	360
91-180 days overdue	304	319	193	239
>180 days overdue	1,226	1,154	991	1,359
Total	3,054	2,966	2,726	2,835

The NPL rate was unchanged from the previous quarter at 1.2% while non-performing assets rose 3% to $3.05 billion.

Allowance coverage of 136% of non-performing assets and 192% if collateral was considered were similar to recent quarters' levels.

CUSTOMER DEPOSITS [1/]

($m)	30 Sept 2013	30 Jun 2013	31 Dec 2012	30 Sept 2012
By currency and product				
Singapore dollar	136,024	138,947	131,000	129,199
Fixed deposits	18,984	21,190	19,501	20,310
Savings accounts	95,416	94,347	90,561	88,839
Current accounts	20,696	22,227	20,024	19,308
Others	928	1,183	914	742
Hong Kong dollar	27,084	25,584	25,730	22,729
Fixed deposits	16,310	15,897	15,690	12,694
Savings accounts	6,495	5,902	6,283	5,858
Current accounts	4,016	3,692	3,516	3,869
Others	263	93	241	308
US dollar	62,087	49,895	45,981	48,353
Fixed deposits	30,143	23,891	24,124	24,119
Savings accounts	5,991	4,666	4,256	4,422
Current accounts	17,644	16,319	15,332	15,620
Others	8,309	5,019	2,269	4,192
Others	45,016	46,971	40,196	39,897
Fixed deposits	35,917	37,379	32,644	32,589
Savings accounts	2,879	2,900	2,412	2,022
Current accounts	4,755	5,330	3,969	3,486
Others	1,465	1,362	1,171	1,800
Total	270,211	261,397	242,907	240,178
Fixed deposits	101,354	98,357	91,959	89,712
Savings accounts	110,781	107,815	103,512	101,141
Current accounts	47,111	47,568	42,841	42,283
Others	10,965	7,657	4,595	7,042

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

Customer deposits rose 3% from the previous quarter to $270 billion, led by US dollar deposits.

Customer deposits grew 13% from a year ago, with US dollar deposits accounting for half the growth. Deposits in Singapore dollars, Hong Kong dollars and other currencies were also higher.

DEBTS ISSUED

($m)	30 Sep 2013	30 Jun 2013	31 Dec 2012	30 Sep 2012
Subordinated term debts	5,528	5,532	5,505	5,507
Medium term notes	4,864	4,511	3,168	3,184
Commercial papers	15,976	14,186	5,820	9,013
Certificates of deposit [1/]	1,122	967	1,149	1,425
Other debt securities in issue [2/]	4,300	4,370	3,617	3,432
Total	31,790	29,566	19,259	22,561
Due within 1 year	17,976	16,458	8,498	11,836
Due after 1 year	13,814	13,108	10,761	10,725
Total	31,790	29,566	19,259	22,561

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

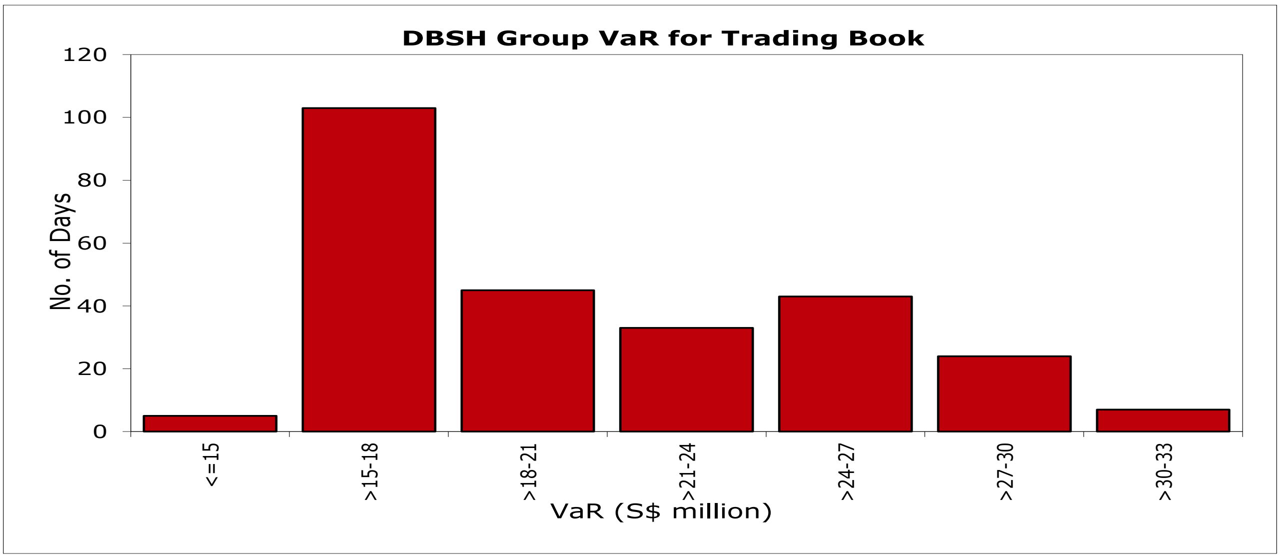
The Group uses a Value at Risk (VaR) measure as one mechanism for monitoring and controlling trading risk. The VaR is calculated using a one-day time horizon and a 99% confidence interval.

Back-testing is a procedure used to verify the predictive power of the VaR calculations involving comparison of actual daily profits and losses adjusted with the estimates from the VaR model. There were no outliers in the back-testing for the period from 1 October 2012 to 30 September 2013 and the corresponding prior period.

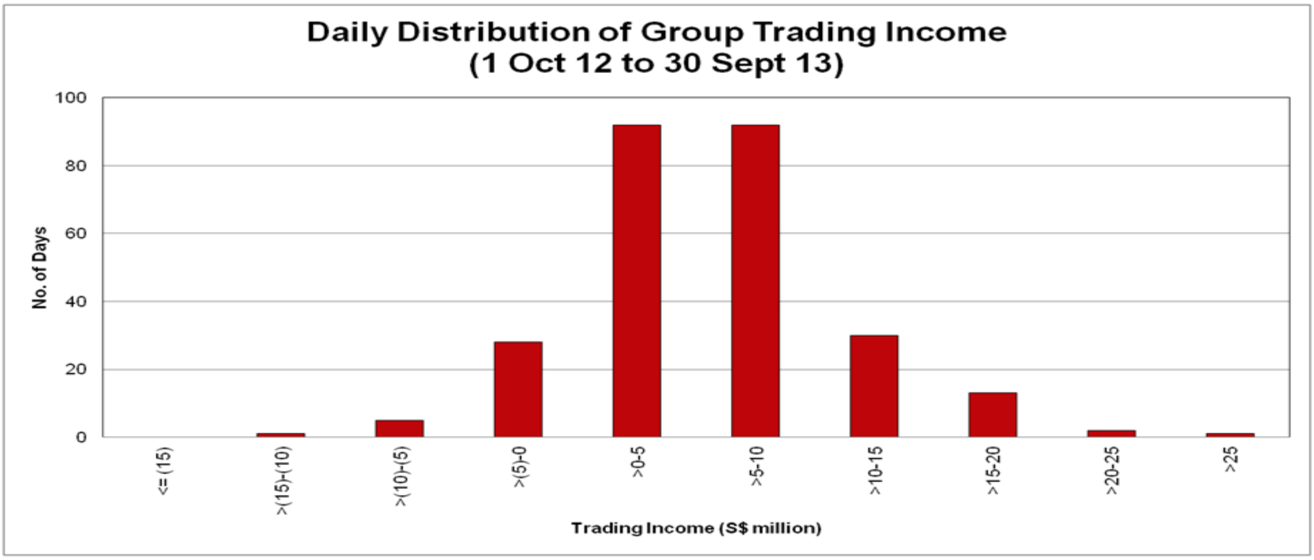
The following table shows the period-end, average, high and low VaR for the trading risk exposure of the Group for the period from 1 October 2012 to 30 September 2013. The Group's trading book VaR methodology is based on Historical Simulation VaR.

		1 Oct 2012 to 30 Sept 2013		
($m)	**As at 30 Sept 2013**	**Average**	**High**	**Low**
Total	29	21	33	13

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



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



CAPITAL ADEQUACY

($m)	30 Sep 2013[1/]	30 Jun 2013[1/]	31 Dec 2012[1/]	30 Sep 2012[1/]
Share capital	9,606	9,566		
Disclosed reserves and others	23,120	22,979		
Regulatory adjustments due to insufficient AT1 capital	(1,289)	(1,280)		
CET1	31,437	31,265		
AT1 capital instruments	3,746	3,746		
Total regulatory adjustments to AT1 capital	(3,746)	(3,746)		
Tier 1 capital	31,437	31,265	30,196	29,126
Provisions eligible as Tier 2 capital	1,267	1,287		
Tier 2 capital instruments	4,955	4,955		
Total regulatory adjustments to Tier 2 capital	(1)	(1)		
Total capital	37,658	37,506	36,831	35,837
Credit risk	189,307	194,774	173,969	175,852
Market risk	32,066	33,480	27,827	27,416
Operational risk	14,740	14,503	13,795	13,628
Total risk-weighted assets	236,113	242,757	215,591	216,896
Capital Adequacy Ratio (“CAR”) (%)				
CET1	13.3	12.9	NA	NA
Tier 1	13.3	12.9	14.0	13.4
Total	15.9	15.5	17.1	16.5
Pro forma CET1 under final rules effective 1 Jan 2018	11.7	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 marginally for the quarter due to higher retained earnings largely offset by interim dividends declared and paid. 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 in effect since 1 January 2013 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.

As risk-weighted assets fell from the previous quarter, the capital adequacy ratios rose accordingly. The decrease in risk-weighted assets was due to updates to internal credit ratings and a reduction in market risk positions. Compared to a year ago, risk-weighted assets increased due to new Basel III charges and asset growth. Basel III imposes higher risk-weights for exposures to financial institutions and exposures to central counterparties, as well as 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.

Main Features of Capital Instruments

The main features of the Group's regulatory capital instruments are disclosed using the template specified in MAS Notice 637 Table 11D-1.

The Composition of Capital and the Main Features of Capital Instruments 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 Sep 2013			
		CAR (%)		
In HK$ billions	**Total risk-weighted assets**	**Common Equity Tier 1**	**Tier 1**	**Total**
DBS Bank (Hong Kong) Limited [1/]	206.0	13.7	13.7	15.9

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 Sept 2013	30 Jun 2013	31 Dec 2012	30 Sept 2012
Properties [1/]	614	606	604	577
Financial investments classified as loans and receivables [2/]	189	125	281	251
Total	803	731	885	828

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 increased from $731 million in the previous quarter to $803 million mainly due to higher valuations of financial investments.

Unaudited Consolidated Income Statement

In $ millions	3rd Qtr 2013	3rd Qtr 2012	+/(-) %	2nd Qtr 2013	+/(-) %	9 Mths 2013	9 Mths 2012	+/(-) %
Income								
Interest income	**2,006**	1,939	3	1,975	2	**5,901**	5,721	3
Interest expense	**600**	607	(1)	593	1	**1,786**	1,729	3
Net interest income	**1,406**	1,332	6	1,382	2	**4,115**	3,992	3
Net fee and commission income	**462**	422	9	477	(3)	**1,446**	1,207	20
Net trading income	**206**	137	50	330	(38)	**946**	601	57
Net (loss)/income from financial instruments designated at fair value	**(18)**	(7)	(>100)	6	NM	**(14)**	(46)	70
Net income from financial investments	**83**	110	(25)	45	84	**194**	316	(39)
Other income	**11**	10	10	69	(84)	**89**	35	>100
Total income	**2,150**	2,004	7	2,309	(7)	**6,776**	6,105	11
Expenses								
Employee benefits	**511**	482	6	521	(2)	**1,538**	1,433	7
Other expenses	**438**	419	5	466	(6)	**1,350**	1,238	9
Allowances for credit and other losses	**151**	55	>100	245	(38)	**619**	303	>100
Total expenses	**1,100**	956	15	1,232	(11)	**3,507**	2,974	18
Operating profit after allowances	**1,050**	1,048	-	1,077	(3)	**3,269**	3,131	4
Share of profits of associates	**17**	28	(39)	22	(23)	**66**	103	(36)
Profit before tax	**1,067**	1,076	(1)	1,099	(3)	**3,335**	3,234	3
Income tax expense	**152**	165	(8)	162	(6)	**481**	478	1
Net profit	**915**	911	-	937	(2)	**2,854**	2,756	4
Attributable to:								
Shareholders	**862**	856	1	887	(3)	**2,699**	2,599	4
Non-controlling interests	**53**	55	(4)	50	6	**155**	157	(1)
	915	911	-	937	(2)	**2,854**	2,756	4

Note:
NM Not Meaningful

Unaudited Consolidated Statement of Comprehensive Income

In $ millions	3rd Qtr 2013	3rd Qtr 2012	+/(-) %	2nd Qtr 2013	+/(-) %	9 Mths 2013	9 Mths 2012	+/(-) %
Net profit	**915**	911	-	937	(2)	**2,854**	2,756	4
Other comprehensive income:								
Foreign currency translation differences for foreign operations	**(115)**	(39)	(>100)	(29)	(>100)	**(107)**	(84)	(27)
Share of other comprehensive income of associates	**(11)**	(1)	(>100)	5	NM	**(4)**	(8)	50
Available-for-sale financial assets and others								
Net valuation taken to equity	**75**	203	(63)	(557)	NM	**(443)**	521	NM
Transferred to income statement	**(37)**	(85)	56	(20)	(85)	**(109)**	(247)	56
Tax on items taken directly to or transferred from equity	**(5)**	(17)	71	43	NM	**30**	(37)	NM
Other comprehensive income, net of tax	**(93)**	61	NM	(558)	83	**(633)**	145	NM
Total comprehensive income	**822**	972	(15)	379	>100	**2,221**	2,901	(23)
Attributable to:								
Shareholders	**772**	917	(16)	325	>100	**2,063**	2,756	(25)
Non-controlling interests	**50**	55	(9)	54	(7)	**158**	145	9
	822	972	(15)	379	>100	**2,221**	2,901	(23)

Note:
NM Not Meaningful

Unaudited Balance Sheets

In $ millions	GROUP 30 Sept 2013	GROUP 30 Jun 2013	GROUP 31 Dec 2012 [1/]	GROUP 30 Sept 2012	COMPANY 30 Sept 2013	COMPANY 30 Jun 2013	COMPANY 31 Dec 2012 [1/]	COMPANY 30 Sept 2012
ASSETS								
Cash and balances with central banks	**19,926**	18,235	17,772	18,943				
Singapore Government securities and treasury bills	**9,872**	10,940	12,092	11,504				
Due from banks	**38,239**	33,079	28,808	41,364				
Financial assets at fair value through profit or loss [2/]	**14,959**	12,462	11,540	12,731				
Positive fair values for financial derivatives	**17,203**	15,962	17,280	17,814				
Loans and advances to customers	**240,339**	233,420	209,395	201,412				
Financial investments	**36,477**	38,378	35,567	33,231				
Securities pledged and transferred	**4,981**	4,620	4,397	4,039				
Subsidiaries					**11,724**	12,376	11,159	9,946
Investments in associates	**1,327**	1,284	1,236	970				
Goodwill on consolidation	**4,802**	4,802	4,802	4,802				
Properties and other fixed assets	**936**	913	945	992				
Investment properties	**500**	504	497	369				
Deferred tax assets	**183**	189	91	123				
Other assets	**11,629**	11,812	8,611	12,308				
TOTAL ASSETS	**401,373**	386,600	353,033	360,602	**11,724**	12,376	11,159	9,946
LIABILITIES								
Due to banks	**27,837**	26,434	25,162	28,118				
Due to non-bank customers	**268,656**	259,804	241,165	236,483				
Financial liabilities at fair value through profit or loss [3/]	**9,494**	8,910	7,849	11,041				
Negative fair values for financial derivatives	**17,101**	16,802	17,532	17,721				
Bills payable	**237**	261	316	342				
Current tax liabilities	**1,014**	983	824	967				
Deferred tax liabilities	**43**	45	30	29				
Other liabilities	**12,232**	11,073	8,416	11,862	**10**	18	8	7
Other debt securities in issue	**22,342**	20,048	10,236	13,692				
Subordinated term debts	**5,528**	5,532	5,505	5,507				
TOTAL LIABILITIES	**364,484**	349,892	317,035	325,762	**10**	18	8	7
NET ASSETS	**36,889**	36,708	35,998	34,840	**11,714**	12,358	11,151	9,939
EQUITY								
Share capital	**9,769**	9,729	9,645	9,642	**9,769**	9,729	9,645	9,642
Treasury shares	**(94)**	(87)	(103)	(106)	**(66)**	(58)	(71)	(71)
Other reserves	**6,609**	6,681	7,229	7,235	**117**	99	101	89
Revenue reserves	**16,289**	16,119	14,966	13,758	**1,894**	2,588	1,476	279
SHAREHOLDERS' FUNDS	**32,573**	32,442	31,737	30,529	**11,714**	12,358	11,151	9,939
Non-controlling interests	**4,316**	4,266	4,261	4,311				
TOTAL EQUITY	**36,889**	36,708	35,998	34,840	**11,714**	12,358	11,151	9,939
OTHER INFORMATION								
Net book value per ordinary share ($)								
(i) Basic	**13.26**	13.21	12.96	12.50	**4.72**	4.99	4.51	4.02
(ii) Diluted	**13.16**	13.12	12.86	12.41	**4.74**	5.00	4.53	4.05

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**
Purchase of Treasury shares			**(28)**			**(28)**		**(28)**
Issue of shares upon exercise of share options	**17**					**17**		**17**
Reclassification of reserves upon exercise of share options	**4**			**(4)**		**-**		**-**
Issuance of new shares pursuant to Scrip Dividend Scheme	**103**					**103**		**103**
Cost of share-based payments				**57**		**57**		**57**
Draw-down of reserves upon vesting of performance shares			**37**	**(37)**		**-**		**-**
Final dividends paid for previous year					**(684)**	**(684)**		**(684)**
Interim dividends paid for current year					**(692)**	**(692)**		**(692)**
Dividends paid to non-controlling interests						**-**	**(103)**	**(103)**
Total comprehensive income				**(636)**	**2,699**	**2,063**	**158**	**2,221**
Balance at 30 September 2013	**9,606**	**163**	**(94)**	**6,609**	**16,289**	**32,573**	**4,316**	**36,889**
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	22					22		22
Reclassification of reserves upon exercise of share options	2			(2)		-		-
Issuance of new shares pursuant to Scrip Dividend Scheme	166					166		166
Shares distributable pursuant to Scrip Dividend Scheme	102					102		102
Cost of share-based payments				53		53		53
Draw-down of reserves upon vesting of performance shares			48	(48)		-		-
Final dividends paid for previous year					(677)	(677)		(677)
Interim dividends paid for current year					(687)	(687)		(687)
Dividends paid to non-controlling interests						-	(109)	(109)
Total comprehensive income				157	2,599	2,756	145	2,901
Balance at 30 September 2012	9,479	163	(106)	7,235	13,758	30,529	4,311	34,840

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			**(28)**			**(28)**
Transfer of Treasury shares			**33**			**33**
Draw-down of reserves upon vesting of performance shares				**(37)**		**(37)**
Issue of shares upon exercise of share options	**17**					**17**
Reclassification of reserves upon exercise of share options	**4**			**(4)**		**-**
Cost of share-based payments				**57**		**57**
Issuance of new shares pursuant to Scrip Dividend Scheme	**103**					**103**
Final dividends paid for previous year					**(684)**	**(684)**
Interim dividends paid for current year					**(692)**	**(692)**
Total comprehensive income					**1,794**	**1,794**
Balance at 30 September 2013	**9,606**	**163**	**(66)**	**117**	**1,894**	**11,714**
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	22					22
Reclassification of reserves upon exercise of share options	2			(2)		-
Cost of share-based payments				53		53
Issuance of new shares pursuant to Scrip Dividend Scheme	166					166
Shares distributable pursuant to Scrip Dividend Scheme	102					102
Final dividends paid for previous year					(677)	(677)
Interim dividends paid for current year					(687)	(687)
Total comprehensive income					(5)	(5)
Balance at 30 September 2012	9,479	163	(71)	89	279	9,939

Unaudited Consolidated Cash Flow Statement

In $ millions	9 Mths 2013	9 Mths 2012
Cash flows from operating activities		
Net profit for the year	**2,854**	2,756
Adjustments for non-cash items:		
Allowances for credit and other losses	**619**	303
Depreciation of properties and other fixed assets	**160**	126
Share of profits of associates	**(66)**	(103)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(44)**	(8)
Net income from financial investments	**(194)**	(316)
Income tax expense	**481**	478
Profit before changes in operating assets & liabilities	**3,810**	3,236
Increase/(Decrease) in:		
Due to banks	**2,675**	517
Due to non-bank customers	**27,491**	17,491
Financial liabilities at fair value through profit or loss	**1,645**	(871)
Other liabilities including bills payable	**3,070**	(2,770)
Debt securities and borrowings	**12,365**	3,148
Decrease/(Increase) in:		
Restricted balances with central banks	**(890)**	(267)
Singapore Government securities and treasury bills	**2,220**	999
Due from banks	**(9,431)**	(15,787)
Financial assets at fair value through profit or loss	**(3,419)**	(804)
Loans and advances to customers	**(31,540)**	(7,451)
Financial investments	**(730)**	(2,435)
Other assets	**(4,109)**	(298)
Tax paid	**(340)**	(360)
Net cash generated from/(used in) operating activities (1)	**2,817**	(5,652)
Cash flows from investing activities		
Acquisition of interest in associates	**(2)**	(12)
Dividends from associates	**36**	74
Purchase of properties and other fixed assets	**(155)**	(184)
Proceeds from disposal of properties and other fixed assets	**61**	31
Net cash used in investing activities (2)	**(60)**	(91)
Cash flows from financing activities		
Increase in share capital	**124**	292
Payment upon maturity of subordinated term debts	**-**	(2,575)
Issue of subordinated term debts	**-**	2,943
Purchase of treasury shares	**(28)**	-
Dividends paid to shareholders of the Company	**(1,376)**	(1,364)
Dividends paid to non-controlling interests	**(103)**	(109)
Net cash used in financing activities (3)	**(1,383)**	(813)
Exchange translation adjustments (4)	**(110)**	(72)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**1,264**	(6,628)
Cash and cash equivalents at 1 January	**10,993**	18,891
Cash and cash equivalents at 30 September	**12,257**	12,263

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 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	1,577,827	1,621,301
As at 30 June	2,447,261,042	2,434,633,740
Shares issued pursuant to Scrip Dividend Scheme	2,341,561	-
Shares issued on exercise of share options pursuant to the DBSH Share Option Plan	22,796	267,734
Balance at 30 September [a]	2,449,625,399	2,434,901,474
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)
Purchase of Treasury Shares	1,300,000	-
As at 30 June	4,144,000	5,344,000
Purchase of Treasury Shares	500,000	-
Balance at 30 September [b]	4,644,000	5,344,000
Ordinary shares net of treasury shares [a] – [b]	2,444,981,399	2,429,557,474

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

(Number)	**30 Sept 2013**	**30 Sept 2012**
Conversion of non-voting redeemable CPS	30,011,421	30,011,421
Exercise of share options	1,537,986	3,470,831
Weighted average number of shares for 9 Mths		
- ordinary shares	2,439,927,040	2,411,160,328
- fully diluted	2,470,263,113	2,441,834,244

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 to 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 Sept 2013

	The Group			
In $ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Singapore Government securities and treasury bills[(a)]	9,747	-	-	9,747
Financial assets at fair value through profit or loss[(b)]	9,000	5,407	552	14,959
Available-for-sale financial investments[(c)]	22,023	7,878	160	30,061
Securities pledged and transferred [(a)]	4,573	408	-	4,981
Positive fair values for financial derivatives	39	17,149	15	17,203
Total	45,382	30,842	727	76,951

In $ millions	The Group Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value through profit or loss[(d)]	3,167	6,306	21	9,494
Negative fair values for financial derivatives	36	17,065	-	17,101
Total	3,203	23,371	21	26,595

(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 $255 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 $231 million from Level 1 to Level 2 due to reduced 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	Fair value gains or losses: Other comprehensive income	Purchases	Issues	Settlements	Transfers in	Transfers out	At 30 September
9 Mths 2013									
Assets									
Financial assets at fair value through profit or loss	97	(2)	-	469	-	(12)	-	-	552
Available-for-sale financial investments	162	6	11	3	-	(22)	-	-	160
Positive fair values for financial derivatives	22	2	-	1	-	-	-	(10)	15
Total	281	6	11	473	-	(34)	-	(10)	727
Liabilities									
Financial liabilities at fair value through profit or loss	26	-	-	-	-	(4)	-	(1)	21
Negative fair values for financial derivatives	11	-	-	-	-	-	-	(11)	-
Total	37	-	-	-	-	(4)	-	(12)	21

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

In $ millions	Category reported in the Income Statement		
9 Mths 2013	**Net trading Income**	**Net income from financial investments**	**Total**
Total gains or losses for the period included in profit or loss	-	6	6
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	-	-	-

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 September 2013, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included 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 Sep 2013	Classification	Valuation technique	Unobservable Input
Assets				
Corporate debt securities	552	FVPL[a]	Discounted Cash Flows	Credit spreads
Corporate debt securities	26	AFS[b]	Discounted Cash Flows	Credit spreads
Equity securities (Unquoted)	134	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	727			
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 $255 million as at 30 September 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 September 2013, "Loans and advances to customers" of $2,272 million (31 December 2012: $3,710 million) were set off against "Due to non-bank customers" of $2,348 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 $76 million being reported under "Due to non-bank customers" as at 30 September 2013 (31 December 2012: $24 million).

Financial assets and liabilities subject to netting agreement but <u>not</u> 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 <u>not</u> 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 Sept 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	17,203[(a)]	7,370[(b)]	9,833	9,157[(b)]	429	247
Reverse repurchase agreements	4,889[(c)]	707	4,182	4,182	-	-
Securities borrowings	31[(d)]	-	31	31	-	-
Total	22,123	8,077	14,046	13,370	429	247
Financial Liabilities						
Negative fair values for financial derivatives	17,101[(a)]	5,896[(b)]	11,205	9,143[(b)]	1,465	597
Repurchase agreements	4,324[(e)]	758	3,566	3,566	-	-
Securities lendings	-[(f)]	-	-	-	-	-
Total	21,425	6,654	14,771	12,709	1,465	597

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 Sept 2013	30 Jun 2013	31 Dec 2012	30 Sept 2012
Contingent liabilities	22,049	20,858	21,059	19,979
Commitments[(a)]	154,761	147,426	136,698	133,401
Financial Derivatives	1,563,818	1,534,756	1,426,209	1,529,509

Note:
(a) Includes commitments that are unconditionally cancellable at any time of $117,313 million (Jun'13: $112,897 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 Third Quarter ended 30 September 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 October 2013
Singapore