大新銀行集團有限公司
DAH SING BANKING GROUP LIMITED

The holding company of Dah Sing Bank, Limited

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

(Stock Code: 2356)

ANNOUNCEMENT OF 2013 INTERIM RESULTS

The Directors of Dah Sing Banking Group Limited (the "Company") are pleased to present the interim results and condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013. The unaudited profit attributable to shareholders after non-controlling interests for the six months ended 30 June 2013 was HK$812.7 million.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

The unaudited 2013 interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

HK$'000	*Note*	**2013**	Restated 2012	Variance %
Interest income		**2,078,024**	1,865,025	
Interest expense		**(734,208)**	(843,462)	
Net interest income	*3*	**1,343,816**	1,021,563	31.5
Fee and commission income		**458,771**	349,701	
Fee and commission expense		**(110,776)**	(103,252)	
Net fee and commission income	*4*	**347,995**	246,449	41.2
Net trading income	*5*	**104,314**	80,848	
Other operating income	*6*	**22,205**	24,309	
Operating income		**1,818,330**	1,373,169	32.4
Operating expenses	*7*	**(908,473)**	(829,657)	9.5
Operating profit before impairment losses		**909,857**	543,512	67.4
Loan impairment losses and other credit provisions	*8*	**(137,570)**	(29,556)	365.5
Operating profit after impairment losses		**772,287**	513,956	50.3
Net loss on disposal of premises, investment properties and other fixed assets		**(1,969)**	(752)	
Net loss on disposal of investments in securities	*9*	**(78,398)**	(16,193)	
Share of results of jointly controlled entities		**6,248**	6,072	
Share of results of an associate		**227,633**	176,989	
Profit before taxation		**925,801**	680,072	36.1
Taxation	*10*	**(113,128)**	(78,387)	
Profit for the period		**812,673**	601,685	35.1
Loss attributable to non-controlling interests		**16**	13	
Profit attributable to Shareholders of the Company		**812,689**	601,698	35.1
Interim dividend		**112,623**	100,110	
Earnings per share				
Basic	*11*	**HK$0.65**	HK$0.49	
Diluted	*11*	**HK$0.65**	HK$0.49	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

HK$'000	**2013**	Restated 2012
Profit for the period	**812,673**	601,685
Other comprehensive income		
Items that will not be reclassified to the consolidated income statement:		
Premises		
Surplus on reclassification of premises to investment properties	**99,820**	–
Items that may be reclassified subsequently to the consolidated income statement:		
Investments in securities		
– Changes in fair value recognised during the period	**(287,970)**	391,380
– Changes in fair value transferred to income statement upon disposal of:		
– available-for-sale securities	**(37,457)**	(53,829)
– held-to-maturity securities and investments in securities included in the loans and receivables category which were previously reclassified from the available-for-sale category	**115,440**	55,171
Deferred income tax assets recognised/(released) on movements in investment revaluation reserve	**32,327**	(66,258)
	(177,660)	326,464
Exchange differences arising on translation of the financial statements of foreign entities	**18,899**	(13,135)
Other comprehensive income for the period, net of tax	**(58,941)**	313,329
Total comprehensive income for the period, net of tax	**753,732**	915,014
Attributable to:		
Non-controlling interests	**(16)**	(13)
Shareholders of the Company	**753,748**	915,027
Total comprehensive income for the period, net of tax	**753,732**	915,014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK$'000	*Note*	**As at 30 Jun 2013**	Restated As at 31 Dec 2012
ASSETS			
Cash and balances with banks		**8,980,957**	13,473,250
Placements with banks maturing between one and twelve months		**3,589,369**	3,990,627
Trading securities	*12*	**6,186,613**	5,797,742
Financial assets designated at fair value through profit or loss	*12*	**36,706**	23,525
Derivative financial instruments	*13*	**688,237**	643,246
Advances and other accounts	*14*	**104,258,633**	97,309,097
Available-for-sale securities	*16*	**25,191,237**	21,920,524
Held-to-maturity securities	*17*	**6,265,800**	7,047,540
Investment in an associate		**2,630,600**	2,437,031
Investments in jointly controlled entities		**60,494**	54,246
Goodwill		**811,690**	811,690
Intangible assets		**67,281**	69,320
Premises and other fixed assets		**1,545,746**	1,475,081
Investment properties		**791,136**	772,513
Current income tax assets		**–**	51
Deferred income tax assets		**54,841**	13,881
Total assets		**161,159,340**	155,839,364
LIABILITIES			
Deposits from banks		**2,593,358**	2,645,620
Derivative financial instruments	*13*	**1,461,563**	1,498,692
Trading liabilities		**3,660,815**	2,278,044
Deposits from customers		**118,935,113**	117,936,402
Certificates of deposit issued		**8,910,099**	5,752,462
Issued debt securities		**2,714,882**	2,712,907
Subordinated notes		**3,794,725**	3,979,470
Other accounts and accruals		**2,962,490**	3,499,086
Current income tax liabilities		**230,388**	111,840
Deferred income tax liabilities		**8,939**	5,913
Total liabilities		**145,272,372**	140,420,436
EQUITY			
Non-controlling interests		**15,464**	15,480
Equity attributable to the Company's shareholders			
Share capital		**1,251,371**	1,251,371
Reserves	*18*	**14,507,510**	13,864,262
Proposed dividend		**112,623**	287,815
Shareholders' funds		**15,871,504**	15,403,448
Total equity		**15,886,968**	15,418,928
Total equity and liabilities		**161,159,340**	155,839,364

NOTE:

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the preparation of the 2013 interim condensed consolidated financial statements are consistent with those used and described in the Group's annual audited financial statements for the year ended 31 December 2012.

(a) Change in accounting policy elected by the Group

During the year, the Group has elected to change its accounting policy in respect of premises. In the past, leasehold properties comprising land and buildings held on which a reliable estimate was not available on the split of the carrying value attributable to each of the land and building elements were accounted for as finance leases and shown at fair value less subsequent depreciation.

In view of market developments, and a review of the relevant accounting policy adopted by peer banks in Hong Kong, the Group has decided to change from revaluation to historical cost based accounting for its premises with effect from 1 January 2013. The Group has also applied this change in accounting policy retrospectively.

In assessing this change in accounting policy, the Group has considered the requirements set out in HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". HKAS 8 specifies that, amongst other things, for an entity to justify a change in accounting policy that is not mandatorily required by a new accounting standard or amendment to an existing accounting standard issued by the HKICPA, the entity must demonstrate that the change will result in the financial statements providing more reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. The Group is satisfied that this change in accounting policy is justified by the relevant circumstances and therefore complies with HKAS 8.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(a) Change in accounting policy elected by the Group (Continued)

The effect of the change on the relevant items in the consolidated statement of financial position and the consolidated income statement is shown below:

HK$'000	**As previously reported**	**As restated**	**Change**
Consolidated statement of financial position			
As at 1 January 2013			
Premises	3,916,895	1,163,736	(2,753,159)
Premises revaluation reserve	2,619,372	80,019	(2,539,353)
Retained earnings as at 1 January 2013	8,954,907	9,000,839	45,932
As at 1 January 2012			
Premises	2,924,758	1,034,093	(1,890,665)
Premises revaluation reserve	1,812,389	79,885	(1,732,504)
Retained earnings as at 1 January 2012	7,824,038	7,865,097	41,059
Consolidated income statement			
For the six months ended 30 June 2012			
Depreciation	86,967	50,527	(36,440)
Taxation	75,359	78,387	3,028

In respect of the Group's financial position as at, and results for the six months ended, 30 June 2013, the impact from this change in accounting policy is a reduction of depreciation charge by HK$48,222,000 and an increase in deferred tax charge of HK$4,088,000.

(b) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013:

- Amendments to HKAS 1, "Presentations of Financial Statements", regarding other comprehensive income ("OCI"), require entities to aggregate items presented in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendments do not have any material impact on the Group.

- Amendments to HKFRS 7, "Disclosures-Offsetting Financial Assets and Financial Liabilities", issued in December 2011 requires disclosures about the effect or potential effects of offsetting financial assets and financial liabilities and related arrangements on an entity's financial position. There is no material impact to the financial statements of the Group as a result of this amendment.

- HKFRS 10, "Consolidated financial statements", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. It has been assessed that there is no change in the consolidation status of entities within the Group.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013: (Continued)

- HKFRS 11, "Joint arrangements", establishes principles for financial reporting by parties to a joint arrangement, and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The standard requires a joint operator to recognise and measure the assets and liabilities (and recognise the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant HKFRSs applicable to the particular assets, liabilities, revenues and expenses. It requires a joint venturer to recognise an investment and to account for that investment using the equity method in accordance with HKAS 28, "Investments in Associates and Joint Ventures", unless the entity is exempted from applying the equity method as specified in that standard. There is no impact to the financial statements of the Group as a result of this standard as the Group has adopted equity method of accounting to account for the investments in associate and jointly controlled entities.

- HKFRS 12, "Disclosures of interests in other entities", includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. There is no impact to the financial statements of the Group as the Group has no unconsolidated structured entities.

- HKFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. There is no material impact to the financial statements of the Group as a result of this standard.

- HKAS 19, "Employee Benefits", was amended in June 2011. The impact will be to immediately recognise all past services costs, and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). This standard is not relevant to the Group.

(c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

- HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in the income statement, unless this creates an accounting mismatch. The Group is in the process of making an assessment on the impact and so far has not decided to early adopt the standard, which shall be effective for the financial year beginning on or after 1 January 2015.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted: (Continued)

- Amendments to HKAS 32, "Offsetting Financial Assets and Financial Liabilities", issued in December 2011 clarified the requirements for offsetting financial instruments and addressed inconsistencies in current practice when applying the offsetting criteria in HKAS 32, "Financial Instruments: Presentation". The amendments are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted and are required to be applied retrospectively. There is no material impact to the financial statements of the Group as a result of this amendment.

The interim condensed consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated, and were approved by the Board of Directors for issue on 14 August 2013.

These interim condensed consolidated financial statements have not been audited.

3. NET INTEREST INCOME

For the six months ended 30 June *HK$'000*	**2013**	2012
Interest income		
Cash and balances with banks	**164,356**	190,426
Investments in securities	**317,627**	439,551
Advances to customers and banks	**1,596,041**	1,235,048
	2,078,024	1,865,025
Interest expense		
Deposits from banks/Deposits from customers	**596,265**	733,291
Certificates of deposit issued	**47,898**	13,197
Issued debt securities	**21,655**	24,858
Subordinated notes	**66,693**	69,512
Others	**1,697**	2,604
	734,208	843,462
Included within interest income		
Interest income on financial assets not at fair value through profit or loss	**2,070,984**	1,840,454
Interest income on impaired assets	**–**	734
Included within interest expense		
Interest expense on financial liabilities not at fair value through profit or loss	**731,084**	811,200

4. NET FEE AND COMMISSION INCOME

For the six months ended 30 June *HK$'000*	**2013**	2012
Fee and commission income		
Fee and commission income from financial assets and liabilities not at fair value through profit or loss		
– Credit related fees and commissions	**49,434**	29,938
– Trade finance	**34,903**	25,214
– Credit card	**141,336**	138,088
Other fee and commission income		
– Securities brokerage	**41,527**	26,189
– Insurance distribution and others	**37,464**	27,544
– Retail investment and wealth management services	**73,203**	37,144
– Bank services and handling fees	**24,033**	21,083
– Other fees	**56,871**	44,501
	458,771	349,701
Fee and commission expense		
Fee and commission expense from financial assets and liabilities not at fair value through profit or loss		
– Handling fees and commission	**101,116**	97,105
– Other fees paid	**9,660**	6,147
	110,776	103,252
	347,995	246,449

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

5. NET TRADING INCOME

For the six months ended 30 June *HK$'000*	**2013**	2012
Net gain arising from dealing in foreign currencies	**97,854**	126,500
Net (loss)/gain on trading securities	**(2,645)**	1,941
Net gain from derivatives entered into for trading purpose	**25,020**	2,352
Net loss arising from financial instruments subject to fair value hedge	**(29,086)**	(33,065)
Net gain/(loss) arising from financial instruments designated at fair value through profit or loss	**13,171**	(16,880)
	104,314	80,848

6. OTHER OPERATING INCOME

For the six months ended 30 June *HK$'000*	**2013**	2012
Dividend income from investments in available-for-sale securities		
– Listed investments	**2,536**	2,248
– Unlisted investments	**4,309**	3,960
Gross rental income from investment properties	**9,694**	9,388
Other rental income	**3,947**	3,360
Others	**1,719**	5,353
	22,205	24,309

7. OPERATING EXPENSES

For the six months ended 30 June *HK$'000*	**2013**	Restated 2012
Employee compensation and benefit expenses (including directors' remuneration)	**566,486**	505,854
Premises and other fixed assets expenses, excluding depreciation	**131,976**	102,621
Depreciation	**54,950**	50,527
Advertising and promotion costs	**40,931**	37,528
Printing, stationery and postage	**18,721**	15,848
Amortisation expenses of intangible assets	**2,039**	2,282
Others	**93,370**	114,997
	908,473	829,657

8. LOAN IMPAIRMENT LOSSES AND OTHER CREDIT PROVISIONS

For the six months ended 30 June *HK$'000*	**2013**	2012
Loan impairment losses		
Net charge/(reversal) of impairment losses on advances and other accounts		
– Individually assessed	**53,630**	(8,002)
– Collectively assessed	**83,940**	37,558
	137,570	29,556
Of which		
– new and additional allowances (including amounts directly written off in the period)	**179,364**	84,487
– releases	**(18,117)**	(21,420)
– recoveries	**(23,677)**	(33,511)
	137,570	29,556

9. NET LOSS ON DISPOSAL OF INVESTMENTS IN SECURITIES

For the six months ended 30 June *HK$'000*	**2013**	2012
Net gain on disposal of available-for-sale securities	**37,457**	53,829
Net loss on disposal of investments in securities included in the loans and receivables category	**(93,571)**	(64,638)
Net loss on redemption and disposal of held-to-maturity securities	**(22,284)**	(5,384)
	(78,398)	(16,193)

10. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

For the six months ended 30 June *HK$'000*	**2013**	Restated 2012
Current income tax		
– Hong Kong profits tax	**101,023**	58,198
– Overseas taxation	**5,438**	5,477
– Under-provision in prior periods	**2,269**	5,720
Deferred income tax		
– Origination and reversal of temporary differences	**5,064**	11,094
– Recognition of tax losses	**(666)**	(2,102)
Taxation	**113,128**	78,387

11. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on earnings of HK$812,689,000 (2012: HK$601,698,000) and the weighted average number of 1,251,371,105 (2012: 1,222,934,755) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2013 is based on earnings of HK$812,689,000 (2012: HK$601,698,000) and the weighted average number of 1,252,666,291 (2012: 1,223,247,242) ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

12. TRADING SECURITIES AND FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

HK$'000	**As at 30 Jun 2013**	As at 31 Dec 2012
Trading securities:		
Debt securities:		
– Listed in Hong Kong	**515,819**	548,781
– Unlisted	**5,670,794**	5,248,961
Total trading securities	**6,186,613**	5,797,742
Financial assets designated at fair value through profit or loss:		
Debt securities:		
– Listed outside Hong Kong	**36,706**	23,525
Total trading securities and financial assets designated at fair value through profit or loss	**6,223,319**	5,821,267
Included within debt securities are:		
– Government bonds included in trading securities	**6,185,330**	5,795,924
– Other debt securities	**37,989**	25,343
	6,223,319	5,821,267

As at 30 June 2013 and 31 December 2012, there were no certificates of deposit held included in the above balances of investments in debt securities.

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

	As at 30 Jun 2013	As at 31 Dec 2012
– Central governments and central banks	**6,185,330**	5,795,924
– Public sector entities	**238**	1,409
– Banks and other financial institutions	**1,045**	409
– Corporate entities	**36,706**	23,525
	6,223,319	5,821,267

13. DERIVATIVE FINANCIAL INSTRUMENTS

The notional principal amounts of outstanding derivatives contracts and their fair values as at 30 June 2013 were as follows:

HK$'000	**Contract/ notional amount**	**Fair values**	
		Assets	**Liabilities**
1) Derivatives held for trading			
a) Foreign exchange derivatives			
Forward and future contracts	**61,117,865**	**53,155**	**(266,949)**
Currency options purchased and written	**80,594,971**	**237,981**	**(237,503)**
b) Interest rate derivatives			
Interest rate futures	**11,689,498**	**–**	**(886)**
Interest rate swaps	**8,523,206**	**6,001**	**(64,495)**
c) Equity derivatives			
Equity options purchased and written	**230,208**	**3,125**	**(3,125)**
Total derivative assets/(liabilities) held for trading	**162,155,748**	**300,262**	**(572,958)**
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	**22,602,382**	**387,975**	**(845,539)**
Currency swaps	**1,382,126**	**–**	**(43,066)**
Total derivative assets/(liabilities) held for hedging	**23,984,508**	**387,975**	**(888,605)**
Total recognised derivative financial assets/(liabilities)	**186,140,256**	**688,237**	**(1,461,563)**

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The notional principal amounts of outstanding derivatives contracts and their fair values as at 31 December 2012 were as follows:

	Contract/ notional amount	Fair values	
		Assets	Liabilities
1) Derivatives held for trading			
a) *Foreign exchange derivatives*			
Forward and future contracts	64,252,866	130,837	(66,258)
Currency options purchased and written	43,336,993	71,746	(71,809)
b) *Interest rate derivatives*			
Interest rate futures	1,550,230	116	–
Interest rate swaps	7,487,004	10,177	(103,140)
c) *Equity derivatives*			
Equity options purchased and written	39,874	621	(621)
Total derivative assets/(liabilities) held for trading	116,666,967	213,497	(241,828)
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	18,685,659	397,412	(1,256,864)
Currency swaps	1,427,468	32,337	–
Total derivative assets/(liabilities) held for hedging	20,113,127	429,749	(1,256,864)
Total recognised derivative financial assets/(liabilities)	136,780,094	643,246	(1,498,692)

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

13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The credit risk weighted amounts of the above off-balance sheet exposures calculated under Basel III basis (for positions as at 30 June 2013) and Basel II basis (for positions as at 31 December 2012) and, where applicable, without taking into account the effect of bilateral netting arrangement that the Group entered into, are as follows:

	As at 30 Jun 2013	As at 31 Dec 2012
Exchange rate contracts	**1,388,442**	963,492
Interest rate contracts	**204,176**	183,695
Other contracts	**9,730**	1,586
	1,602,348	1,148,773

14. ADVANCES AND OTHER ACCOUNTS

HK$'000	**As at 30 Jun 2013**	As at 31 Dec 2012
Gross advances to customers	**93,314,702**	86,173,581
Trade bills	**6,197,931**	4,329,872
Other assets		
– Other accounts receivable and prepayments	**3,374,322**	3,822,960
	102,886,955	94,326,413
Less: impairment allowances		
– Individually assessed	**(147,628)**	(90,726)
– Collectively assessed	**(184,783)**	(170,578)
	(332,411)	(261,304)
Investments in securities included in the loans and receivables category *(Note 15)*	**1,704,089**	3,243,988
Advances and other accounts	**104,258,633**	97,309,097

14. ADVANCES AND OTHER ACCOUNTS (CONTINUED)

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

	As at 30 Jun 2013		As at 31 Dec 2012	
	Outstanding balance	**% of gross advances covered by collateral**	Outstanding balance	% of gross advances covered by collateral
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	**2,071,935**	**66.1**	1,662,651	70.4
– Property investment	**14,626,326**	**98.6**	14,047,519	98.4
– Financial concerns	**696,530**	**46.4**	336,280	36.4
– Stockbrokers	**14,367**	**100.0**	100,240	90.0
– Wholesale and retail trade	**3,381,085**	**96.3**	3,219,507	92.9
– Manufacturing	**2,185,738**	**94.3**	1,996,894	94.7
– Transport and transport equipment	**4,760,622**	**95.9**	4,635,150	96.3
– Recreational activities	**290,819**	**5.9**	287,610	1.5
– Information technology	**11,464**	**68.2**	8,703	47.7
– Others	**3,443,140**	**83.5**	2,894,403	80.8
	31,482,026	**91.8**	29,188,957	92.1
Individuals				
– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**1,105,398**	**100.0**	1,123,393	100.0
– Loans for the purchase of other residential properties	**16,928,247**	**100.0**	16,026,972	99.9
– Credit card advances	**3,693,432**	**–**	4,240,329	–
– Others	**5,823,942**	**29.3**	5,465,362	28.2
	27,551,019	**71.6**	26,856,056	69.6
Loans for use in Hong Kong	**59,033,045**	**82.4**	56,045,013	81.3
Trade finance *(Note (1))*	**6,299,914**	**60.0**	5,024,007	61.0
Loans for use outside Hong Kong *(Note (2))*	**27,981,743**	**63.4**	25,104,561	64.8
	93,314,702	**75.2**	86,173,581	75.3

14. ADVANCES AND OTHER ACCOUNTS (CONTINUED)

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

Note:

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

Trade financing loans not involving Hong Kong totalling HK$509,856,000 (31 December 2012: HK$336,534,000) are classified under Loans for use outside Hong Kong.

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

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

	As at 30 Jun 2013				
	Outstanding balance	**Impaired loans**	**Gross advances overdue for over 3 months**	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**
Loans for use in Hong Kong					
Industrial, commercial and financial					
– Property investment	**14,626,326**	**–**	**26**	**–**	**17,796**
Individuals					
– Loans for the purchase of other residential properties	**16,928,247**	**–**	**–**	**–**	**–**

14. ADVANCES AND OTHER ACCOUNTS (CONTINUED)

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

	As at 31 Dec 2012				
	Outstanding balance	Impaired loans	Gross advances overdue for over 3 months	Individually assessed impairment allowances	Collectively assessed impairment allowances
Loans for use in Hong Kong					
Industrial, commercial and financial					
– Property investment	14,047,519	–	–	–	6,657
Individuals					
– Loans for the purchase of other residential properties	16,026,972	–	541	–	7,594

(b) Non-bank Mainland exposures

	As at 30 Jun 2013			
Type of counterparties	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Total**	**Individually assessed impairment allowances**
Mainland entities	**14,239,787**	**2,623,608**	**16,863,395**	**69,301**
Companies and individuals outside Mainland where the credits are granted for use in the Mainland	**9,793,825**	**296,959**	**10,090,784**	**46,501**
Other counterparties the exposures to whom are considered by the Group to be non-bank Mainland exposures	**100,820**	**–**	**100,820**	**–**

14. ADVANCES AND OTHER ACCOUNTS (CONTINUED)

(b) Non-bank Mainland exposures (Continued)

	As at 31 Dec 2012			
Type of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total	Individually assessed impairment allowances
Mainland entities	11,852,148	1,483,651	13,335,799	37,119
Companies and individuals outside Mainland where the credits are granted for use in the Mainland	10,294,395	329,327	10,623,722	37,873
Other counterparties the exposures to whom are considered by the Group to be non-bank Mainland exposures	76,028	–	76,028	–

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

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

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

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

As at 30 Jun 2013

	Gross advances to customers	Individually impaired advances to customers	Overdue advances to customers	Individually assessed impairment allowances	Collectively assessed impairment allowances
Hong Kong	**67,993,207**	**142,301**	**130,050**	**67,525**	**81,974**
China	**14,526,402**	**186,777**	**180,466**	**69,302**	**55,182**
Macau	**9,783,424**	**29,842**	**33,626**	**10,773**	**42,241**
Others	**1,011,669**	**52**	**52**	**28**	**2,145**
	93,314,702	**358,972**	**344,194**	**147,628**	**181,542**

14. ADVANCES AND OTHER ACCOUNTS (CONTINUED)

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

As at 31 Dec 2012

	Gross advances to customers	Individually impaired advances to customers	Overdue advances to customers	Individually assessed impairment allowances	Collectively assessed impairment allowances
Hong Kong	64,568,498	100,985	112,919	42,602	88,156
China	12,313,706	152,742	152,742	37,124	41,047
Macau	8,412,400	29,513	33,862	10,979	36,223
Others	878,977	52	52	21	2,290
	86,173,581	283,292	299,575	90,726	167,716

(d) Impaired, overdue and rescheduled assets

Apart from the investments in certain securities included in the loans and receivables category described in Note 15, advances to customers (as set out below), against which full individual impairment allowances had been made, there were no trade bills or other assets which were individually impaired, overdue for over 3 months or rescheduled as at 30 June 2013 and 31 December 2012. In respect of advances to customers, the relevant amounts are analysed below:

(i) Impaired loans

	As at 30 Jun 2013	As at 31 Dec 2012
Impaired loans and advances		
– Individually impaired *(Note (1))*	**358,972**	283,292
– Collectively impaired *(Note (2))*	**17,530**	16,251
	376,502	299,543
Impairment allowances made		
– Individually assessed *(Note (3))*	**(147,628)**	(90,726)
– Collectively assessed *(Note (2))*	**(15,988)**	(14,948)
	(163,616)	(105,674)
	212,886	193,869
Fair value of collaterals held*	**249,226**	221,109
Impaired loans and advances as a % of total loans and advances to customers	**0.40%**	0.35%

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

14. ADVANCES AND OTHER ACCOUNTS (CONTINUED)

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

(i) Impaired loans (Continued)

Note:

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

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

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

(ii) Gross amount of overdue loans

	As at 30 Jun 2013		As at 31 Dec 2012	
	Gross amount of overdue loans	**% of total**	Gross amount of overdue loans	% of total
Gross advances to customers which have been overdue for:				
– six months or less but over three months	**35,731**	**0.04**	70,549	0.08
– one year or less but over six months	**94,898**	**0.10**	33,986	0.04
– over one year	**213,565**	**0.23**	195,040	0.23
	344,194	**0.37**	299,575	0.35
Market value of securities held against the secured overdue advances	**418,237**		379,646	
Secured overdue advances	**254,023**		242,553	
Unsecured overdue advances	**90,171**		57,022	
Individual impairment allowances	**115,952**		78,668	

14. ADVANCES AND OTHER ACCOUNTS (CONTINUED)

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

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

	As at 30 Jun 2013	% of total	As at 31 Dec 2012	% of total
Advances to customers	**184,155**	**0.20**	147,594	0.17
Impairment allowances	**–**		–	

(e) Repossessed collateral

Repossessed collateral held is as follows:

	As at 30 Jun 2013	As at 31 Dec 2012
Nature of assets		
– Repossessed properties	**66,982**	73,702
– Others	**777**	6,760
	67,759	80,462

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

	As at 30 Jun 2013		As at 31 Dec 2012	
	Contract amount	% covered by collateral	Contract amount	% covered by collateral
Financial guarantees and other credit related contingent liabilities	**3,734,162**	**44.9**	2,744,878	32.5
Loan commitments and other credit related commitments	**59,339,599**	**6.9**	59,987,212	7.1
	63,073,761	**9.1**	62,732,090	8.3

15. INVESTMENTS IN SECURITIES INCLUDED IN THE LOANS AND RECEIVABLES CATEGORY

HK$'000	**As at 30 Jun 2013**	As at 31 Dec 2012
Investments in securities reclassified from the available-for-sale category		
– At fair value under fair value hedge (for hedging interest rate risk)	**1,248,613**	2,227,771
– At amortised cost	**543,892**	1,117,929
	1,792,505	3,345,700
Less: impairment allowances		
– Individually assessed	**–**	(58,251)
– Collectively assessed	**(100,000)**	(100,000)
	(100,000)	(158,251)
	1,692,505	3,187,449
Investments in securities classified as loans and receivables upon initial recognition	**11,584**	56,539
	1,704,089	3,243,988

Investments in securities classified as loans and receivables upon initial recognition were overdue at the time of recognition. As at 30 June 2013 and 31 December 2012, these investments were overdue for more than one year.

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

	As at 30 Jun 2013	As at 31 Dec 2012
Debt securities:		
– Listed outside Hong Kong	**1,545,766**	3,102,803
– Unlisted	**258,323**	299,436
	1,804,089	3,402,239
Less: impairment allowances		
– Individually assessed	**–**	(58,251)
– Collectively assessed	**(100,000)**	(100,000)
	(100,000)	(158,251)
	1,704,089	3,243,988
Market value of listed securities	**1,337,557**	2,770,374

15. INVESTMENTS IN SECURITIES INCLUDED IN THE LOANS AND RECEIVABLES CATEGORY (CONTINUED)

As at 30 June 2013 and 31 December 2012, there were no certificates of deposit held included in the above balances of investments in debt securities.

	As at 30 Jun 2013	As at 31 Dec 2012
Investments in securities included in the loans and receivables category are analysed by categories of issuers as follows:		
– Banks and other financial institutions	**1,346,831**	2,282,015
– Corporate entities	**457,258**	1,120,224
	1,804,089	3,402,239

16. AVAILABLE-FOR-SALE SECURITIES

HK$'000	**As at 30 Jun 2013**	As at 31 Dec 2012
Debt securities:		
– Listed in Hong Kong	**11,496,384**	8,919,452
– Listed outside Hong Kong	**12,333,946**	11,599,410
– Unlisted	**957,702**	1,068,197
	24,788,032	21,587,059
Equity securities:		
– Listed in Hong Kong	**147,391**	73,026
– Listed outside Hong Kong	**44,671**	72,610
– Unlisted	**211,143**	187,829
	403,205	333,465
Total available-for-sale securities	**25,191,237**	21,920,524

As at 30 June 2013 and 31 December 2012, there were no certificates of deposit held included in the above balances of investments in debt securities.

Available-for-sale securities are analysed by categories of issuers as follows:		
– Central governments and central banks	**2,363,566**	2,867,068
– Public sector entities	**207,662**	294,279
– Banks and other financial institutions	**6,073,246**	6,060,201
– Corporate entities	**16,544,235**	12,697,448
– Others	**2,528**	1,528
	25,191,237	21,920,524

17. HELD-TO-MATURITY SECURITIES

HK$'000	**As at 30 Jun 2013**	As at 31 Dec 2012
Debt securities:		
– Listed in Hong Kong	**731,495**	711,921
– Listed outside Hong Kong	**3,700,009**	4,797,430
– Unlisted	**1,834,296**	1,538,189
	6,265,800	7,047,540
Market value of listed securities	**4,465,086**	5,536,303
Included within debt securities are:		
– Certificates of deposit held	**522,665**	399,701
– Other debt securities	**5,743,135**	6,647,839
	6,265,800	7,047,540
Held-to-maturity securities are analysed by issuers as follows:		
– Central governments and central banks	**1,187,274**	910,343
– Public sector entities	**193,811**	193,620
– Banks and other financial institutions	**3,146,128**	3,914,755
– Corporate entities	**1,738,587**	2,028,822
	6,265,800	7,047,540

18. RESERVES

HK$'000	**As at 30 Jun 2013**	Restated As at 31 Dec 2012
Reserves		
Share premium	**4,404,692**	4,404,692
Consolidation reserve	**(220,986)**	(220,986)
Premises revaluation reserve	**179,838**	80,019
Investment revaluation reserve	**(276,303)**	(98,643)
Exchange reserve	**304,672**	285,772
General reserve	**700,254**	700,254
Retained earnings	**9,525,713**	9,000,839
Reserve for share-based compensation	**2,253**	130
	14,620,133	14,152,077
Proposed dividend included in retained earnings	**112,623**	287,815

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

As at 30 June 2013, DSB has earmarked a regulatory reserve of HK$1,373,606,000 (31 December 2012: HK$1,286,675,000) first against its general reserve; and for any excess amount, the balance is earmarked against its retained earnings.

19. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Capital commitments

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

HK$'000	**As at 30 Jun 2013**	Restated As at 31 Dec 2012
Expenditure authorised but not contracted for	**39,410**	43,423
Expenditure contracted but not provided for	**170,033**	153,073
	209,443	196,496

19. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

(b) Credit commitments

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

	Contract amounts	
	As at 30 Jun 2013	As at 31 Dec 2012
Direct credit substitutes	**2,528,208**	478,535
Transaction-related contingencies	**75,147**	507,025
Trade-related contingencies	**1,130,807**	1,759,318
Commitments that are unconditionally cancellable without prior notice	**51,756,749**	52,779,971
Other commitments with an original maturity of:		
– under 1 year	**5,756,462**	5,604,862
– 1 year and over	**1,826,388**	1,602,379
	63,073,761	62,732,090

	Credit risk weighted amounts	
	As at 30 Jun 2013	As at 31 Dec 2012
Contingent liabilities and commitments	**3,049,126**	2,589,868

(c) Assets pledged

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

	As at 30 Jun 2013	As at 31 Dec 2012
Trading securities	**3,538,446**	2,548,496
Available-for-sale securities	**131,400**	132,544
	3,669,846	2,681,040

19. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

(c) Assets pledged (Continued)

Non-government bonds pledged with unrelated financial institutions under repurchase agreements are as follows:

	As at 30 Jun 2013	As at 31 Dec 2012
Available-for-sale securities	**1,041,250**	256,838
Held-to-maturity securities	**32,272**	51,970
	1,073,522	308,808

(d) Operating lease commitments

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

	As at 30 Jun 2013	As at 31 Dec 2012
Not later than 1 year	**149,285**	144,870
Later than 1 year and not later than 5 years	**230,096**	253,485
Later than 5 years	**66,206**	58,161
	445,587	456,516

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

	As at 30 Jun 2013	As at 31 Dec 2012
Not later than 1 year	**17,387**	15,850
Later than 1 year and not later than 5 years	**12,745**	856
	30,132	16,706

20. CROSS-BORDER CLAIMS

Equivalent in HK$ millions

	As at 30 Jun 2013			
	Banks and other financial institutions	**Public sector entities**	**Others**	**Total**
Asia Pacific excluding Hong Kong	**16,697**	**168**	**17,246**	**34,111**
North and South America	**942**	**–**	**2,442**	**3,384**
Europe	**4,271**	**–**	**1,232**	**5,503**
	21,910	**168**	**20,920**	**42,998**

	As at 31 Dec 2012			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Hong Kong	20,697	154	15,317	36,168
North and South America	2,109	–	2,854	4,963
Europe	3,751	80	1,475	5,306
	26,557	234	19,646	46,437

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

21. OPERATING SEGMENT REPORTING

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

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

- Personal banking business includes the acceptance of deposits from individual customers and the extension of residential mortgage lending, personal loans, overdraft and credit card services, the provision of insurance sales and investment services. Starting from 2013, hire purchase finance and leasing related to vehicle and transport financing are included under personal banking business. Certain comparative amounts have been revised to conform with the current year's presentation.

- Commercial banking business includes the acceptance of deposits from and the advance of loans and working capital finance to commercial, industrial and institutional customers, and the provision of trade financing. Hire purchase finance and leasing related to equipment financing are included.

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

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

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

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

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

21. OPERATING SEGMENT REPORTING (CONTINUED)

For the six months ended 30 June 2013

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/(expenses)	**604,987**	**454,662**	**174,958**	**237,769**	**(128,560)**	**–**	**1,343,816**
Non-interest income/(expenses)	**206,413**	**132,384**	**140,537**	**55,419**	**(43,380)**	**(16,859)**	**474,514**
Total operating income/(expenses)	**811,400**	**587,046**	**315,495**	**293,188**	**(171,940)**	**(16,859)**	**1,818,330**
Operating (expenses)/income	**(504,808)**	**(131,319)**	**(61,749)**	**(206,779)**	**(20,677)**	**16,859**	**(908,473)**
Operating profit/(loss) before impairment losses	**306,592**	**455,727**	**253,746**	**86,409**	**(192,617)**	**–**	**909,857**
Loan impairment losses and other credit provisions	**(65,955)**	**(26,799)**	**–**	**(44,816)**	**–**	**–**	**(137,570)**
Operating profit/(loss) after impairment losses	**240,637**	**428,928**	**253,746**	**41,593**	**(192,617)**	**–**	**772,287**
Net loss on disposal of premises, investment properties and other fixed assets	**(1,967)**	**–**	**–**	**(2)**	**–**	**–**	**(1,969)**
Net loss on disposal of investments in securities	**–**	**–**	**(78,398)**	**–**	**–**	**–**	**(78,398)**
Share of results of an associate	**–**	**–**	**–**	**227,633**	**–**	**–**	**227,633**
Share of results of jointly controlled entities	**–**	**–**	**–**	**–**	**6,248**	**–**	**6,248**
Profit/(loss) before taxation	**238,670**	**428,928**	**175,348**	**269,224**	**(186,369)**	**–**	**925,801**
Taxation (expenses)/credit	**(38,950)**	**(70,773)**	**(28,932)**	**(1,359)**	**26,886**	**–**	**(113,128)**
Profit/(loss) after taxation	**199,720**	**358,155**	**146,416**	**267,865**	**(159,483)**	**–**	**812,673**
For the six months ended 30 June 2013							
Depreciation and amortisation	**19,234**	**2,778**	**2,408**	**18,938**	**13,631**	**–**	**56,989**
As at 30 June 2013							
Segment assets	**36,387,511**	**48,766,144**	**46,995,887**	**29,528,677**	**3,358,241**	**(3,877,120)**	**161,159,340**
Segment liabilities	**63,201,486**	**29,635,402**	**13,815,192**	**22,980,775**	**19,516,637**	**(3,877,120)**	**145,272,372**

21. OPERATING SEGMENT REPORTING (CONTINUED)

For the six months ended 30 June 2012 (Restated)

	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/(expenses)	504,747	312,386	136,492	192,806	(124,868)	–	1,021,563
Non-interest income/(expenses)	156,440	77,771	117,310	29,788	(13,674)	(16,029)	351,606
Total operating income/(expenses)	661,187	390,157	253,802	222,594	(138,542)	(16,029)	1,373,169
Operating (expenses)/income	(492,626)	(117,206)	(63,118)	(162,522)	(10,214)	16,029	(829,657)
Operating profit/(loss) before impairment losses	168,561	272,951	190,684	60,072	(148,756)	–	543,512
Loan impairment losses and other credit provisions (charged)/written back	(28,617)	21,624	–	(22,625)	62	–	(29,556)
Operating profit/(loss) after impairment losses	139,944	294,575	190,684	37,447	(148,694)	–	513,956
Net loss on disposal of premises, investment properties and other fixed assets	(595)	–	–	–	(157)	–	(752)
Net loss on disposal of investments in securities	–	–	(16,193)	–	–	–	(16,193)
Share of results of an associate	–	–	–	176,989	–	–	176,989
Share of results of jointly controlled entities	–	–	–	–	6,072	–	6,072
Profit/(loss) before taxation	139,349	294,575	174,491	214,436	(142,779)	–	680,072
Taxation (expenses)/credit	(22,549)	(48,625)	(28,822)	(4,283)	25,892	–	(78,387)
Profit/(loss) after taxation	116,800	245,950	145,669	210,153	(116,887)	–	601,685
For the six months ended 30 June 2012							
Depreciation and amortisation	22,826	5,549	4,435	17,746	2,253	–	52,809
As at 31 December 2012							
Segment assets	35,103,627	44,346,608	49,757,413	26,306,191	3,192,800	(2,867,275)	155,839,364
Segment liabilities	65,621,598	28,882,670	13,101,445	20,031,758	15,650,240	(2,867,275)	140,420,436

21. OPERATING SEGMENT REPORTING (CONTINUED)

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

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

HK$'000	**Hong Kong and Others**	**Macau**	**Inter-segment elimination**	**Total**
For the six months ended 30 June 2013				
Operating income	**1,660,424**	**158,206**	**(300)**	**1,818,330**
Profit before taxation	**856,825**	**68,976**	**–**	**925,801**
As at 30 June 2013				
Total assets	**148,156,809**	**15,161,574**	**(2,159,043)**	**161,159,340**
Total liabilities	**134,178,145**	**13,253,270**	**(2,159,043)**	**145,272,372**
Intangible assets and goodwill	**318,667**	**560,304**	**–**	**878,971**
Contingent liabilities and commitments	**66,275,524**	**2,196,635**	**–**	**68,472,159**

	Hong Kong and Others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2012 (Restated)				
Operating income	1,259,843	113,497	(171)	1,373,169
Profit before taxation	645,638	34,434	–	680,072
As at 31 December 2012				
Total assets (Restated)	143,562,620	13,805,502	(1,528,758)	155,839,364
Total liabilities (Restated)	129,985,031	11,964,163	(1,528,758)	140,420,436
Intangible assets and goodwill	318,667	562,343	–	881,010
Contingent liabilities and commitments	64,318,306	2,056,644	–	66,374,950

22. CAPITAL ADEQUACY RATIO

	As at 30 Jun 2013 Basel III basis	Restated As at 31 Dec 2012 Basel II basis
Capital adequacy ratio		
– Common Equity Tier 1	**10.0%**	N.A.
– Tier 1	**10.0%**	10.4%
– Total	**14.2%**	14.9%

The capital adequacy ratio as at 30 June 2013 and 31 December 2012 represents the consolidated position of DSB (covering Banco Comercial de Macau, S.A. ("BCM") and Dah Sing Bank (China) Limited ("DSB China") computed on Basel III and Basel II basis respectively with reference to the Banking (Capital) Rules. This capital adequacy ratio takes into account market risk and operational risk. The capital base as at 31 December 2012 has been restated to reflect the change in the accounting policy for premises to the cost basis.

Only the Hong Kong incorporated banking subsidiaries within the Group are subject to the minimum capital adequacy ratio requirement under the Hong Kong Banking Ordinance. BCM is subject to Macau banking regulations and DSB China is subject to China banking regulations. The above ratios of the Group are calculated for reference only.

23. LIQUIDITY RATIO

	Six months ended 30 Jun 2013	Six months ended 30 Jun 2012	Year ended 31 Dec 2012
Liquidity ratio	46.9%	47.6%	50.1%

The liquidity ratio is calculated as the simple average of each calendar month's average liquidity ratio of the Group's banking subsidiaries for the six/twelve months of the financial year. The liquidity ratio is computed with reference to the methods set out in the Fourth Schedule of the Hong Kong Banking Ordinance.

Only the locally incorporated banking subsidiaries within the Group are subject to the minimum liquidity ratio requirement under the Hong Kong Banking Ordinance. The above ratios of the Group are calculated for reference only.

FINANCIAL RATIOS

	Six months ended 30 Jun 2013	Restated Six months ended 30 Jun 2012
Net interest income/operating income	**73.9%**	74.4%
Cost to income ratio	**50.0%**	60.4%
Return on average total assets (annualised)	**1.1%**	0.8%
Return on average shareholders' funds (annualised)	**10.9%**	9.0%
Net interest margin	**1.77%**	1.47%

	As at 30 Jun 2013	As at 31 Dec 2012
Loan to deposit ratio	**73.0%**	69.7%

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$0.09 per share for 2013 payable on or after Thursday, 26 September 2013 to shareholders whose names are on the Register of Shareholders at the close of business on Monday, 23 September 2013.

CLOSING OF REGISTER OF SHAREHOLDERS

The Register of Shareholders will be closed from Monday, 16 September 2013 to Monday, 23 September 2013, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 September 2013.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

Local market conditions in the first half of the year were somewhat subdued, with concerns over a slowing in the Mainland China economy affecting sentiment in Hong Kong. Towards the middle of the year, we also saw significant market volatility due to the US Federal Reserve's potential tapering down of quantitative easing measures, and the effect that this could have on medium term US (and by implication Hong Kong) interest rates. Whilst market conditions were somewhat subdued, we are pleased to report that our profit attributable to shareholders increased by 35.1% over the prior period to HK$813 million.

Key trends during the period included a significant improvement in net interest margin ("NIM"), double digit percentage loan growth, much improved fee and commission income, and well-controlled expense growth. Our investment in Bank of Chongqing ("BOCQ"), again delivered strong performance, although with more moderate profit growth relative to our wholly owned banking business.

BUSINESS AND FINANCIAL REVIEW

All key areas of our business reported significant growth. Net interest income was up by 31.5% from HK$1,022 million to HK$1,344 million, driven both by improved NIM of 1.77% for the first half of the year, compared with 1.47% in the same period last year, as well as by business volume increase. The 30bp increase in NIM was driven in large part through the continued sharp focus on deposit cost management, although booking of new loans, particularly by our commercial banking division at respectable yields, also helped.

Net fee and commission income increased by 41.2% from HK$246 million to HK$348 million, driven largely by increases in our wealth management business, treasury related fee income derived from commercial banking business, securities brokerage and trade finance business. Net trading income increased from HK$81 million to HK$104 million. Our success in delivering much improved results in these areas was driven largely by a high level of focus by our divisional and branch management, and better cross-divisional cooperation, both in line with our business strategy.

Improved net interest income, fee and commission income and net trading income, resulted in an increase of 32.4% in total operating income, from HK$1,373 million to HK$1,818 million. Operating expenses remained well under control, despite the high level of business growth, increasing by 9.5% to HK$908 million. The much faster revenue growth than cost increase led to a significant improvement in our cost to income ratio to come down to 50.0%, compared with 60.4% in the first half of 2012.

Loan impairment losses and other credit provisions increased to HK$138 million from a very low base of HK$30 million in the prior period. Whilst the increase was notable due to the low base effect, the absolute level of bad debts remained low, with the impaired loan ratio standing at 0.40% at the mid-year.

BUSINESS AND FINANCIAL REVIEW (CONTINUED)

Our investment in Bank of Chongqing continued to perform well with a contribution of HK$228 million for the period, an increase of 29% over the first half of the prior year.

Due principally to the higher level of business growth during the period, Dah Sing Bank's consolidated capital adequacy ratio ("CAR") dropped modestly compared with the prior year end from 14.9% (Basel II basis) to 14.2%, reported on a Basel III basis, whilst our overall capital base continued to increase from HK$15.1 billion to HK$16.0 billion. During the period, we changed our accounting policy relating to our holding of own-use premises from the revaluation model to the cost model, and the results of the first half of 2012 are restated to reflect this change. This is a more conservative treatment from a capital perspective (reducing our overall CAR by 49bp), but results in higher earnings (by HK$44 million in the period), due to the absence of a need to depreciate the premises revaluation surplus over the remaining period of the property leases (typically up to mid-2047), which reduces the overall depreciation and amortization charge of the Group.

PROSPECTS

Overall global growth remains subdued. Whilst there are some signs of improvement in the US, this is to be balanced against the risk of interest rate increases if the economy surprises on the upside. Although the Eurozone may have bottomed out, growth remains very subdued. Furthermore, and of significant relevance to Hong Kong, the Mainland economic growth is slowing down. Hong Kong remains relatively stable at present, but economic forecasts are gradually being reduced to reflect the softer outlook for the Mainland economy.

Against this background, it is likely that business growth will slow in the second half of the year. Credit quality may continue to deteriorate, although at this stage we do not expect a very sharp deterioration. Therefore, a cautious approach in managing our businesses is called for, and we will continue to operate our businesses prudently, with attention to profitability and balance sheet management, credit risk management, cost control and overall efficiency.

We have started to see the benefits of our business strategy which calls for a high level of focus on our core businesses and markets, with strict management of business deliverables and risk, and with the key objective of improving shareholder returns over time. We see the continuation of this strategy as key to achieving sustainable performance in the medium term.

Although we are cautious in the near term, we believe that the underlying strength of the Hong Kong banking system and insurance market, and the better medium term prospects for the Mainland than most other economies, with the positive impact this will bring to Hong Kong and Macau, provides a good platform for further growth in our core businesses over time.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2013, the Company has complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Listing Rules, with the exception of code provisions A.4.1 and A.6.7.

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

Pursuant to code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Andrew Kwan-Yuen Leung, an Independent Non-Executive Director and Mr. Kazutake Kobayashi, a Non-Executive Director who resigned on 14 August 2013, were unable to attend the last Annual General Meeting of the Company held on 28 May 2013 due to other engagement at the relevant time.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its code of conduct for directors' securities dealing ("Directors' Dealing Code") on terms no less exacting than the prevailing required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules. Following specific enquiry, the Directors of the Company confirmed that they have complied with the required standard set out in the Model Code and the Directors' Dealing Code throughout the six months ended 30 June 2013.

UNAUDITED FINANCIAL STATEMENTS

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

AUDIT COMMITTEE

The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2013.

REMUNERATION AND STAFF DEVELOPMENT

There have been no material changes to the information disclosed in the Company's 2012 Annual Report in respect of the remuneration of employees, remuneration policies and training schemes.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the six months ended 30 June 2013.

INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The 2013 Interim Report of the Group containing all the information required by the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and Dah Sing Bank in due course. Printed copies of the 2013 Interim Report will be sent to shareholders before the end of September 2013.

BOARD OF DIRECTORS

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

By Order of the Board
Doris Wai Nar Wong
Company Secretary

Hong Kong, Wednesday, 14 August 2013