



To: Shareholders

The Board of Directors of DBS Group Holdings Ltd (“DBSH” or “the Company”) reports the following:

Unaudited Financial Results for the First Half/ Second Quarter Ended 30 June 2016

Details of the financial results are in the accompanying performance summary.

Dividends

For the first half of 2016, the Directors have declared an interim one-tier tax-exempt dividend (“2016 interim dividends”) of 30 cents (first half 2015: 30 cents) for each DBSH ordinary share. The DBSH Scrip Dividend Scheme will be applied to these dividends. The estimated dividend payable is \$757 million (2015: \$753 million).

The DBSH ordinary shares will be quoted ex-dividend on 15 August 2016. Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 18 August 2016. Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services of 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 17 August 2016 will be registered to determine shareholders' entitlement to the 2016 interim dividends. The issue price for new shares to be allotted to shareholders who have elected to receive the 2016 interim dividends in scrip shall be the average of the last dealt prices of each DBSH ordinary share on the SGX-ST for each of 15, 16 and 17 August 2016.

The 2016 interim dividends will be payable on or about 6 October 2016. In respect of ordinary shares in the securities accounts with The Central Depository (Pte) Limited (“CDP”), the 2016 interim dividends will be paid by DBSH to CDP, which will in turn distribute the dividend entitlements to shareholders.

A separate announcement which will outline further administrative details on the application of the DBSH Scrip Dividend Scheme to the 2016 interim dividends will be made in due course.

By order of the Board

Goh Peng Fong
Group Secretary

5 August 2016
Singapore

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



Performance Summary

Unaudited Financial Results
For the First Half / Second Quarter ended
30 June 2016

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

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DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

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 2015, with the exception of the adoption of new or revised FRS.

On 1 January 2016, the Group adopted the following revised FRS that are issued by the Accounting Standards Council and relevant for the Group:

- Amendments to FRS 1: Disclosure Initiatives
- Amendments to FRS 27: Equity Method in Separate Financial Statements
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
- Improvements to FRSs (issued in November 2014)

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

	2nd Qtr 2016	2nd Qtr 2015	% chg	1st Qtr 2016	% chg	1st Half 2016	1st Half 2015	% chg
Selected income statement items (\$m)								
Net interest income	1,833	1,743	5	1,833	-	3,666	3,433	7
Net fee and commission income	628	582	8	574	9	1,202	1,142	5
Other non-interest income	458	375	22	458	-	916	865	6
Total income	2,919	2,700	8	2,865	2	5,784	5,440	6
Expenses	1,285	1,218	6	1,265	2	2,550	2,399	6
Profit before allowances	1,634	1,482	10	1,600	2	3,234	3,041	6
Allowances for credit and other losses	366	137	>100	170	>100	536	318	69
Profit before tax	1,268	1,345	(6)	1,430	(11)	2,698	2,723	(1)
Net profit	1,051	1,117	(6)	1,203	(13)	2,254	2,250	-
One-time item ¹	-	-	-	-	-	-	136	(100)
Net profit including one-time item	1,051	1,117	(6)	1,203	(13)	2,254	2,386	(6)
Selected balance sheet items (\$m)								
Customer loans	284,814	280,071	2	274,129	4	284,814	280,071	2
<i>Constant-currency change</i>			2		4			2
Total assets	450,886	440,257	2	439,221	3	450,886	440,257	2
Customer deposits	310,098	305,913	1	313,804	(1)	310,098	305,913	1
<i>Constant-currency change</i>			2		(1)			2
Total liabilities	406,174	398,664	2	394,954	3	406,174	398,664	2
Shareholders’ funds	42,354	39,168	8	41,873	1	42,354	39,168	8
Key financial ratios (%) (excluding one-time item)²								
Net interest margin	1.87	1.75		1.85		1.86	1.72	
Non-interest/total income	37.2	35.4		36.0		36.6	36.9	
Cost/income ratio	44.0	45.1		44.2		44.1	44.1	
Return on assets	0.95	1.00		1.08		1.01	1.02	
Return on equity ³	10.1	11.6		11.9		11.0	11.9	
Loan/deposit ratio	91.8	91.6		87.4		91.8	91.6	
NPL ratio	1.1	0.9		1.0		1.1	0.9	
Specific allowances (loans)/average loans (bp)	48	19		18		32	20	
Common Equity Tier 1 capital adequacy ratio	14.2	13.4		14.0		14.2	13.4	
Tier 1 capital adequacy ratio	14.4	13.4		14.3		14.4	13.4	
Total capital adequacy ratio	16.3	15.3		16.0		16.3	15.3	
Leverage ratio ⁴	7.7	7.3		7.8		7.7	7.3	
Average all-currency liquidity coverage ratio ⁵	116	131		119		118	133	

	2nd Qtr 2016	2nd Qtr 2015	1st Qtr 2016	1st Half 2016	1st Half 2015
Per share data (\$m)					
Per basic share					
– earnings excluding one-time item	1.67	1.78	1.92	1.79	1.81
– earnings	1.67	1.78	1.92	1.79	1.86
– net book value ⁶	16.48	15.29	16.39	16.48	15.29
Per diluted share					
– earnings excluding one-time item	1.67	1.78	1.92	1.79	1.81
– earnings	1.67	1.78	1.92	1.79	1.86
– net book value ⁶	16.48	15.29	16.39	16.48	15.29

Notes:

- 1 Relates to gain from disposal of a property investment.
- 2 Return on assets, return on equity, specific allowances (loans)/average loans and per share data are computed on an annualised basis.
- 3 Calculated based on net profit attributable to the shareholders net of dividends on other equity instruments. Non-controlling interests and other equity instruments are not included as equity in the computation of return on equity.
- 4 Leverage Ratio is computed based on MAS Notice 637.
- 5 Liquidity Coverage Ratio (LCR) is computed based on MAS Notice 649. For average SGD LCR and other disclosures required under MAS Notice 651, refer to <https://www.dbs.com/investor/index.html>.
- 6 Non-controlling interests are not included as equity in the computation of net book value per share.

Net profit fell 6% from a year ago to \$1.05 billion due to a net allowance charge of \$150 million for Swiber group. Total income increased 8% to a new high of \$2.92 billion, exceeding cost growth of 6%. Business momentum picked up during the quarter as loans rose 4% over the three months while net fee income climbed to a record. The cost-income ratio improved to 44% as cost growth continued to decelerate. Profit before allowances rose 10% to \$1.63 billion. Compared to the previous quarter, net profit was 13% lower. While total income and profit before allowances were higher, the impact was offset by the net allowance charge for Swiber.

Net interest income rose 5% from a year ago to \$1.83 billion. Net interest margin was 12 basis points higher at 1.87% in line with higher Singapore dollar interest rates. Loans rose 2% as a 6% increase in non-trade loans was offset by a 22% contraction in trade loans. Compared to the previous quarter, net interest income was unchanged. Loans grew 4% in constant-currency terms while net interest margin was stable.

Net fee income rose 8% from a year ago and 9% from the previous quarter to a new high of \$628 million, with the growth led by investment banking. Other non-interest income increased 22% from a year ago to \$458 million from higher trading income and gains from investment

securities. Compared to the previous quarter, other non-interest income was unchanged.

Expenses rose 6% from a year ago and 2% from the previous quarter to \$1.29 billion. Profit before allowances grew 10% from a year ago and 2% from the previous quarter to \$1.63 billion.

Asset quality continued to be sound. While the non-performing rate rose to 1.1%, allowance coverage was comfortable at 113% and at 226% if collateral was considered. Excluding the allowances for Swiber, total allowances were 58% higher than a year ago and 27% higher than the previous quarter.

The average liquidity coverage ratio during the quarter was 116% and the loan-deposit ratio was 92%.

The Common Equity Tier 1 ratio was at 14.2% while the leverage ratio was at 7.7%.

For the first six months, net profit was flat if one-time gain a year ago was excluded. Total income increased 6% from higher net interest margin and broad-based fee income growth, but the impact was offset by higher allowances. Return on equity was 11.0%.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

NET INTEREST INCOME

Average balance sheet	2nd Qtr 2016			2nd Qtr 2015			1st Qtr 2016		
	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)
Interest-bearing assets									
Customer non-trade loans	243,460	1,642	2.71	231,436	1,498	2.60	242,011	1,673	2.78
Trade assets	40,227	225	2.25	53,093	325	2.46	42,788	243	2.28
Interbank assets ¹	30,566	85	1.12	38,348	125	1.31	35,657	94	1.06
Securities	80,919	459	2.28	76,694	448	2.34	78,016	444	2.29
Total	395,172	2,411	2.45	399,571	2,396	2.41	398,472	2,454	2.48
Interest-bearing liabilities									
Customer deposits	308,099	406	0.53	313,899	508	0.65	313,147	439	0.56
Other borrowings	57,499	172	1.20	57,234	145	1.02	58,448	182	1.25
Total	365,598	578	0.64	371,133	653	0.71	371,595	621	0.67
Net interest income/margin²		1,833	1.87		1,743	1.75		1,833	1.85

Average balance sheet	1st Half 2016			1st Half 2015		
	Average balance (\$m)	Interest (\$m)	Average rate (%)	Average balance (\$m)	Interest (\$m)	Average rate (%)
Interest-bearing assets						
Customer non-trade loans	242,735	3,315	2.75	230,152	2,937	2.57
Trade assets	41,508	468	2.27	56,027	695	2.50
Interbank assets ¹	33,111	179	1.09	42,274	271	1.29
Securities	79,468	903	2.29	74,674	873	2.36
Total	396,822	4,865	2.47	403,127	4,776	2.39
Interest-bearing liabilities						
Customer deposits	310,623	845	0.55	317,071	1,051	0.67
Other borrowings	57,974	354	1.23	57,833	292	1.02
Total	368,597	1,199	0.65	374,904	1,343	0.72
Net interest income/margin²		3,666	1.86		3,433	1.72

Notes:

1 Includes non-restricted balances with central banks.

2 Net interest margin is net interest income expressed as a percentage of average interest-bearing assets.

Net interest income increased 5% from a year ago to \$1.83 billion as net interest margin rose 12 basis points to 1.87% in line with higher Singapore dollar interest rates. Average interest-bearing asset volumes were lower as a decline in trade loans and interbank assets more than offsets an increase in non-trade loans.

Compared to the previous quarter, net interest income was unchanged. Net interest margin was slightly higher while average interest-bearing assets were slightly lower.

For the six months, net interest income was 7% higher at \$3.67 billion from higher net interest margin.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Volume and rate analysis (\$m) Increase/(decrease) due to change in	2nd Qtr 2016 vs 2nd Qtr 2015			2nd Qtr 2016 vs 1st Qtr 2016		
	Volume	Rate	Net change	Volume	Rate	Net change
Interest income						
Customer non-trade loans	78	66	144	10	(41)	(31)
Trade assets	(79)	(21)	(100)	(15)	(3)	(18)
Interbank assets	(25)	(15)	(40)	(13)	4	(9)
Securities	25	(14)	11	17	(2)	15
Total	(1)	16	15	(1)	(42)	(43)
Interest expense						
Customer deposits	(9)	(93)	(102)	(7)	(26)	(33)
Other borrowings	1	26	27	(3)	(7)	(10)
Total	(8)	(67)	(75)	(10)	(33)	(43)
Net impact on net interest income	7	83	90	9	(9)	-
Due to change in number of days			-			-
Net Interest Income			90			-

Volume and rate analysis (\$m) Increase/(decrease) due to change in	1st Half 2016 vs 1st Half 2015		
	Volume	Rate	Net change
Interest income			
Customer non-trade loans	161	198	359
Trade assets	(180)	(50)	(230)
Interbank assets	(59)	(34)	(93)
Securities	56	(30)	26
Total	(22)	84	62
Interest expense			
Customer deposits	(22)	(189)	(211)
Other borrowings	1	59	60
Total	(21)	(130)	(151)
Net impact on net interest income	(1)	214	213
Due to change in number of days			20
Net Interest Income			233

NET FEE AND COMMISSION INCOME

(\$m)	2nd Qtr 2016	2nd Qtr 2015	% chg	1st Qtr 2016	% chg	1st Half 2016	1st Half 2015	% chg
Brokerage	38	56	(32)	41	(7)	79	101	(22)
Investment banking	83	52	60	22	>100	105	78	35
Trade and transaction services ¹	148	139	6	142	4	290	284	2
Loan-related	120	111	8	124	(3)	244	234	4
Cards ²	108	105	3	114	(5)	222	207	7
Wealth management	179	175	2	176	2	355	342	4
Others	24	19	26	23	4	47	37	27
Fee and commission income	700	657	7	642	9	1,342	1,283	5
Less: Fee and commission expense	72	75	(4)	68	6	140	141	(1)
Total	628	582	8	574	9	1,202	1,142	5

Notes:

1 Includes trade & remittances, guarantees and deposit-related fees.

2 Net of interchange fees paid.

Net fee income rose 8% from a year ago to \$628 million. The increase was led by investment banking fees, which rose 60% from higher equity market activities. Fees from wealth management were 2% higher as an increase in insurance contributions was offset by lower investment product sales. Compared to the previous quarter, net fee income was 9% higher.

For the six months, net fee income rose 5% to \$1.20 billion. The growth was broad-based and included investment banking, cards, wealth management and loan-related activities.

OTHER NON-INTEREST INCOME

(\$m)	2nd Qtr 2016	2nd Qtr 2015	% chg	1st Qtr 2016	% chg	1st Half 2016	1st Half 2015	% chg
Net trading income ¹	307	273	12	315	(3)	622	629	(1)
Net income from investment securities ²	116	43	>100	86	35	202	146	38
Net gain on fixed assets	13	31	(58)	-	NM	13	46	(72)
Others (include rental income and share of profits or losses of associates)	22	28	(21)	57	(61)	79	44	80
Total	458	375	22	458	-	916	865	6

Notes:

1 Net trading income includes valuation adjustments such as bid-offer valuation adjustment, credit valuation adjustment and with effect from third quarter 2015, funding valuation adjustment.

2 Excludes one-time item.

NM Not Meaningful

Other non-interest income of \$458 million was 22% higher than a year ago as trading income and gains from investment securities rose. Compared to the previous quarter, other non-interest income was unchanged. Higher gains from investment securities were offset by the impact of a non-recurring gain of \$38 million reflected under Others in the first quarter.

For the first half, other non-interest income rose 6% to \$916 million, led by higher gains from investment securities. Trading income was little changed, while a non-recurring gain of \$38 million was largely offset by a decline in gains from fixed asset sales.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

EXPENSES

(\$m)	2nd Qtr 2016	2nd Qtr 2015	% chg	1st Qtr 2016	% chg	1st Half 2016	1st Half 2015	% chg
Staff	683	669	2	706	(3)	1,389	1,341	4
Occupancy	98	97	1	97	1	195	189	3
Computerisation	246	212	16	237	4	483	419	15
Revenue-related	63	78	(19)	67	(6)	130	140	(7)
Others	195	162	20	158	23	353	310	14
Total	1,285	1,218	6	1,265	2	2,550	2,399	6
Staff headcount at period-end	21,912	21,489	2	22,082	(1)	21,912	21,489	2

Included in the above table were:

Depreciation of properties and other fixed assets	67	63	6	67	-	134	123	9
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Expenses rose 6% from a year ago to \$1.29 billion, led by computerisation and general expenses. Compared to the previous quarter, expenses were 2% higher due to higher general expenses partially offset by a 3% reduction in staff costs in line with a slightly lower headcount.

For the first six months, expenses were 6% higher at \$2.55 billion, with the increase led by computerisation and general expenses.

ALLOWANCES FOR CREDIT AND OTHER LOSSES

(\$m)	2nd Qtr 2016	2nd Qtr 2015	% chg	1st Qtr 2016	% chg	1st Half 2016	1st Half 2015	% chg
General allowances	(228)	(2)	(>100)	-	NM	(228)	19	NM
Specific allowances for loans & other credit exposures								
Specific allowances for loans ¹	336	132	>100	123	>100	459	283	62
Singapore	226	26	>100	23	>100	249	44	>100
Hong Kong	38	7	>100	23	65	61	37	65
Rest of Greater China	39	26	50	16	>100	55	65	(15)
South and Southeast Asia	35	60	(42)	52	(33)	87	134	(35)
Rest of the World	(2)	13	NM	9	NM	7	3	>100
Specific allowances for other credit exposures	240	4	>100	47	>100	287	8	>100
	576	136	>100	170	>100	746	291	>100
Specific allowances for securities, properties and others	18	3	>100	-	NM	18	8	>100
Total	366	137	>100	170	>100	536	318	69

Notes:

¹ Specific allowances for loans are classified according to where the borrower is incorporated.

NM Not Meaningful

Compared to a year ago, total allowances more than doubled to \$366 million as a result of the net allowance charge of \$150 million for Swiber. The net allowance charge comprised specific allowances of \$400 million and write-back in general allowances of \$250 million. Excluding Swiber, allowances for loans and other credit exposures rose 29% to \$176 million. Increases in Hong Kong and Rest of Greater China were led by customers with exposures in Chinese yuan and hedging products.

Compared to the previous quarter, specific allowances for loans and other credit exposures were little changed if the allowances for Swiber were excluded.

For the six months, total allowances rose 69% to \$536 million.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

PERFORMANCE BY BUSINESS SEGMENTS

(\$m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
Selected income statement items					
2nd Qtr 2016					
Net interest income	677	856	153	147	1,833
Non-interest income	393	484	118	91	1,086
Total income	1,070	1,340	271	238	2,919
Expenses	586	428	146	125	1,285
Allowances for credit and other losses	28	628	-	(290)	366
Profit before tax	456	284	125	403	1,268
1st Qtr 2016					
Net interest income	645	868	119	201	1,833
Non-interest income	377	443	188	24	1,032
Total income	1,022	1,311	307	225	2,865
Expenses	558	420	137	150	1,265
Allowances for credit and other losses	27	134	-	9	170
Profit before tax	437	757	170	66	1,430
2nd Qtr 2015					
Net interest income	510	867	194	172	1,743
Non-interest income	393	455	83	26	957
Total income	903	1,322	277	198	2,700
Expenses	549	421	146	102	1,218
Allowances for credit and other losses	18	104	(16)	31	137
Profit before tax	336	797	147	65	1,345
1st Half 2016					
Net interest income	1,322	1,724	272	348	3,666
Non-interest income	770	927	306	115	2,118
Total income	2,092	2,651	578	463	5,784
Expenses	1,144	848	283	275	2,550
Allowances for credit and other losses	55	762	-	(281)	536
Profit before tax	893	1,041	295	469	2,698
1st Half 2015¹					
Net interest income	995	1,740	412	286	3,433
Non-interest income	769	932	251	55	2,007
Total income	1,764	2,672	663	341	5,440
Expenses	1,067	818	276	238	2,399
Allowances for credit and other losses	47	258	(38)	51	318
Profit before tax	650	1,596	425	52	2,723

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
Selected balance sheet and other items²					
30 Jun 2016					
Total assets before goodwill and intangibles	91,769	220,917	90,066	43,019	445,771
Goodwill and intangibles					5,115
Total assets					450,886
Total liabilities	173,666	144,691	49,884	37,933	406,174
Capital expenditure for 2nd Qtr 2016	19	4	4	17	44
Depreciation for 2nd Qtr 2016	9	3	1	54	67
31 Mar 2016					
Total assets before goodwill and intangibles	90,252	213,646	89,524	40,683	434,105
Goodwill and intangibles					5,116
Total assets					439,221
Total liabilities	172,808	148,440	46,323	27,383	394,954
Capital expenditure for 1st Qtr 2016	12	4	3	58	77
Depreciation for 1st Qtr 2016	10	3	1	53	67
30 Jun 2015					
Total assets before goodwill and intangibles	86,674	222,314	87,151	39,001	435,140
Goodwill and intangibles					5,117
Total assets					440,257
Total liabilities	170,699	143,852	37,878	46,235	398,664
Capital expenditure for 2nd Qtr 2015	18	8	4	51	81
Depreciation for 2nd Qtr 2015	9	3	1	50	63

Notes:

1 Non-interest income and profit before tax exclude one-time item.

2 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 a year ago, profit before tax was 36% higher at \$456 million as total income rose 18% to a record of \$1.07 billion. Net interest income rose 33% to \$677 million from higher loan volumes and net interest margin, while non-interest income was unchanged at \$393 million as higher insurance income was offset by lower investment product sales. Expenses rose 7% to \$586 million, while allowances were \$10 million higher at \$28 million.

Compared to the previous quarter, income grew 5%. Net interest income rose 5% from higher loan and deposit volumes and net interest margin. Non-interest income grew 4% as investment and insurance products sales rose. Expenses were 5% higher, while allowances was little changed. Profit before tax increased 4%.

For the first half, profit before tax was \$893 million, 37% higher than a year ago. Total income was 19% higher at \$2.09 billion. Net interest income rose 33% to \$1.32 billion from higher loan and deposit volumes and net interest margin, while non-interest income was stable at \$770 million. Expenses rose 7% to \$1.14 billion from headcount growth, investment in business capabilities and higher

marketing and advertising activities. Allowances were \$8 million higher at \$55 million.

Institutional Banking

Institutional Banking provides financial services and products to institutional clients including bank and nonbank 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 specialised 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.

Compared to a year ago, profit before tax fell 64% to \$284 million mainly due to the specific allowances set aside for Swiber. Total income rose 1% as higher cash management, investment banking and loan-related activities were partially offset by lower trade and treasury customer activities. Expenses were marginally higher by 2% at \$428 million.

Compared to the previous quarter, profit before tax declined 62% to \$284 million from higher allowances. Both total income and expenses were 2% higher. Income growth was led by treasury customer flows, loan-related and investment banking activities.

For the first half, profit before tax fell 35% to \$1.04 billion. Total allowances more than doubled from higher specific and general allowances. Total income declined marginally by 1% to \$2.65 billion from lower trade and treasury customer activities, which were affected by financial market volatility in the first half of the year. The decrease was cushioned by an increase in interest income from current account deposits, and contributions from lending and investment banking activities. Expenses increased 4% to \$848 million as staff costs and investments in business capabilities were higher.

Treasury

Treasury provides treasury services to corporations, institutional and private investors, financial institutions and other market participants. It is primarily involved in sales, structuring, market-marking and trading across a broad range of financial products including foreign exchange, interest rate, debt, credit, equity and other structured derivatives. Income from these financial products and services offered to the customers of other business segments, such as Consumer Banking/Wealth Management (CBG) and Institutional Banking (IBG), is reflected in the respective segments. Treasury is also responsible for managing surplus funds.

Compared to a year ago, profit before tax declined 15% to \$125 million from lower income and from a write-back of general allowances a year ago. Total income fell 2% to \$271 million as interest income declined due to lower interest rates. This was partially offset by higher trading gains. Expenses were flat at \$146 million.

Compared to the previous quarter, profit before tax was 26% lower. Total income declined 12% due to lower non-interest income from interest rates and equity products, partially offset by higher interest income. Expenses were 7% higher.

For the first half, profit before tax decreased by 31% from a year ago to \$295 million from lower income and from the write-back of general allowances a year ago. Expenses rose 3% to \$283 million.

Income from treasury customer activities, which is reflected in CBG and IBG, declined 4% from a year ago to \$323 million as contributions from foreign exchange and equity products were lower. Compared to the previous quarter, income from customer activities rose 7% as contributions from fixed income products was higher. For the half year, income from treasury customer flows was 7% lower at \$624 million. Higher contributions from fixed income and interest rate products were more than offset by lower sales in foreign exchange and equity products.

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 and Islamic Bank of Asia are also included in this segment.

The write-back in general allowances for Swiber was included under this segment.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

PERFORMANCE BY GEOGRAPHY¹

(\$m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
Selected income statement items						
2nd Qtr 2016						
Net interest income	1,245	320	116	101	51	1,833
Non-interest income	711	200	72	80	23	1,086
Total income	1,956	520	188	181	74	2,919
Expenses	773	232	158	98	24	1,285
Allowances for credit and other losses	167	96	45	30	28	366
Profit before tax	1,016	192	(15)	53	22	1,268
Income tax expense	141	31	-	6	11	189
Net profit	848	161	(15)	46	11	1,051
1st Qtr 2016						
Net interest income	1,243	330	115	99	46	1,833
Non-interest income	668	174	102	71	17	1,032
Total income	1,911	504	217	170	63	2,865
Expenses	767	228	162	86	22	1,265
Allowances for credit and other losses	53	29	28	43	17	170
Profit before tax	1,091	247	27	41	24	1,430
Income tax expense	124	38	4	22	8	196
Net profit	936	209	23	19	16	1,203
2nd Qtr 2015						
Net interest income	1,149	321	138	90	45	1,743
Non-interest income	478	301	134	38	6	957
Total income	1,627	622	272	128	51	2,700
Expenses	711	231	173	83	20	1,218
Allowances for credit and other losses	56	15	4	51	11	137
Profit before tax	860	376	95	(6)	20	1,345
Income tax expense	125	56	16	(6)	6	197
Net profit	704	320	79	-	14	1,117

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
1st Half 2016						
Net interest income	2,488	650	231	200	97	3,666
Non-interest income	1,379	374	174	151	40	2,118
Total income	3,867	1,024	405	351	137	5,784
Expenses	1,540	460	320	184	46	2,550
Allowances for credit and other losses	220	125	73	73	45	536
Profit before tax	2,107	439	12	94	46	2,698
Income tax expense	265	69	4	28	19	385
Net profit	1,784	370	8	65	27	2,254
1st Half 2015²						
Net interest income	2,245	630	283	185	90	3,433
Non-interest income	1,083	531	275	101	17	2,007
Total income	3,328	1,161	558	286	107	5,440
Expenses	1,385	460	344	166	44	2,399
Allowances for credit and other losses	96	43	43	119	17	318
Profit before tax	1,847	658	171	1	46	2,723
Income tax expense	280	98	22	(6)	18	412
Net profit	1,506	560	149	7	28	2,250
Selected balance sheet items						
30 Jun 2016						
Total assets before goodwill and intangibles	298,560	68,943	37,088	18,916	22,264	445,771
Goodwill and intangibles	5,083	32	-	-	-	5,115
Total assets	303,643	68,975	37,088	18,916	22,264	450,886
Non-current assets ³	1,916	363	76	48	7	2,410
Gross customer loans	191,146	51,061	19,865	12,087	14,185	288,344
31 Mar 2016						
Total assets before goodwill and intangibles	292,719	65,642	37,801	19,000	18,943	434,105
Goodwill and intangibles	5,083	33	-	-	-	5,116
Total assets	297,802	65,675	37,801	19,000	18,943	439,221
Non-current assets ³	1,958	364	80	46	7	2,455
Gross customer loans	185,066	49,398	20,169	11,403	11,629	277,665
30 Jun 2015						
Total assets before goodwill and intangibles	286,166	73,451	42,886	17,401	15,236	435,140
Goodwill and intangibles	5,083	34	-	-	-	5,117
Total assets	291,249	73,485	42,886	17,401	15,236	440,257
Non-current assets ³	1,959	376	82	43	2	2,462
Gross customer loans	186,391	56,072	21,828	11,009	8,423	283,723

Notes:

- 1 The geographical segment analysis is based on the location where transactions and assets are booked.
- 2 Non-interest income and net profit exclude one-time item.
- 3 Includes investments in associates, properties and other fixed assets.

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

Singapore

Net profit rose 20% to \$848 million from a year ago. Total income was 20% higher at \$1.96 billion. Net interest income rose 8% to \$1.25 billion from higher net interest margin in line with higher Singapore dollar interest rates. Non-interest income rose 49%, led by higher fees from investment banking, transaction banking and loan-related activities, as well as higher trading income and gains on investment securities. Expenses grew 9% to \$773 million, and profit before allowances rose 29% to \$1.18 billion. Total allowances were \$111 million higher mainly due to a net allowance charge of \$150 million for Swiber.

Compared to the previous quarter, net profit declined 9%. Total income was 2% higher, while expenses were little changed. Net interest income was flat while non-interest income grew 6% from higher investment banking fees. Profit before allowances rose 3%. Excluding the net allowances for Swiber, total allowances were \$36 million lower from write-back of general allowances.

For the first half, net profit grew 18% to \$1.78 billion. Total income increased 16% to \$3.87 billion from higher net interest margin and broad-based fee income growth. Expenses were 11% higher at \$1.54 billion. Total allowances rose \$124 million due to Swiber.

Hong Kong

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

Net profit fell to \$161 million from \$320 million a year ago. Net interest income was little changed at \$320 million as net interest margin rose 13 basis points to 1.80% from an improved deposit mix, partially offset by lower loan volumes. Non-interest income fell 34% to \$200 million due to a high base effect. Capital market, trade, loan-related and investment product fees, as well as treasury customer sales were affected by unfavourable market sentiment and Chinese yuan depreciation, partially offset by higher insurance contributions. Expenses were stable at \$232 million, while allowances rose from \$15 million to \$96 million.

Compared to the previous quarter, total income increased 3% while net profit fell 23%. Net interest income declined 3% from lower average loan volumes partially offset by lower deposit costs. Non-interest income rose 15% from higher capital market activities, trade fees, trading income and a property disposal gain. Total allowances increased from \$29 million to \$96 million from higher specific and general allowances.

For the first half, net profit fell 34% to \$370 million. Total income declined 12% to \$1.02 billion. Net interest income rose 3% to \$650 million as the impact of higher net interest margin more than offset lower loan volumes. Non-interest income fell 30% to \$374 million from declines in capital market, loan-related activities and trading income. Treasury customer sales were also lower. Expenses were stable at \$460 million and allowances rose from \$43 million to \$125 million from higher specific allowances.

Rest of Greater China

Rest of Greater China recorded a net loss of \$15 million,

compared to a net profit of \$79 million a year ago. Net interest income declined 16% to \$116 million from lower net interest margin and loan volumes. Non-interest income fell 46% to \$72 million due to lower treasury customer activities and trading income. Total income fell 31% to \$188 million while expenses declined at a slower pace of 9% to \$158 million. Total allowances rose from \$4 million to \$45 million as both specific and general allowances increased.

Compared to the previous quarter, net profit fell from \$23 million to a net loss of \$15 million. Total income was 13% lower. Net interest income was little changed, while non-interest income fell 29% from lower trading income and treasury customer activities. Expenses declined slightly by 2%. Total allowances were \$17 million higher at \$45 million.

For the first half, net profit fell to \$8 million from \$149 million a year ago. Total income declined 27% to \$405 million as net interest income fell from lower net interest margin and loan volumes. Trading income and treasury customer activities were also lower. Expenses fell 7% to \$320 million. Total allowances rose from \$43 million to \$73 million from higher specific allowances and a lower write-back of general allowances.

South and Southeast Asia

Net profit rose to \$46 million from breakeven a year ago. Total income rose 41% to \$181 million as net interest income grew 12% to \$101 million and non-interest income doubled to \$80 million from higher trading income. Expenses increased 18% to \$98 million. Total allowances fell \$21 million to \$30 million as specific allowances declined.

Compared to the previous quarter, total income rose 6% from higher trading income, while expenses were 14% higher. Total allowances declined from \$43 million to \$30 million as general and specific allowances were lower.

For the first half, net profit rose from \$7 million a year ago to \$65 million. Total income was 23% higher at \$351 million as net interest income rose 8% to \$200 million, and non-interest income rose 50% to \$151 million from higher trading and fee income. Expenses rose at a slower pace of 11% to \$184 million. Total allowances fell from \$119 million to \$73 million from lower specific allowances.

Rest of the World

Net profit declined slightly to \$11 million from \$14 million a year ago. Total income rose 45% to \$74 million as net interest income rose from the impact of higher loan volumes, and trading income and treasury customer activities increased. Expenses were 20% higher at \$24 million. Total allowances rose from \$11 million to \$28 million due to higher general allowances.

Compared to the previous quarter, total income rose 17% from higher net interest income and treasury customer activities. Expenses rose at a slower pace of 9%, while allowances increased from \$17 million to \$28 million due to higher general allowances. Net profit declined from \$16 million to \$11 million in the previous quarter.

For the first half, net profit was little changed at \$27 million from a year ago. Total income was 28% higher at \$137 million while expenses were stable at \$46 million. Total allowances rose \$28 million to \$45 million from higher general allowances.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CUSTOMER LOANS

(\$m)	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Gross	288,344	277,665	286,871	283,723
Less:				
Specific allowances	1,061	792	821	983
General allowances	2,469	2,744	2,761	2,669
Net total	284,814	274,129	283,289	280,071
By business unit				
Consumer Banking/ Wealth Management	90,800	88,637	88,853	84,605
Institutional Banking	195,845	187,581	196,412	196,438
Others	1,699	1,447	1,606	2,680
Total (Gross)	288,344	277,665	286,871	283,723
By geography ¹				
Singapore	141,894	136,221	135,860	129,819
Hong Kong	48,923	46,250	50,976	53,301
Rest of Greater China	36,469	39,531	45,129	48,357
South and Southeast Asia	27,094	26,397	26,443	27,345
Rest of the World	33,964	29,266	28,463	24,901
Total (Gross)	288,344	277,665	286,871	283,723
By industry				
Manufacturing	30,087	30,808	30,874	33,269
Building and construction	56,048	54,403	55,584	51,602
Housing loans	60,913	59,391	58,569	54,604
General commerce	45,206	42,135	48,249	54,192
Transportation, storage & communications	27,819	24,961	26,357	24,125
Financial institutions, investment & holding companies	15,254	13,243	13,725	15,951
Professionals & private individuals (excluding housing loans)	24,042	23,441	24,105	24,267
Others	28,975	29,283	29,408	25,713
Total (Gross)	288,344	277,665	286,871	283,723
By currency				
Singapore dollar	121,457	118,144	117,587	112,903
US dollar	93,437	83,860	89,283	90,023
Hong Kong dollar	32,825	32,691	34,386	34,632
Chinese yuan	11,732	16,180	19,516	22,655
Others	28,893	26,790	26,099	23,510
Total (Gross)	288,344	277,665	286,871	283,723

Note:

1 Loans by geography are classified according to the country of incorporation of the borrower, or the issuing bank in the case of bank backed export financing.

Gross customer loans rose 4% from the previous quarter to \$288 billion. Half of the increase was in Singapore from corporate loan growth and market share gains in housing loans. Trade loans also rose by 8%, reversing several quarters of contraction.

Compared to a year ago, loans were 2% higher. A 6% increase in non-trade loans was partially offset by a 22% decline in trade loans.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

NON-PERFORMING ASSETS AND LOSS ALLOWANCE COVERAGE

	30 Jun 2016			31 Mar 2016			31 Dec 2015			30 Jun 2015		
	NPA (\$m)	NPL (% of loans)	SP (\$m)	NPA (\$m)	NPL (% of loans)	SP (\$m)	NPA (\$m)	NPL (% of loans)	SP (\$m)	NPA (\$m)	NPL (% of loans)	SP (\$m)
By business unit												
Consumer Banking/ Wealth Management	376	0.4	69	336	0.4	67	330	0.4	65	289	0.3	60
Institutional Banking and Others	2,883	1.5	992	2,357	1.2	725	2,282	1.2	756	2,196	1.1	923
Total non-performing loans (NPL)	3,259	1.1	1,061	2,693	1.0	792	2,612	0.9	821	2,485	0.9	983
Debt securities, contingent liabilities & others	595	-	343	355	-	116	180	-	94	86	-	51
Total non-performing assets (NPA)	3,854	-	1,404	3,048	-	908	2,792	-	915	2,571	-	1,034
By geography												
Singapore	907	0.6	323	492	0.4	116	506	0.4	115	512	0.4	161
Hong Kong	666	1.4	131	541	1.2	107	433	0.8	99	340	0.6	113
Rest of Greater China	420	1.2	119	414	1.0	99	387	0.9	96	356	0.7	134
South and Southeast Asia	973	3.6	436	888	3.4	418	856	3.2	415	777	2.8	368
Rest of the World	293	0.9	52	358	1.2	52	430	1.5	96	500	2.0	207
Total non-performing loans	3,259	1.1	1,061	2,693	1.0	792	2,612	0.9	821	2,485	0.9	983
Debt securities, contingent liabilities & others	595	-	343	355	-	116	180	-	94	86	-	51
Total non-performing assets	3,854	-	1,404	3,048	-	908	2,792	-	915	2,571	-	1,034
Loss Allowance Coverage												
Specific allowances			1,404			908			915			1,034
General allowances			2,947			3,182			3,222			3,089
Total allowances			4,351			4,090			4,137			4,123
Total allowances/ NPA			113%			134%			148%			160%
Total allowances/ unsecured NPA			226%			286%			303%			304%

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	30 Jun 2016		31 Mar 2016		31 Dec 2015		30 Jun 2015	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
By industry								
Manufacturing	772	262	680	248	560	224	620	289
Building and construction	367	117	339	104	334	120	341	94
Housing loans	119	6	119	6	122	7	114	7
General commerce	853	196	773	174	705	157	473	161
Transportation, storage & communications	576	292	286	95	307	94	363	168
Financial institutions, investment & holding companies	52	2	52	2	100	60	111	96
Professionals & private individuals (excluding housing loans)	244	64	210	61	203	58	183	54
Others	276	122	234	102	281	101	280	114
Total non-performing loans	3,259	1,061	2,693	792	2,612	821	2,485	983
Debt securities, contingent liabilities & others	595	343	355	116	180	94	86	51
Total non-performing assets	3,854	1,404	3,048	908	2,792	915	2,571	1,034

(\$m)	30 Jun 2016		31 Mar 2016		31 Dec 2015		30 Jun 2015	
	NPA	SP	NPA	SP	NPA	SP	NPA	SP
By loan classification								
Non-performing assets								
Substandard	2,627	342	2,213	221	1,924	206	1,635	192
Doubtful	673	508	592	444	594	435	576	482
Loss	554	554	243	243	274	274	360	360
Total	3,854	1,404	3,048	908	2,792	915	2,571	1,034
Of which: restructured assets								
Substandard	431	79	473	58	236	30	365	53
Doubtful	119	73	181	130	142	82	67	58
Loss	11	11	9	9	8	8	21	21
Total	561	163	663	197	386	120	453	132

(\$m)	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
	NPA	NPA	NPA	NPA
By collateral type				
Unsecured non-performing assets	1,928	1,429	1,366	1,356
Secured non-performing assets by collateral type				
Properties	857	723	670	524
Shares and debentures	304	271	268	309
Fixed deposits	33	20	21	11
Others	732	605	467	371
Total	3,854	3,048	2,792	2,571

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

(\$m)	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
	NPA	NPA	NPA	NPA
By period overdue				
Not overdue	1,120	624	520	576
<90 days overdue	507	519	508	258
91-180 days overdue	550	463	424	353
>180 days overdue	1,677	1,442	1,340	1,384
Total	3,854	3,048	2,792	2,571

Non-performing assets rose 26% from the previous quarter to \$3.85 billion, with increase led by Singapore due to Swiber. The non-performing assets for Hong Kong and South and Southeast Asia were also higher. The increases were partially offset by a decline in Rest of the World.

While non-performing loan rate rose to 1.1%, allowance coverage continued to be sound at 113% and 226% if collateral was considered.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CUSTOMER DEPOSITS

(\$m)	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
By currency and product				
Singapore dollar	142,537	141,905	140,772	139,544
Fixed deposits	15,349	12,933	11,245	12,363
Savings accounts	103,414	104,037	104,541	104,745
Current accounts	23,698	24,871	24,887	22,341
Others	76	64	99	95
US dollar	94,195	95,268	101,298	85,095
Fixed deposits	51,763	54,345	59,381	49,667
Savings accounts	13,996	12,949	13,160	7,226
Current accounts	27,246	26,785	27,354	26,455
Others	1,190	1,189	1,403	1,747
Hong Kong dollar	31,084	32,619	31,849	33,928
Fixed deposits	15,528	18,245	15,872	19,102
Savings accounts	8,253	7,323	8,436	8,419
Current accounts	6,807	6,561	7,052	5,946
Others	496	490	489	461
Chinese yuan	8,962	11,536	14,500	17,372
Fixed deposits	5,864	8,787	10,962	14,825
Savings accounts	1,646	1,389	1,076	1,003
Current accounts	1,386	1,305	2,408	1,498
Others	66	55	54	46
Others	33,320	32,476	31,715	29,974
Fixed deposits	21,985	22,892	22,809	21,550
Savings accounts	4,301	3,742	3,852	2,938
Current accounts	6,186	4,988	4,288	3,931
Others	848	854	766	1,555
Total	310,098	313,804	320,134	305,913
Fixed deposits	110,489	117,202	120,269	117,507
Savings accounts	131,610	129,440	131,065	124,331
Current accounts	65,323	64,510	65,989	60,171
Others	2,676	2,652	2,811	3,904

Customer deposits fell 1% from the previous quarter to \$310 billion as higher-cost fixed deposits were let go. By currency, the decline was in Chinese yuan and in line with the decline in Chinese yuan loans.

Compared to a year ago, overall deposits were 1% higher as an increase in current and savings accounts was offset by a decline in fixed deposits.

DEBTS ISSUED

(\$m)	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Subordinated term debts	4,019	3,736	4,026	3,966
Senior medium term notes	6,318	8,797	9,870	12,697
Commercial papers	18,790	7,381	19,174	15,481
Negotiable certificates of deposit	1,341	993	1,200	984
Other debt securities	6,194	6,318	6,422	6,568
Covered bonds	2,116	1,360	1,412	-
Total	38,778	28,585	42,104	39,696
Due within 1 year	23,952	15,228	27,452	26,653
Due after 1 year	14,826	13,357	14,652	13,043
Total	38,778	28,585	42,104	39,696

TRADING INCOME AND RISK

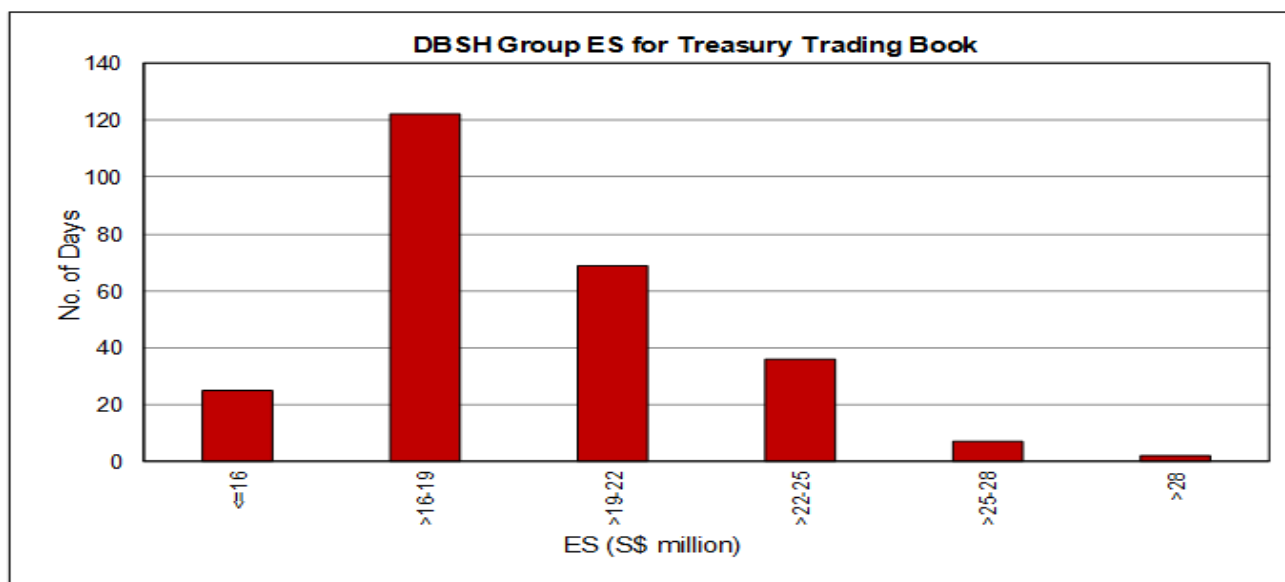
The Group’s market risk appetite framework leverages on the Expected Shortfall (ES) metric to monitor and limit market risk exposures. ES is calculated using the historical simulation value-at-risk (VaR) approach and averaging the losses beyond the 97.5% confidence interval over a one-day holding period.

The ES for Treasury’s trading portfolios is shown in the following table.

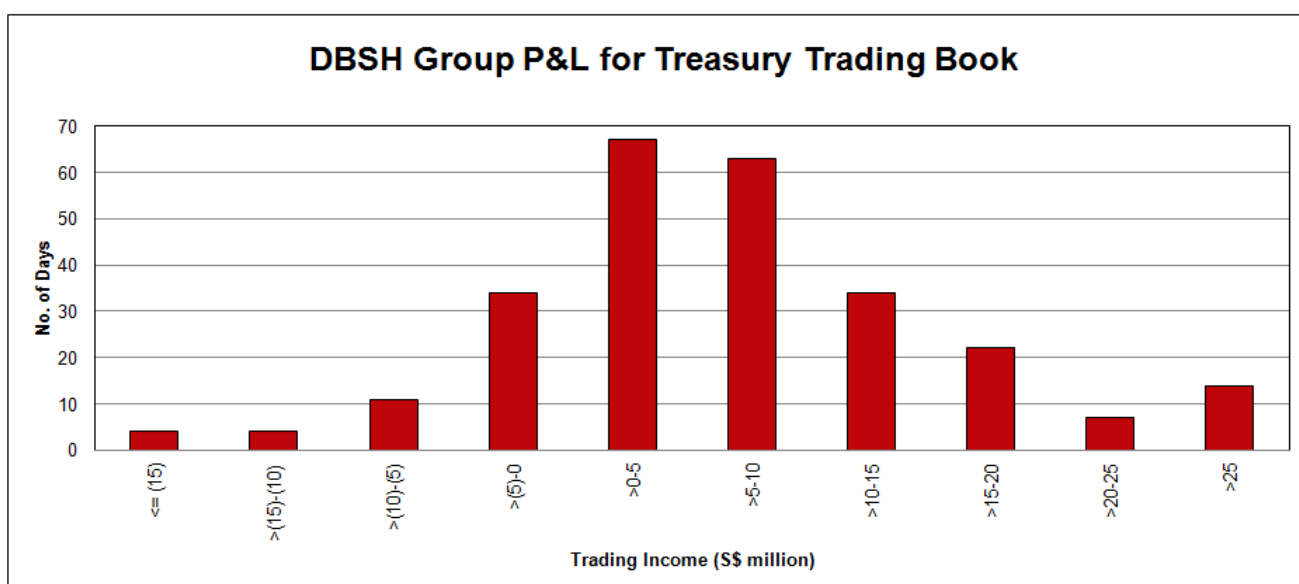
(\$m)	As at 30 Jun 2016	Average	1 Jul 2015 to 30 Jun 2016 High	Low
Total	18	19	32	14

Treasury’s trading portfolio experienced five back-testing exceptions from 1 July 2015 to 30 June 2016 and was within the yellow zone. The exceptions occurred in August, December, January, February and March.

The chart below provides the histogram of ES for the Group’s trading book for the period from 1 July 2015 to 30 June 2016.



The chart below shows the frequency distribution of daily trading income of Treasury’s trading portfolio for the period from 1 July 2015 to 30 June 2016.



DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CAPITAL ADEQUACY

(\$m)	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Share capital	10,640	10,391	10,391	10,361
Disclosed reserves and others	30,942	30,713	29,269	28,097
Total regulatory adjustments to Common Equity Tier 1 capital	(3,395)	(3,360)	(2,219)	(2,172)
Regulatory adjustments due to insufficient Additional Tier 1 capital	-	-	(373)	(287)
Common Equity Tier 1 capital	38,187	37,744	37,068	35,999
Additional Tier 1 capital instruments ¹	2,799	2,803	2,941	2,972
Total regulatory adjustments to Additional Tier 1 capital	(2,256)	(2,233)	(2,941)	(2,972)
Tier 1 capital	38,730	38,314	37,068	35,999
Provisions eligible as Tier 2 capital	1,376	1,358	1,408	1,364
Tier 2 capital instruments ¹	3,644	3,372	3,639	3,679
Total regulatory adjustments to Tier 2 capital	(1)	(1)	(2)	(1)
Total capital	43,749	43,043	42,113	41,041
Risk-Weighted Assets ("RWA")				
Credit RWA	212,230	209,685	216,380	208,094
Market RWA	38,270	41,448	40,212	43,224
Operational RWA	17,792	17,545	17,437	16,612
Total RWA	268,292	268,678	274,029	267,930
Capital Adequacy Ratio ("CAR") (%)				
Basel III fully phased-in Common Equity Tier 1 ²	13.4	13.2	12.4	12.3
Common Equity Tier 1	14.2	14.0	13.5	13.4
Tier 1	14.4	14.3	13.5	13.4
Total	16.3	16.0	15.4	15.3
Minimum CAR including Buffer Requirements (%)³				
Common Equity Tier 1	7.2	7.2	6.5	6.5
Effective Tier 1	8.7	8.7	8.0	8.0
Effective Total	10.7	10.7	10.0	10.0
Of which: Buffer Requirements (%)				
Capital Conservation Buffer	0.625	0.625	-	-
Countercyclical Buffer	0.1	0.1	-	-

Notes:

- As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier 1 and Tier 2 capital instruments that no longer meet the minimum criteria is gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 90% in 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base will not be reduced.
- Calculated by dividing Common Equity Tier 1 capital after all regulatory adjustments applicable from 1 January 2018 by RWA as at each reporting date.
- Includes minimum Common Equity Tier 1, Tier 1 and Total CAR of 6.5%, 8.0% and 10.0% respectively.

Capital adequacy ratios as at 30 June 2016 strengthened as compared to 31 March 2016. Share capital and reserves increased, respectively, due to the scrip election for dividends and higher retained earnings (which were partly offset by dividends paid). Tier 2 capital instruments were higher due to an issuance in April 2016. Total risk-weighted assets were largely unchanged. The Group's leverage ratio stood at 7.7%, well above the minimum 3% envisaged by the Basel Committee.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

ADDITIONAL PILLAR 3 DISCLOSURES

The Composition of Capital, Main Features of Capital Instruments, Leverage Ratio and Quantitative disclosures required 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") are published in the Investor Relations section of the Group website: (<http://www.dbs.com/investor/index.html>).

Credit Risk-Weighted Assets ("RWA")

The following table analyses credit RWA by risk-weighting approach and asset class:

(\$m)	RWA ¹
Advanced IRBA	
Retail exposures	
Residential mortgage exposures	4,366
Qualifying revolving retail exposures	3,727
Other retail exposures	333
Foundation IRBA	
Wholesale exposures	
Sovereign exposures	5,494
Bank exposures	16,435
Corporate exposures ²	100,205
Specialised lending exposures	30,585
IRBA for equity exposures	7,881
IRBA for securitisation exposures	#
Total IRBA	169,026
Standardised Approach	
Residential mortgage exposures	2,431
Regulatory retail exposures	1,669
Corporate exposures	9,757
Commercial real estate exposures	1,565
Other exposures	
Real estate, premises, equipment and other fixed assets	1,511
Exposures to individuals	13,398
Others	2,887
Securitisation exposures	338
Total Standardised Approach	33,556
Exposures to Central Counterparties	760
Credit Valuation Adjustment	6,661
RWA arising from Regulatory Adjustment ³	2,227
Total	212,230

Key: IRBA: Internal Ratings-Based Approach

Note:

1 RWA under IRBA are stated inclusive of the IRBA scaling factor of 1.06 where applicable.

2 Includes corporate small business exposures.

3 Relates to investments in unconsolidated major stake companies which are below the threshold amount for deduction and are risk-weighted pursuant to paragraph 6.1.3(p)(iii) of MAS Notice 637.

Amount below \$0.5m.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Geographical Distribution of RWA relating to Credit Exposures used in the Countercyclical Capital Buffer

The table below sets out the geographical breakdown of the RWA of private sector credit exposures relevant for the computation of the countercyclical capital buffer.

Country	30 Jun 2016		
	Country-specific requirement (%) (A)	Proportion of relevant Group RWA (%) (B)	Applicable countercyclical buffer requirement (%) (A) x (B)
Hong Kong	0.625	15.4	0.1
Sweden	0.625	#	#

Less than 0.1%

Capital Adequacy of Significant Banking Subsidiaries

The capital adequacy ratios of each banking subsidiary are calculated in accordance with the regulatory requirements applicable in the country of incorporation, using the approaches available under those requirements. DBS Bank (Hong Kong) Limited and DBS Bank (China) Limited are deemed to be significant banking subsidiaries for the purposes of Pillar 3 disclosures under Notice 637 paragraph 11.3.7.

(\$m)	30 Jun 2016			
	Total risk-weighted assets	Common Equity Tier 1	CAR (%)	
			Tier 1	Total
DBS Bank (Hong Kong) Limited	36,042	15.6	15.6	17.8
DBS Bank (China) Limited	14,163	11.9	11.9	15.6

UNREALISED PROPERTY VALUATION SURPLUS¹

(\$m)	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Properties	868	872	881	857

Note:

¹ Unrealised valuation surplus represents the excess of market value over the carrying value of the properties. The market values of the properties were based on valuation at year-end.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

In \$ millions	2nd Qtr 2016	2nd Qtr 2015	+ /(-) %	1st Qtr 2016	+ /(-) %	1st Half 2016	1st Half 2015	+ /(-) %
Income								
Interest income	2,411	2,396	1	2,454	(2)	4,865	4,776	2
Interest expense	578	653	(11)	621	(7)	1,199	1,343	(11)
Net interest income	1,833	1,743	5	1,833	-	3,666	3,433	7
Net fee and commission income	628	582	8	574	9	1,202	1,142	5
Net trading income	307	273	12	315	(3)	622	629	(1)
Net income from investment securities	116	43	>100	86	35	202	282	(28)
Other income	35	59	(41)	57	(39)	92	90	2
Non-interest income	1,086	957	13	1,032	5	2,118	2,143	(1)
Total income	2,919	2,700	8	2,865	2	5,784	5,576	4
Employee benefits	683	669	2	706	(3)	1,389	1,341	4
Other expenses	602	549	10	559	8	1,161	1,058	10
Total expenses	1,285	1,218	6	1,265	2	2,550	2,399	6
Profit before allowances	1,634	1,482	10	1,600	2	3,234	3,177	2
Allowances for credit and other losses	366	137	>100	170	>100	536	318	69
Profit before tax	1,268	1,345	(6)	1,430	(11)	2,698	2,859	(6)
Income tax expense	189	197	(4)	196	(4)	385	412	(7)
Net profit	1,079	1,148	(6)	1,234	(13)	2,313	2,447	(5)
Attributable to:								
Shareholders	1,051	1,117	(6)	1,203	(13)	2,254	2,386	(6)
Non-controlling interests	28	31	(10)	31	(10)	59	61	(3)
	1,079	1,148	(6)	1,234	(13)	2,313	2,447	(5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In \$ millions	2nd Qtr 2016	2nd Qtr 2015	+ /(-) %	1st Qtr 2016	+ /(-) %	1st Half 2016	1st Half 2015	+ /(-) %
Net profit	1,079	1,148	(6)	1,234	(13)	2,313	2,447	(5)
Other comprehensive income¹:								
Foreign currency translation differences for foreign operations	(66)	(130)	49	(142)	54	(208)	(3)	(>100)
Share of other comprehensive income of associates	(2)	(1)	(100)	(5)	60	(7)	-	NM
Available-for-sale financial assets and others								
Net valuation taken to equity	56	(249)	NM	485	(88)	541	(105)	NM
Transferred to income statement	(61)	37	NM	(33)	(85)	(94)	(25)	(>100)
Tax on items taken directly to or transferred from equity	(2)	5	NM	(12)	83	(14)	(2)	(>100)
Other comprehensive income, net of tax	(75)	(338)	78	293	NM	218	(135)	NM
Total comprehensive income	1,004	810	24	1,527	(34)	2,531	2,312	9
Attributable to:								
Shareholders	974	783	24	1,501	(35)	2,475	2,251	10
Non-controlling interests	30	27	11	26	15	56	61	(8)
	1,004	810	24	1,527	(34)	2,531	2,312	9

Notes:

1 Items recorded in "Other Comprehensive Income" above will be reclassified subsequently to the income statement when specific conditions are met e.g. when foreign operations or available-for-sale financial assets are disposed.

NM Not Meaningful

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

BALANCE SHEETS

In \$ millions	The Group				The Company			
	30 Jun 2016	31 Mar 2016	31 Dec 2015 ¹	30 Jun 2015	30 Jun 2016	31 Mar 2016	31 Dec 2015 ¹	30 Jun 2015
Assets								
Cash and balances with central banks	14,438	15,850	18,829	17,015				
Government securities and treasury bills	36,550	37,145	34,501	39,723				
Due from banks	29,048	28,595	38,285	28,882	16	17	10	9
Derivatives	22,033	21,902	23,631	16,694	80	58	46	23
Bank and corporate securities	44,878	42,437	40,073	39,246				
Loans and advances to customers	284,814	274,129	283,289	280,071				
Other assets	11,600	11,592	11,562	11,047		1		
Associates	900	944	1,000	986				
Subsidiaries	-	-	-	-	20,963	20,437	19,547	19,246
Properties and other fixed assets	1,510	1,511	1,547	1,476				
Goodwill and intangibles	5,115	5,116	5,117	5,117				
Total assets	450,886	439,221	457,834	440,257	21,059	20,513	19,603	19,278
Liabilities								
Due to banks	17,499	15,439	18,251	18,509				
Deposits and balances from customers	310,098	313,804	320,134	305,913				
Derivatives	21,458	21,251	22,145	16,504	6	22		8
Other liabilities	18,341	15,875	12,404	18,042	46	33	24	23
Other debt securities	34,759	24,849	38,078	35,730	2,410	2,406	1,884	1,695
Subordinated term debts	4,019	3,736	4,026	3,966	659	379		
Total liabilities	406,174	394,954	415,038	398,664	3,121	2,840	1,908	1,726
Net assets	44,712	44,267	42,796	41,593	17,938	17,673	17,695	17,552
Equity								
Share capital	10,442	10,192	10,114	10,263	10,463	10,214	10,144	10,283
Other equity instruments	803	803	803	803	803	803	803	803
Other reserves	6,873	6,923	6,705	6,647	113	83	168	118
Revenue reserves	24,236	23,955	22,752	21,455	6,559	6,573	6,580	6,348
Shareholders' funds	42,354	41,873	40,374	39,168	17,938	17,673	17,695	17,552
Non-controlling interests	2,358	2,394	2,422	2,425				
Total equity	44,712	44,267	42,796	41,593	17,938	17,673	17,695	17,552
Other Information								
Net book value per share (\$)								
(i) Basic	16.48	16.39	15.82	15.29	6.79	6.73	6.75	6.67
(ii) Diluted	16.48	16.39	15.82	15.29	6.79	6.73	6.75	6.67

Note:

1 Audited

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2016

THE GROUP

In \$ millions	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total	Non- controlling interests	Total equity
Balance at 1 January 2016	10,114	803	6,705	22,752	40,374	2,422	42,796
Purchase of treasury shares	(28)				(28)		(28)
Draw-down of reserves upon vesting of performance shares	107		(107)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	249				249		249
Cost of share-based payments			54		54		54
Dividends paid to shareholders ¹				(770)	(770)		(770)
Dividends paid to non-controlling interests					-	(62)	(62)
Change in non-controlling interests					-	(58)	(58)
Total comprehensive income			221	2,254	2,475	56	2,531
Balance at 30 June 2016	10,442	803	6,873	24,236	42,354	2,358	44,712
Balance at 1 January 2015	10,171	803	6,894	19,840	37,708	2,498	40,206
Purchase of treasury shares	(77)				(77)		(77)
Draw-down of reserves upon vesting of performance shares	84		(84)		-		-
Issue of shares upon exercise of share options	4				4		4
Reclassification of reserves upon exercise of share options	1		(1)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	80				80		80
Cost of share-based payments			51		51		51
Acquisition of non-controlling interests			(78)		(78)	(72)	(150)
Dividends paid to shareholders ¹				(771)	(771)		(771)
Dividends paid to non-controlling interests					-	(62)	(62)
Total comprehensive income			(135)	2,386	2,251	61	2,312
Balance at 30 June 2015	10,263	803	6,647	21,455	39,168	2,425	41,593

Note:

1 Includes distributions paid on capital securities classified as equity

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 30 JUNE 2016

The Group							
In \$ millions	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
Balance at 1 April 2016	10,192	803	6,923	23,955	41,873	2,394	44,267
Draw-down of reserves upon vesting of performance shares	1		(1)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	249				249		249
Cost of share-based payments			28		28		28
Dividends paid to shareholders ¹				(770)	(770)		(770)
Dividends paid to non-controlling interests					-	(62)	(62)
Change in non-controlling interests					-	(4)	(4)
Total comprehensive income			(77)	1,051	974	30	1,004
Balance at 30 June 2016	10,442	803	6,873	24,236	42,354	2,358	44,712
Balance at 1 April 2015	10,247	803	7,030	21,109	39,189	2,532	41,721
Purchase of treasury shares	(64)				(64)		(64)
Issue of shares pursuant to Scrip Dividend Scheme	80				80		80
Cost of share-based payments			29		29		29
Acquisition of non-controlling interests			(78)		(78)	(72)	(150)
Dividends paid to shareholders ¹				(771)	(771)		(771)
Dividends paid to non-controlling interests					-	(62)	(62)
Total comprehensive income			(334)	1,117	783	27	810
Balance at 30 June 2015	10,263	803	6,647	21,455	39,168	2,425	41,593

Note:

1 Includes distributions paid on capital securities classified as equity

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2016

The Company					
In \$ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Total equity
Balance at 1 January 2016	10,144	803	168	6,580	17,695
Purchase of treasury shares	(28)				(28)
Transfer of treasury shares	98				98
Draw-down of reserves upon vesting of performance shares			(107)		(107)
Issue of shares pursuant to Scrip Dividend Scheme	249				249
Cost of share-based payments			54		54
Dividends paid to shareholders ¹				(770)	(770)
Total comprehensive income			(2)	749	747
Balance at 30 June 2016	10,463	803	113	6,559	17,938
Balance at 1 January 2015	10,194	803	152	6,616	17,765
Purchase of treasury shares	(77)				(77)
Transfer of treasury shares	81				81
Draw-down of reserves upon vesting of performance shares			(84)		(84)
Issue of shares upon exercise of share options	4				4
Reclassification of reserves upon exercise of share options	1		(1)		-
Issue of shares pursuant to Scrip Dividend Scheme	80				80
Cost of share-based payments			51		51
Dividends paid to shareholders ¹				(771)	(771)
Total comprehensive income				503	503
Balance at 30 June 2015	10,283	803	118	6,348	17,552

Note:

¹ Includes distributions paid on capital securities classified as equity

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 30 JUNE 2016

The Company

In \$ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Total equity
Balance at 1 April 2016	10,214	803	83	6,573	17,673
Draw-down of reserves upon vesting of performance shares			(1)		(1)
Issue of shares pursuant to Scrip Dividend Scheme	249				249
Cost of share-based payments			28		28
Dividends paid to shareholders ¹				(770)	(770)
Total comprehensive income			3	756	759
Balance at 30 June 2016	10,463	803	113	6,559	17,938
Balance at 1 April 2015	10,267	803	89	6,617	17,776
Purchase of treasury shares	(64)				(64)
Issue of shares pursuant to Scrip Dividend Scheme	80				80
Cost of share-based payments			29		29
Dividends paid to shareholders ¹				(771)	(771)
Total comprehensive income				502	502
Balance at 30 June 2015	10,283	803	118	6,348	17,552

Note:

¹ Includes distributions paid on capital securities classified as equity

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

In \$ millions	1st Half 2016	1st Half 2015
Cash flows from operating activities		
Net profit	2,313	2,447
Adjustments for non-cash items:		
Allowances for credit and other losses	536	318
Depreciation of properties and other fixed assets	134	123
Share of profits or losses of associates	49	(14)
Net gain on disposal (net of write-off) of properties and other fixed assets	(13)	(45)
Net income from investment securities	(202)	(282)
Cost of share-based payments	54	51
Interest expense on subordinated term debts	59	54
Income tax expense	385	412
Profit before changes in operating assets & liabilities	3,315	3,064
Increase/(Decrease) in:		
Due to banks	(492)	2,333
Deposits and balances from customers	(6,227)	(11,260)
Other liabilities	7,637	3,747
Other debt securities and borrowings	(3,185)	4,015
(Increase)/Decrease in:		
Restricted balances with central banks	134	559
Government securities and treasury bills	(2,101)	(10,085)
Due from banks	8,921	13,381
Loans and advances to customers	(5,515)	(4,798)
Bank and corporate securities	(4,961)	(1,261)
Other assets	(257)	464
Tax paid	(317)	(283)
Net cash used in operating activities (1)	(3,048)	(124)
Cash flows from investing activities		
Dividends from associates	17	17
Purchase of properties and other fixed assets	(121)	(138)
Proceeds from disposal of properties and other fixed assets	15	75
Acquisition of non-controlling interests	-	(150)
Net cash used in investing activities (2)	(89)	(196)
Cash flows from financing activities		
Increase in share capital	-	4
Purchase of treasury shares	(28)	(77)
Dividends paid to non-controlling interests	(62)	(62)
Change in non-controlling interests	(58)	-
Dividends paid to shareholders of the Company, net of scrip dividends ¹	(521)	(691)
Purchase of subordinated term debts	(613)	(743)
Issuance of subordinated term debts	630	-
Interest paid on subordinated term debts	(53)	(51)
Net cash used in financing activities (3)	(705)	(1,620)
Exchange translation adjustments (4)	(313)	(3)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	(4,155)	(1,943)
Cash and cash equivalents at 1 January	12,078	11,851
Cash and cash equivalents at 30 June	7,923	9,908

Note:

¹ Includes distributions paid on capital securities classified as equity

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 2015.

1. Fair Value of Financial Instruments

The valuation process and fair value hierarchy policies applied for the current financial period are consistent with those for the financial year ended 31 December 2015. The following table presents financial assets and liabilities measured at fair value according to the fair value hierarchy:

In \$ millions	The Group							
	June 2016				December 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Financial assets at fair value through profit or loss (FVPL)								
- Government securities and treasury bills	9,903	2,288	-	12,191	4,897	2,672	-	7,569
- Bank and corporate securities	4,180	3,681	887	8,748	4,416	3,858	838	9,112
- Other financial assets	-	7,841	-	7,841	-	6,471	-	6,471
Available-for-sale (AFS) financial assets								
- Government securities and treasury bills	21,113	1,480	-	22,593	24,094	1,173	-	25,267
- Bank and corporate securities ¹	12,398	2,932	100	15,430	10,364	2,487	156	13,007
- Other financial assets	-	4,560	-	4,560	-	4,977	-	4,977
Derivatives	77	21,925	31	22,033	76	23,535	20	23,631
Liabilities								
Financial liabilities at fair value through profit or loss (FVPL)								
- Other debt securities	-	5,748	-	5,748	-	5,521	17	5,538
- Other financial liabilities	4,091	1,920	71	6,082	886	2,226	73	3,185
Derivatives	154	20,992	312	21,458	181	21,841	123	22,145

Note:

1 Excludes unquoted equities stated at cost of \$581 million (2015: \$574 million).

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

In \$ millions	Financial assets			Financial liabilities		
	FVPL	AFS	Derivatives	FVPL	Derivatives	
	Bank and corporate securities	Bank and corporate securities		Other debt securities	Other financial liabilities	
Opening balance (1 January 2016)	838	156	20	(17)	(73)	(123)
Purchases/ Issues	46	-	-	-	-	-
Settlements	-	(29)	(1)	16	-	-
Transfers:						
- Transfers into Level 3	3	-	3	-	(71)	(2)
- Transfers out of Level 3	(126)	(20)	(4)	1	71	2
Gains/(losses) recorded in the income statement ¹	126	1	13	-	2	(189)
Gains/(losses) recognised in other comprehensive income	-	(8)	-	-	-	-
Closing balance (30 June 2016)	887	100	31	-	(71)	(312)

Note:

1 Gains or losses for FVPL financial assets and liabilities are presented under 'Net trading income'. Gains or losses for AFS financial assets are presented under 'Net income from investment securities'. Included in first half 2016's income was a loss of \$47 million for Level 3 financial assets and liabilities, of which the unrealised loss amounted to \$51 million.

2. Off-balance Sheet Items

In \$ millions	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Contingent liabilities	18,517	18,454	19,901	20,017
Commitments ¹	221,579	219,751	220,491	202,661
Financial Derivatives	1,998,125	2,037,636	2,069,594	2,029,297

Note:

¹ Includes commitments that are unconditionally cancellable at any time of \$180,475 million (Mar'16: \$181,815 million, Dec'15: \$183,125 million, Jun'15: \$163,885 million).

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

ADDITIONAL INFORMATION

SHARE CAPITAL

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

	Number of shares	
	2016	2015
Ordinary shares		
Balance at 1 January	2,514,780,749	2,479,126,459
Shares issued on exercise of share options pursuant to the DBSH Share Option Plan	-	350,623
Balance at 31 March	2,514,780,749	2,479,477,082
Shares issued pursuant to Scrip Dividend Scheme	16,700,472	3,828,994
Conversion of non-voting redeemable CPS	-	30,011,421
Balance at 30 June [a]	2,531,481,221	2,513,317,497
Treasury shares held by DBSH		
Balance at 1 January	13,000,000	5,109,000
Shares transferred to trust holding shares pursuant to DBSH Share Plan / DBSH Employee Share Plan	(5,282,000)	(5,109,000)
Purchase of treasury shares	1,900,000	684,200
Balance at 31 March	9,618,000	684,200
Purchase of treasury shares	-	3,166,000
Balance at 30 June [b]	9,618,000	3,850,200
Ordinary shares net of treasury shares [a] – [b]	2,521,863,221	2,509,467,297

(b) The weighted average number of ordinary shares (both basic and fully diluted) for the first half of 2016 is 2,504,956,317.

INTERESTED PARTY TRANSACTIONS PURSUANT TO LISTING RULE 920(1)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

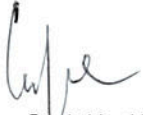
CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

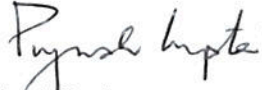
CONFIRMATION BY THE BOARD

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 our knowledge, nothing has come to the attention of the board of directors of the Company which may render the First Half ended 30 June 2016 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

5 August 2016
Singapore