

Notes to the Supplementary Financial Statements

for the year ended 31 December 2009

The supplementary financial statements of DBS Bank Ltd (the Bank) are extracted from the Audited Statutory Financial Statements of DBS Bank Ltd and its subsidiaries (the Bank Group) for the financial year ended 31 December 2009. The statutory financial statements of the Bank and the Bank Group which contained an unqualified audit report, will be delivered to the Accounting & Corporate Regulatory Authority in accordance with the Singapore Companies Act.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Bank and the Bank Group are consistent with those applied by the Group as disclosed in Note 2 of the "Notes to the Financial Statements" (Notes) in the Group's Consolidated Financial Statements.

2 NET INCOME FROM FINANCIAL INVESTMENTS

Net income from financial investments includes the following:

In \$ millions	2009	2008
Dividends from subsidiaries	66	70
Dividends from joint ventures/associates	41	56
Total	107	126

3 SUBSIDIARIES

In \$ millions	2009	2008
Unquoted equity shares ^(a)	10,810	10,488
Less: impairment allowances	806	768
Sub-total	10,004	9,720
Due from subsidiaries	1,916	2,965
Total	11,920	12,685

(a) The carrying amounts of certain investments which are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks

Movements in impairment allowances during the year are as follows:

In \$ millions	2009	2008
Balance at 1 January	768	768
Charge to income statement	38	—
Balance at 31 December	806	768

4 DUE TO SUBSIDIARIES

In \$ millions	2009	2008
Subordinated term debts issued to DBS Capital Funding Corporation (Note 4.1)	1,118	1,121
Subordinated term debts issued to DBS Capital Funding II Corporation (Note 4.2)	1,500	1,500
Due to subsidiaries	5,675	6,388
Total	8,293	9,009

4.1 The subordinated term debts were issued by the Bank to DBS Capital Funding Corporation, both wholly-owned subsidiaries of the Group, on 21 March 2001 and mature on 15 March 2051. The notes comprised Series A Subordinated Note of US\$725 million and Series B Subordinated Note of S\$100 million. Interest is payable in arrears on 15 March and 15 September each year at a fixed rate of 7.66% per annum (Series A) and 5.35% per annum (Series B), up to 15 March 2011. Thereafter, interest is payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December each year at a floating rate of three-month London Interbank Offer Rate (LIBOR) + 3.20% per annum (Series A) and three-month Singapore Swap Offer Rate + 2.52% per annum (Series B).

4.2 The \$1,500 million 5.75% subordinated note was issued on 27 May 2008 by the Bank to DBS Capital Funding II Corporation, both wholly-owned subsidiaries of the Group. Interest is payable in arrears on 15 June and 15 December each year at a fixed rate of 5.75% per annum up to 15 June 2018. Thereafter, interest is payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December each year at a floating rate of three-month Singapore Swap Offer Rate + 3.415% per annum.

5 SHARE CAPITAL

Issued and fully paid up	2009	2008
1,962,302,697 (2008 : 1,962,302,697) ordinary shares	1,962	1,962
11,000,000 (2008 : 11,000,000) non-cumulative non-convertible perpetual preference shares	11	11
Total number of shares (millions)	1,973	1,973
Total Share Capital (in \$ millions)	12,096	12,096

6 OTHER RESERVES

6.1 Other reserves In \$ millions	2009	2008
Available-for-sale revaluation reserves	125	(255)
General reserves	2,360	2,360
Share plan reserves	—	—
Total	2,485	2,105

Movements in other reserves for the Bank during the year are as follows:

In \$ millions	Available-for-sale revaluation reserves	General reserves^(a)	Share plan reserves	Total
Balance at 1 January 2009	(255)	2,360	–	2,105
Available-for-sale:				
– net valuation taken to equity	774	–	–	774
– transferred to income statement on sale	(323)	–	–	(323)
– tax on items taken directly to or transferred from equity	(71)	–	–	(71)
Balance at 31 December 2009	125	2,360	–	2,485
Balance at 1 January 2008	929	2,360	25	3,314
Transfer of share plan reserves to holding company	–	–	(25)	(25)
Available-for-sale:				
– net valuation taken to equity	(1,130)	–	–	(1,130)
– transferred to income statement due to impairment	16	–	–	16
– transferred to income statement on sale	(312)	–	–	(312)
– tax on items taken directly to or transferred from equity	242	–	–	242
Balance at 31 December 2008	(255)	2,360	–	2,105

(a) The General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007

6.2 Revenue reserves

In \$ millions	2009	2008
Balance at 1 January	5,599	4,984
Net profit attributable to shareholders	1,769	1,938
Amount available for distribution	7,368	6,922
Less: Nil (2008: \$0.16) tax exempt ordinary final dividends	–	304
Nil (2008: \$0.49) tax exempt ordinary interim dividends	–	953
6% tax exempt preference dividends (2008: 6% tax exempt)	66	66
Balance at 31 December	7,302	5,599